北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

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

Stock Code: 1599

DESIGN THE CITY
BUILD THE FUTURE

2026 Interim Report

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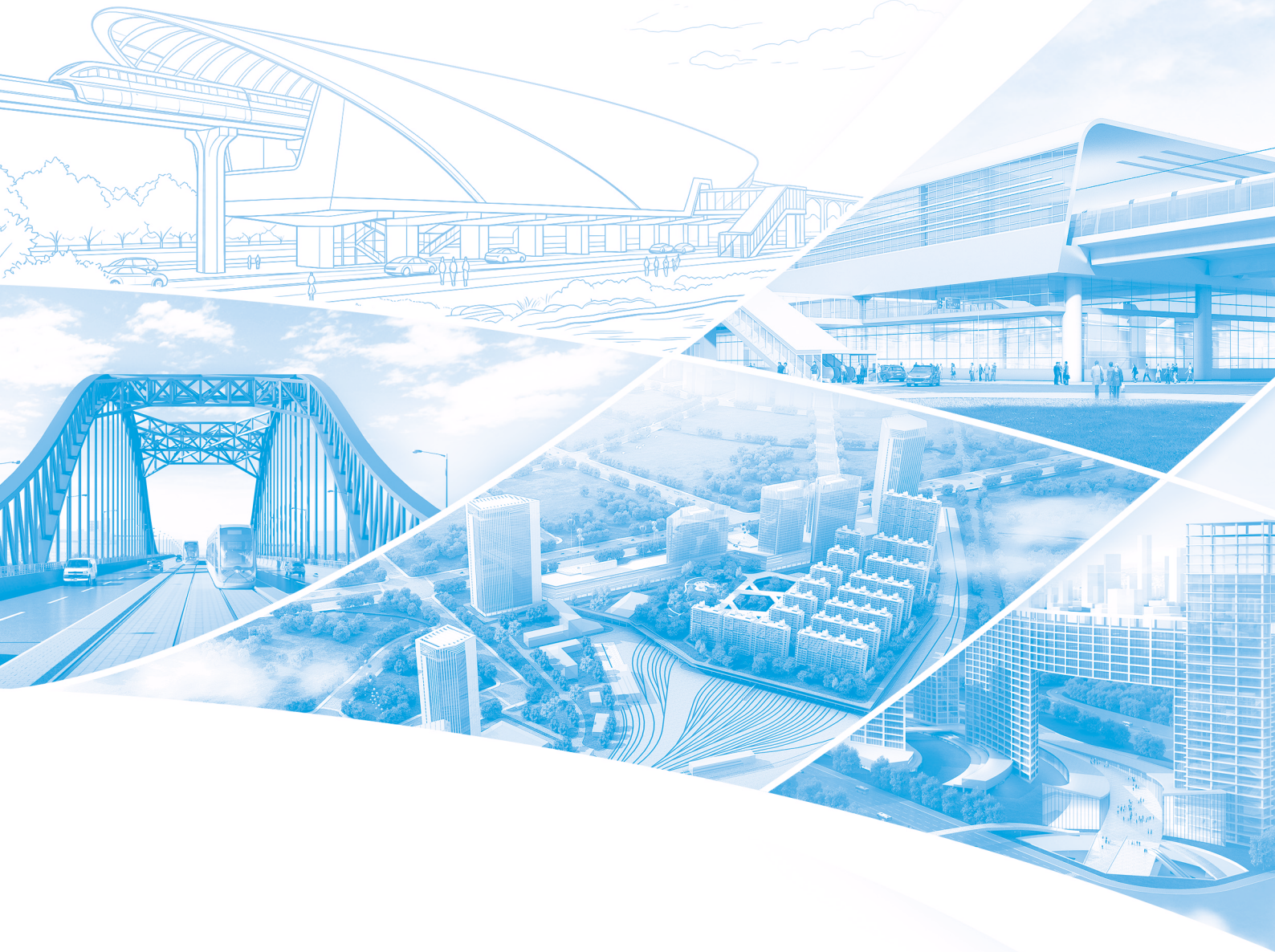

DEFINITIONS

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

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
"MOF"	the Ministry of Finance of the PRC
"NDRC"	the National Development and Reform Commission of the PRC
"PRC" or "China"	the People's Republic of China
"Reporting Period"	the six months ended 30 June 2026
"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 Share(s) and Domestic Share(s)
"%"	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, Dah Sing Financial Centre,
No. 248 Queen's Road East,
Wanchai, Hong Kong

LEGAL REPRESENTATIVE:

Mr. Xia Xiujiang

SECRETARY OF THE BOARD:

Mr. Xuan Wenchang

COMPANY SECRETARY:

Mr. Xuan Wenchang

WEBSITE:

www.bjucd.com

AUDITOR:

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

LEGAL ADVISORS:

As to Hong Kong Laws:
Clifford Chance

As to PRC Laws:
Beijing Ocean Law Firm

SUMMARY

In the first half of 2026, amid still challenging market conditions and arduous reform and development tasks, the Company remained guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, closely followed the strategic arrangements of BUCG, and remained focused on the objective of high-quality development. Its principal operating indicators were in line with expectations, all work progressed steadily, and a solid foundation was laid for achieving the full-year targets.

For the six months ended 30 June 2026, the Group's revenue amounted to RMB3,245 million, representing a decrease of RMB341 million or 9.52% as compared to the revenue of RMB3,586 million for the corresponding period of last year. The Group's net profit amounted to RMB211 million, representing a decrease of RMB28 million or 11.90% as compared to the net profit of RMB239 million for the corresponding period of last year.

SUMMARY OF OPERATING RESULTS*

	For the six months ended 30 June	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Operating revenue	**3,244,889**	3,586,319
Operating cost	**(2,690,138)**	(2,893,377)
Gross profit	**554,751**	692,942
Tax and surcharge	**(12,603)**	(17,976)
Selling expenses	**(18,295)**	(26,749)
Administrative expenses	**(190,216)**	(223,214)
Research and development expenses	**(113,828)**	(141,896)
Finance costs	**48,307**	55,300
Other income	**3,780**	3,683
Investment income	**47,401**	44,267
Gain on change in fair value	**27,852**	1,356
Credit impairment losses	**(60,555)**	(18,321)
Impairment losses on assets	**(33,371)**	(75,834)
Gains from disposal of assets	**(435)**	623
Operating profit	**252,789**	294,181
Non-operating revenue	**2,280**	1,167
Non-operating expenditure	**(232)**	(3,517)
Total profit	**254,837**	291,831
Income tax expense	**43,938**	(52,442)
Net profit	**210,899**	239,389

* *Given that the Board of the Company resolved on 15 May 2025 to adopt the China Accounting Standards for Business Enterprises for the preparation of financial accounting reports, both the Group's interim financial accounting report for 2026 and the comparative data for the six months ended 30 June 2025 have been prepared in accordance with the China Accounting Standards for Business Enterprises.*

REVENUE

The Group generates its revenue from the design, survey and consultancy business segment as well as the construction contracting business segment where the Group provides services for project construction. For the six months ended 30 June 2026, the Group achieved a revenue of RMB3,245 million, representing a decrease of RMB341 million or 9.52% as compared to the revenue of RMB3,586 million for the corresponding period of last year. The decrease was mainly due to the reduction in the contract value of performance projects on hand.

Revenue by business segment is as follows:

Products by industry	For the six months ended 30 June	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Design, survey and consultancy	**1,738,530**	1,993,527
Construction contracting	**1,506,359**	1,592,792
Total	**3,244,889**	3,586,319

Design, Survey and Consultancy Business Segment

The design, survey and consultancy segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. The design, survey and consultancy business segment has been the traditional and core business of the Group. In the first half of 2026, against the backdrop of zero newly approved routes of rail transit projects nationwide, the Group won bids for key projects in the rail transit field including Beijing Rail Transit Line 11 Phase II Engineering Design Contract Section 13 (Vehicle Base Design), the Technology Consulting and Design Projects for the Operation of Changchun Rail Transit Line 1, 2, 3, 4, 6, 8 (2026-2031); with a focused and targeted approach to the existing line renovation market, the Group won bids for projects in Beijing, Changchun, Shenyang, Shenzhen, Chongqing and Hangzhou, maintaining the largest market share in the industry. Significant achievements were made in overseas business layout, with contract value exceeding RMB200 million. The Group secured the overall design contract for the Astana Light Rail Phase II project, and undertook design assignments in Hong Kong, Saudi Arabia, Maldives, Colombia and Sri Lanka, spanning multiple sectors including rail transit and civil construction. The market application of the Group's technology products has accelerated, with the intelligent hazard identification model having been implemented in over 10 key areas such as subways and urban pipeline networks. The market coverage of digital products such as BIM and transportation big data continues to expand. The supply volume of industrialized products such as bridge bearings and interior fit-out has steadily increased, with the overall business scale exceeding the RMB100 million threshold.

For the six months ended 30 June 2026, revenue from the design, survey and consultancy segment business of the Group amounted to RMB1,739 million, representing a decrease of RMB255 million or 12.79% as compared to RMB1,994 million for the corresponding period in 2025. Among which, the revenue from the urban rail transit construction segment amounted to RMB1,260 million, representing a decrease of RMB150 million or 10.64% as compared to RMB1,410 million for the corresponding period of last year. Revenue from the industrial and civil construction and municipal engineering segment was RMB478 million, representing a decrease of RMB105 million or 18.01% as compared to RMB583 million for the corresponding period of last year.

CONSTRUCTION CONTRACTING BUSINESS SEGMENT

For the construction contracting business segment which focuses on serving urban rail transit construction projects and related infrastructure construction projects, in the first half of 2026, the Group won the bids for the projects of Beijing Line 3 Contract Section 13, Beijing Xusong Road, roads in Yunnan Dianzhong New Area, and roads at Kunming Changshui Airport. The construction contracting projects on hand are mainly located in cities such as Beijing, Qingdao, Luoyang, Chongqing, and Kunming.

For the six months ended 30 June 2026, the Group's revenue from the construction contracting business segment was RMB1,506 million, representing a decrease of RMB86 million or 5.43% as compared to RMB1,593 million for the corresponding period of last year.

OPERATING COST

For the six months ended 30 June 2026, the operating cost incurred by the Group was RMB2,690 million, representing a decrease of RMB203 million or 7.02% as compared to RMB2,893 million for the corresponding period of last year. This was primarily attributable to the decrease in revenue and the year-on-year decline in operating costs.

For the six months ended 30 June 2026, operating cost of the Group's design, survey and consultancy segment decreased by 9.59% to RMB1,282 million for the current period from RMB1,418 million for the corresponding period of last year. Among that, the operating cost of the urban rail transit business of the Group's design, survey and consultancy segment decreased by 6.88% to RMB891 million for the current period from RMB956 million for the corresponding period of last year. The operating cost of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment decreased by 15.37% to RMB391 million for the current period from RMB462 million for the corresponding period of last year.

For the six months ended 30 June 2026, the operating cost of the Group's construction contracting segment decreased by 4.54% to RMB1,408 million for the current period from RMB1,475 million for the corresponding period of last year.

GROSS PROFIT AND GROSS MARGIN

For the six months ended 30 June 2026, the gross profit of the Group was RMB555 million, representing a decrease of RMB138 million or 19.91% as compared to RMB693 million for the corresponding period of last year, while the consolidated gross margin was 17.10%, representing a decrease of 2.22 percentage points as compared to 19.32% for the corresponding period of last year. Such decrease was mainly due to the decrease in gross profit across all segments under market conditions.

The gross profit of design, survey and consultancy segment decreased to RMB457 million for the current period from RMB575 million for the corresponding period of last year, representing a decrease of RMB118 million or 20.52%. The gross margin was 26.27%, which decreased from 28.86% for the corresponding period of last year. The gross profit of the construction contracting segment decreased from RMB118 million for the corresponding period of last year to RMB98 million for the current period, representing a decrease of RMB20 million or 16.95%. The gross margin decreased from 7.38% for the corresponding period of last year to 6.51% for the current period.

SELLING EXPENSES

For the six months ended 30 June 2026, the selling expenses of the Group were RMB18.29 million, representing a decrease of RMB8.46 million or 31.61% as compared to RMB26.75 million for the corresponding period of last year, which was mainly attributable to the gradual effectiveness of the Group's collaborative marketing efforts and the decline in the scale of bidding in the rail transit industry market.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2026, the administrative expenses of the Group were RMB190.22 million, representing a decrease of RMB32.99 million or 14.78% as compared to RMB223.21 million for the corresponding period of last year, which was mainly attributable to the Group's strengthened budget management and strict control over non-operating expenditures.

RESEARCH AND DEVELOPMENT EXPENSES

For the six months ended 30 June 2026, the research and development expenses of the Group were RMB113.83 million, representing a decrease of RMB28.07 million or 19.78% as compared to RMB141.90 million for the corresponding period of last year, which was mainly attributable to the Group's integration of internal research and development resources and improvement in resource utilisation efficiency.

FINANCE COSTS

For the six months ended 30 June 2026, finance costs of the Group were RMB-48.31 million, representing an increase of RMB6.99 million or 12.64% as compared to RMB-55.30 million for the corresponding period of last year, which was mainly attributable to the decrease in interest expenses resulting from the decrease in borrowing interest rates.

INVESTMENT INCOME

For the six months ended 30 June 2026, the investment income of the Group was RMB47.40 million, representing an increase of RMB3.13 million or 7.07% as compared to RMB44.27 million for the corresponding period of last year, which was mainly attributable to the increase in net profit from associates.

CREDIT IMPAIRMENT LOSSES

For the six months ended 30 June 2026, the credit impairment losses of the Group were RMB60.55 million, representing an increase in credit impairment losses of RMB42.23 million or 230.54% as compared to RMB18.32 million for the corresponding period of last year, which was mainly attributable to the fact that, in the prior year, certain long-aged accounts receivable were recovered as a result of intensified government debt resolution efforts, leading to a reversal of credit impairment losses and a relatively low comparative amount for the same period last year; whereas in the current reporting period, impairment losses were provided based on the ageing of receivable balances.

IMPAIRMENT LOSSES ON ASSETS

For the six months ended 30 June 2026, the impairment losses on financial assets and contract assets of the Group amounted to RMB33.37 million, representing a decrease of RMB42.46 million or 55.99% as compared to RMB75.83 million for the corresponding period of last year, which was mainly attributable to the reversal of impairment losses upon the settlement of certain projects.

INCOME TAX EXPENSE

For the six months ended 30 June 2026, the income tax expense of the Group was RMB43.94 million, representing a decrease of RMB8.50 million or 16.21% as compared to RMB52.44 million for the corresponding period of last year, which was mainly attributable to the decrease in total profit.

NET PROFIT

For the six months ended 30 June 2026, the Group's net profit for the period was RMB211 million, representing a decrease of RMB28 million or 11.90% as compared to net profit of RMB239 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	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Net cash outflows from operating activities	**(1,077,957)**	(1,039,803)
Net cash outflows from investing activities	**(25,497)**	(24,416)
Net cash outflows from financing activities	**56,464**	(123,581)
Net decrease in cash and cash equivalents	**(1,054,763)**	(1,187,800)

From January to June 2026, net cash outflows from operating activities were RMB1,078 million, which was mainly attributable to the fact that the operating receipts were less than the operating payments during the period. The net cash outflows from investing activities were RMB25 million, which was mainly attributable to the expenditure for purchase of fixed assets and intangible assets. The net cash inflows from financing activities were RMB56 million, which was mainly due to the Company's net increase in short-term bank borrowings of RMB235 million, repayment of long-term borrowings of RMB96 million. and repayment of interest expenses on borrowings of approximately RMB49 million during the year.

PLEDGE OF ASSETS

For the six months ended 30 June 2026, the contract assets, accounts receivable and intangible assets of the Group were pledged to secure certain bank borrowings granted to the Group. As at 30 June 2026, the net pledged receivables and intangible assets were RMB5,728 million (as at 31 December 2025: RMB5,583 million).

CONTINGENT LIABILITIES

For the six months ended 30 June 2026, there were no other significant contingent liabilities of the Group.

CAPITAL COMMITMENTS

The capital commitments of the Group as at 30 June 2026 and 31 December 2025 were as follows:

	30 June 2026 (RMB'000) (Unaudited)	31 December 2025 (RMB'000) (audited)
Contracted, but not provided for:		
Property, plant and equipment	**141,353**	141,353
Equity investments	**780,443**	843,443

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The equity capital of the Group mainly comprises Domestic Shares and H Shares. Indebtedness capital mainly consists of bank and other borrowings. In addition, ordinary business operation also provides the Group with source of funding. As of 30 June 2026, the net current assets of the Group were RMB2,875 million, among which cash and cash equivalents amounted to RMB1,601 million. The Group had a healthy liquidity position and access to diversified financing methods and channels, including bank financing for its operating needs.

As at 30 June 2026, the Group's interest-bearing borrowings were RMB6,612 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 30 June 2026 divided by the total equity as at 30 June 2026) was 79.36%.

INDEBTEDNESS

The table below sets forth the total borrowings of the Group as at 30 June 2026 and 31 December 2025. The Group generally settles the borrowings on time.

	30 June 2026 (RMB'000) (Unaudited)	31 December 2025 (RMB'000) (audited)
Bank borrowings		
Pledged	**4,704,579**	4,613,224
Non-pledged and non-guaranteed	**449,320**	214,380
Other borrowings		
Non-pledged and non-guaranteed	**1,290,089**	1,420,793
Lease liabilities		
Non-pledged and non-guaranteed	**168,016**	204,105
	6,612,004	6,452,502

As at 30 June 2026, the Group's borrowings were denominated in RMB with interest ranging from 1.69% to 4.90%.

The table below sets forth the maturity of the Group's debts as at 30 June 2026 and 31 December 2025:

	30 June 2026 (RMB'000) (Unaudited)	31 December 2025 (RMB'000) (audited)
Within one year	**1,793,510**	1,522,577
In the second year	**802,339**	247,220
In the third to fifth years, inclusive	**876,190**	1,445,928
Over five years	**3,139,966**	3,236,777
Total	**6,612,004**	6,452,502

SIGNIFICANT INVESTMENT

The main business of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. is the investment, construction and operation & maintenance of construction projects. Holding the shares of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. is conducive to promoting the need of the Company to enhance profitability, and is conducive to the Company's market expansion and industrial chain integration. As at 30 June 2026, the investment amount was RMB2,127 million, accounting for 9.07% of the total asset value as at 30 June 2026, and the details of this significant investment by the Company are as follows:

Company name	Main business	Number of shares held by the Company	Shareholding of the Company	Cost of investment (RMB'000)	Income on investment for the period (RMB'000)
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.	Construction management of urban rail transit construction (section B), investment and financing related to operation, operation and management, mechanical and electrical equipment renovation, ticket management, commercial property development along the line, house lease along the line, advertising design, production, agency and release along the line, resource development of rail transit station and underground space, and development, operation and management of rail transit entrance and exit resources of Kunming Rail Transit Line 4 (projects that must be approved legally can only be carried out after approval from relevant authorities).	78,280,000	78.28%	1,634,327	22,129

For the six months ended 30 June 2026, the rail transport sector, in which this investment is situated, performed steadily. During the period, the Group recognized its share of the profit for the period attributable to this investment under the equity method as RMB22.13 million; the Group received dividends of RMB500,000 from this investment. Apart from the share of profit recognized under the equity method and the dividends received as mentioned above, the Group did not recognize any other realized or unrealized gains or losses in respect of this investment during the period.

Going forward, the rail transit sector will continue to benefit from policies relating to A Country with Strong Transportation Network (交通強國) initiative, the development of an integrated three-dimensional transport network, and new urbanization. The densification of urban rail transit networks, the development of suburban rail transit, the modernization and refurbishment of existing lines, smart operation and maintenance, and the transition to green, low-carbon transport will open up new avenues for the sector's development. However, the sector also faces practical constraints arising from local fiscal capacity and changes in project investment and financing models. The Group will continue to monitor the financial and operational performance of this investment and believes that, in the medium to long term, it will generate stable returns and strategic synergies across the entire industrial chain, thereby helping the Group to consolidate its footprint in the transport infrastructure sector. Nevertheless, the performance of this investment may be subject to a degree of uncertainty due to factors such as macroeconomic growth rates and the scale of local government expenditure.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES DURING THE REPORTING PERIOD

During the six months ended 30 June 2026, the Group did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this report, the Group does not have any other plans regarding material investments or capital assets.

EXCHANGE RATE RISK

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

BID WINNING

As of 30 June 2026, the Company won the bid totaling RMB2.641 billion, including bid winning for design, survey and consultancy totaling RMB1.092 billion, and projects were distributed in Astana, Beijing, Changchun, Hangzhou, Qingdao, Shenzhen and Shenyang and other regions, and construction general contracting business won the bid totaling RMB1.549 billion, and projects were distributed in Beijing, Nanning, Qingdao and Luoyang and other regions.

EMPLOYEES

As of 30 June 2026, the Group had approximately 4,377 employees, representing a decrease of 5% as compared with that at the end of the corresponding period of last year. As of 30 June 2026, employees with senior titles, employees with intermediate titles and employees with primary titles or below accounted for 49%, 34% and 17% of the total number of employees of the Group, respectively. Among which, the ratio of employees with senior titles has increased by 4%. During the Reporting Period, there was no change in the remuneration policy and training plan of the Group.

EVENTS AFTER THE BALANCE SHEET DATE

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

PROFIT DISTRIBUTION AND DIVIDENDS

The Group will not make distribution of its interim profit and does not propose the payment of an interim dividend.

COMPANY-WIDE MANAGEMENT MEASURES IN THE SECOND HALF OF 2026

The second half of 2026 will be a critical phase for achieving the full-year targets and tasks, with tight schedules and demanding responsibilities. We shall remain focused on the six strategic priorities of "headquarters leadership, business upgrading, innovation-driven development, market expansion, cost control and industrial cooperation." We shall accelerate transformation and upgrading, reshape our competitive advantages through forward-looking and impactful technological and industrial innovation, and work diligently to ensure a strong start and sound implementation of the 15th Five-Year Plan.

The Company's specific management measures for the second half of 2026 comprise the following four areas:

1. Strengthen market expansion and consolidate the market foundation

We will maintain a high-level, coordinated approach based on an integrated overall plan, focusing on the Beijing market while further developing strategic regions, including the Yangtze River Delta, the Guangdong-Hong Kong-Macao and Chengdu-Chongqing regions, and the Hainan Free Trade Port, thereby establishing multiple stable regional support bases. We will also accelerate the high-quality development of our overseas business. We will deepen cooperation with major customers and focus on markets along the Belt and Road, including Hong Kong, Central Asia, Southeast Asia and Africa. We will further develop our strengths in the Six Networks infrastructure construction as the main battlefield, seizing the investment directions of special-purpose bonds and long-term treasury bonds in five major areas: new infrastructure, new energy, urban livelihood renovation, industrial park carrier construction, and comprehensive water environment treatment in key river basins. We will actively expand our portfolio of rail transit products, address core demands relating to smart construction, green and low-carbon development and operational efficiency enhancement in the rail transit sector, and accelerate the development of professional solutions that are implementable and replicable.

2. Strengthen project delivery management and continuously enhance customer satisfaction

Guided by the principles of "matching business needs with capabilities and supporting project delivery with professional expertise," we will strengthen our production organisation capabilities across the entire industry chain, fully implement responsibilities for technical quality and work safety, and ensure the stable and effective control of key regions, key sectors and key businesses. We will advance the construction of projects currently under execution and make every effort to ensure the timely opening of eight rail transit lines under overall design. We will also ensure the completion of key projects, including the four contract sections of Beijing Line 22 and Contract Section 01 of the northern extension of the New Airport Line.

3. Accelerate the development of a new industrial structure and consolidate the foundation for value creation

We will focus on improving the quality of our design and consulting business. In the rail transit sector, we will consolidate our leading position in new urban rail transit lines and the renovation of existing lines nationwide. In the civil construction and municipal engineering sector, we will seize new opportunities arising from national investment and construction initiatives, including the "Six Networks" initiative, and focus on developing our products. We will focus on enhancing our engineering general contracting capabilities, seek breakthroughs in specialised areas such as the renovation of existing lines, electromechanical installation and leakage and water seepage remediation, and accelerate the development of our EPC business. We will accelerate the strategic layout of technology industrialisation, with a particular focus on the market application of mature products such as intelligent hazard identification models, digital services, industrialised interior fit-out and rail vibration reduction. We will also accelerate the research and development of new products, including photovoltaic sound barriers, intelligent network-based train diagram systems, and tunnel reinforcement technologies and equipment, so as to develop products with core competitive advantages. We will expedite the implementation of new growth tracks, focusing on four areas, namely, renovation of existing lines, urban renewal, new energy development, and digital intelligence and urban lifeline safety projects. We will deepen collaborative cooperation with project owners and jointly expand businesses such as smart operation and maintenance of rail transit, leakage and water seepage remediation, and tunnel defect remediation.

4. Advance reform and development initiatives to safeguard high-quality corporate development

Firstly, we will strengthen strategic leadership, accelerate the finalisation of the 15th Five-Year Plan and the implementation of its task allocation, advance internal management and control reforms, optimise the management system and improve organisational operating efficiency. Secondly, we will strengthen enterprise-wide risk prevention and control. Relying on our internal control and audit mechanisms, we will dynamically manage and control all material risks, vigorously collect outstanding receivables, reduce overdue amounts and litigation-related cases, optimise our financing structure, and safeguard the bottom line of operational security. Thirdly, we will adopt multiple measures to unlock potential and improve efficiency. We will implement rigid budget controls and cost management covering all employees and the entire value chain, improve project management mechanisms and leverage digital and intelligent technologies to enhance operating effectiveness. Fourthly, we will focus on reshaping our competitive advantages. We will concentrate on developing core technologies in key areas, strengthen our innovation platforms and qualification foundations, build a strong team of specialised professionals, and continuously enhance our industry influence and market voice through high-level academic conferences and senior-level strategic engagement.

MARKET LANDSCAPE AND BUSINESS OUTLOOK

National policy directives have charted the course for modern infrastructure construction, driving Urban Renewal Campaigns and refining the comprehensive transportation systems of modern metropolitan areas.

In April 2026, the Ministry of Finance and the Ministry of Housing and Urban-Rural Development issued a notice on launching the 2026 central government financial support for implementing Urban Renewal Campaigns. The notice outlined that through competitive selection, the two ministries would identify cities with solid foundations, high enthusiasm, and distinct characteristics to consolidate various resources at the municipal level, exploring and establishing safeguard mechanisms for funding, land use, and finance to forge a cohesive working synergy. Furthermore, the meeting of the Political Bureau of the CPC Central Committee on April 28 explicitly called for the enhanced planning and construction of the "Six Networks", comprising water networks, new power networks, computing power networks, next-generation communications networks, urban underground pipelines, and logistics networks, to construct a modern infrastructure system.

In May 2026, the State Council published the 15th Five-Year Plan for Urban Renewal《城市更新"十五五"規劃》. The plan projects that by 2030, significant headway will be made in Urban Renewal Campaigns, yielding preliminary results in the transformation of urban development and construction models, solidifying the foundation for safe development, and continuously enhancing service efficiency. Furthermore, living environments will be markedly improved, the shift in growth drivers will accelerate, cultural heritage will be effectively protected, and local characteristics will become more prominent, ultimately elevating governance capabilities to transform cities into high-quality living spaces for the people. By 2035, the institutional mechanisms for urban renewal will be further perfected, achieving remarkable outcomes in urban structural optimization, driver transition, quality enhancement, green transformation, cultural continuity, and governance efficiency, culminating in the basic establishment of modern, innovative, livable, beautiful, resilient, civilized, and smart cities for the people.

In June 2026, ten departments, including the Ministry of Transport and the National Development and Reform Commission, jointly issued the Guiding Opinions on Perfecting the Comprehensive Transportation System of Modern Metropolitan Areas《關於完善現代化都市圈綜合交通運輸體系的指導意見》, aiming to construct a modern metropolitan comprehensive transportation network that is internally smooth and externally connected, convenient and efficient, safe and reliable, smart and green, and collaboratively governed.

URBAN RAIL TRANSIT

In January 2026, the National Development and Reform Commission issued the Opinions on Promoting the Healthy and Sustainable Development of Intercity Railways《關於推進城際鐵路健康可持續發展的意見》, emphasizing the requirement that infrastructure construction should be moderately advanced but strictly avoiding excessive overbuilding, and focusing on driving the high-quality, integrated development of urban agglomerations by making specific deployments across areas such as enhancing planning guidance, orderly advancing construction, innovating operational models, and establishing sustainable development mechanisms. The policy also significantly raises the thresholds for passenger flow and financial assessments, dictating that cities failing to meet passenger flow projections will face suspended approvals for new lines. Consequently, the approval of new rail transit projects will be strictly controlled, compelling local governments to exercise greater prudence in their applications and thereby limiting the incremental growth space for related construction businesses.

In May 2026, an eight-department coalition including the Ministry of Transport and the National Development and Reform Commission jointly issued the Implementation Plan for the Intercity Commuting Efficiency Enhancement Project in Metropolitan Areas (2026-2030) 《都市圈城際通勤效率提升工程實施方案(2026 – 2030 年)》, explicitly prioritizing support for the four major urban agglomerations, being Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing, in deploying urban (suburban) and intercity railways, while encouraging the integration of the "four networks" covering trunk lines, intercity railways, urban railways, and subways. This strategic pivot generates fresh market opportunities for the construction and interoperability retrofitting of urban and intercity railways. Concurrently, the rollout of the 15th Five-Year Plan for Urban Renewal enforces stringent controls on the application for new subway constructions by prefecture-level cities, instead promoting the synergy between rail transit and urban renewal, which will catalyze comprehensive TOD projects and unlock the land value surrounding existing stations, paving the way for diversified operations among rail enterprises.

Overall, the policy trajectory can be summarized as controlling new constructions, strengthening urban networks, emphasizing existing assets, and advancing smart solutions, shifting the industry's center of gravity from "building new lines" to "optimizing existing lines". Consequently, passenger flow improvement, smart operation and maintenance, and cost-reducing efficiency enhancements have become the core of operations, making the intelligent retrofitting of existing lines, the construction of urban and intercity railways, and the integrated development of stations and cities the primary business directions moving forward.

SURVEY AND MEASUREMENT

In the first half of 2026, the continuous implementation of national policies introduced mandatory requirements for site investigations, pipeline censuses, third-party monitoring, and comprehensive inspection, maintenance, and repair services for operations, generating stable incremental growth. However, against the backdrop of persistently tightening local government debt controls, the approval pace for government projects has decelerated and payment collection cycles have been lengthened, relentlessly squeezing the profit margins of traditional single-service survey projects. The industry is rapidly accelerating its consolidation toward integrated comprehensive service providers, with market competition transitioning from simple price bidding on standalone surveying and mapping projects to a comprehensive rivalry centered on one-stop services encompassing preliminary consulting, surveying, and full-cycle monitoring, operation, and maintenance. Regional demand exhibits distinct disparities, with Beijing's local demand for rail transit, campus, and urban renewal projects remaining robust, whereas external regions like the Guangdong-Hong Kong-Macao Greater Bay Area and the Hunan-Jiangxi-Fujian area show prominent growth in wind power, water conservancy, intercity rail, and comprehensive land consolidation projects, offering substantial expansion space for regional branches.

The industry's transition toward digitalisation and intelligence has solidified into an imperative developmental path, with technologies such as UAV aerial surveys, 3D laser scanning, BIM, digital twins, and AI-driven automated monitoring progressively becoming standard prerequisites for project bidding, while digital service tracks like the "One Map for Cities", smart operation and maintenance platforms for pipeline networks, and rail safety monitoring systems are experiencing remarkable growth. Business boundaries continue to expand; beyond traditional industrial and civil construction and rail transit surveys, emerging demands are rapidly surging in areas such as ecological farmland and water conservancy, energy storage and renewables, mine ecological restoration, and the long-term inspection and maintenance of underground lifelines. Overall, while medium- to long-term industry demand is well-supported, short-term challenges persist, such as low-price bidding among peers, escalating investments in technological iterations, and cash flow pressures on local projects. The Company will continuously forge its integrated service capabilities across surveying, measurement, monitoring, maintenance, and digital platforms, deeply cultivate the "Six Networks" and urban renewal sectors, and simultaneously expand packaged projects through social capital partnerships to sustainably consolidate its market share in Beijing and steadily elevate its undertaking scale in outside regions to hedge against cyclical industry fluctuations.

INVESTMENT AND CONSTRUCTION

The 15th Five-Year Plan for Urban Renewal supports eligible projects in raising funds through diversified channels such as central budget investments, local government special bonds, and policy-backed financing, while encouraging social capital to participate in the investment, construction, and operation of urban renewal projects in accordance with laws and regulations, which fosters expansive new market opportunities for urban renewal, station-city integration, municipal infrastructure construction, and comprehensive development.

The government continues to synergize policy instruments such as ultra-long-term special treasury bonds, central budget investments, and local government special bonds, focusing on supporting the "Two Priorities" constructions and the "Two New Initiatives". By further amplifying financial guarantees for key areas, such as transportation infrastructure, municipal facilities, urban underground pipelines, comprehensive transportation hubs, and ecological environmental governance, the government ensures the continuous release of infrastructure investment demand, thereby cultivating a favorable policy ecosystem for major project construction and investment project implementation.

ARCHITECTURAL DESIGN

The National Housing and Urban-Rural Development Work Conference in late 2025 defined the main trajectory for industry transformation, which was swiftly followed by a concentrated rollout of supporting new policies in the first half of 2026. Fiscally, special subsidies for urban renewal were established, while the central bank injected low-interest special loans for intelligent and green construction; the Ministry of Housing and Urban-Rural Development implemented a unified digital coding system for buildings and mandated an urban physical examination system, making digital BIM delivery a rigid bidding criterion, while new regulations in June standardized the contracting market to weed out unqualified practitioners. These policies collectively discard the extensive development model, utilizing urban renewal as the primary lever to advance the "Four Goods" construction and forge resilient, smart urban districts; they establish green and intelligent construction as the core of this transformation, actively support the development of new building materials, and simultaneously implement detailed residential quality rules where new buildings are required to comply with green standards, while rationed-sale affordable housing and urban village renovations benefit from preferential allocations of both land and funding.

Steered by policies surrounding urban renewal and the construction of "good houses", residential development will pivot sharply toward quality enhancement and refined operations, whereas rationed-sale affordable housing and urban village renovations will conversely form a stable source of incremental growth; the revitalization of old residential communities and industrial heritage sites, coupled with the resilience enhancement of urban infrastructure, is spawning a robust demand for integrated, comprehensive design, cementing this as a core growth track. The industry as a whole will continue to steadily advance toward high-quality development.

PROJECT GENERAL CONTRACTING

In March 2026, the 2025 Annual Statistics and Analysis Report on Urban Rail Transit released by the China Association of Metros noted that the national urban rail construction investment completed in 2025 totaled RMB411.416 billion, a year-on-year decrease of 13.38%, and the planned investment for urban rail construction in 2026 is projected at approximately RMB272.731 billion. The industry is transitioning from a period of rapid expansion to a phase of high-level, stable development, with the proportion of new subways continuing to decline while the share of urban express rail notably rises. Currently, around 3,000 kilometers of urban rail lines nationwide have successively entered major maintenance and upgrading cycles, ushering the industry into a stage of "controlling increments, optimizing the existing stock, and improving quality and efficiency". The State Council's 15th Five-Year Plan for Urban Renewal explicitly mandates the integrated renovation of rail transit stations and their surrounding areas; the National Development and Reform Commission promotes the integrated development of multi-level rail transit; and in 2026, the construction of urban (suburban) railways in key areas such as the Chengdu metropolitan circle, the Yangtze River Delta, and the Beijing-Tianjin-Hebei region is accelerating.

The center of gravity for the construction general contracting business is undergoing a profound structural shift, pivoting away from the past model of relying solely on new civil engineering general contracts toward the renovation of existing assets, the construction of new urban (suburban) railway lines, the retrofitting of existing lines, the integrated renovation of rail transit stations and their surroundings, digital and intelligent construction, and "investment-construction-operation" integrated models.

MUNICIPAL PUBLIC ENGINEERING

The meeting of the Political Bureau of the CPC Central Committee in April 2026 called for the enhanced planning and construction of the "Six Networks", including urban underground pipeline networks. The 15th Five-Year Plan for Urban Renewal clarifies that urban development is shifting from incremental expansion toward quality improvement of the existing stock and the enhancement of safety and resilience, making the construction and renovation of underground pipelines a core lever. Within the "Two Priorities" construction initiatives, the government allocated RMB160 billion in ultra-long-term special treasury bonds to support underground pipeline renovation, marking an 18.5% year-on-year increase; during the "15th Five-Year Plan" period, the government plans to construct and renovate approximately 770,000 kilometers of pipelines, with a total investment exceeding RMB5 trillion. Pipeline network renovation has been integrated into the strategic layout of major infrastructure construction, establishing itself as an important market for the municipal design industry.

The municipal engineering sector is experiencing a transformation from "scale expansion" to "quality enhancement", as the traditional, extensive construction model is gradually phasing out, shifting the project focus toward refined scenarios such as pipeline leakage governance, systematic rainwater and sewage diversion, intelligent online monitoring, and trenchless repair. Cross-sector integration has emerged as a new industry trend, with niche areas – including safety assessments involving subways, track protection design, and specialised crossing designs – rising rapidly to become high-value-added new growth drivers in the municipal design sector. The water environmental governance is upgrading from singular drainage design to an integrated, comprehensive governance model that encapsulates water ecology, water landscape, and water safety, thereby placing higher demands on the multi-disciplinary collaborative capabilities of design enterprises.

TECHNOLOGICAL INDUSTRIALISATION

In the first half of 2026, the government consistently rolled out a series of major policies aimed at promoting the deep integration of scientific and technological innovation with industrial innovation, providing vital support for the industry to improve quality and efficiency while upgrading its operations. The Implementation Plan for the Intercity Commuting Efficiency Enhancement Project in Metropolitan Areas (2026-2030) 《都市圈城際通勤效率提升工程實施方案(2026-2030 年)》 lays strategic emphasis on constructing urban and intercity rail networks across four major urban agglomerations; the China Association of Metros released a revised outline for smart urban rail development, delineating a ten-year goal for independent, digitalized industrialisation. At the same time, the rail transit market as a whole is showing steady growth, with continued demand in segments such as existing line upgrades, smart equipment upgrades, and smart operations and maintenance, driving the industry's accelerated transition toward a comprehensive full-lifecycle service model.

The Company will closely align with national strategic directives and the industry's green and intelligent transformation trends, grasping the dual developmental opportunities of renovating the existing urban rail transit stock and expanding incremental capacity to overcome key technical hurdles in intelligent equipment, digital control, and green energy conservation centered around the core market demands of smart operation and maintenance, energy conservation and consumption reduction, and road network upgrades; by focusing on innovative industrialisation tracks such as the smart upgrading of rail transit, the integration of green energy, and digital services, the Company will construct an integrated "technology-product-market" development system to cultivate fresh momentum for industrial development.

DATA SERVICES

With intelligent construction elevated to a national strategy during the "15th Five-Year Plan", forward BIM design has become a rigid threshold, and a hard target of 75% coverage for the digital delivery of urban rail has been set, yielding clear policy tailwinds for these three business areas. An overseas infrastructure recovery is fueling demand growth across Hong Kong, Singapore, and the Middle East, while operational demand within the rail transit industry has advanced from the pilot phase into large-scale implementation as rigid policies now mandate smart operation and maintenance as the standard for new lines while accelerating the renovation of existing ones, though overall penetration remains low despite the entry of diverse market participants. Technology is rapidly evolving toward cloud-edge-device collaboration and AI + digital twin architectures, with applications spanning all disciplines throughout the entire life cycle, accelerating the shift toward unmanned and autonomous maintenance operations. Incremental matching demands offer strong certainty, and the renovation of existing assets is unlocking long-term growth space, making intelligent perception hardware, PHM and digital twin platforms, alongside smart operation and maintenance equipment, the core tracks of opportunity.

THE INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

The interests and short positions of Directors and chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at 30 June 2026, the interests and short positions of the following Directors and chief executive of the Company 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 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	Capacity	Class of Shares	Number of Shares (Shares)	Nature of interests	Approximate percentage of total issued H Share capital (%)	Approximate percentage of total issued Share capital (%)
Li Guoqing	Vice chairman and non-executive Director	Personal interest	H Shares	48,000	Long position	0.01	0.004

Note:

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

Save as disclosed above, as at 30 June 2026, none of the other Directors had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as 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 and chief executive of the Company (including their spouses or children under the age of 18) were authorised by the Company to subscribe for any Shares or debentures of the Company or any associated corporations.

CHANGES OF THE BOARD

CHANGES OF DIRECTORS

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

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

Mr. Wang Tao tendered his resignation as a non-executive Director of the Company on 26 March 2026, due to a change in his work arrangements, with effect from the date of the election of a new non-executive director at the general meeting of the Company.

At the 2025 Annual General Meeting held on 29 May 2026, the Company approved by ordinary resolution that Mr. Li Bing was appointed as a non-executive director of the Company, and Mr. Wang Tao ceased to be a non-executive director of the Company with immediate effect. Mr. Li Bing obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules on 29 May 2026 and confirmed that he understood the obligations as a director of a listed issuer.

The Board of Directors received resignation reports from Mr. Pei Hongwei and Mr. Li Guoqing on 6 July 2026. Due to work adjustments, Mr. Pei Hongwei resigned from his positions as Chairman of the Company, non-executive director, Chairman of the Nomination Committee and Chairman of the Strategy and Investment Committee; and Mr. Li Guoqing resigned from his positions as Vice chairman and non-executive director of the Company with effect from 6 July 2026.

On 14 July 2026, Mr. Xia Xiujiang was appointed by the Board as Chairman of the Company's Nomination Committee and Chairman of the Strategy and Investment Committee, with effect from the same day.

On 14 July 2026, Mr. Zhang Pengchao was appointed by the Board as a member of the Company's Strategy and Investment Committee, with effect from the same day.

At the 2026 second extraordinary general meeting held on 20 August 2026, the Company approved by ordinary resolution that Mr. Cai Yongli was appointed as a non-executive director of the Company with immediate effect. Mr. Cai Yongli obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules on 20 August 2026 and confirmed that he understood the obligations as a director of a listed issuer.

The Company's employee representative meeting elected Ms. Zhang Hongyun as an employee representative director of the Company, effective from 20 August 2026. On 20 August 2026, Ms. Zhang Hongyun obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules and confirmed that she understood the obligations of a director of a listed issuer.

For details of the above matters, please refer to the announcements of the Company dated 23 December 2025, 20 January 2026, 26 March 2026, 29 May 2026, 6 July 2026, 14 July 2026 and 20 August 2026, and the circulars of the Company dated 29 December 2025, 7 May 2026 and 31 July 2026, respectively.

APPOINTMENT OF THE CHAIRMAN AND VICE CHAIRMAN OF THE BOARD

Mr. Xia Xiujiang was elected as the chairman of the fourth session of the Board at the meeting of the Board held on 14 July 2026, with immediate effect.

Mr. Cai Yongli was elected as the vice chairman of the fourth session of the Board at the meeting of the Board held on 20 August 2026, with immediate effect.

APPOINTMENT OF MEMBERS OF BOARD COMMITTEES

Nomination Committee
Chairman: Mr. Xia Xiujiang
Members: Mr. Wang Guofeng, Mr. Tian Aicheng

Audit and Risk Committee
Chairman: Mr. Xia Peng
Members: Mr. Li Fei, Mr. Wang Guofeng, Mr. Tian Aicheng

Remuneration and Appraisal Committee
Chairman: Mr. Wang Guofeng
Members: Mr. Frank Chan Fan, Mr. Xia Xiujiang

Strategy and Investment Committee
Chairman: Mr. Xia Xiujiang
Members: Mr. Zhang Pengchao, Mr. Wang Guofeng

CHANGES IN SENIOR MANAGEMENT

At the Board meeting held on 24 April 2026, Mr. Wang Liang ceased to act as the deputy general manager of the Company due to retirement, with immediate effect.

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

Mr. Xia Xiujiang *(Chairman, Executive Director)*
Mr. Cai Yongli *(Vice Chairman, Non-executive Director)*
Mr. Zhang Pengchao *(Non-executive Director)*
Mr. Peng Dongdong *(Non-executive Director)*
Mr. Li Fei *(Non-executive Director)*
Mr. Li Bing *(Non-executive Director)*
Ms. Tang Qimeng *(Non-executive Director)*
Ms. Zhang Hongyun *(Non-executive Director, Employee Director)*
Mr. Wang Guofeng *(Independent Non-executive Director)*
Mr. Xia Peng *(Independent Non-executive Director)*
Mr. Frank Chan Fan *(Independent Non-executive Director)*
Mr. Tian Aicheng *(Independent Non-executive Director)*

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code for securities transactions by its Directors. Having made specific enquiries with all of the Directors, 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 2026, so far as was known to the Directors, the interests or short positions of the following persons (other than the Directors or the chief executive of the Company) in the Shares and underlying Shares of the Company as notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as otherwise 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 (Shares)	Nature of Interests	Approximate percentage of total issued Domestic Share capital (%)	Approximate percentage of total issued Share capital (%)
BUCG[1]	**Beneficial owner**	**571,031,118**	**Long position**	**59.44**	**42.34**
Beijing Investment Company[2]	**Beneficial owner**	**87,850,942**	**Long position**	**9.14**	**6.51**
Beijing Chengtong Enterprise Management Center (General Partnership)	**Beneficial owner**	**76,000,000[3]**	**Long position**	**7.91**	**5.64**

Notes:

1. BUCG was incorporated by the Beijing Municipal Government.

2. Beijing Investment Company is a wholly state-owned enterprise funded and established by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government. On 4 August 2020, Beijing Investment Company and Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司) ("**MTR Construction**") implemented a merger and restructuring. After the merger and restructuring, Beijing Investment Company held, directly and indirectly, 199,998,412 Shares of the Company in aggregate, including 131,776,412 Domestic Shares and 68,222,000 H Shares of the Company, representing approximately 14.83% of the issued Shares of the Company. Please refer to the announcement of the Company dated 10 August 2020 for details.

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

H Shares

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

Notes:

1. Beijing Investment Company indirectly held a long position 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 23,722,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co., Ltd.).

Save as disclosed above, as at 30 June 2026, the Directors are not aware of any other persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company as otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company (including sale of any treasury shares (as defined in the Hong Kong Listing Rules)).

As of 30 June 2026, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

Strictly complying with the Company Law of the People's Republic of China, the Corporate Governance Code and other laws and regulations, as well as the regulatory requirements of domestic and foreign regulatory authorities, the Company standardized its operation, established and optimized its corporate governance system comprising the general meeting, the Board of Directors and senior management, so as to form an operating mechanism of mutual cooperation, coordination and mutual checks and balances among power, decision-making and executive organizations. The Company believes that sound corporate governance can facilitate the protection and enhancement of the rights and interests of shareholders and other stakeholders, and maintain a favorable corporate reputation. 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 Terms of Reference of the Audit and Risk Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Nomination Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Remuneration and Appraisal Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Strategy and Investment 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. 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.

Upon review of the corporate governance arrangements adopted by the Company during the Reporting Period, save as disclosed below, the Board considered that the Company complied with the principles and code provisions set out in the Corporate Governance Code during the Reporting Period.

The Company's Nomination Committee currently does not comply with code provision B.3.5 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, which requires there shall be at least one director of a different gender in the Nomination Committee, the main reason for which is that the current gender composition of the Board of the Company does not yet fully satisfy the conditions for meeting this requirement. The Company places high value on corporate governance and board diversity policy, and will proactively appoint suitable candidates as soon as practicable through subsequent nomination and election procedures in order to comply with the aforesaid requirement. In the meantime, the Nomination Committee will continue to perform its duties effectively in accordance with the Hong Kong Listing Rules and the Company's Articles of Association.

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.

THE ARTICLES OF ASSOCIATION

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

During the Reporting Period, in order to further improve the corporate governance structure and according to the Company Law and other relevant regulations, the Company made corresponding amendments to the Articles of Association after the approval of the Board and the general meeting of the Company. For details of the amendments, please refer to the announcements of the Company dated 26 March 2026, 29 May 2026, 30 July 2026 and 20 August 2026 and the circulars of the Company dated 7 May 2026 and 31 July 2026.

REVIEW OF INTERIM REPORT

Da Hua Certified Public Accountants (Special General Partnership), the auditor of the Company, has reviewed the interim financial statements of the Group for the six months ended 30 June 2026.

The Audit and Risk Committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2026 and the unaudited interim financial statements of the Group for the six months ended 30 June 2026.

PUBLIC FLOAT

Reference is made to the announcements of the Company dated 2 March 2018, 29 March 2018, 30 September 2022, 27 June 2024 and 22 July 2024 in relation to, among others, the insufficiency of public float of the Company and the proposal to restore the public float. As disclosed in the announcement of the Company dated 11 July 2017, Beijing Infrastructure Investment (Hong Kong) Limited ("**Beijing Investment HK**"), a wholly-owned subsidiary of Beijing Investment Company, 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 held 87,850,942 Domestic Shares of the Company, accounting for 6.90% of the total issued Shares of the Company. Beijing Capital held 73,493,000 H Shares of the Company, accounting for 5.77% of the total issued Shares of the Company. Neither Beijing Investment Company nor Beijing Capital was a substantial Shareholder of the Company and the Shares of the Company held by them were counted towards public float. Upon completion of the Share Transfer, Beijing Investment Company increased 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 became one of the substantial Shareholders of the Company and constituted a connected person under Chapter 14A of the Hong Kong Listing Rules. As such, 68,222,000 H Shares held by Beijing Investment Company were no longer deemed as transferable Shares held by the public.

As of the date of this report, the public float of the Company was approximately 23.70%, which failed to meet the requirements on minimum public float under Rule 8.08(1)(a) of the Hong Kong Listing Rules. For further details on the insufficiency of public float, please refer to the announcement of the Company dated 2 March 2018. The Company is fully aware that the issue of insufficient public float still exists at present and has attached great importance to the resolution of this issue. At this stage, the Company is in communication with minority Shareholders (non-substantial Shareholders) holding the Domestic Shares of the Company to explore the possibility of converting the Domestic Shares held by them into H Shares of the Company through the full circulation of Domestic Shares. The Company has completed the engagement of a legal adviser for the full circulation of Domestic Shares, and has obtained the consent from certain Shareholders regarding the full circulation matter.

Based on the communication with the relevant Shareholders, the relevant Shareholders expressed their willingness to participate in the proposed full circulation within a relatively short interval. With reference to market practice for full circulation applications, the applications are generally submitted and processed in one batch if different shareholders intend to participate in full circulation within a relatively short period of time, and considering that proceeding with the application in one batch would also avoid multiple rounds of application procedures within a short period of time and enhance execution efficiency, the Company intends to submit the application for full circulation in one batch.

Pursuant to the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies《H 股公司境內未上市股份申請"全流通"業務指引》 issued by the China Securities Regulatory Commission (the "**CSRC**") on 14 November 2019 and further amended on 10 August 2023, and considering the intentions received by the Company from its Shareholders to participate in the H Share Full Circulation, on 14 July 2026, the Board has considered and approved the proposed implementation of conversion of 68,816,000 domestic unlisted shares of the Company held by the Shareholders of the Company into H Shares of the Company (the "**H Share Full Circulation**"), representing approximately 5.10% of the total issued share capital of the Company as at the date of this report. The details are as follows:

Name of the participating shareholder	Number of domestic unlisted shares held (shares)	Percentage of shareholding	Number of shares to be applied for conversion into overseas listed shares (shares)	Shares to be applied for conversion as a percentage of the shares of the Company
Beijing You Neng Shang Zhuo Venture Capital Fund (LLP)	**22,816,000**	**1.69%**	**22,816,000**	**1.69%**
Beijing Jingguofa Equity Investment Fund (Limited Partnership)	**46,000,000**	**3.41%**	**46,000,000**	**3.41%**
Total	**68,816,000**	**5.10%**	**68,816,000**	**5.10%**

As at the date of this report, the Company has not yet submitted the filing application to the CSRC for the H Share Full Circulation. The number of domestic unlisted shares to be applied for the H Share Full Circulation will be subject to the filing with the CSRC and approval from the Hong Kong Stock Exchange. In accordance with the Articles of Association of the Company and the applicable PRC laws, no general meeting of the Company is required to be convened to approve the H Share Full Circulation and the Conversion and Listing (as defined below).

Upon obtaining all relevant approvals (including the filing with the CSRC and approval from the Hong Kong Stock Exchange) and having complied with all applicable laws, rules and regulations, such domestic unlisted shares will be converted into H Shares of the Company, and the Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, such H Shares on the Main Board of the Hong Kong Stock Exchange (the "**Conversion and Listing**"). The Company expects to complete the full circulation within 12 months after submitting the filing application to the CSRC, and will make further announcement(s) on the progress of the H Share Full Circulation and the Conversion and Listing in accordance with the requirements of the Hong Kong Listing Rules.

For details of the public float, please refer to the announcements of the Company dated 30 January 2026, 27 February 2026, 31 March 2026, 30 April 2026, 27 May 2026, 30 June 2026, 14 July 2026 and 30 July 2026, respectively.

The Company will continue to pay attention to the issue of insufficient public float, and will make monthly announcements in accordance with the Hong Kong Listing Rules to keep the Shareholders and the market informed of the progress of the restoration of the public float.

MOORE 大华国际 | 大華會計師事務所

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Tel: 86 (10) 5835 0011 Fax: 86 (10) 5835 0006
www.dahua-cpa.com

REVIEW REPORT

Da Hua He Zi [2026] No. 0011008429

To the Shareholders of Beijing Urban Construction Design & Development Group Co., Limited:

We have reviewed the accompanying financial statements of Beijing Urban Construction Design & Development Group Co., Limited (hereinafter referred to as "UCD"), which comprise the consolidated balance sheet as at 30 June 2026, the consolidated statement of income, the consolidated statement of cash flows, the consolidated statement of changes in owners' equity for the period from January to June 2026, and the notes to the financial statements. The preparation of these financial statements is the responsibility of the management of UCD, and our responsibility is to issue a review report on these financial statements based on the review work performed.

We conducted our review in accordance with Chinese Standard on Review Engagements No. 2101 — Review of Financial Statements《(中國註冊會計師審閱準則第 2101 號－財務報表審閱》). This standard requires us to plan and perform review engagements to obtain limited assurance as to whether the financial statements are free from material misstatement. This review is primarily limited to making enquiries of company personnel and applying analytical procedures to financial data, providing a lower level of assurance than an audit. We did not perform an audit, and accordingly, we do not express an audit opinion.

Based on our review, we have not noted any matters that lead us to believe that the financial statements were not prepared in accordance with the Accounting Standards for Business Enterprises, or that they fail to present fairly, in all material respects, the financial position, operating results and cash flows of UCD.

Da Hua Certified Public Accountants
(Special General Partnership)

PRC Certified Public Accountant: _____
Wang Lifei

Beijing, China

PRC Certified Public Accountant: _____
Zhao Tianbo

27 August 2026

CONSOLIDATED BALANCE SHEET

30 June 2026

Amount unit: RMB

Item	*Note VII*	**Closing balance**	Opening balance
Current assets:			
Monetary capital	*Note 1*	**1,600,794,502.81**	2,640,047,828.05
Financial assets held for trading	*Note 2*	**38,556,000.00**	
Derivative financial assets			
Notes receivable		**35,314,303.24**	47,322,497.92
Trade receivables	*Note 3*	**4,356,003,990.36**	4,245,031,623.74
Receivables financing			
Prepayments	*Note 4*	**99,715,876.27**	71,814,392.88
Centralized management of receivables			
Other receivables	*Note 5*	**179,934,275.15**	175,016,215.25
Including: Dividend receivable	*Note 5*	**89,583,274.83**	89,583,274.83
Inventories	*Note 6*	**102,928,462.51**	87,692,384.35
Including: raw materials	*Note 6*	**23,279,218.58**	24,746,580.32
Commodities (finished goods)	*Note 6*	**37,714,149.38**	23,570,646.32
Contract assets	*Note 7*	**6,036,459,929.48**	5,778,305,372.01
Held-for-sale assets			
Non-current assets due within one year		**15,898,825.87**	12,216,885.32
Other current assets	*Note 8*	**163,099,446.91**	142,609,136.87
Total current assets		**12,628,705,612.60**	13,200,056,336.39

Item	*Note VII*	Closing balance	Opening balance
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables		**5,901,102.46**	7,678,490.23
Long-term equity investment		**3,689,128,421.53**	3,641,623,041.89
Investment in other equity instruments	*Note 9*	**79,894,106.93**	88,513,229.77
Other non-current financial assets	*Note 10*		10,704,000.00
Investment properties			
Fixed assets		**1,180,162,047.18**	1,224,310,141.85
Including: Cost of fixed assets		**2,109,578,130.40**	2,115,370,653.55
Accumulated depreciation		**929,416,083.22**	891,060,511.70
Provision for fixed asset impairment			
Construction in progress		**88,819.00**	88,819.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets		**157,765,540.41**	199,170,779.04
Intangible assets		**788,024,829.51**	811,521,031.02
Development expenditure			
Goodwill		**5,740,795.57**	5,740,795.57
Long-term expenses to be amortised		**137,978,700.74**	150,593,738.02
Deferred income tax assets		**433,374,613.67**	415,550,691.18
Other non-current assets	*Note 12*	**4,349,598,117.63**	4,431,561,871.13
Including: Specially approved reserved supplies			
Total non-current assets		**10,827,657,094.63**	10,987,056,628.70
Total assets		**23,456,362,707.23**	24,187,112,965.09

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2026

Item	*Note VII*	**Closing balance**	Opening balance
Current liabilities:			
Short-term borrowings	*Note 13*	**813,425,678.52**	584,815,230.35
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		**6,913,292.06**	
Trade payables	*Note 14*	**4,774,865,650.44**	5,434,222,122.19
Receipts in advance			
Contract liabilities	*Note 15*	**2,084,935,595.85**	2,451,192,921.80
Employee remuneration payables		**351,340,754.38**	349,649,654.94
Including: Wages payables		**310,213,504.54**	314,288,322.42
Benefits payables			
Including: Staff award and welfare fund			
Tax charges payables		**150,669,896.43**	180,014,430.78
Including: tax payable		**131,938,364.04**	168,910,608.21
Other payables		**411,324,124.76**	361,090,480.83
Including: Dividend payable		**106,940,728.92**	10,046,726.92
Held-for-sale liabilities			
Non-current liabilities due within one year	*Note 16*	**490,832,409.81**	443,409,573.32
Other current liabilities	*Note 17*	**669,692,415.77**	687,112,738.11
Total current liabilities		**9,753,999,818.02**	10,491,507,152.32

Item	*Note VII*	Closing balance	Opening balance
Non-current liabilities:			
Long-term borrowings	*Note 18*	**3,951,112,801.65**	4,043,850,305.64
Bonds payables	*Note 19*	**750,000,000.00**	750,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		**117,432,825.05**	136,121,276.50
Long-term payables		**2,403,062.17**	7,245,454.10
Long-term employee remuneration payable		**75,941,292.77**	72,711,627.62
Estimated liabilities		**110,520,729.81**	105,355,428.11
Deferred income		**5,736,902.24**	6,244,185.89
Deferred income tax liabilities		**10,815,291.01**	3,894,963.02
Other non-current liabilities		**347,133,539.57**	352,511,888.51
Including: Specially approved reserved fund			
Total non-current liabilities		**5,371,096,444.27**	5,477,935,129.39
Total liabilities		**15,125,096,262.29**	15,969,442,281.71

CONSOLIDATED BALANCE SHEET (CONTINUED)

30 June 2026

Item	*Note VII*	**Closing balance**	Opening balance
Equity attributable to the owners (or shareholders' equity):			
Paid-in capital (or share capital)	*Note 20*	**1,348,670,000.00**	1,348,670,000.00
State-owned capital			
Capital attributable to state-owned legal entities		**746,733,000.00**	746,733,000.00
Collective capital			
Private capital		**601,937,000.00**	601,937,000.00
Capital attributable to foreign investors			
Paid-in capital (or share capital), net	*Note 20*	**1,348,670,000.00**	1,348,670,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		**646,630,888.10**	646,500,666.90
Less: treasury shares			
Other comprehensive income		**-101,305,773.73**	-96,963,371.36
Including: Exchange difference on translation of financial statements in foreign currencies		**-130,050.89**	-93,902.93
Special reserve		**31,821,720.69**	16,810,847.05
Surplus reserve		**674,335,000.00**	674,335,000.00
Including: Statutory reserve		**674,335,000.00**	674,335,000.00
Discretionary reserve			
Retained earnings		**5,474,941,267.86**	5,374,878,753.29
Total equity attributable to owners of the parent company (or shareholders' equity)		**8,075,093,102.92**	7,964,231,895.88
*Minority interests		**256,173,342.02**	253,438,787.50
Total equity attributable to the owners (or shareholders' equity)		**8,331,266,444.94**	8,217,670,683.38
Total liabilities and total equity attributable to the owners (or shareholders' equity)		**23,456,362,707.23**	24,187,112,965.09

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

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

Legal representative of the Company:	Person-in-charge of accounting:	The head of the accounting department:
XIA Xiu jiang	YANG Yong Jie	JIANG Hai Rong

CONSOLIDATED STATEMENT OF INCOME

January to June 2026

Amount unit: RMB

Item		Note VII	Amount for the current period	Amount for the previous period
I.	**Total operating income**		**3,244,889,264.28**	3,586,318,950.13
	Including: Operating income	*Note 21*	**3,244,889,264.28**	3,586,318,950.13
II.	**Total operating costs**		**2,976,772,189.85**	3,247,912,094.44
	Including: Operating costs	*Note 21*	**2,690,138,107.55**	2,893,377,461.12
	Tax and surcharges		**12,602,510.65**	17,976,366.26
	Selling expenses	*Note 22*	**18,294,509.57**	26,748,955.83
	Administrative expenses	*Note 23*	**190,215,932.20**	223,213,616.12
	Research and development expenses	*Note 24*	**113,827,950.24**	141,896,162.94
	Finance costs	*Note 25*	**-48,306,820.36**	-55,300,467.83
	Including: Interest expenses	*Note 25*	**110,233,702.66**	119,793,954.23
	Interest income	*Note 25*	**167,946,163.92**	180,977,713.87
	Net exchange loss (net gain is represented by "-")	*Note 25*	**7,525,118.90**	888,228.86
	Others			
	Add: Other income		**3,779,795.06**	3,683,074.09
	Investment income (loss is represented by "-")		**47,401,158.44**	44,267,254.93
	Including: Investments income from associates and joint ventures		**47,401,158.44**	44,267,254.93
	Gain on derecognition of financial assets measured at amortised cost			
	Net gain from exposure hedges (loss is represented by "-")			
	Gain from change in fair value (loss is represented by "-")		**27,852,000.00**	1,356,000.00
	Credit impairment loss (loss is represented by "-")	*Note 26*	**-60,554,699.19**	-18,321,540.30
	Asset impairment loss (loss is represented by "-")	*Note 27*	**-33,371,062.24**	-75,834,131.22
	Gain on disposal of assets (loss is represented by "-")		**-435,455.12**	623,462.47

CONSOLIDATED STATEMENT OF INCOME (CONTINUED)

January to June 2026

Item		*Note VII*	**Amount for the current period**	Amount for the previous period
III.	**Operating profit (loss is represented by "-")**		**252,788,811.38**	294,180,975.66
	Add: Non-operating income		**2,280,040.92**	1,166,632.01
	Including: Government grants		**1,018,867.92**	
	Less: Non-operating expenses		**232,312.57**	3,516,914.87
IV.	**Total profit (total loss is represented by "-")**		**254,836,539.73**	291,830,692.80
	Less: Income tax expenses	*Note 28*	**43,937,513.47**	52,442,034.56
V.	**Net profit (net loss is represented by "-")**		**210,899,026.26**	239,388,658.24
(I)	Classified by ownership of equity			
	Net profit attributable to owners of the parent company		**202,278,172.24**	232,253,637.11
	* Minority interests		**8,620,854.02**	7,135,021.13
(II)	Classified by continuity of operations			
	Net profit from continuing operations		**210,899,026.26**	239,388,658.24
	Net profit from discontinued operations			
VI.	**Other comprehensive income after taxation, net**		**-8,047,795.61**	10,474,882.39
Other comprehensive income after taxation attributable to owners of the parent company, net			**-8,047,795.61**	10,474,882.39
(I)	Other comprehensive income which will not be reclassified to profit or loss		**-8,011,647.65**	10,393,638.55
	1. re-measurement of changes in defined benefit plan		**-2,930,000.00**	-3,250,000.00
	2. Other comprehensive income will not be transferred to profit or loss under equity method			
	3. Change in fair value of other investments inequity instruments		**-5,081,647.65**	13,643,638.55
	4. Change in fair value of enterprise's own credit risk			
	5. Others			
(II)	Other comprehensive income which will be reclassified to profit or loss		**-36,147.96**	81,243.84
	1. Other comprehensive income will be transferred to profit or loss under equity method			
	2. Change in fair value of other debt investments			

Item	*Note VII*	Amount for the current period	Amount for the previous period
3. Amount of financial assets reclassified as other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flows hedging reserve (effective portion of gain/loss from cash flow hedging)			
6. Exchange difference on translation of financial statements in foreign currencies		-36,147.96	81,243.84
7. Others			
* Other comprehensive income after taxation attributable to minority interests, net			
VII. Total comprehensive income		202,851,230.65	249,863,540.63
Total comprehensive income attributable to owners of the parent company		194,230,376.63	242,728,519.50
* Total comprehensive income attributable to minority interests		8,620,854.02	7,135,021.13
VIII. Earnings per shares			
Earnings per share, basic		0.15	0.18
Earnings per share, diluted		0.15	0.18

Legal representative of the Company:	Person-in-charge of accounting:	The head of the accounting department:
XIA Xiu jiang	YANG Yong Jie	JIANG Hai Rong

CONSOLIDATED STATEMENT OF CASH FLOWS

January to June 2026

Amount unit: RMB

Item		*Note VII*	**Amount for the current period**	Amount for the previous period
I.	**Cash flows from operating activities:**			
	Cash received from the sale of goods and rendering of services		**2,782,191,114.14**	2,947,519,977.71
	Tax refunds			
	Other cash receipts related to operating activities		**102,755,358.62**	211,908,264.93
	Sub-total of cash inflows from operating activities		**2,884,946,472.76**	3,159,428,242.64
	Cash paid for the purchase of goods and the receipt of services		**2,853,668,145.47**	2,869,092,783.66
	Cash paid to and for employees		**760,583,594.23**	885,915,649.75
	Taxation paid		**153,030,597.97**	184,370,592.60
	Other cash payments related to operating activities		**195,620,646.53**	259,851,378.83
	Sub-total of cash outflows from operating activities		**3,962,902,984.20**	4,199,230,404.84
	Net cash flows from operating activities		**-1,077,956,511.44**	-1,039,802,162.20

Item		*Note VII*	Amount for the current period	Amount for the previous period
II.	**Cash flows from investing activities:**			
	Cash received from investment recovery			
	Cash received as investment income		**56,143.30**	26,000.00
	Net cash received from disposals of fixed assets, intangible assets and other long-term assets		**111,516.98**	31,848.26
	Net cash received from disposals of subsidiaries and other business units			
	Other cash receipts related to investing activities			
	Sub-total of cash inflows from investing activities		**167,660.28**	57,848.26
	Cash paid for purchase of fixed assets, intangible assets and other long-term assets		**25,665,036.66**	24,473,907.48
	Cash paid for investments			
	Net cash paid for acquisition of subsidiaries and other business units			
	Other cash payments related to investing activities			
	Sub-total of cash outflows from investing activities		**25,665,036.66**	24,473,907.48
	Net cash flows from investing activities		**-25,497,376.38**	-24,416,059.22

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

January to June 2026

Item		*Note VII*	Amount for the current period	Amount for the previous period
III.	**Cash flows from financing activities:**			
	Cash received as investment			
	Including: Cash received by subsidiaries from investment of minority shareholders			
	Cash received from borrowings		**818,568,449.11**	659,534,720.35
	Other cash receipts related to financing activities			
	Sub-total of cash inflows from financing activities		**818,568,449.11**	659,534,720.35
	Cash paid for debts settlement		**679,628,908.93**	630,461,472.19
	Cash paid for distribution of dividends, profits, or interest expenses		**54,749,119.59**	105,036,951.10
	Including: Dividend and profit paid by subsidiaries to minority shareholders		**5,691,936.50**	4,371,080.99
	Other cash payments related to financing activities		**27,726,907.54**	47,617,522.75
	Sub-total of cash outflows from financing activities		**762,104,936.06**	783,115,946.04
	Net cash flows from financing activities		**56,463,513.05**	-123,581,225.69
IV.	**Effect of exchange rate changes on cash and cash equivalents**		**-7,772,961.80**	-1,287,224.54
V.	**Net increase in cash and cash equivalents**		**-1,054,763,336.57**	-1,189,086,671.65
	Add: Cash and cash equivalents at beginning of period		**2,593,227,822.61**	3,043,846,261.92
VI.	**Cash and cash equivalents at the end of period**		**1,538,464,486.04**	1,854,759,590.27

Legal representative of the Company:	Person-in-charge of accounting:	The head of the accounting department:
XIA Xiu jiang	YANG Yong Jie	JIANG Hai Rong

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2026

Amount unit: RMB

Item	Note ///	Amount for the current period													
		Equity attributable to owners of the parent company													
		Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	△ General risk reserve	Retained profit	Sub-total	Minority interests	Total equity attributable to the owners
			Preferred shares	Perpetual bonds	Others										
Column No.		1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Closing balance of previous year		1,348,670,000.00				646,500,666.90		-96,963,371.36	16,810,847.05	674,335,000.00		5,374,878,753.29	7,964,231,895.88	253,438,787.50	8,217,670,683.38
Add: Changes in accounting policies		-	-	-	-	-	-	-	-	-	-		-	-	-
Retrospective adjustments		-	-	-	-	-	-	-	-	-	-		-	-	-
Others															
II. Opening balance of current year		1,348,670,000.00				646,500,666.90		-96,963,371.36	16,810,847.05	674,335,000.00		5,374,878,753.29	7,964,231,895.88	253,438,787.50	8,217,670,683.38
III. Changes for the year (decrease is represented by "-")						130,221.20		-4,342,402.37	15,010,873.64			100,062,514.57	110,861,207.04	2,734,554.52	113,595,761.56
(I) Total comprehensive income								-8,047,795.61				202,278,172.24	194,230,376.63	8,620,854.02	202,851,230.65
(II) Capital contributed/reduced by equity owner						130,221.20							130,221.20		130,221.20
1. Ordinary share contribution by equity owners															
2. Capital contribution by holders of other equity instruments															
3. Share-based payment included in owners' equity															
4. Others						130,221.20							130,221.20		130,221.20
(III) Appropriation and use of special reserve									15,010,873.64				15,010,873.64		15,010,873.64
1. Appropriation of special reserve									69,905,034.68				69,905,034.68		69,905,034.68
2. Use of special reserve									-54,894,161.04				-54,894,161.04		-54,894,161.04

		Amount for the current period													
		Equity attributable to owners of the parent company													
Item	*Note VII*	Paid-in capital (or share capital)	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	special reserve	Surplus reserve	△General risk reserve	Retained profit	Sub-total	Minority interests	Total equity attributable to the owners
Column No.		1	2	3	4	5	6	7	8	9	10	11	12	13	14
(IV) Profit distribution												-96,699,639.00	-96,699,639.00	-5,886,299.50	-102,585,938.50
1. Appropriation of surplus reserve															
Including: Statutory reserve															
Discretionary reserve															
Reserve funds															
Corporate development reserve															
Transfer of profit to investment															
2. Appropriation of general risk reserve															
3. Distribution to equity owners (or shareholders)												-96,699,639.00	-96,699,639.00	-5,886,299.50	-102,585,938.50
4. Others															
(V) Internal movement of owners' equity								3,705,393.24				-5,516,018.67	-1,810,625.43		-1,810,625.43
1. Capital (or share capital) increased by conversion of capital reserve															
2. Capital (or share capital) increased by conversion of surplus reserve															
3. Loss set-off by surplus reserve															
4. Transfer of change in defined benefit plan to retained earnings															
5. Transfer of other comprehensive income to retained earnings								3,705,393.24				-5,516,018.67	-1,810,625.43		-1,810,625.43
6. Others															
IV. Closing balance of current year		1,348,670,000.00				646,630,888.10		-101,305,773.73	31,821,720.69	674,335,000.00		5,474,941,267.86	8,075,093,102.92	256,173,342.02	8,331,266,444.94

Legal representative of the Company: XIA Xiu jiang

Person-in-charge of accounting: YANG Yong Jie

The head of the accounting department: JIANG Hai Rong

Amount unit: RMB

		Amount for the current period													
		Equity attributable to owners of the parent company													
Item	*Note VII*	Paid-in capital (or share capital)	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	special reserve	Surplus reserve	△General risk reserve	Retained profit	Sub-total	Minority interests	Total equity attributable to the owners
Column No.		1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Closing balance of previous year		1,348,670,000.00				646,206,309.10		16,528,853.11	5,389,706.71	667,141,761.43		5,011,885,481.00	7,695,822,111.35	237,582,431.30	7,933,404,542.65
Add: Changes in accounting policies															
Retrospective adjustments															
Others															
II. Opening balance of current year		1,348,670,000.00				646,206,309.10		16,528,853.11	5,389,706.71	667,141,761.43		5,011,885,481.00	7,695,822,111.35	237,582,431.30	7,933,404,542.65
III. Changes for the year (decrease is represented by "-")								10,474,882.39	4,217,125.14			87,001,878.11	101,693,885.64	2,468,942.91	104,162,828.55
(I) total comprehensive income								10,474,882.39				232,253,637.11	242,728,519.50	7,135,021.13	249,863,540.63
(II) Capital contributed/reduced by equity owner															
1. Ordinary share contribution by equity owners															
2. Capital contribution by holders of other equity instruments															
3. Share-based payment included in owners' equity															
4. Others															
(III) Appropriation and use of special reserve									4,217,125.14				4,217,125.14		4,217,125.14
1. Appropriation of special reserve									65,486,216.80				65,486,216.80		65,486,216.80
2. Use of special reserve									-61,269,091.66				-61,269,091.66		-61,269,091.66

		Amount for the current period													
		Equity attributable to owners of the parent company													
Item	*Note VII*	Paid-in capital (or share capital)	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	special reserve	Surplus reserve	△General risk reserve	Retained profit	Sub-total	Minority interests	Total equity attributable to the owners
Column No.		1	2	3	4	5	6	7	8	9	10	11	12	13	14
(IV) Profit distribution												-145,251,759.00	-145,251,759.00	-4,666,078.22	-149,917,837.22
1. Appropriation of surplus reserve															
Including: Statutory reserve															
Discretionary reserve															
Reserve funds															
Corporate development reserve															
Transfer of profit to investment															
2. Appropriation of general risk reserve															
3. Distribution to equity owners (or shareholders)												-145,251,759.00	-145,251,759.00	-4,666,078.22	-149,917,837.22
4. Others															
(V) Internal movement of owners' equity															
1. Capital (or share capital) increased by conversion of capital reserve															
2. Capital (or share capital) increased by conversion of surplus reserve															
3. Loss set-off by surplus reserve															
4. Transfer of change in defined benefit plan to retained earnings															
5. transfer of other comprehensive income to retained earnings															
6. Others															
IV. Closing balance of current year		1,348,670,000.00				646,206,309.10		27,003,735.50	9,606,831.85	667,141,761.43		5,098,887,359.11	7,797,515,996.99	240,051,374.21	8,037,567,371.20

Legal representative of the Company: XIA Xiu jiang

Person-in-charge of accounting: YANG Yong Jie

The head of the accounting department: JIANG Hai Rong

I. BASIC INFORMATION OF THE COMPANY

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

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

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

Legal representative: Mr. Xia Xiujiang.

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

(2) Business nature and principal activities of the Company

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

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

(3) Name of the parent company and group headquarters

The parent company and ultimate controlling shareholder of the Group is BUCG.

(4) Approval for issuance of the financial statements

These financial statements were approved for issue by the Company's board of directors on 27 August 2026.

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

A total of 21 second-tier subsidiaries are included in the scope of consolidated financial statements for the current period, the details of which are as follows:

No.	Company Name	Level	Enterprise Type	Registered Address	Principal Place of Business	Business Nature	Paid-in Capital (RMB'0,000)	Shareholding Percentage (%)	Voting Rights Percentage (%)	Investment Amount (RMB'0,000)
1	Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. ("北京城建勘測設計研究院有限責任公司")	2	1	Chaoyang District, Beijing	Beijing	Surveying, designing and engineering exploration	10,000.00	100.00	100.00	3,191.43
2	China Metro Engineering Consulting Co., Ltd. ("中國地鐵工程諮詢有限責任公司")	2	1	Xicheng District, Beijing	Beijing	Rail transit engineering consulting	1,334.00	56.22	56.22	750.00
3	Beijing Urban Construction Xinjie Rail Transit Engineering Consulting Co., Ltd. ("北京城建信捷軌道交通工程諮詢有限公司")	2	1	Xicheng District, Beijing	Beijing	Rail transit engineering consulting	500.00	100.00	100.00	661.10
4	Beijing Guancheng Technology Development Co., Ltd. ("北京冠城科技發展有限公司")	2	1	Xicheng District, Beijing	Beijing	Property management	50.00	100.00	100.00	50.00
5	Beijing Huan'an Engineering Inspection Co., Ltd. ("北京環安工程檢測有限責任公司")	2	1	Xicheng District, Beijing	Beijing	Engineering consulting, monitoring and testing	3,000.00	100.00	100.00	3,000.00
6	Beijing Urban Construction Design (Hong Kong) Co., Ltd. ("北京城建設計(香港)有限公司")	2	3	Hong Kong	Hong Kong	Advisory services	236.58	100.00	100.00	236.58
7	Anhui Jingjian Capital Construction Investment Co., Ltd. ("安徽京建投資建設有限公司")	2	1	Anqing Economic and Technological Development Zone, Anhui Province	Anqing, Anhui Province	Construction project investment, construction and operation maintenance	50,000.00	88.00	88.00	44,000.00
8	Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd. ("軌道交通節能北京市工程研究中心有限公司")	2	1	Xicheng District, Beijing	Beijing	Engineering services and development, consulting	1,000.00	90.00	90.00	900.00
9	Beijing Urban Rail Transit Construction Engineering Co., Ltd. ("北京城建軌道交通建設工程有限公司")	2	1	Tongzhou District, Beijing	Beijing	Construction contracting	30,000.00	100.00	100.00	30,000.00

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Company Name	Level	Enterprise Type	Registered Address	Principal Place of Business	Business Nature	Paid-in Capital (RMB'0,000)	Shareholding Percentage (%)	Voting Rights Percentage (%)	Investment Amount (RMB'0,000)
10	Beijing Urban Construction Transportation Design and Research Institute Co., Ltd. ("北京城建交通設計研究院有限公司")	2	1	Xicheng District, Beijing	Beijing	Construction design	3,000.00	100.00	100.00	3,000.00
11	Guizhou Jingjian Capital Construction Investment Co., Ltd. ("貴州京建投資建設有限公司")	2	1	Xinpu New District, Zunyi, Guizhou Province	Zunyi, Guizhou Province	Construction project investment, construction and operation maintenance	36,000.00	75.00	75.00	27,000.00
12	Yunnan Jingjian Capital Construction Investment Co., Ltd. ("雲南京建投資建設有限公司")	2	1	Central Yunnan New District, Kunming, Yunnan Province	Kunming, Yunnan Province	Construction project investment, construction and operation maintenance	38,698.00	90.00	90.00	34,828.20
13	Beijing Urban Infrastructure Construction Investment Management Co., Ltd. ("北京城建基礎設施投資管理有限公司")	2	1	Xicheng District, Beijing	Beijing	Investment management and consultancy services	10,000.00	100.00	100.00	10,000.00
14	Beijing Jingjian Shuncheng Construction Investment Co., Ltd. ("北京京建順城建設投資有限公司")	2	1	Shunyi District, Beijing	Beijing	Project investment and railway operation management	9,473.68	70.00	70.00	6,631.58
15	Huangshan Jingjian Capital Construction Investment Co., Ltd. ("黃山京建投資建設有限公司")	2	1	Huangshan, Anhui Province	Huangshan, Anhui Province	Construction project investment, construction and operation maintenance	10,000.00	90.00	90.00	9,000.00
16	Beijing Anjie Engineering Consultants Co., Ltd. ("北京安捷工程諮詢有限公司")	2	1	Xicheng District, Beijing	Beijing	Engineering services and development, consultancy services	500.00	51.00	51.00	255.00
17	Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd. ("北京城建設計發展集團廣州建設有限公司")	2	1	Guangzhou, Guangdong Province	Guangzhou	Construction contracting		100.00	100.00	–

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Company Name	Level	Enterprise Type	Registered Address	Principal Place of Business	Business Nature	Paid-in Capital (RMB'0,000)	Shareholding Percentage (%)	Voting Rights Percentage (%)	Investment Amount (RMB'0,000)
18	Beijing Rail Transit Design and Research Institute Co., Ltd. ("北京市軌道交通設計研究院有限公司")	2	1	Mentougou District, Beijing	Beijing	Urban rail transit line surveying and design	1,000.00	50.00	50.00	500.00
19	Hunan Jingjian Capital Construction Investment Co., Ltd. ("湖南京建投資建設有限公司")	2	1	Zhuzhou, Hunan Province	Hunan Province	Construction project investment, construction and operation maintenance	14,997.32	69.99	69.99	10,497.32
20	Beijing Yaocheng Technology Development Co., Ltd. ("北京耀城科技發展有限公司")	2	1	Xicheng District, Beijing	Beijing	Technology development and consulting services	1,000.00	100.00	100.00	1,000.00
21	Beijing Institute of Residential Building Design & Research Co., Ltd. ("北京市住宅建築設計研究院有限公司")	2	1	Chaoyang District, Beijing	Beijing	Architectural design	4,000.00	100.00	100.00	6,389.28

Enterprise types: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Infrastructure construction units

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) Basis for preparation of financial statements

The Company prepares its financial statements on a going concern basis, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises – Basic Standards and specific accounting standards for business enterprises, application guidance for accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "current accounting standards for business enterprises"), as well as the disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong and the Hong Kong Companies Ordinance.

(2) Going concern

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Specific accounting policies and accounting estimates disclosure

The Company determines specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in inventory valuation methods, methods for provision of expected credit losses on receivables, depreciation of fixed assets and amortisation of intangible assets, timing of revenue recognition, etc.

(2) Statement of compliance with accounting standards for business enterprises

The financial statements prepared by the Company comply with the requirements of accounting standards for business enterprises, and truly and completely reflect the financial position, operating results, cash flows and other relevant information of the Company during the Reporting Period.

(3) Accounting period

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

(4) Functional currency

The Company adopts Renminbi as its functional currency.

(5) Accounting basis and measurement principles

The Company adopts the accrual basis as its accounting basis. When measuring accounting elements, the Company generally adopts historical cost; for situations where other attributes such as replacement cost, net realisable value, present value or fair value are used for measurement in accordance with the standards, the Company will provide special explanations.

(6) Receivables

Receivables include notes receivable, trade receivable, other receivables, etc. The trade receivable formed by the Company's external sales of goods or provision of services are initially recognised at the fair value of the contract or agreement price receivable from the purchaser. Receivables are measured using the effective interest method and are presented at amortised cost less allowance for bad debts.

1. *Notes receivable*

   For notes receivable, regardless of whether there is a significant financing component, the Company provides loss allowances based on expected credit losses over the entire life. The Company divides notes receivable into two portfolios: bank acceptance bills and commercial acceptance bills. For notes receivable classified into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through default risk exposure and expected credit loss rates over the entire life.

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

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Receivables (continued)

2. Trade receivables

The Group's methods for determining and accounting for expected credit losses on trade receivables are detailed in Note (10) 6. Impairment of financial instruments.

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

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

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

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

Aging	Within 6 months	6 months-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	Over 6 years
Expected loss rate	0.5%	4.00%	9.30%	16.50%	30.00%	50.00%	90.00%	100.00%

3. Receivables financing

The Company's methods for determining and accounting for expected credit losses on receivables financing are detailed in Note (10) 6. Impairment of financial instruments.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Receivables (continued)

4. Other receivables

The Company's methods for determining and accounting for expected credit losses on other receivables are detailed in Note (10) 6. Impairment of financial instruments.

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

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

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

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Receivables (continued)

4. Other receivables (continued)

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

Overdue aging	Within 6 months	6 months-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	Over 6 years
Guarantee deposits and security deposits	0.5%	4.00%	9.30%	16.50%	30.00%	50.00%	90.00%	100.00%

(2) Internal related party transactions within the consolidation scope of Urban Construction Design Group do not require bad debt provision.

(3) Other receivables excluding tender deposits, performance deposits, security deposits and internal related party transactions within the consolidation scope, including employee advances, advances paid on behalf of employees, related party loans, advances paid on behalf of others and other amounts, when no credit risk deterioration has occurred to counterparties, provision is made according to the following model:

Aging	Within 6 months	6 months-1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Employee advances, advances paid on behalf of employees, related party loans, advances paid on behalf of others and other amounts	0.5%	5%	10%	20%	30%	60%	100%

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Receivables (continued)

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

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

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

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

(8) Revenue

1. General principles for revenue recognition

The Company recognises revenue when it fulfills the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, at the transaction price allocated to that performance obligation.

Performance obligation refers to the promise in the contract for the Company to transfer clearly distinguishable goods or services to customers.

Obtaining control of relevant goods refers to the ability to direct the use of the goods and obtain substantially all economic benefits therefrom.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(8) Revenue (continued)

1. General principles for revenue recognition (continued)

The Company evaluates the contract at the contract commencement date, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed over a period of time or at a point in time. If any of the following conditions is met, it is a performance obligation performed over a period of time, and the Company recognises revenue over a period of time based on performance progress: (1) the customer simultaneously receives and consumes the economic benefits brought by the Company's performance as the Company performs; (2) the customer can control the goods under construction during the Company's performance process; (3) the goods produced during the Company's performance process have no alternative use, and the Company has the right to collect payment for the performance completed to date throughout the entire contract period. Otherwise, the Company recognises revenue at the point when the customer obtains control of the relevant goods or services.

For performance obligations performed over a period of time, the Company adopts the input method to determine appropriate performance progress based on the nature of goods and services. The input method determines performance progress based on the Company's inputs to fulfill performance obligations. When performance progress cannot be reasonably determined, if costs already incurred by the Company are expected to be compensated, revenue is recognised based on the amount of costs already incurred until performance progress can be reasonably determined.

2. Revenue treatment principles for specific transactions

(1) Contracts with sales return clauses

When the customer obtains control of the relevant goods, revenue is recognised based on the amount of consideration expected to be received for transferring goods to the customer (i.e., excluding the amount expected to be returned due to sales returns), and a liability is recognised based on the amount expected to be returned due to sales returns.

The carrying amount of goods expected to be returned when selling goods, after deducting the estimated costs to be incurred to recover such goods (including impairment of returned goods), is accounted for under "receivable return costs".

(2) Contracts with quality assurance clauses

Assess whether the quality assurance provides a separate service beyond ensuring that the sold goods meet established standards. If the Company provides additional services, it is treated as a separate performance obligation and accounted for according to revenue standard requirements; otherwise, quality assurance responsibilities are accounted for according to contingency accounting standards.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(8) Revenue (continued)

2. Revenue treatment principles for specific transactions (continued)

(3) Sales contracts with additional purchase options for customers

The Company assesses whether the option provides customers with a significant right. If a significant right is provided, it is treated as a separate performance obligation, with transaction price allocated to that performance obligation. Revenue is recognised when the customer exercises the purchase option in the future to obtain control of relevant goods, or when the option expires. If the standalone selling price of customer additional purchase options cannot be directly observed, it is reasonably estimated after comprehensively considering all relevant information such as the difference in discounts customers can obtain by exercising and not exercising the option, and the likelihood of customers exercising the option.

(4) Contracts granting intellectual property licenses to customers

Assess whether the intellectual property license constitutes a separate performance obligation. If it constitutes a separate performance obligation, further determine whether it is performed over a period of time or at a point in time. For granting intellectual property licenses to customers with agreed royalties based on customer actual sales or usage, revenue is recognised at the later of the following two points: when the customer's subsequent sales or usage actually occurs; when the Company fulfills related performance obligations.

(5) Sale and repurchase

1) Contracts with repurchase obligations due to forward arrangements with customers: In this case, customers do not obtain control of relevant goods at the sales point, so accounting treatment is performed as lease transactions or financing transactions. Among them, when the repurchase price is lower than the original selling price, it is treated as a lease transaction and accounted for according to relevant lease regulations in enterprise accounting standards; when the repurchase price is not lower than the original selling price, it is treated as a financing transaction, recognising financial liabilities when receiving customer payments, and recognising the difference between such payments and repurchase price as interest expenses etc. during the repurchase period. If the Company does not exercise the repurchase right when due, the financial liability is derecognised when the repurchase right expires, and revenue is recognised simultaneously.

2) Contracts with repurchase obligations arising from customer requests: After assessment, if customers have significant economic incentives, sale and repurchase is treated as lease transactions or financing transactions and accounted for according to provisions in 1) above; otherwise, it is treated as sales transactions with sales return clauses.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(8) Revenue (continued)

2. Revenue treatment principles for specific transactions (continued)

(6) Contracts collecting non-refundable initial fees from customers

Non-refundable initial fees collected from customers at (or close to) the contract commencement date should be included in the transaction price. After assessment by the Company, if the initial fee is related to transferring promised goods to customers and such goods constitute a separate performance obligation, revenue is recognised at the transaction price allocated to such goods when transferring the goods; if the initial fee is related to transferring promised goods to customers but such goods do not constitute a separate performance obligation, revenue is recognised at the transaction price allocated to that individual performance obligation when the individual performance obligation containing such goods is fulfilled; if the initial fee is not related to transferring promised goods to customers, the initial fee is treated as advance payment for future goods to be transferred and recognised as revenue when transferring such goods in the future.

(9) Contract costs

1. Contract fulfillment costs

For costs incurred by the Company to fulfill contracts that are not within the scope of other enterprise accounting standards except revenue standards and simultaneously meet the following conditions, the Company recognises them as contract fulfillment costs as an asset:

(1) The costs are directly related to a current or expected contract, including direct labour, direct materials, manufacturing costs (or similar costs), costs explicitly borne by customers, and other costs incurred solely because of the contract;

(2) The costs increase the Company's resources for fulfilling performance obligations in the future.

(3) The costs are expected to be recoverable.

The asset is presented in inventory or other non-current assets based on whether its amortisation period exceeds one normal operating cycle at initial recognition.

2. Contract acquisition costs

Incremental costs incurred by the Company to obtain contracts that are expected to be recoverable are recognised as contract acquisition costs as an asset. Incremental costs refer to costs that the Company would not incur if it did not obtain the contract, such as sales commissions. For those with amortisation periods not exceeding one year, they are recognised in current profit or loss when incurred.

3. Contract cost amortisation

The above assets related to contract costs are amortised at the point of performance obligation fulfillment or according to the performance progress of performance obligations, based on the same basis as revenue recognition of goods or services related to the asset, and recognised in current profit or loss.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(9) Contract costs (continued)

4. Contract cost impairment

For the above assets related to contract costs, when the carrying amount is higher than the difference between remaining consideration expected to be obtained by the Company from transferring goods related to the asset and estimated costs to be incurred to transfer such related goods, impairment provision should be made for the excess amount and recognised as asset impairment loss.

After making impairment provision, if factors causing impairment in previous periods change, making the above difference higher than the asset's carrying amount, previously made asset impairment provision is reversed and recognised in current profit or loss, but the asset's carrying amount after reversal does not exceed the asset's carrying amount on the reversal date assuming no impairment provision was made.

(10) Financial instruments

The Company's financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification and measurement of financial assets

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

(1) Financial assets measured at amortised cost.

(2) Financial assets measured at fair value through other comprehensive income.

(3) Financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition, except that trade receivables or notes receivable arising from sales of goods or provision of services that do not contain significant financing components or do not consider financing components not exceeding one year are initially measured at transaction price.

For financial assets measured at fair value through profit or loss, related transaction costs are directly recognised in current profit or loss, while related transaction costs of other categories of financial assets are included in their initial recognition amount.

Subsequent measurement of financial assets depends on their classification. The Company reclassifies all affected related financial assets only when it changes the business model for managing financial assets.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

1. Classification and measurement of financial assets (continued)

(1) Financial assets classified as measured at amortised cost

If the contractual terms of financial assets specify that cash flows arising on specific dates are solely payments of principal and interest on the outstanding principal amount, and the business model for managing such financial assets aims to collect contractual cash flows, the Company classifies such financial assets as measured at amortised cost. The Company's financial assets classified as measured at amortised cost include notes receivable, trade receivables, other receivables, long-term receivables, debt investments, etc.

The Company uses the effective interest method to recognise interest income for such financial assets and measures them subsequently at amortised cost. Gains or losses arising from impairment, derecognition or modification are recognised in current profit or loss.

(2) Financial assets classified as measured at fair value through other comprehensive income

If the contractual terms of financial assets specify that cash flows arising on specific dates are solely payments of principal and interest on the outstanding principal amount, and the business model for managing such financial assets aims both to collect contractual cash flows and to sell such financial assets, the Company classifies such financial assets as measured at fair value through other comprehensive income.

The Company uses the effective interest method to recognise interest income for such financial assets. Except for interest income, impairment losses and exchange differences recognised in current profit or loss, other fair value changes are recognised in other comprehensive income. When such financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are transferred out of other comprehensive income and recognised in current profit or loss.

Notes receivable and trade receivables measured at fair value with changes recognised in other comprehensive income are presented as receivables financing, while other such financial assets are presented as other debt investments, of which: other debt investments due within one year from the balance sheet date are presented as non-current assets due within one year, and other debt investments with original maturity within one year are presented as other current assets.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

1. Classification and measurement of financial assets (continued)

(3) Financial assets designated as measured at fair value through other comprehensive income

At initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income on an individual financial asset basis.

Fair value changes of such financial assets are recognised in other comprehensive income without requiring impairment provision. When such financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are transferred out of other comprehensive income and recognised in retained earnings. While the Company holds such equity instrument investments, dividend income is recognised and included in current profit or loss when the Company's right to receive dividends is established, economic benefits related to dividends are likely to flow to the Company, and the dividend amount can be reliably measured. The Company presents such financial assets under other equity instrument investments.

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

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

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

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

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

1. Classification and measurement of financial assets (continued)

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

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

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

1) Embedded derivatives do not significantly change the cash flows of hybrid contracts.

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

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

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

2. Classification and measurement of financial liabilities

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

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

2. Classification and measurement of financial liabilities (continued)

Subsequent measurement of financial liabilities depends on their classification:

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

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

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

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

1) Accounting mismatches can be eliminated or significantly reduced.

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

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

2. Classification and measurement of financial liabilities (continued)

(2) Other financial liabilities

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

1) Financial liabilities at fair value through profit or loss.

2) Financial liabilities arising from the transfer of a financial asset that does not meet the conditions for derecognition or continues to be involved in the transferred financial asset.

3) Financial guarantee contracts that do not fall under the first two categories of this article, and loan commitments that do not fall under category 1) of this article for loans at below-market interest rates.

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

3. Derecognition of financial assets and financial liabilities

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

1) The contractual right to receive the cash flows from the financial asset is terminated.

2) The financial asset has been transferred and the transfer meets the requirements for derecognition of the financial asset.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

3. Derecognition of financial assets and financial liabilities (continued)

(2) Conditions for derecognition of financial liabilities

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

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

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

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

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

(1) Where substantially all the risks and rewards of ownership of a financial asset are transferred, the financial asset is derecognised and the rights and obligations arising or retained in the transfer are recognised separately as assets or liabilities.

(2) A financial asset is recognised if it retains substantially all the risks and rewards of ownership.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

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

(3) Where substantially all the risks and rewards of ownership of a financial asset have not been transferred or retained (i.e, other than those in (1) and (2) of this Article), they are dealt with in the following circumstances, depending on whether they retain control over the financial asset:

1) Where control over the financial asset is not retained, the financial asset is derecognised and the rights and obligations arising or retained in the transfer are recognised separately as assets or liabilities.

2) Where control over the financial asset is retained, the financial asset continues to be recognised to the extent that it continues to be involved in the transferred financial asset and the related liability is recognised accordingly. The extent to which the Company continues to be involved in the transferred financial asset is the extent to which the Company is exposed to risks or rewards from changes in the value of the transferred financial asset.

In determining whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is adopted. The Company classifies the transfer of financial assets into overall transfer and partial transfer of financial assets.

(1) Where the overall transfer of a financial asset satisfies the derecognition condition, the difference between the following two amounts is included in the current profit or loss:

1) The carrying amount of the transferred financial asset at the date of derecognition.

2) The sum of the consideration received for the transfer of a financial asset and the amount of the corresponding derecognised portion of the cumulative change in fair value that would have been credited directly to other comprehensive income (the financial asset involved in the transfer is a financial asset measured at fair value through other comprehensive income).

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

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

(2) Where a financial asset is partially transferred and the transferred portion as a whole satisfies the derecognition condition, the carrying amount of the financial asset as a whole before the transfer is apportioned between the derecognition portion and the continuing recognition portion (in which case, the retained service asset shall be regarded as a part of the continuing recognition of the financial asset) based on the relative fair value on the transfer date, and the difference between the following two amounts is included in the current profit or loss:

1) The carrying amount of the derecognised portion at the date of derecognition.

2) The sum of the consideration received for the derecognition component and the amount of the corresponding derecognition component of the cumulative change in fair value originally included in other comprehensive income (the financial asset involved in the transfer is a financial asset measured at fair value through other comprehensive income).

Where the transfer of a financial asset does not meet the conditions for derecognition, the financial asset is continued to be recognised and the consideration received is recognised as a financial liability.

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

A financial asset or financial liability that has an active market is determined at its fair value based on quoted prices in the active market, unless the financial asset has a shelf life that is specific to the asset itself. Quoted prices in active markets include quoted prices that are readily and regularly available from exchanges, dealers, brokers, industry groups, pricing agencies or regulators, etc, and that represent actual and recurring market transactions on a fair trading basis.

Financial assets acquired or derived initially, or financial liabilities assumed, are determined on the basis of market transaction prices.

Financial assets or financial liabilities that do not have an active market are valued at fair value using valuation techniques. In making the valuation, the Company uses valuation techniques that are appropriate in the circumstances and supported by sufficient available data and other information to select inputs that are consistent with the characteristics of the asset or liability that market participants consider in the transaction of the underlying asset or liability, and to the extent possible, gives preference to the relevant observable inputs. Unobservable inputs are used when the relevant observable inputs are not available or are not practicable to obtain.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

6. Impairment of financial instruments

Except for financial assets at fair value through profit or loss, the Company assesses the carrying amounts of financial assets at each balance sheet date. If there is objective evidence indicating that a financial asset is impaired, the Group shall make a provision for impairment.

The Company considers all reasonable and evidenced information, including forward-looking information, to estimate the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income, either individually or in combination. The measurement of expected credit losses depends on whether the financial assets have increased significantly since the initial recognition.

Expected credit losses are the weighted average of the credit losses on financial instruments weighted by the risk of default. Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the Company's original effective interest rate, being the present value of all cash shortfalls. Among them, credit-impaired financial assets purchased or originated by the Company shall be discounted at the credit-adjusted effective interest rate of the financial assets.

The Company measures loss provisions for all contract assets, notes receivable and accounts receivable formed by transactions regulated by the income standard at an amount equivalent to expected credit losses over the entire lifetime.

For purchased or originated financial assets that have experienced credit impairment, only the cumulative change in expected credit losses over the entire duration after initial recognition is recognized as a loss provision on the balance sheet date. On each balance sheet date, the change in the expected credit loss over the entire duration is included in the current profit and loss as an impairment loss or gain. Favorable changes in expected credit losses are recognized as impairment gains even if the expected credit losses for the entire lifetime determined on the balance sheet date are less than the amount of expected credit losses reflected in the estimated cash flows at initial recognition.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

6. Impairment of financial instruments (continued)

In addition to the above-mentioned financial assets other than the credit impairment that has occurred using the simplified measurement method and purchased or originated, the Company assesses at each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition, and measures its loss allowance, recognizes expected credit losses and their changes according to the following circumstances:

(1) If the credit risk of the financial instrument has not increased significantly since its initial recognition and is in the first stage, the loss allowance shall be measured at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and interest income shall be calculated according to the book balance and effective interest rate.

(2) If the credit risk of the financial instrument has increased significantly since its initial recognition but credit impairment has not yet occurred, and it is in the second stage, the loss allowance shall be measured at an amount equivalent to the expected credit loss during the entire life of the financial instrument, and the interest income shall be calculated according to the book balance and the effective interest rate.

(3) If the financial instrument has suffered credit impairment since its initial recognition, it is in the third stage, and the Company measures its loss provision at an amount equivalent to the expected credit loss during the entire life of the financial instrument, and calculates interest income at amortized cost and effective interest rate.

The amount by which the credit loss allowance for a financial instrument is increased or reversed is credited to profit or loss as an impairment loss or gain. Except for financial assets classified as at fair value through other comprehensive income, credit loss allowance is made against the carrying amount of the financial asset. For financial assets classified as at fair value through other comprehensive income, the Company recognises its credit loss allowance in other comprehensive income and does not reduce the carrying amount of the financial asset as shown in the balance sheet.

If the Company has measured the loss allowance at an amount equal to the expected credit losses over the lifetime of the financial instrument in the previous accounting period, but the financial instrument is no longer subject to a significant increase in credit risk since initial recognition at the balance sheet date of the current period, the Company measures the loss allowance at an amount equal to the expected credit losses over the next 12 months at the balance sheet date of the current period, and the reversal amount of the loss allowance thus formed is included in the current profit or loss as an impairment gain.

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

6. Impairment of financial instruments (continued)

(1) Significant increase in credit risk

The Company uses available reasonable and supportable forward-looking information to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring on the balance sheet date with the risk of a default occurring on the date of initial recognition. For financial guarantee contracts, the date on which the Company becomes a party to an irrevocable commitment is the date of initial recognition when the Company applies the impairment provision for financial instruments.

In assessing whether there has been a significant increase in credit risk, the Company considers the following factors:

1) Whether there has been an actual or expected significant change in the operating results of the debtor;

2) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;

3) Whether there has been a significant change in the value of the collateral used as security for the debt or in the quality of the guarantees or credit enhancements provided by third parties that is expected to reduce the debtor's economic incentive to pay within the contractual time limit or affect the probability of default;

4) Whether there has been a significant change in the expected performance and repayment behavior of the debtor;

5) Changes in the Company's credit management methods for financial instruments, etc.

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

6. Impairment of financial instruments (continued)

(2) Financial assets with credit impairment

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

1) Significant financial difficulties of the issuer or the debtor;

2) Breach of contract by the debtor, such as default or overdue payment of interest or principal, etc.;

3) A concession given by a creditor to the debtor that the debtor would not otherwise make for economic or contractual reasons relating to the debtor's financial difficulties;

4) The debtor is likely to go bankrupt or undergo other financial restructuring;

5) The financial difficulty of the issuer or the debtor results in the disappearance of an active market for the financial asset;

6) A financial asset is purchased or originated at a significant discount that reflects the fact that a credit loss has occurred.

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

(3) Determination of ECL

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

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

6. Impairment of financial instruments (continued)

(3) Determination of ECL (continued)

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

1) For financial assets, credit losses are the present value of the difference between the contractual cash flows that the Company is expected to receive and the cash flows that it expects to receive.

2) For lease receivables, the credit loss is the present value of the difference between the contract cash flow the Company should collect and the cash flow expected to collect.

3) For financial guarantee contracts, credit losses are the present value of the difference between the expected payments to be made by the Company to the contract holder for credit losses incurred by the contract holder, less the amount that the Company expects to receive from the contract holder, the debtor or any other party.

4) For a financial asset that is credit-impaired at the balance sheet date but not purchased or originated from credit-impaired, credit loss is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

(4) Write-down of financial assets

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

IV. EXPLANATION OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Financial instruments (continued)

7. Offset of financial assets and financial liabilities

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

(1) The Company has a legal right to set off the recognised amounts and such legal right is currently enforceable;

(2) The Company plans to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

V. EXPLANATION OF ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES, AND CORRECTION OF MAJOR PREVIOUS ERRORS

(1) Changes in accounting policies

There were no changes in accounting policies during the reporting period. However, the comparative figures for the reporting period and the year ended 30 June 2025 were prepared in accordance with the disclosure requirements of Chinese Accounting Standards for Business Enterprises.

(2) Changes in accounting estimates

There were no changes in accounting estimates during the reporting period.

(3) Important corrections of prior period errors

No corrections to prior period accounting errors using the retrospective restatement method occurred during the reporting period.

VI. TAXATION

The main taxable items of the Company and its subsidiaries are listed as follows:

(I) Turnover tax and additional taxes and fees

Tax Type	Tax basis	Tax rate	Note
Value-added tax	Output tax is calculated at the applicable tax rate on the taxable income, and is levied according to the difference after deducting deductible input tax for the current period	13%,9%,6%	
	Simple Tax Computation	3%	
City construction and maintenance tax	Turnover tax actually paid	7%	
Education surcharges	Turnover tax actually paid	3%	
Local education surcharge	Turnover tax actually paid	2%	

VI. TAXATION (CONTINUED)

(II) Corporate income tax

Company name	Tax rate	Note
The Company	15.00%	Note 1
Beijing Urban Construction Exploration & Surveying Design Institute Co., Ltd. (北京城建勘測設計研究院有限責任公司)	15.00%	Note 2
China Metro Engineering Consulting Co., Ltd. (中國地鐵工程諮詢有限責任公司)	15.00%	Note 3
Beijing Urban Construction Xinjie Consulting Co., Ltd. (北京城建信捷軌道交通工程諮詢有限公司)	15.00%	Note 4
Beijing Guancheng Technology Development Co., Ltd. (北京冠城科技發展有限公司)	20.00%	Note 5
Beijing Huan'an Engineering Inspection Co., Ltd. (北京環安工程檢測有限責任公司)	15.00%	Note 6
Beijing Urban Construction Design (Hong Kong) Co., Ltd. (北京城建設計(香港)有限公司)	16.50%	Note 7
Anhui Jingjian Capital Construction Investment Co., Ltd. (安徽京建投資建設有限公司)	25.00%	
Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd. (軌道交通節能北京市工程研究中心有限公司)	20.00%	Note 8
Beijing Urban Rail Transit Construction Engineering Co., Ltd. (北京城建軌道交通建設工程有限公司)	15.00%	Note 9
Beijing Urban Construction Transportation Design and Research Institute Co., Ltd. (北京城建交通設計研究院有限公司)	20.00%	Note 10
Guizhou Jingjian Capital Construction Investment Co., Ltd. (貴州京建投資建設有限公司)	25.00%	
Yunnan Jingjian Capital Construction Investment Co., Ltd. (雲南京建投資建設有限公司)	25.00%	
Beijing Urban Infrastructure Construction Investment Management Co., Ltd. (北京城建基礎設施投資管理有限公司)	25.00%	
Beijing Jingjian Shuncheng Construction Investment Co., Ltd. (北京京建順城建設投資有限公司)	25.00%	
Huangshan Jingjian Capital Construction Investment Co., Ltd. (黃山京建投資建設有限公司)	25.00%	
Beijing Anjie Engineering Consultants Co., Ltd. (北京安捷工程諮詢有限公司)	15.00%	Note 11
Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd. (北京城建設計發展集團廣州建設有限公司)	25.00%	
Beijing Rail Transit Design and Research Institute Co., Ltd. (北京市軌道交通設計研究院有限公司)	15.00%	Note 12
Hunan Jingjian Capital Construction Investment Co., Ltd. (湖南京建投資建設有限公司)	25.00%	

VI. TAXATION (CONTINUED)

(II) Corporate income tax (continued)

Company name	Tax rate	Note
Beijing Yaocheng Cultural and Creative Technology Development Co., Ltd. (北京耀城文創科技發展有限公司)	20.00%	Note 13
Beijing Institute of Residential Building Design & Research Co., Ltd. (北京市住宅建築設計研究院有限公司)	15.00%	Note 14

Note 1: On 28 October, 2025, after the re-examination by Gaoxin, the Company obtained the High and New Technology Enterprise Certificate again, with a validity period of 3 years. The Company is subject to corporate income tax at a preferential rate of 15% from 2025. The certificate number is GR202511000727. The Company handles tax reduction and exemption filing procedures with Local Taxation Bureau of Xicheng District, Beijing during the period for final settlement each year.

Note 2: On 28 October, 2025, after the re-examination, a subsidiary of the Company, Beijing Urban Construction Exploration & Surveying Design Institute Co., Ltd. obtained the High and New Technology Enterprise Certificate with a validity period of 3 years. The subsidiary is subject to corporate income tax at a preferential rate of 15% from 2025. The certificate number is GR202511002294. The subsidiary handles tax reduction and exemption filing procedures with Local Taxation Bureau of Chaoyang District, Beijing during the period for final settlement each year.

Note 3: A subsidiary of the Company, China Metro Engineering Consulting Co., Ltd., passed the re-examination of High and New Technology Enterprise Certificate in 2023 and is subject to a corporate income tax rate of 15%. The certificate number is GR202311002642 with the date of issue on 26 October, 2023. The validity of the certificate is three years.

Note 4: On 29 October 2024, after the re-examination, a subsidiary of the Company, Beijing Urban Construction Xinjie Consulting Co., Ltd., obtained the High and New Technology Enterprise Certificate. The certificate number is GR202411003490 with a validity period of 3 years. The subsidiary is subject to a corporate income tax rate of 15% from 2024. The Company handles tax reduction and exemption filing procedures with Local Taxation Bureau of Xicheng District, Beijing during the period for final settlement each year.

Note 5: In accordance with notice No. 12 issued by the Ministry of Finance and the State Administration of Taxation in 2023, for the part of small profit-making enterprises, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027. A subsidiary of the Company, Beijing Guancheng Technology Development Co., Ltd. will be entitled to the policy.

Note 6: A subsidiary of the Company, Beijing Huan'an Engineering Inspection Co., Ltd., passed the re-examination of High and New Technology Enterprise Certificate in 2023 and is subject to income tax rate of 15%. The certificate number is 202311001381 with the date of issue on 26 October, 2023. The validity of the certificate is three years.

Note 7: The applicable income tax rate of a subsidiary of the Company, Beijing Urban Construction Design (Hong Kong) Co., Ltd. is 16.5%.

VI. TAXATION (CONTINUED)

(II) Corporate income tax (continued)

Note 8: In accordance with notice No. 12 issued by the Ministry of Finance and the State Administration of Taxation in 2023, for the part of small profit-making enterprises, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027. A subsidiary of the Company, Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd. will be entitled to the policy.

Note 9: On 26 October, 2023, a subsidiary of the Company, Beijing Urban Construction Railway Construction Engineering Co., Ltd. renewed its High and New Technology Enterprise Certificate. The certificate number is GR202311002075 with a validity period of three years. The applicable income tax rate is 15%.

Note 10: In accordance with Notice No. 12 issued by the Ministry of Finance and the State Administration of Taxation in 2023, for the part of small profit-making enterprises, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027. A subsidiary of the Company, Beijing Urban Construction Transportation Design and Research Institute Co., Ltd. will be entitled to the policy.

Note 11: A subsidiary of the Company, Beijing Anjie Engineering Consultants Co., Ltd., passed the re-examination of High and New Technology Enterprise Certificate in 2023 and is subject to income tax rate of 15%. The certificate number is GR202311001381 with the date of issue on 26 October, 2023. The validity of the certificate is three years.

Note 12: A subsidiary of the Company, Beijing Rail Transit Design and Research Institute Co., Ltd. renewed its High and New Technology Enterprise Certificate in 2023 and is subject to income tax rate of 15%. The certificate number is GR202311002602 with the date of issue on 26 October, 2023. The validity of the certificate is three years.

Note 13: In accordance with Notice No. 12 issued by the Ministry of Finance and the State Administration of Taxation in 2023, for the part of small profit-making enterprises, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027. A subsidiary of the Company, Beijing Yaocheng Technology Development Co., Ltd. will be entitled to the policy.

Note 14: A subsidiary of the Company, Beijing Institute of Residential Building Design & Research Co., Ltd., obtained the High and New Technology Enterprise Certificate on 30 December 2025 with a validity period of 3 years. The company is subject to corporate income tax at a preferential rate of 15% from 2025. The certificate number is GR202511005663. The Company handles tax reduction and exemption filing procedures with the State Administration of Taxation in Dongcheng District, Beijing during the period for final settlement each year.

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(The following monetary units are all in RMB unless otherwise specified. The Opening balance is 1 January 2026; the Closing balance is 30 June 2026; the amount for the Current Period is January to June 2026; the amount for the Prior Period is January to June 2025)

Note 1. Monetary fund

Items	Closing balance	Opening balance
Cash on hand	**21,283.69**	349,858.10
Bank deposits	**1,577,854,877.29**	2,601,496,186.91
Other monetary funds	**22,918,341.83**	38,201,783.04
Total	**1,600,794,502.81**	2,640,047,828.05
Including: total amount of deposit abroad	**11,187,823.73**	8,187,121.02

Note 2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	**38,556,000.00**	
Beijing Jiuzhou First Rail Environmental Technology Co., Ltd. ("Jiuzhou First Rail")(北京九州一軌環境科技股份有限公司)	**38,556,000.00**	
Total	**38,556,000.00**	

Note 3. Accounts receivables

1. *Disclosure of accounts receivable by aging*

The aging analysis of accounts receivable based on the invoice date as at the end of the Reporting Period is as follows:

	Closing balance		Opening balance	
Aging	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Within 6 months	**1,610,577,158.16**	**8,078,047.70**	1,503,254,815.31	7,592,145.01
6 months – 1 year	**836,411,226.95**	**33,375,196.29**	890,945,644.42	30,711,158.85
1 – 2 years	**1,070,235,925.92**	**99,365,151.59**	1,037,410,815.26	101,883,128.28
2 – 3 years	**588,680,045.33**	**96,054,869.68**	750,780,872.00	122,739,418.00
3 – 4 years	**419,729,691.79**	**123,300,798.38**	169,969,142.27	54,839,545.02
4 – 5 years	**168,508,661.49**	**84,472,581.26**	213,331,978.79	161,902,831.89
Over 5 years	**919,811,575.37**	**813,303,649.75**	884,114,089.62	725,107,506.88
Total	**5,613,954,285.00**	**1,257,950,294.64**	5,449,807,357.67	1,204,775,733.93

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Accounts receivables (continued)

2. Accounts receivables disclosed by classification of provision method for bad debts

	Closing balance				
	Book balance		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Individual provision for bad debts	206,676,113.47	3.68	124,207,851.81	60.10	82,468,261.66
Trade receivables with provision made for bad debts using portfolios	5,407,278,171.53	96.32	1,133,742,442.83	20.97	4,273,535,728.70
Including: accounts receivables accruing bad debt provision by applying aging analysis	5,407,278,171.53	96.32	1,133,742,442.83	20.97	4,273,535,728.70
Total	5,613,954,285.00	–	1,257,950,294.64	–	4,356,003,990.36

	Opening balance				
	Book balance		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Book value
Individual provision for bad debts	213,628,566.00	3.92	127,716,107.20	59.78	85,912,458.80
Provision for bad debts accrued on a portfolio basis	5,236,178,791.67	96.08	1,077,059,626.73	20.57	4,159,119,164.94
Including: accounts receivables accruing bad debt provision by applying aging analysis	5,236,178,791.67	96.08	1,077,059,626.73	20.57	4,159,119,164.94
Total	5,449,807,357.67	–	1,204,775,733.93	–	4,245,031,623.74

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Accounts receivables (continued)

3. Individual provision for bad debts

Name	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Delingha Culture Tourism Development Co., Ltd. (德令哈文化旅遊發展有限公司)	164,520,464.86	82,052,203.20	49.87	Expected partly not to be recovered
Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)	5,720,123.45	5,720,123.45	100	Expected not to be recovered
CIF Airport Company Limited (中基機場建設有限公司)	3,960,268.48	3,960,268.48	100	Expected not to be recovered
Beijing Subway Operation Co., Ltd. (北京市地鐵運營有限公司)	3,128,301.88	3,128,301.88	100	Expected not to be recovered
CIF INTERNATIONAL CONSTRUCTION CO., LIMITED (中基國際建設有限公司)	1,634,813.97	1,634,813.97	100	Expected not to be recovered
Beijing Gaoyi Property Development Co., Ltd. (北京高億房地產開發有限公司)	603,773.58	603,773.58	100	Expected not to be recovered
Planning Market Department of Chaoyang Branch of Beijing Center for Land Consolidation Reserve (北京市土地整理儲備中心朝陽分中心規劃市場部)	587,948.01	587,948.01	100	Expected not to be recovered
Beijing Dongzhimen Airport Express Railway Company Limited (北京東直門機場快速軌道有限公司)	415,866.98	415,866.98	100	Expected not to be recovered
China Huaxi Engineering Design and Construction Co. Ltd. Beijing Engineering and Construction Branch (中國華西工程設計建設有限公司北京工程建設分公司)	412,979.44	412,979.44	100	Expected not to be recovered
Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)	275,849.06	275,849.06	100	Expected not to be recovered
Shenzhen Metro No. 3 Line Investment Co., Ltd. (深圳市地鐵三號線投資有限公司)	244,311.66	244,311.66	100	Expected not to be recovered
Chaoyang Branch of Beijing Center for Land Consolidation Reserve (北京市土地整理儲備中心朝陽分中心)	125,829.89	125,829.89	100	Expected not to be recovered
CHINA RAILWAY NO.5 ENGINEERING GROUP CO., LTD (中鐵五局(集團)有限公司)	94,339.62	94,339.62	100	Expected not to be recovered
Changchun Metro Co., Ltd. (長春市地鐵有限責任公司)	26,796.23	26,796.23	100	Expected not to be recovered
Land Reserve Centers of Beijing CBD Branch (北京市土地整理儲備中心商務區分中心)	775.64	775.64	100	Expected not to be recovered
Other Units	24,923,670.72	24,923,670.72	100	Expected not to be recovered
Total	206,676,113.47	124,207,851.81	–	

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Accounts receivables (continued)

4. *Accounts receivables of bad debt provision in credit risk characteristic portfolio*

Accounts receivables accruing bad debt provision by applying aging analysis

	Closing balance		Opening balance	
Aging	**Book balance**	**Provision for bad debts**	Book balance	Provision for bad debts
Within 6 months	**1,610,577,158.16**	**8,078,047.70**	1,503,254,815.31	7,592,145.01
6 months – 1 year	**836,411,226.95**	**33,375,196.29**	890,945,644.42	30,711,158.85
1 – 2 years	**1,070,235,925.92**	**99,365,151.59**	1,037,410,815.26	101,883,128.28
2 – 3 years	**588,517,916.47**	**95,974,010.26**	750,780,872.00	122,658,558.58
3 – 4 years	**419,729,691.79**	**123,300,798.38**	169,969,142.27	50,792,412.92
4 – 5 years	**168,508,661.49**	**84,472,581.26**	185,017,610.94	92,574,327.28
Over 5 years	**713,297,590.76**	**689,176,657.36**	698,799,891.47	670,847,895.81
Total	**5,407,278,171.53**	**1,133,742,442.83**	5,236,178,791.67	1,077,059,626.73

5. *Accounts receivable actually charged off in the Current Period*

No accounts receivable were actually written off during the Current Period.

6. *Top five accounts receivable at the end of the period, collected by debtor*

Name	**Book balance**	**Proportion in the total accounts receivables (%)**	**Provision for bad debts**
Anqing Municipal Bureau of Housing and Urban-Rural Development (安慶市住房和城鄉建設局)	451,151,465.25	8.04	16,509,847.75
Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)	436,765,240.44	7.78	114,912,434.65
Urban Construction Administration Bureau of Dianzhong New District of Yunnan (雲南滇中新區城市建設管理局)	419,481,752.42	7.47	22,833,884.79
Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司)	194,032,511.93	3.46	38,429,366.96
Shijiazhuang Rail Transit Group Co., Ltd. (石家莊市軌道交通集團有限責任公司)	182,143,729.98	3.24	64,650,942.43
Total	1,683,574,700.02	29.99	257,336,476.58

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Prepayments

	Closing Balance			Opening Balance		
	Book balance		Provision for	Book balance		Provision for
Aging	Amount	Proportion (%)	bad debts	Amount	Proportion (%)	bad debts
Within 1 year (including 1 year)	**55,807,748.11**	**55.96**		51,175,327.90	71.25	
1 – 2 years (including 2 years)	**27,557,078.07**	**27.64**		11,510,350.75	16.03	
2 – 3 years (including 3 years)	**7,575,699.21**	**7.60**		513,714.06	0.72	
Over 3 years	**8,775,350.88**	**8.80**		8,615,000.17	12.00	
Total	**99,715,876.27**	**–**		71,814,392.88	–	

Note 5. Other receivables

Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable	**89,583,274.83**	89,583,274.83
Other receivables	**90,351,000.32**	85,432,940.42
Total	**179,934,275.15**	175,016,215.25

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

1. Dividends receivable

Items	Closing balance	Opening balance	Reasons for non-recovery	Whether impairment has occurred and the basis for judging it
Dividends receivable less than one year				
Dividends receivable more than one year	**89,583,274.83**	89,583,274.83		
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設有限公司)	**85,400,800.00**	85,400,800.00	Payment deferred	The payment is scheduled and no impairment occurred
Beijing Urban Construction Zhikong Technology Co., Ltd. (北京城建智控科技股份有限公司)	**4,182,474.83**	4,182,474.83	Payment deferred	The payment is scheduled and no impairment occurred
Total	**89,583,274.83**	89,583,274.83		

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

2. Other receivables

(1) Disclosure by aging

Aging	Closing balance	Opening balance
Within 6 months	**32,468,843.70**	38,881,792.00
6 months – 1 year	**12,451,569.17**	13,480,691.92
1 – 2 years	**20,753,026.62**	15,013,343.86
2 – 3 years	**15,635,559.98**	5,196,434.54
3 – 4 years	**9,428,910.78**	8,574,098.54
4 – 5 years	**5,148,524.19**	6,582,361.95
Over 5 years	**43,226,951.05**	39,012,102.45
Sub-total	**139,113,385.49**	126,740,825.26
Less: provision for bad debts	**48,762,385.17**	41,307,884.84
Total	**90,351,000.32**	85,432,940.42

(2) Provision for bad debt on other receivables made, recovered or reversed in the current period

Provision for bad debts	Phase 1 Expected credit losses over the next 12 months	Phase 2 Expected credit losses over the entire duration (no credit impairment occurred)	Phase 3 Expected credit loss over the entire duration (credit impairment occurred)	Total
Opening balance	25,835,278.15	5,296,059.68	10,176,547.01	41,307,884.84
Opening balance in the current period				
– Transfer to the second stage				
– Transfer to the third stage				
– Reverse to the second stage				
– Reverse to the first stage				
Provision in the current period	-1,108,885.26	8,513,385.59	50,000.00	7,454,500.33
Reverse in the current period				
Resale in the current period				
Write-off in the current period				
Other changes				
Closing balance	**24,726,392.89**	**13,809,445.27**	**10,226,547.01**	**48,762,385.17**

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

2. Other receivables (continued)

(3) Other receivables due from the top five debtors by closing balance

Name of debtor	Book balance	Proportion in the total closing balance of other receivables (%)	Provision for bad debts
Beijing Municipal Road and Bridge Co., Ltd. (北京市政路橋股份有限公司)	16,000,000.00	11.50	80,000.00
Beijing Uni.-Construction Group Co., Ltd. (北京住總集團有限責任公司)	7,145,885.83	5.14	357,294.29
Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司)	2,315,909.00	1.66	231,590.90
National Defence University PLA China (中國人民解放軍國防大學)	2,000,000.00	1.44	2,000,000.00
Beijing Zhonglian Huida Investment Management Co., Ltd. (北京中聯匯達投資管理有限公司)	1,961,455.80	1.41	1,409,140.21
Total	29,423,250.63	21.15	4,078,025.40

Note 6. Inventories

Items	Closing balance Book balance	Closing balance Provisions for inventories	Closing balance Book value	Opening balance Book balance	Opening balance Provisions for inventories	Opening balance Book value
Raw materials	23,279,218.58		23,279,218.58	24,746,580.32		24,746,580.32
Self-manufactured semi-finished products and goods in process	24,846,318.52		24,846,318.52	23,352,720.18		23,352,720.18
Stock commodities (finished goods)	37,714,149.38		37,714,149.38	23,570,646.32		23,570,646.32
Turnover materials	17,088,776.03		17,088,776.03	16,022,437.53		16,022,437.53
Total	102,928,462.51		102,928,462.51	87,692,384.35		87,692,384.35

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Contract assets

Items	Closing balance Book balance	Closing balance Provision for impairment	Closing balance Book value	Opening balance Book balance	Opening balance Provision for impairment	Opening balance Book value
Completed and unsettled assets	5,743,613,488.42	591,443,077.83	5,152,170,410.59	5,465,283,215.91	559,186,647.26	4,906,096,568.65
Warranty due within 1 year	118,782,916.92	584,061.06	118,198,855.86	91,737,729.66	445,620.11	91,292,109.55
Contract assets of PPP Projects	771,165,099.21	5,074,436.18	766,090,663.03	786,014,844.74	5,098,150.93	780,916,693.81
Total	6,633,561,504.55	597,101,575.07	6,036,459,929.48	6,343,035,790.31	564,730,418.30	5,778,305,372.01

Note 8. Other current assets

Items	Closing balance	Opening balance
Input tax to be deducted and advance tax	158,450,041.67	138,167,149.24
Deferred expenses (including renovation works amounts and renovation amounts)	4,649,405.24	4,441,987.63
Total	163,099,446.91	142,609,136.87

Note 9. Other equity investment

Items	Closing balance	Opening balance
Zhongshan Deep Water Environmental Water Co., Ltd. (中山市深水環境水務有限公司)	800.00	800.00
China Communications Fourth Airlines (Zhongshan) Environmental Protection Engineering Co., Ltd. (中交四航(中山)環保有限公司)	20,000.00	20,000.00
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (note) (北京京西生態文旅投資有限公司)		2,640,713.84
Beijing Urban Construction Intelligent Control Co., Ltd. (北京城建智控科技股份有限公司)	79,873,306.93	85,851,715.93
Total	79,894,106.93	88,513,229.77

Note: On 27 January 2026, Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. resolved at a annual general meeting to dissolve and wind up the company; a liquidation committee was established on 27 January 2026; and on 31 March 2026, Zhongxinghua Certified Public Accountants LLP issued a liquidation report. On 14 July 2026, the 13th meeting of the 4th Board of Directors of the Group resolved to approve the "Proposal on the Deregistration of Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd."《關於註銷北京京西生態文旅投資有限公司的議案》).

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Other non-current financial assets

Items	Closing balance	Opening balance
Financial assets at fair value through profit and loss:		
Beijing Jiuzhou First Rail Environmental Technology Co., Ltd. ("Jiuzhou First Rail") (北京九州一軌環境科技股份有限公司)		10,704,000.00
Total		10,704,000.00

Note 11. Changes of fixed assets

For the six months ended 30 June 2026, the Group disposed of certain machinery equipment, transportation equipment and office equipment, etc. with a carrying value of RMB546,972.10 (for the six months ended 30 June 2025: RMB711,391.83) in exchange for proceeds of RMB111,516.98 (for the six months ended 30 June 2025: RMB31,848.26), resulting in a gain on disposal of RMB-435,455.12 (for the six months ended 30 June 2025: gain on disposal of RMB623,462.47).

For the six months ended 30 June 2026, the Group paid expenditures of RMB9,102,705.96 (for the six months ended 30 June 2025: RMB9,845,264.45), primarily for machinery equipment, office equipment, and capacity enhancement.

Note 12. Other non-current assets

Items	Closing balance	Opening balance
Construction work amounts under the services concession arrangement	**3,992,141,597.81**	4,279,839,568.22
Input tax to be deducted and advance tax	**103,143,738.33**	103,086,264.91
Construction quality deposits	**233,688,187.49**	28,011,444.00
Advance payment for acquisition of properties	**20,624,594.00**	20,624,594.00
Total	**4,349,598,117.63**	4,431,561,871.13

Note 13. Short-term loans

Items	Closing balance	Opening balance
Pledged borrowing	**364,106,171.88**	370,435,263.89
Mortgaged borrowing		
Guaranteed borrowing		
Borrowing on credit	**449,319,506.64**	214,379,966.46
Total	**813,425,678.52**	584,815,230.35

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 14. Accounts payable

Aging (calculated based on the invoice date)	Closing balance	Opening balance
Within 1 year (including 1 year)	**1,664,324,768.12**	2,502,600,908.45
1 – 2 years (including 2 years)	**1,300,721,135.30**	1,538,348,246.81
2 – 3 years (including 3 years)	**426,610,894.13**	537,458,190.79
Over 3 years	**1,383,208,852.89**	855,814,776.14
Total	**4,774,865,650.44**	5,434,222,122.19

Note 15. Contract liabilities

Items	Closing balance	Opening balance
Advance on design fee, survey, and consultancy	**352,535,071.82**	452,232,350.43
Settled and uncompleted	**1,732,400,524.03**	1,998,960,571.37
Total	**2,084,935,595.85**	2,451,192,921.80

Note 16. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	**414,960,096.62**	362,538,261.39
Bonds payable due within 1 year	**12,359,589.03**	3,210,410.95
Long-term payables due within 1 year	**11,477,558.65**	6,275,327.15
Other Long-term liabilities due within 1 year	**1,451,649.35**	3,266,934.69
Lease liabilities due within 1 year	**50,583,516.16**	68,118,639.14
Total	**490,832,409.81**	443,409,573.32

Note 17. Other current liabilities

Items	Closing balance	Opening balance
Short-term bonds payable	**502,129,863.01**	503,981,917.81
Output tax to be carried forward	**167,562,552.76**	181,760,820.30
Other		1,370,000.00
Total	**669,692,415.77**	687,112,738.11

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 18. Long-term borrowings

Items	Closing balance	Opening balance	End of period interest rate range (%)
Pledged borrowing	**3,935,512,801.65**	3,880,250,305.64	3.15-3.9
Mortgaged borrowing	**–**	–	
Guaranteed borrowing	**–**	–	
Borrowing on credit	**15,600,000.00**	163,600,000.00	1.99
Total	**3,951,112,801.65**	4,043,850,305.64	–

Note 19. Bonds payable

Item	Closing balance	Opening balance
Preference shares		
Perpetual bonds		
Convertible corporate bonds		
Other bonds payable	**762,359,589.03**	753,210,410.95
Less: Bonds payable due within one year	**12,359,589.03**	3,210,410.95
Total	**750,000,000.00**	750,000,000.00

Changes in bonds payable

Name of bond	Par value	Issue date	Maturity	Issue amount
Interim notes, 24 UCD MTN001	500,000,000.00	2024/10/24	3 years	500,000,000.00
Interim notes, 24 UCD MTN001	250,000,000.00	2025/12/4	3 years	250,000,000.00
Less: Bonds payable due within 1 year				
Total	750,000,000.00			750,000,000.00

Name of bond	Opening balance	Issue in the current year	Interest accrued at par value	Amortisation of premiums and discounts	Repayment in the current period	Closing balance
24 UCD MTN001	502,761,643.83		6,248,219.18			**509,009,863.01**
25 UCD MTN001	250,448,767.12		2,900,958.90			**253,349,726.02**
Less: Bonds payable due within 1 year	3,210,410.95		9,149,178.08			**12,359,589.03**
Total	750,000,000.00	–	–	–	–	**750,000,000.00**

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 20. Share capital

Name of investor	Opening balance		Increase during the period	Decrease during the period	Closing balance	
	Investment	Percentage (%)			Investment	Percentage (%)
Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司)	571,031,118.00	42.34			571,031,118.00	42.34
Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)	87,850,942.00	6.51			87,850,942.00	6.51
Beijing Chengtong Enterprise Management Center (General Partnership) (北京城通企業管理中心(普通合夥))	76,000,000.00	5.64			76,000,000.00	5.64
Beijing Jingguofa Equity Investment Fund (Limited Partnership) (北京京國發股權投資基金(有限合夥))	46,000,000.00	3.41			46,000,000.00	3.41
Beijing Jingguochuang Advantage Industry Fund (Limited Partnership) (北京京國創優勢產業基金(有限合夥))	46,000,000.00	3.41			46,000,000.00	3.41
Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)	43,925,470.00	3.26			43,925,470.00	3.26
Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司)	43,925,470.00	3.26			43,925,470.00	3.26
Beijing Shengda Xingye Real Estate Development Co., Ltd. (北京盛達興業房地產開發有限公司)	23,184,000.00	1.72			23,184,000.00	1.72
Beijing You Neng Shang Zhuo Venture Capital Fund (LLP) (北京優能尚卓創業投資基金(有限合夥))	22,816,000.00	1.69			22,816,000.00	1.69
Overseas listed foreign Shares (H Shares)	387,937,000.00	28.76			387,937,000.00	28.76
Total	1,348,670,000.00	—			1,348,670,000.00	—

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 21. Revenue and segment information

1. *Operating income and operating cost*

Items	Amount incurred for the period		Amount incurred for the prior period	
	Revenue	Cost	Revenue	Cost
Design, survey and consultancy	**1,738,530,600.14**	**1,281,821,587.39**	1,993,527,098.04	1,418,164,792.76
Construction contracting	**1,506,358,664.14**	**1,408,316,520.16**	1,592,791,852.09	1,475,212,668.36
Total	**3,244,889,264.28**	**2,690,138,107.55**	3,586,318,950.13	2,893,377,461.12

2. *Basis for determining the reporting segment and accounting policies*

Based on the internal organizational structure, management requirements and internal reporting system, the Company's main business is divided into the following business systems: public projects construction, survey, design and consultancy business as the main body. Each of the Company's reporting segments offers different products or services or operates in different regions. As each segment requires different technology or market strategies, the Company's management manages the operating activities of each reporting segment separately and evaluates the operating results of these reporting segments on a regular basis to determine the allocation of resources to them and evaluate their performance.

The inter-segment transfer price is determined on the basis of the actual transaction price, and the expenses indirectly attributable to each segment are allocated among the segments in proportion to revenue. Assets are allocated according to the operation of the segment and the location of the assets, and segment liabilities include liabilities attributable to the segment arising from the segment's operating activities. If expenses related to liabilities shared by multiple operating segments are allocated to those operating segments, the shared liabilities are also allocated to those operating segments.

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 21. Revenue and segment information (continued)

3. Financial information of reportable segments

(1) Segments financial information for January to June 2026

Items	Projects construction	Survey, design and consultancy business	Offset	Total
1. Operating income	1,506,358,664.14	1,743,432,646.46	-4,902,046.32	3,244,889,264.28
Including:				
income from external transactions	1,506,358,664.14	1,738,530,600.14		3,244,889,264.28
income from intersegment transactions		4,902,046.32	-4,902,046.32	
2. Investment income in associates and joint ventures		47,401,158.44		47,401,158.44
3. Asset impairment losses	5,206,250.81	28,164,811.43		33,371,062.24
4. Credit impairment losses	49,685,202.58	10,869,496.61		60,554,699.19
5. Depreciation and amortization expenses	40,420,985.57	75,938,067.75		116,359,053.32
6. Total profits	42,317,123.32	213,892,046.19	-1,372,629.78	254,836,539.73
7. Income tax expense				43,937,513.47
8. Net profit				210,899,026.26
9. Total assets	9,895,077,827.79	13,561,284,879.43		23,456,362,707.23
10. Total liabilities	7,288,463,592.52	7,836,632,669.77		15,125,096,262.29

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 21. Revenue and segment information (continued)

3. Financial information of reportable segments (continued)

(2) Segments financial information for January to June 2025

Items	Projects construction	Survey, design and consultancy business	Offset	Total
1. Operating income	1,592,791,852.09	2,041,061,378.14	-47,534,280.10	3,586,318,950.13
Including:				
income from external transactions	1,592,791,852.09	1,993,527,098.04	–	3,586,318,950.13
income from intersegment transactions	–	47,534,280.10	-47,534,280.10	–
2. Investment income in associates and joint ventures	–	44,267,254.93	–	44,267,254.93
3. Asset impairment losses	8,674,444.10	67,159,687.12		75,834,131.22
4. Credit impairment losses	38,877,216.46	-20,555,676.16		18,321,540.30
5. Depreciation and amortization expenses	48,392,665.08	92,460,787.95		140,853,453.03
6. Total profits	81,179,964.77	212,245,240.63	-1,594,512.60	291,830,692.80
7. Income tax expense				52,442,034.56
8. Net profit				239,388,658.24
9. Total assets	10,898,319,082.13	12,766,041,943.49	–	23,664,361,025.62
10. Total liabilities	8,202,978,726.52	7,423,814,927.90	–	15,626,793,654.42

Note 22. Selling expenses

Items	Amounts in the current period	Amounts in the prior period
Employee compensation	**12,788,732.85**	15,726,701.55
Tender and bidding cost	**2,407,625.88**	2,242,928.24
Office expenses	**732,308.84**	2,867,359.21
Travel expenses	**699,491.16**	1,253,400.94
Other	**1,666,350.84**	4,658,565.89
Total	**18,294,509.57**	26,748,955.83

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 23. Administrative expenses

Items	Amounts in the current period	Amounts in the prior period
Employee compensation	**120,810,589.84**	129,781,506.83
Depreciation and amortization	**29,623,744.84**	33,940,054.48
Rental and property costs	**8,319,628.97**	14,915,529.28
Office expenses	**5,954,813.27**	15,260,381.84
Intermediary service fee	**2,583,867.28**	8,190,860.77
Travel expenses	**2,610,140.22**	3,546,977.08
Publicity expenses	**660,339.07**	612,541.18
Business entertainment expenses	**340,371.38**	569,113.42
Other	**19,312,437.33**	16,396,651.24
Total	**190,215,932.20**	223,213,616.12

As of 30 June 2026, the administrative expenses are RMB190,215,932.20, which consists of labor costs, depreciation and amortization, office expenses, etc.; the amount for the same period in 2025 was RMB223,213,616.12.

Note 24. Research and development expenditure

Items	Amounts in the current period	Amounts in the prior period
labour costs	**75,350,069.65**	107,590,102.65
Material consumption	**15,928,600.41**	10,660,468.01
Testing, inspection, and processing fees	**13,996,177.81**	4,982,690.53
Depreciation and amortization	**2,121,034.76**	5,820,512.77
Technical service fees and consulting fees	**2,167,989.95**	5,355,559.22
Other	**4,264,077.66**	7,486,829.76
Total	**113,827,950.24**	141,896,162.94

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 25. Finance costs

Items	Amounts in the current period	Amounts in the prior period
Interest expense	**110,233,702.66**	119,793,954.23
Less: Interest income	**167,946,163.92**	180,977,713.87
Net exchange losses	**7,525,118.90**	888,228.86
Bank charges	**1,880,522.00**	4,995,062.95
Total	**– 48,306,820.36**	-55,300,467.83

Note 26. Credit impairment losses

Items	Amounts in the current period	Amounts in the prior period
Bad debt losses	**-60,554,699.19**	-18,321,540.30
Total	**-60,554,699.19**	-18,321,540.30

Note 27. Asset impairment losses

Items	Amounts in the current period	Amounts in the prior period
Impairment loss on contract assets	**– 32,371,156.77**	-72,648,538.88
Impairment loss on other non-current assets	**– 999,905.47**	-3,185,592.34
Total	**– 33,371,062.24**	-75,834,131.22

Note 28. Income tax expense

Items	Amounts in the current period	Amounts in the prior period
Current income tax expenses	**54,597,195.85**	57,917,981.94
Deferred income tax expenses	**-10,659,682.38**	-5,475,947.38
Total	**43,937,513.47**	52,442,034.56

VII. DESCRIPTION OF SIGNIFICANT ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 29. Assets with restricted ownership and use rights

Items	Closing book value	Causes of limitation
Monetary funds	62,330,016.77	Deposit, restricted frozen funds, deposits at bank for letters of guarantee, etc.
Accounts receivable	916,451,830.59	For pledge to obtain bank borrowings with restricted ownership or use rights
Other	4,811,688,884.93	For pledge to obtain bank borrowings with restricted ownership or use rights
Total	5,790,470,732.29	

Note 30. EBITDA

Items	Amounts in the current period
Net profit	210,899,026.26
Income tax expense	43,937,513.47
Depreciation of fixed assets	51,458,542.69
Depreciation of the right-of-use assets	31,406,336.19
Amortization of intangible assets	22,619,187.31
Amortization of long-term deferred expenses	10,874,987.13
Interest and investment income	-167,946,163.92
Interest expenses	110,233,702.66
EBITDA	313,483,131.79

Note 31. Dividend

Items	Amounts in the current period	Amounts in the prior period
Dividend	**96,699,639.00**	145,251,759.00
Total	**96,699,639.00**	145,251,759.00

The Board of Directors does not recommend the payment of interim dividend for the six months ended 30 June 2026. The 2025 profit distribution plan is as follows: a cash dividend of RMB0.0717 (tax inclusive) per Share on the basis of 1,348,670,000 Shares as at 31 December 2025, which will result in approximately RMB96,699,639.00 of profit distributed in total.

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Related Party Transactions

The transaction prices between the Company and related parties are agreed prices between both parties, which are consistent with transaction prices with non-related parties.

1. *Subsidiaries under control relationship that have been included in the scope of the Company's consolidated financial statements have had their inter-company transactions and transactions between parent and subsidiary companies offset.*

2. *Continuing related party transactions and related party transactions*

   (1) Purchase of goods from related parties or receipt of services provided by related parties

Name of entity	Amounts in the current period	Amounts in the prior period
① Construction contracting services provided by the following companies	**53,439,946.52**	29,832,857.06
– Fellow subsidiaries	**27,432,822.89**	17,377,445.08
– Associates of BUCG	**26,007,123.63**	10,753,603.52
– Non-controlling shareholder		1,559,940.85
– Beneficial shareholder and its affiliates		141,867.61
– Associates		
– BUCG		
② Design, survey and consultancy services provided by the following companies	**65,182,368.20**	8,128,856.42
– Associates	**6,143,990.21**	6,900,355.63
– Fellow subsidiaries	**12,221,981.16**	1,118,227.48
– Beneficial shareholder and its affiliates	**20,793,806.47**	46,698.11
– Associates of BUCG	**– 27.81**	39,990.29
– A joint venture		23,584.91
– BUCG	**26,022,618.17**	

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

2. Continuing related party transactions and related party transactions (continued)

(2) Sale of goods to related parties or provision of services to related parties

Name of entity	Amounts in the current period	Amounts in the prior period
① Provision of construction contracting services to the following companies	**936,721,768.02**	755,603,680.56
– Beneficial shareholder and its affiliates	**879,529,707.97**	618,285,000.12
– Associates	**1,787,165.02**	98,583,316.70
– BUCG	**24,284,452.31**	22,623,054.76
– Fellow subsidiaries	**30,272,490.31**	15,426,836.92
– Non-controlling shareholder	**847,952.41**	685,429.42
– Associates of BUCG		42.64
– A joint venture		
② Provision of design, survey and consultancy services to the following companies	**280,814,663.96**	323,537,159.13
– Beneficial shareholder and its affiliates	**245,280,069.05**	282,369,099.97
– Fellow subsidiaries	**21,349,134.10**	30,993,184.99
– BUCG	**6,888,937.36**	5,026,645.38
– Associates of BUCG	**1,617,937.90**	3,709,347.37
– Associates	**691,116.69**	1,430,529.00
– Non-controlling shareholder	**146,542.46**	6,284.91
– A non-controlling shareholder	**19,228.30**	2,067.51
– A joint venture of BUCG	**3,366,037.74**	
– A joint venture	**1,455,660.36**	

(3) Interest expenses paid or payable to the following companies

Related party	Amounts in the current period	Amounts in the prior period
– A non-controlling shareholder	**2,724,205.30**	3,381,000.00
– BUCG	**238,492.22**	243,354.23
Total	**2,962,697.52**	3,624,354.23

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

2. Continuing related party transactions and related party transactions (continued)

(4) Rental expenses and property management fees paid or payable to the following companies

Related party	Amounts in the current period	Amounts in the prior period
– Fellow subsidiaries	**8,331,313.51**	2,902,983.36
– Beneficial shareholder and its affiliates		1,870,506.27
– BUCG	**386,571.50**	275,229.36
Total	**8,717,885.01**	4,773,489.63

(5) Rental income

Item	Amounts in the current period	Amounts in the prior period
– Associates	**882,372.14**	846,005.54
Total	**882,372.14**	846,005.54

(6) Key management personnel remuneration

Item	Amounts in the current period	Amounts in the prior period
Short-term employee benefits	**1,880,684.60**	2,179,664.70
Pension plan	**419,628.33**	518,994.45
Total	**2,300,312.93**	2,698,659.15

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

2. Continuing related party transactions and related party transactions (continued)

(7) Employee shareholding

The Company issued domestic shares of the scheme to several executive Directors, non-executive Directors and key management personnel. The details of the employee shareholding scheme are as follows:

Item	Personnel	Number of shares held on 30 June 2026 ('000)	Number of shares held on 30 June 2025 ('000)	Notes
Executive Director				
	Mr. Xia Xiujiang (Chief Executive Officer)	1,000	1,000	
	Total of executive Directors	1,000	1,000	
Non-executive Director	Mr. Li Guoqing	1,000	1,000	
	Total of non-executive Directors	1,000	1,000	
Key management personnel				
	Mr. Wang Liang	750	750	Note 1
	Mr. Yu Songwei	750	750	Note 2
	Mr. Liu Li	750	750	
	Mr. Xuan Wenchang	750	750	
	Mr. Ma Haizhi	750	750	
	Mr. Xu Chengyong	750	750	
	Mr. Lu Weidong	750	750	
	Ms. Qian Jiahong	450	450	
	Mr. Yang Zhenyu	550	550	
	Ms. Yang Yongjie	750	750	
	Mr. Wang Chen	750	750	
	Ms. Shen Jia	750	750	
	Total of key management personnel	8,500	8,500	

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

2. Continuing related party transactions and related party transactions (continued)

(7) Employee shareholding (Continued)

Note 1: Mr. Wang Liang ceased to be the key management personnel of the Company in 24 April 2026.

Note 2: Mr. Yu Songwei ceased to be the key management personnel of the Company in 3 January 2025.

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

3. Related Party Receivables and Payables

(1) Amounts Due from Related Parties of the Company

		Closing balance		Opening balance	
Item	Related party	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts Receivable					
	Beneficial shareholders and their affiliates	745,402,703.78	163,251,421.53	773,884,151.54	156,571,733.55
	BUCG	194,221,191.17	38,465,728.18	213,438,030.39	33,149,870.07
	Associates	84,155,677.55	1,018,939.48	99,491,588.27	1,028,798.26
	Fellow subsidiaries	95,450,402.45	15,196,972.77	76,024,969.10	15,532,057.26
	Joint ventures	17,431,642.77	2,581,538.60	15,888,642.77	1,518,727.95
	Non-controlling shareholders	34,905,445.06	5,766,695.07	35,149,281.01	3,739,162.83
	Associates of BUCG	4,106,772.65	157,352.24	3,309,378.18	134,958.79
	A non-controlling shareholder	1,048,113.21	218,915.09	1,048,113.21	172,938.68
	A joint venture of BUCG	417,971.70	67,943.51	417,971.70	38,152.01
	Subtotal of accounts receivable	1,176,810,058.11	226,665,850.06	1,218,652,126.17	211,886,399.40
Prepayments					
	Fellow subsidiaries	0.01		0.01	
	Beneficial shareholders and their affiliates	500.00			
	Subtotal of prepayments	500.01		0.01	
Other Receivables					
	Fellow subsidiaries	7,532,433.85	6,244.25	117,244.55	5,270.79
	BUCG	735,987.83	18,310.03	50,000.00	250.00
	Beneficial shareholders and their affiliates	1,900,754.04	386,000.00	1,800,000.00	188,000.00
	Associates	101,301.33	2,644.86		
	Associates of BUCG	14,000.00	14,000.00	14,000.00	14,000.00
	Joint ventures				
	A non-controlling shareholder	17,483,981.33	80,000.00		
	Subtotal of other receivables	27,768,458.38	507,199.14	1,981,244.55	207,520.79
Dividend receivable					
	Fellow subsidiaries	4,182,474.83		4,182,474.83	
	Joint ventures	85,400,800.00		85,400,800.00	
	Subtotal of dividend receivable	89,583,274.83		89,583,274.83	

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

3. Related Party Receivables and Payables (continued)

(1) Amounts Due from Related Parties of the Company (continued)

		Closing balance		Opening balance	
Item	Related party	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Non-current Assets					
Due Within One Year					
	Beneficial shareholders and their affiliates	48,536.00	8,008.44	48,536.00	8,008.44
	A non-controlling shareholder BUCG				
	Subtotal of non-current assets due within one year	48,536.00	8,008.44	48,536.00	8,008.44
Contract Assets					
	Beneficial shareholders and their affiliates	1,075,904,316.51	47,178,092.21	597,253,021.62	3,259,987.38
	Fellow subsidiaries	44,859,989.29	5,121,562.41	16,539,836.50	1,981,931.31
	Associates	56,725,639.14	1,304,195.26	50,906,584.82	361,441.17
	BUCG	56,360,229.53	6,993,764.71	494,816.00	33,785.49
	Associates of BUCG	7,472,433.85	375,326.67	1,068,134.40	164,541.97
	Joint ventures of BUCG			4,207,629.71	21,143.87
	A non-controlling shareholder	811,187.53	72,648.36		
	A Joint venture	443,820.74	181,750.00	179,100.00	900.00
	Subtotal of contract assets	1,242,577,616.59	61,227,339.62	670,649,123.05	5,823,731.19

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

3. Related Party Receivables and Payables (continued)

(2) Amounts Due to Related Parties of the Company

Item	Related party	Closing balance	Opening balance
Accounts Payable			
	Fellow subsidiaries	**176,748,841.88**	158,625,536.80
	Associates of BUCG	**57,418,543.83**	20,316,756.67
	BUCG	**14,352,218.53**	
	A non-controlling shareholder	**11,631,819.20**	11,631,819.20
	Beneficial shareholders and their affiliates	**412,609.45**	
	Associates	**4,719,396.31**	1,069,784.70
	Subtotal of accounts payable	**265,283,429.20**	191,643,897.37
Other Payables			
	Fellow subsidiaries	**34,739,444.40**	27,880,288.97
	BUCG	**7,412,993.98**	6,518,064.98
	A non-controlling shareholder	**1,640,000.00**	
	Associates	**56,177.19**	79,413.77
	Associates of BUCG	**1,100,000.00**	600,000.00
	Beneficial shareholders and their affiliates		40,787,737.50
	Subtotal of other payables	**44,948,615.57**	75,865,505.22
Contract Liabilities			
	Beneficial shareholders and their affiliates	**581,285,251.08**	713,868,694.55
	Associates	**33,174,224.23**	33,050,194.05
	BUCG	**27,547,235.74**	15,656,042.79
	Fellow subsidiaries	**21,310,018.43**	11,558,022.67
	Non-controlling shareholders	**3,325,940.69**	2,904,190.04
	Associates of BUCG	**6,599,918.48**	4,452,696.81
	A non-controlling shareholder	**462,413.87**	481,642.18
	joint ventures	**211,768.76**	211,768.75
	A joint venture of BUCG	**0.01**	0.01
	Subtotal of contract liabilities	**673,916,771.29**	782,183,251.85
Long-term Borrowings			
	A non-controlling shareholder		138,000,000.00
	BUCG	**15,600,000.00**	25,600,000.00
	Subtotal of long-term borrowings	**15,600,000.00**	163,600,000.00
	Non-current Liabilities		

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Related Party Transactions (continued)

3. Related Party Receivables and Payables (continued)

(2) Amounts Due to Related Parties of the Company (continued)

Item	Related party	Closing balance	Opening balance
Due Within One Year (Long-term Borrowings)			
	A non-controlling shareholder	**138,000,000.00**	
	BUCG	**10,000,000.00**	
	Subtotal of non-current liabilities due within one year (long-term borrowings)	**148,000,000.00**	
Lease liabilities			
	Fellow subsidiaries	**56,676,072.30**	55,158,107.54
	BUCG	**8,901,281.05**	9,121,752.27
	Subtotal of lease liabilities	**65,577,353.35**	64,279,859.81
Non-current Liabilities Due Within One Year (Lease Liabilities)			
	Fellow subsidiaries	**5,493,305.03**	5,493,305.03
	BUCG	**3,893,652.63**	3,411,276.78
	Subtotal of non-current liabilities due within one year (Lease liabilities)	**9,386,957.66**	8,904,581.81

IX. EXPLANATION OF CONTINGENCIES

(1) Contingent Liabilities

As at 30 June 2026, the Group had no contingent liabilities that required disclosure.

(2) Contingent Assets

As at 30 June 2026, the Group had no contingent assets that required disclosure.

X. POST-BALANCE SHEET DATE EVENTS

Up to the date of approval of this financial report, the Group had no post-balance sheet date events that should be disclosed but have not been disclosed.

XI. SUPPLEMENTARY INFORMATION

(1) Schedule of Non-recurring Profit or Loss for the Current Period

Item	Amount	Explanation
Gain or loss on disposal of non-current assets, including write-back of asset impairment provisions	-685,224.76	
Government grants recognised in profit or loss for the current period, excluding government grants that are closely related to the Company's normal operating business, comply with national policy provisions, are enjoyed according to determined standards, and have a continuing impact on the Company's profit or loss	2,118,867.92	
Gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains or losses from disposal of financial assets and financial liabilities, excluding effective hedging business related to the Company's normal operating business	27,852,000.00	
Capital occupation fees charged to non-financial enterprises recognised in profit or loss for the current period		
Gains or losses from entrusting others to invest or manage assets		
Gains or losses from entrusted loans		
Asset losses caused by force majeure factors, such as natural disasters		
Reversal of impairment provisions for receivables tested for impairment individually		
Gains arising from the investment cost of acquiring subsidiaries, associates and joint ventures being less than the fair value of the identifiable net assets of the investee at the time of acquisition		
Current net profit or loss of subsidiaries from the beginning of the period to the merger date under common control business combinations		
Gains or losses from non-monetary asset exchanges		
Gains or losses from debt restructuring		
One-time expenses incurred by enterprises due to the discontinuation of related operating activities, such as expenses for employee resettlement		
One-time impact on current profit or loss due to adjustments in tax, accounting and other laws and regulations		
Share-based payment expenses recognised on a one-time basis due to cancellation or modification of equity incentive plans		
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee compensation payable after the vesting date		
Gains or losses from changes in fair value of investment properties subsequently measured using the fair value model		
Gains from transactions with obviously unfair transaction prices		

XI. SUPPLEMENTARY INFORMATION (CONTINUED)

(1) Schedule of Non-recurring Profit or Loss for the Current Period (continued)

Item	Amount	Explanation
Gains or losses from contingencies unrelated to the Company's normal operating business		
Trusteeship fee income from entrusted operations		
Other non-operating income and expenses other than the above items	1,120,563.41	
Other profit or loss items that meet the definition of non-recurring profit or loss	1,209,279.43	
Subtotal	31,615,486.00	
Less: Income tax impact	7,527,399.12	
Less: Impact on minority shareholders' interests (after tax)	486,456.79	
Net non-recurring profit or loss attributable to owners of the parent company	23,601,630.09	
Net profit attributable to owners of the parent company	202,278,172.24	
Total net profit attributable to owners of the parent company after deducting non-recurring profit or loss	178,676,542.15	

(2) Earnings Per Share

Item	Amounts in the current period	Amounts in the prior period
Net profit attributable to ordinary shareholders of the Company	**202,278,172.24**	232,253,637.11
Weighted average number of ordinary shares outstanding during the period	**1,348,670,000.00**	1,348,670,000.00
Earnings per share	**0.15**	0.18
Diluted earnings per share	**0.15**	0.18