

Interim Report 2014



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

CONTENTS

Definitions	2
Financial Summary	4
Corporate Information	5
Market Environment and Business Prospects	6
Management Discussion and Analysis	9
Other Information	20
Report on Review of Interim Condensed Consolidated Financial Statements	29
Interim Condensed Consolidated Statement of Comprehensive Income	31
Interim Condensed Consolidated Statement of Financial Position	33
Interim Condensed Consolidated Statement of Changes in Equity	36
Interim Condensed Consolidated Statement of Cash Flows	39
Notes to the Interim Condensed Consolidated Financial Statements	41

Definitions

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

“Articles of Association”	the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Company”	Beijing Urban Construction Design & Development Group Co., Limited
“Corporate Governance Code”	the corporate governance code section contained in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange
“Global Offering”	the Hong Kong public offering and the international offering of the H Shares of the Company in June 2014
“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

Definitions

“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
“Joint Global Coordinators”	UBS AG, Hong Kong Branch and CLSA Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Selling Shareholders”	the state-owned shareholders, collectively, who are required to reduce their shareholdings in the Global Offering of the Company pursuant to the relevant PRC regulations relating to reduction of state-owned shares
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent.

Financial Summary

For the six-month period ended 30 June 2014, the Group achieved sales revenue of RMB1,540 million, while the profit for the period amounted to RMB172 million.

The Group is mainly engaged in two segments, including design, survey and consultancy as well as construction contracting business.

The following table sets out the Group's revenue of each business segment generated and their percentage of the revenue for the periods indicated:

	For the six-month period ended 30 June				
	2014		2013		
	RMB'000 (Unaudited)	% of revenue	RMB'000 (Unaudited)	% of revenue	% of change
Design, survey and consultancy	899,098	58.4	721,172	49.1	24.7
Construction contracting	640,490	41.6	746,500	50.9	(14.2)
Total	1,539,588	100.0	1,467,672	100.0	4.9

For the six-month period ended 30 June 2014, the Group's revenue was RMB1,540 million, representing an increase of 4.9% compared with the corresponding period of last year, which was mainly attributable to the accelerated urbanization in China, the further stepped-up integration of Beijing-Tianjin-Hebei areas, the optimization of city spatial structure and management layout, the need of enhancing the comprehensive urban carriage capacities and the increase in demand of rail transit facilities in various regions. The urban rail transit construction business for design, survey and consultancy segment recorded a rapid growth.

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:	18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Legal representative:	Ms. Wang Liping
Secretary of the Board:	Mr. Xuan Wenchang
Joint company secretaries:	Mr. Xuan Wenchang Ms. Kwong Yin Ping Yvonne (<i>a member of the Hong Kong Institute of Chartered Secretaries</i>)
Website:	www.bjuccd.com
Auditors:	Ernst & Young
Legal advisors:	as to Hong Kong laws: Linklaters as to PRC laws: Haiwen & Partners

Market Environment and Business Prospects

MARKET ENVIRONMENT

In the first half of 2014, China's GDP recorded a 7.4% year-on-year growth, with a 17.3% year-on-year increase in fixed assets investment. The Chinese economy, in general, was running steadily, with a stable structural adjustment in progress and a good trend towards economic upgrading and transformation. In face of the complicated and severe economic condition in and outside China as well as the pressure of economic downturn, the Chinese government, on the basis of maintaining policy continuity and stability, implemented economic policies targeting at directional adjustments within certain range, by introducing a series of stabilizing measures promoting reforms, structural adjustments and beneficial social policies. From an overall point of view, there is no fundamental change in the economic development of China and with the driving forces in support of economic growth overwhelmingly greater than the forces of economic downturn, the Chinese economy has the capability, potentials and rooms for maintaining a relatively fast economic growth.

As an energy-saving and environmental-friendly transportation mode, urban rail transit will continue to be an industry which the Chinese government will promote development in a relatively long period of time in the future. The scale of the future urban rail transit construction market will continue to increase further, with the main driving forces as follows:

1. With the increasing speed of urbanisation, cities in China are facing traffic congestions caused by high concentration of population and increasing number of private vehicles. Solving traffic congestion problems has become one of the major tasks for the Chinese government. The mass transit capacities and speed of urban rail transit are considered as an effective solution to the problems caused by traffic congestions.
2. Air pollution is a serious problem in China. By using electricity, urban rail transit systems will bring substantial benefits to the society, including lesser environmental and sound pollution, energy saving, mass carriage capacities, convenience and efficiency.

3. Development of urban rail transit will bring economic development in the neighbouring areas along the transit lines, which is an effective means to optimized transformation in urban planning leading to increase in land value, improvement in investment environment and overall urban competitiveness.
4. According to the Decision on Cancellation and Decentralisation of Some Administrative Approval Matters (《關於取消和下放行政審批項目等事項的決定》) issued by the State Council in May 2013, the central ministries and commissions delegated the rights to examine and approve urban rail transit projects, in accordance with the State-approved plans, to the authorities responsible for investment at the provincial level. It is expected such measures will further stimulate urban rail transit construction at the local level.

STRATEGIC POSITIONING

We will further expand the design and consultancy business, enhance the general contracting business and develop new businesses with high added-value. Leveraging on our leading market position in offering the design and consultancy services, we are dedicated to becoming a leading urban construction comprehensive services provider with international influence in the industry. We will keep on expanding our design, survey and consultancy business segment in order to maintain our leading position in China's urban rail transit construction arena. Capitalizing on our strengths in the design, survey and consultancy segment, we will replenish and enhance our profitability in construction contracting segment and further facilitate the integration of the two business segments. In order to provide more comprehensive solutions to our clients, we aim at strengthening the general construction contracting business with a view to realizing better integration of urban rail transit design and construction processes. We will further increase the level of investment in the research and development of the core technologies relating to urban rail transit and by continuously improving the techniques and quality of construction, strengthen our work efficiency and market competitiveness. We are committed to strengthen our position in China's urban rail transit industry. We will continue to identify diversified investment opportunities in order to minimise risks caused by fluctuations in the industry. If we are able to identify and grasp opportunities with controlled risks, we will also plan further expansion in the overseas markets.

BUSINESS PROSPECTS

Although urban rail transit construction in China has achieved notable development in recent years, China is still lagging far behind the developed countries in terms of the rail transit density. In general, urban rail transit in China still remains at a relatively low level, with extensive rooms for further development. With accelerated urbanization in China and coupled with the further stepped-up integration of Beijing-Tianjin-Hebei areas, optimization of city spatial structure and management layout as well as enhancement of the comprehensive urban carriage capacities will provide abundant opportunities for business developments of the Group. In face of favourable development opportunities, and based on and further promoting its client-oriented operating principles, the Group will focus on high-end design and proactively plan industry layout by further expanding the design, survey and consultancy business, strengthening the urban rail transit construction contracting business as well as actively conducting research and development and industry commercialisation. The Group is committed to becoming a leading urban construction comprehensive services provider in the industry with international influence.

In the second half of this year, the Group will closely adhere to its development strategies, fully utilize its technological strength in the industry and seize business opportunities in order to continuously optimize businesses and enhance its core competitiveness. The Group will further improve its development strategies, focus on investment returns, carefully select investment projects and invest in related industries. Besides, the Group will deepen, improve and enhance its corporate governance, strengthen the establishment of internal control systems and comprehensively promote sustainable and stable growth in its overall businesses. The Group will endeavour to achieve business growths in return for the shareholders' support

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2014, the Group further promoted its business development, thereby raising further its market position and capital strength, leading to a significant growth trend in operating results and a remarkable enhancement in its comprehensive strengths.

For the six months ended 30 June 2014, the Group's revenue amounted to RMB1,540 million, representing an increase of RMB72 million or 4.9% compared to that of the corresponding period of last year. Among that, the design, survey and consultancy business contributed a revenue of RMB900 million, while the revenue of urban rail transit construction contracting business accounted for RMB640 million.

For the six months ended 30 June 2014, the Group's net profit amounted to RMB172 million, representing an increase of RMB62 million or 56.4% compared to that of the corresponding period of last year.

FINANCIAL REVIEW

Summary of Operating Results

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	1,539,588	1,467,672
Cost of sales	(1,189,439)	(1,177,768)
Gross profit	350,149	289,904
Other income and gains	13,625	697
Selling and distribution expenses	(26,452)	(24,883)
Administrative expenses	(120,217)	(100,414)
Other expenses	(11,933)	(16,698)
Finance costs	-	(155)
Share of profits/(losses) of joint ventures	(542)	(56)
Share of profits/(losses) of associates	546	1,347
Profit before tax	205,176	149,742
Income tax expense	(33,523)	(39,849)
Profit for the period	171,653	109,893

Revenue

The Group generates its revenue from the design, survey and consultancy segment as well as the construction contracting segment where the Group provides services for infrastructure construction (especially urban rail transit).

For the six months ended 30 June 2014, the Group achieved a revenue of RMB1,540 million, representing an increase of RMB72 million or 4.9% compared with that of RMB1,468 million for the corresponding period of last year. Such increase was mainly attributable to a steady growth in revenue from the design, survey and consultancy segment, following the Group's development strategies to expand design, survey and consultancy business and the increased efforts in developing such business. The Group's revenue from the design, survey and consultancy business amounted to RMB900 million, representing an increase of 24.8% compared with that of RMB721 million for the corresponding period of last year. The revenue from the design, survey and consultancy business accounted for 58.4% of the total revenue, compared with 49.1% for the corresponding period of last year.

Design, survey and consultancy segment

The design, survey and consultancy segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. The design, survey and consultancy segment has historically been the core business of the Group.

In the first half of this year, the Group, by fully leveraging on its technological strength in the industry, optimized and focused on its traditional and core business and enhanced its core competitiveness. For the six months ended 30 June 2014, the Group's revenue from design services for urban rail transit construction projects in the design, survey and consultancy segment amounted to RMB720 million, representing an increase of 39.8% compared with that of RMB515 million for the corresponding period of last year. For the six months ended 30 June 2014, the Group's revenue from the industrial and civil construction and municipal engineering business in the design, survey and consultancy segment amounted to RMB180 million, representing a decrease of 12.6% compared with that of RMB206 million for the corresponding period of last year.

Construction contracting segment

The construction contracting segment of the Group shares synergies with the design, survey and consultancy segment. In particular, it closely interacts with the design, survey and consultancy segment for urban rail transit construction projects as they generally share the same customer base. Currently, the Group's construction contracting segment focuses on the services for urban rail transit construction projects. The scope of the construction contracting segment mainly covers various specific areas of land construction and equipment installation for the urban rail transit projects. The construction contracting projects undertaken by the Group covered the major cities of China, including Beijing, Guangzhou, Shenzhen, Tianjin, Hangzhou and Dalian.

For the six months ended 30 June 2014, the Group's revenue from the construction contracting segment was RMB640 million, representing a decrease of RMB107 million or 14.3% compared with that of RMB747 million for the corresponding period of last year. Such decrease was mainly attributable to lesser revenue being recognized as relatively more projects have progressed through the main construction stage in current period. On the other hand, by implementing the development strategies of enhancing the profitability of urban rail transit construction contracting business and by adhering to the principle of controllable risks, the Group exercised caution on undertaking traditional projects with low economic benefits but high risks, and is committed to undertaking projects with high economic benefits such as EPC projects, thus resulting in a slight decrease in business activities of the construction contracting segment in current period. It is expected that the revenue recognized in the construction contracting segment will increase following the progress of EPC projects in the second half of this year.

Cost of sales

For the six months ended 30 June 2014, the cost of sales incurred by the Group was RMB1,189 million, representing an increase of RMB11 million or 0.9% compared with that of RMB1,178 million for the corresponding period of last year. This was mainly attributable to the fact that the cost of design, survey and consultancy business segment increased by RMB114 million when compared with the corresponding period of last year, representing an increase of 23.8% while that of the construction contracting business segment decreased by RMB102 million when compared with the corresponding period of last year, representing a decrease of 14.6%, which resulted in a slight increase in the overall costs. In addition, the Group adopted meticulous and precise cost calculations and strengthened cost control, leading to a reduction in cost of sales including the subcontracting cost and cost of materials when compared with the corresponding period of last year.

For the six months ended 30 June 2014, cost of sales of the Group's design, survey and consultancy segment increased to RMB592 million from that of RMB478 million in the corresponding period of last year, representing an increase of 23.8%. Among that, the cost of sales of the urban rail transit construction business of the Group's design, survey and consultancy segment increased to RMB460 million from that of RMB330 million in the corresponding period of last year, representing an increase of 39.4%. The cost of sales of industrial and civil construction and municipal engineering business of the design, survey and consultancy segment decreased to RMB132 million from that of RMB148 million in the corresponding period of last year, representing a decrease of 10.8%.

For the six months ended 30 June 2014, the cost of sales of the Group's construction contracting segment decreased to RMB598 million from that of RMB700 million in the corresponding period of last year, representing a decrease of 14.6%.

Gross profit and gross margin

For the six months ended 30 June 2014, the gross profit of the Group was RMB350 million, representing an increase of RMB60 million or 20.7% compared with that of RMB290 million for the corresponding period of last year, while the gross margin increased from 19.8% to 22.7%. The increase in gross profit and gross margin was mainly due to the fact that the percentage of operating revenue attributable to the design, survey and consultancy segment (with a higher gross profit) for current period increased from 49.1% to 58.4% compared to that of the corresponding period of last year. The gross profit of the design, survey and consultancy segment increased from RMB243 million to RMB308 million compared to that of the corresponding period of last year, representing an increase of RMB65 million or 26.7%. The gross margin of the design, survey and consultancy segment slightly increased from 33.7% to 34.2% compared to that of the corresponding period of last year.

For the six months ended 30 June 2014, the gross profit of the construction contracting segment decreased from RMB47 million to RMB42 million compared to that of the corresponding period of last year, representing a decrease of RMB5 million or 10.6%. The gross margin of the construction contracting segment increased from 6.3% to 6.6% compared to that of the corresponding period of last year.

Other income and gains

For the six months ended 30 June 2014, other income and gains of the Group were RMB13.63 million, representing an increase of RMB12.93 million or 1,847.1%, compared with that of RMB0.70 million for the corresponding period of last year, primarily due to the great amount of interest income for current period generated from the increased deposits following the capital injection by the strategic investors.

Selling and distribution expenses

For the six months ended 30 June 2014, selling and distribution expenses of the Group were RMB26.45 million, representing an increase of RMB1.57 million or 6.3% compared with that of RMB24.88 million for the corresponding period of last year. The increase in selling and distribution expenses was mainly due to the corresponding increase in bidding costs and relevant costs arising from bidding as the Group focused on the business development in both the design, survey and consultancy segment and the construction contracting segment in current period.

Administrative expenses

For the six months ended 30 June 2014, administrative expenses of the Group were RMB120.22 million, representing an increase of RMB19.81 million or 19.7% compared with that of RMB100.41 million for the corresponding period of last year. The increase in administrative expenses was mainly due to the corresponding increase in administrative and management costs for the significant increase in labour cost and relevant taxes resulting from the expansion of the business scale in current period.

Other expenses

For the six months ended 30 June 2014, other expenses of the Group were RMB11.93 million, representing a decrease of RMB4.77 million or 28.6% compared with that of RMB16.70 million for the corresponding period of last year. The decrease in other expenses was mainly due to a decrease in the provisions for bad debts relating to trade and other receivables for the period compared to the corresponding period of last year.

Finance costs

For the six months ended 30 June 2014, financial costs of the Group were zero, representing a decrease of 100% compared with that of RMB0.16 million for the corresponding period of last year as the Group had repaid the relevant borrowings in full as at 31 December 2013 and no corresponding interest expenses on borrowings had been incurred in current period.

Income tax expense

For the six months ended 30 June 2014, the income tax expense of the Group was RMB33.52 million, representing a decrease of RMB6.33 million or 15.9% compared with that of RMB39.85 million for the corresponding period of last year.

Profit for the period

For the six months ended 30 June 2014, the profit for the period of the Group was RMB172 million, representing an increase of RMB62 million or 56.4% compared with that of RMB110 million for the corresponding period of last year.

Cash flows

The table below sets forth the cash flows of the Group for the periods indicated:

	For the six months ended 30 June	
	2014 (RMB'000) (Unaudited)	2013 (RMB'000) (Unaudited)
Net cash inflows/(outflows) from operating activities	(130,295)	83,008
Net cash inflows/(outflows) from investing activities	(14,457)	89,184
Net cash inflows/(outflows) from financing activities	(79,141)	474,652
Net increase/(decrease) in cash and cash equivalents	(223,893)	646,844

Some of the construction projects of the Group were close to completion in the first half of 2014 with relatively large amounts paid to subcontractors, and after the Chinese New Year marked the beginning of a low season for collection of receivables, and as a result, the operating cash flows dropped for the first half of this year. Furthermore, as construction works of individual projects had received the great amount of payment of receivables in the first half of 2013, resulting in high operating cash inflows than outflows for the corresponding period of last year. It is expected that a better performance would be recorded in respect of the operating cash flows for the second half of 2014 as the Group put more efforts in the recovery of receivables. Cash flows used in investing activities were mainly the cash outflows of RMB12 million used in prepayment for the purchase of shield tunneling machines by the Group in the first half of 2014. Cash flows used in financing activities were mainly the two special dividends paid to the shareholders of the Company before the Global Offering, namely a special dividend amounting to RMB40 million distributed to Beijing Urban Construction Group Co., Ltd. and a special dividend amounting to RMB35.07 million distributed to the then shareholders of the Company (i.e., Beijing Urban Construction Group Co., Ltd. and the strategic investors).

Pledge of assets, contingencies and capital commitments

For the six months ended 30 June 2014, the Group had no pledge of assets.

As at 30 June 2014, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance credits or guarantees or other material contingent liabilities.

As at 30 June 2014 and 31 December 2013, the capital commitments of the Group were as follows:

	As at 30 June 2014 (RMB'000) (Unaudited)	As at 31 December 2013 (RMB'000)
Capital expenditure in respect of property, plant and equipment:		
– Contracted, but not provided for	28,000	45,000
– Authorised, but not contracted for	1,000	400
	29,000	45,400

Capital structure and financial resources

The capital structure of the Company comprises Domestic Shares and H Shares. The H Shares of the Company were listed on the Hong Kong Stock Exchange on 8 July 2014. The Group does not have any borrowings and all the working capital is self-owned funds.

Gearing ratio⁽¹⁾

As at 30 June 2014, the Group had no interest-bearing borrowings, therefore its gearing ratio was 0.0%.

Note:

- (1) Gearing ratio represents total interest-bearing borrowings as at the reporting date divided by total equity as at the same reporting date.

Exchange rate risk

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

Employees

As at 30 June 2014, the Group had approximately 2,770 employees. For the six months ended 30 June 2014, the total employee costs of the Group were RMB457.27 million, representing an increase of RMB94.10 million or 25.9% compared with that of RMB363.17 million for the corresponding period of last year.

The Directors of the Company fully understand the importance of maintaining good relationship with the employees. The Company has therefore implemented financial incentives and other human resource strategies for such purposes. The remuneration paid to the Group's employees includes basic salaries, bonus and allowances.

Events after the reporting period

On 8 July 2014, the H Shares of the Company were listed on the Hong Kong Stock Exchange. The Joint Global Coordinators exercised the over-allotment option in full on 16 July 2014 and the completion of the over-allotment option took place on 21 July 2014. The offer price of the H Shares was HK\$2.75 per share. Therefore, the aggregate proceeds from above issuance of the 352,670,000 new H Shares were HK\$970 million (before expenses).

Profit distributions and interim dividends

The Group will not conduct any profit distributions for the interim period or pay any interim dividends.

Other Information

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS IN SHARES

During the reporting period, since the H Shares of the Company were not yet listed on the Hong Kong Stock Exchange, the disclosure requirements of the relevant Hong Kong laws and regulations, including Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance and Section 352 of the Securities and Futures Ordinance and the Model Code, were not yet applicable to the Company and its Directors, chief executive and Supervisors.

On 8 July 2014, the H shares of the Company were listed on the Hong Kong Stock Exchange. The Joint Global Coordinators fully exercised the over-allotment option on 16 July 2014 and the completion of the over-allotment option took place on 21 July 2014. As at 21 July 2014, none of the Directors, chief executive and Supervisors and their respective associates held any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the Securities and Futures Ordinance) which were required to be recorded in the register and kept under Section 352 of the Securities and Futures Ordinance or required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code.

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

CHANGES IN BOARD AND BOARD OF SUPERVISORS

During the reporting period, there was no change in the members of the Board. The Company passed a resolution to nominate Mr. Wang Hao and Mr. Tang Shuchang as the candidates for non-executive Directors and to nominate Mr. Wang Dexing as the candidate for independent non-executive Director at the meeting of the Board held on 27 August 2014. The appointment of Mr. Wang Hao, Mr. Tang Shuchang and Mr. Wang Dexing will be subject to the approval by the shareholders of the Company at a general meeting.

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

Mr. Wang Hanjun (*executive Director*)

Mr. Li Guoqing (*executive Director*)

Ms. Wang Liping (*Chairman and non-executive Director*)

Mr. Xu Jianyun (*non-executive Director*)

Mr. Chen Daihua (*non-executive Director*)

Mr. Hao Weiya (*non-executive Director*)

Mr. Su Bin (*non-executive Director*)

Mr. Kong Lingbin (*non-executive Director*)

Mr. Zhang Fengchao (*independent non-executive Director*)

Mr. Yim Fung (*independent non-executive Director*)

Mr. Sun Maozhu (*independent non-executive Director*)

Mr. Liang Qinghuai (*independent non-executive Director*)

During the reporting period, changes in the members of the Board of Supervisors were as follows:

At the extraordinary general meeting of the shareholders of the Company held on 18 March 2014, Mr. Wang Wenjiang was appointed as an employee representative Supervisor while Mr. Zhang Junming and Mr. Zuo Chuanchang were appointed as independent Supervisors for a term of three years from the listing date of the Company.

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

Mr. Yao Guanghong (*chairman of the Board of Supervisors*)

Ms. Nie Kun (*Supervisor*)

Mr. Li Wenhong (*Supervisor*)

Mr. Chen Rui (*Supervisor*)

Mr. Ren Chong (*Supervisor*)

Ms. Mi Jianzhou (*employee representative Supervisor*)

Mr. Zhang Wei (*employee representative Supervisor*)

Mr. Wang Jingang (*employee representative Supervisor*)

Mr. Wang Wenjiang (*employee representative Supervisor*)

Mr. Zhang Junming (*independent Supervisor*)

Mr. Zuo Chuanchang (*independent Supervisor*)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its code for securities transactions by its Directors and Supervisors. Having made specific enquiries with all of the Directors and Supervisors, all of them have confirmed that they had complied with the abovementioned code from the listing date (i.e., 8 July 2014) till the date of this report.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

During the reporting period, the H Shares of the Company were not listed on the Hong Kong Stock Exchange, accordingly, the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance in relation to the disclosure of interests or short positions in the shares and underlying shares of the Company or the requirements related to the interests or short positions recorded in the register to be kept pursuant to Section 336 of the Securities and Futures Ordinance were not yet applicable to the Company.

On 8 July 2014, the securities of the Company were listed on the Hong Kong Stock Exchange. The Joint Global Coordinators fully exercised the over-allotment option on 16 July 2014 and the completion of the over-allotment option took place on 21 July 2014. As at 21 July 2014, to the knowledge of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong

Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or, indirectly or directly, were interested in 5% or more of the nominal value of any class of share capital of the Company:

Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of issued Domestic Share capital	Approximate percentage of total issued share capital
Beijing Urban Construction Group Co., Ltd. ¹	Beneficial owner	571,031,118	Long position	64.54%	44.87%
Beijing Infrastructure Investment Co., Ltd. ²	Beneficial owner	87,850,942	Long position	9.93%	6.90%
Beijing Jingguofa Equity Investment Fund (Limited Partnership) ³	Beneficial owner	46,000,000	Long position	5.20%	3.61%
Tianjin Jun Rui Qi Equity Investment Partnership (LLP) ⁴	Beneficial owner	46,000,000	Long position	5.20%	3.61%

Notes:

1. Beijing Urban Construction Group Co., Ltd., incorporated by the Beijing Municipal Government, is the sole substantial shareholder of the Company (within the meaning of the Hong Kong Listing Rules).
2. Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned enterprise established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Other Information

- The general partner of Beijing Jingguofa Equity Investment Fund (Limited Partnership) is Beijing Jingguofa Investment Management Co., Ltd. The 100% equity interest in Beijing Jingguofa Investment Management Co., Ltd. is held by Baoding Taihangheyi Cement Co., Ltd. In addition, Beijing State-owned Capital Operation and Management Center is a limited partner holding 64.99% interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership). Each of the above entities was deemed to have interests in the same number of shares as Beijing Jingguofa Equity Investment Fund (Limited Partnership).
- The general partner of Tianjin Jun Rui Qi Equity Investment Partnership (LLP) is Beijing Bodao Investment Advisory Center (Limited Partnership), while the general partner of Beijing Bodao Investment Advisory Center (Limited Partnership) is Beijing Legend Capital Co., Ltd. Beijing Junqijiarui Enterprise Management Co., Ltd. holds 45.00% equity interest in Beijing Legend Capital Co., Ltd. Each of the above entities was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).

H Shares

Name of shareholder	Capacity	Number of H Shares	Nature of interests	Approximate percentage of issued H Share capital	Total issued share capital
Beijing Capital Group Ltd	Interest of controlled corporations ¹	84,333,000	Long position	21.74%	6.63%
CSR Group Limited	Interest of controlled corporations ²	56,222,000	Long position	14.49%	4.42%
China Construction Technology Group Co., Ltd (中國建設科技集團股份有限公司)	Interest of controlled corporations ³	28,111,000	Long position	7.25%	2.21%
Beijing Enterprises Group Company Limited	Interest of controlled corporations ⁴	28,111,000	Long position	7.25%	2.21%
Credit Suisse Group AG	Interest of controlled corporations ⁵	20,132,600 2,680,000	Long position Short position	5.19% 0.69%	1.58% 0.21%

Notes:

1. Beijing Capital Group Ltd held interests in 56,222,000 H Shares through a number of its controlled corporations, including Beijing Capital Land Ltd. and Capital Queen Limited, and also held interests in 28,111,000 H Shares through its controlled corporations, Beijing Capital Co., Ltd. and Beijing Capital (Hong Kong) Limited.
2. CSR Group Limited held interests in 56,222,000 H Shares through its controlled corporations, CSR Corporation Limited and CSR (Hong Kong) Co. Ltd.
3. China Construction Technology Group Co., Ltd (中國建設科技集團股份有限公司) (previously known as China Architecture Design & Research Group) held interests in 28,111,000 H Shares through its controlled corporation, China Construction Investment Co., Ltd.
4. Beijing Enterprises Group Company Limited held interests in 28,111,000 H Shares through its controlled corporation, Beijing Enterprises Group (BVI) Company Limited.
5. Credit Suisse Group AG held interests in 13,419,600 H Shares (long position) and 2,680,000 H Shares (long position), through a number of its controlled corporations, including Credit Suisse Securities (USA) LLC and Credit Suisse (Hong Kong) Limited, respectively. Credit Suisse Group AG also held interests in 4,033,000 H Shares (long position) and 2,680,000 H Shares (short position) through a number of its controlled corporations, including Credit Suisse Securities (Europe) Limited.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, the H Shares of the Company were not listed on the Hong Kong Stock Exchange. Save for the listing of the Company on 8 July 2014 and the sale of shares by the Selling Shareholders in accordance with the relevant regulations regarding the reduction of state-owned shares, and the full exercise of over-allotment option by the Joint Global Coordinators on 16 July 2014 and the further reduction and sale of state-owned shares by the Selling Shareholders upon the exercise of the over-allotment option (completion having taken place on 21 July 2014), the Company and its subsidiaries did not purchase, sell or redeem any shares of the Company.

CORPORATE GOVERNANCE

From 2013 to July 2014, before the listing of the Company on the Hong Kong Stock Exchange, and in preparation for the overseas listing of the Company, the Company modified and updated the corporate governance documents in accordance with the requirements of the Hong Kong Listing Rules so as to enhance and improve the corporate governance level of the Company, including further enhancement of the composition of the Board and the Board of Supervisors, increase in the number and proportion of the independent non-executive Directors and external Supervisors, and setting up of the special committees of the Board in accordance with the standards required by the Hong Kong Listing Rules. The Company has followed the relevant requirements under the Corporate Governance Code, and has established a sound corporate governance system. Currently, the principle corporate governance documents of the Company mainly include: the Articles of Association, the Rules of Procedure for General Meeting, the Rules of Procedure for the Board, the Rules of Procedure for the Board of Supervisors, the Terms of Reference of the Audit Committee, the Terms of Reference of the Nomination Committee, the Terms of Reference of the Remuneration Committee, the Terms of Reference of the Overseas Risk Control Committee, the Connected Transactions Administrative Measures and the Information Disclosure Administrative Measures, etc. The Board has adopted the Model Code as its rules for securities transactions by the Directors. So far as the Board is aware that the Company has complied with the requirements of the code provisions under the Corporate Governance Code since the listing date (i.e., 8 July 2014). The Company has also purchased the liability insurance for its Directors and published the documents and information required to be disclosed on the websites of the Company and the Hong Kong Stock Exchange.

USE OF PROCEEDS

The Company was listed on the Hong Kong Stock Exchange on 8 July 2014. The aggregate number of the offer shares of the Global Offering (the over-allotment option was fully exercised) was 387,937,000 H Shares (including 352,670,000 new shares issued by the Company and 35,267,000 sale shares offered by the Selling Shareholders). The offer price was HK\$2.75 per H Share and the nominal value is RMB1.00 per H Share. The gross proceeds (before expenses) of the Global Offering are approximately HK\$970 million. The stock code is 1599. As at the date of the report, the Company is in the process of applying for the change of business registration with the relevant Administration for Industry and Commerce. The relevant proceeds will be used in accordance with the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company.

MATERIAL LITIGATION AND ARBITRATION

During the reporting period, none of the Company and its subsidiaries was engaged in any litigation or arbitration that would have material effects on its operating activities.

REVIEW OF INTERIM RESULTS

Ernst & Young, the auditors of the Company, and the Audit Committee of the Company have reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014.

Report on Review of Interim Condensed Consolidated Financial Statements

Ernst & Young
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

To the board of directors of Beijing Urban Construction Design & Development Group Co., Limited

(Incorporated in the People's Republic of China as a joint stock limited company with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Beijing Urban Construction Design & Development Group Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as at 30 June 2014 and the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants

Hong Kong

27 August 2014

Interim Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2014

	<i>Notes</i>	Six-month period ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
REVENUE	5	1,539,588	1,467,672
Cost of sales	7	(1,189,439)	(1,177,768)
Gross profit		350,149	289,904
Other income and gains	5	13,625	697
Selling and distribution expenses		(26,452)	(24,883)
Administrative expenses		(120,217)	(100,414)
Other expenses		(11,933)	(16,698)
Finance costs	6	-	(155)
Share of profits and losses of:			
Joint ventures		(542)	(56)
Associates		546	1,347
PROFIT BEFORE TAX	7	205,176	149,742
Income tax expense	8	(33,523)	(39,849)
PROFIT FOR THE PERIOD		171,653	109,893
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans, net of tax		(4,640)	(1,550)

Interim Condensed Consolidated Statement of Comprehensive Income
For the six-month period ended 30 June 2014

	<i>Notes</i>	Six-month period ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		167,013	108,343
Profit attributable to:			
Owners of the parent		171,411	109,838
Non-controlling interests		242	55
		171,653	109,893
Total comprehensive income attributable to:			
Owners of the parent		166,771	108,288
Non-controlling interests		242	55
		167,013	108,343
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	10	0.19	0.18

Interim Condensed Consolidated Statement of Financial Position

30 June 2014

	<i>Notes</i>	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	288,064	288,751
Prepaid land lease payments		33,711	34,066
Intangible assets		5,527	5,869
Investments in joint ventures		692	1,637
Investments in associates		9,516	9,225
Available-for-sale investments		3,650	3,650
Deferred tax assets		68,539	66,079
Trade receivables	13	44,562	13,609
Prepayments, deposits and other receivables	14	17,370	18,598
Total non-current assets		471,631	441,484
CURRENT ASSETS			
Prepaid land lease payments		710	710
Inventories		28,309	21,366
Trade and bills receivables	13	1,365,318	1,393,723
Prepayments, deposits and other receivables	14	244,102	210,143
Amounts due from contract customers	12	1,430,314	1,340,086
Pledged deposits	15	23,686	27,032
Cash and bank balances	15	1,561,482	1,790,728
Total current assets		4,653,921	4,783,788

		30 June 2014	31 December 2013
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
CURRENT LIABILITIES			
Trade payables	16	1,343,561	1,381,210
Amounts due to contract customers	12	648,317	674,103
Other payables, advances from customers and accruals	17	1,125,567	1,349,592
Provisions for supplementary retirement benefits		5,250	5,250
Tax payable		196,469	176,097
Total current liabilities		3,319,164	3,586,252
NET CURRENT ASSETS		1,334,757	1,197,536
TOTAL ASSETS LESS CURRENT LIABILITIES		1,806,388	1,639,020
NON-CURRENT LIABILITIES			
Provisions for supplementary retirement benefits		69,370	64,150
Other payables and accruals	17	11,438	16,303
Total non-current liabilities		80,808	80,453
Net assets		1,725,580	1,558,567

	30 June 2014	31 December 2013
<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
EQUITY		
Equity attributable to owners of the parent		
Share capital	920,000	920,000
Reserves	795,706	628,935
	1,715,706	1,548,935
Non-controlling interests	9,874	9,632
Total equity	1,725,580	1,558,567

Wang Liping
Director

Wang Hanjun
Director

Interim Condensed Consolidated Statement of Changes In Equity

For the six-month period ended 30 June 2014

	Attributable to owners of the parent							
	Share capital	Capital reserve	Statutory				Non-controlling interests	Total equity
			Special reserve	surplus reserve	Retained profits	Total		
			RMB'000	RMB'000	RMB'000	RMB'000		
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
As at 1 January 2014	920,000	189,053	-	51,675	388,207	1,548,935	9,632	1,558,567
Profit for the period	-	-	-	-	171,411	171,411	242	171,653
Other comprehensive income for the period:								
Re-measurement losses on defined benefit plans, net of tax	-	(4,640)	-	-	-	(4,640)	-	(4,640)
Total comprehensive income for the period	-	(4,640)	-	-	171,411	166,771	242	167,013
Appropriation to statutory surplus reserve	-	-	-	15,576	(15,576)	-	-	-
Transfer to special reserve (note (i))	-	-	10,661	-	(10,661)	-	-	-
Utilisation of special reserve (note (i))	-	-	(10,661)	-	10,661	-	-	-
As at 30 June 2014	920,000	184,413*	-*	67,251*	544,042*	1,715,706	9,874	1,725,580

* These reserve accounts comprise the consolidated reserves of RMB795,706,000 in the interim condensed consolidated statement of financial position as at 30 June 2014.

Interim Condensed Consolidated Statement of Changes In Equity
For the six-month period ended 30 June 2014

	Attributable to owners of the parent							
	Paid-in capital RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Special reserve RMB'000 (Unaudited)	Statutory			Non- controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
				surplus	Retained	Total		
				reserve	profits			
			RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
As at 1 January 2013	150,000	251,263	-	32,334	247,053	680,650	614	681,264
Profit for the period	-	-	-	-	109,838	109,838	55	109,893
Other comprehensive income for the period:								
Re-measurement losses on defined benefit plans, net of tax	-	(1,550)	-	-	-	(1,550)	-	(1,550)
Total comprehensive income for the period	-	(1,550)	-	-	109,838	108,288	55	108,343
Capital contribution from the investors (ii)	80,769	622,391	-	-	-	703,160	-	703,160
Dividends declared	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Appropriation to statutory surplus reserve	-	-	-	9,248	(9,248)	-	-	-
Transfer to special reserve (note (i))	-	-	13,864	-	(13,864)	-	-	-
Utilisation of special reserve (note (i))	-	-	(13,864)	-	13,864	-	-	-
As at 30 June 2013	230,769	872,104	-	41,582	307,643	1,452,098	669	1,452,767

Notes:

- (i) In preparation of the interim condensed consolidated financial statements, the Group has appropriated certain amount of retained profits to a special reserve fund for each of the six-month periods ended 30 June 2013 and 2014 respectively for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained profits until such special reserve was fully utilised.
- (ii) Pursuant to the capital injection agreement in May 2013, seven strategic investors contributed cash of RMB703 million into the Company, of which RMB81 million was recorded as paid-in capital and the remaining RMB622 million was recorded as capital reserve. These strategic investors became the beneficial shareholders (the "Beneficial Shareholders") of the Company.

Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2014

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	205,176	149,742
Adjustments for:		
Interest income	(8,534)	(425)
Depreciation of items of property, plant and equipment	9,838	16,754
Impairment of trade receivables	7,299	8,592
Provision for foreseeable losses on contracts	3,935	5,670
Others	515	4,330
	218,229	184,663
Decrease/(increase) in amounts due from/(to) contract customers	(119,949)	671,610
Decrease/(increase) in trade and bills receivables	21,105	(476,352)
Increase in prepayments, deposits and other receivables	(31,908)	(88,516)
Decrease in trade payables	(37,649)	(209,638)
Increase/(decrease) in other payables, advances from customer and accruals	(164,133)	14,565
Others	(7,520)	(3,120)
Cash generated from/(used in) operations	(121,825)	93,212
Interest received	7,141	1,131
Income tax paid	(15,611)	(11,335)

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Net cash flows from/(used in) operating activities	(130,295)	83,008
Net cash flows from/(used in) investing activities	(14,457)	89,184
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(75,068)	–
Capital contribution from the Beneficial Shareholders	–	703,160
Others	(4,073)	(228,508)
Net cash flows from/(used in) financing activities	(79,141)	474,652
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(223,893)	646,844
Cash and cash equivalents at beginning of period	1,486,145	448,808
Effect of exchange rate changes on cash and cash equivalents	(1,493)	1,636
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,260,759	1,097,288

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

1. CORPORATE INFORMATION

The Company began the operations in 1958 in the PRC as a state-owned professional survey and design institute founded specifically for the survey and design of Beijing Subway Line 1. In 1983, the name of the Company was changed to Beijing Urban Construction Engineering Design Institute. Thereafter, the Company became an affiliate of Beijing Urban Construction Engineering Corporation, the predecessor of Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司, "BUCG"). In August 1990, the predecessor of the Company in the name of Beijing Urban Construction Engineering Design Institute was registered as an enterprise owned by the whole people (全民所有制企業). In June 1991, it was renamed as Beijing Urban Construction Design & Research Institute. In September 2001, the Company was converted into a company with limited liability and renamed as Beijing Urban Construction Design & Research Institute Limited Liability Company. In December 2002, it was further renamed as Beijing Urban Construction Design & Research Institute Co., Ltd.

Pursuant to a group reorganisation of urban rail transit construction contracting and consultancy services of BUCG and its subsidiaries (collectively, the "BUCG Group") in preparation for the initial listing (the "Listing") of the Company's shares on the Main Board of the Hong Kong Stock Exchange, which was completed on 31 December 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

Pursuant to the Reorganisation, BUCG transferred to the Company the following equity interests and businesses related to the urban rail transit construction contracting and consultancy services:

- 60% equity interest in 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, "Xinjie Consulting");
- the operation relating to urban rail transit construction contracting together with the related assets and liabilities; and

1. CORPORATE INFORMATION (Continued)

- as part of the Reorganisation, BUCG assisted the Company to obtain the land certificate related to the leasehold land where the Company's office is located, paid the related land transfer fee on behalf of the Company and waived the liability of the related land transfer fee.

Subsequent to the Reorganisation completed on 31 December 2012, the capital injection of RMB703 million to the Company from the Beneficial Shareholders was completed on 24 May 2013 and the shareholding in the Company held by the Beneficial Shareholders is 35%. The Company was then converted into a joint stock company with limited liability and renamed as Beijing Urban Construction Design & Development Group Co., Limited (北京城建設發展集團股份有限公司) on 28 October 2013.

The registered office address of the Company is No.5 Fuchengmen North Street, Xicheng District, Beijing, the PRC.

The Group's principal activities were as follows:

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

In the opinion of the directors of the Company, as at 30 June 2014, the Company's holding company is BUCG, which is wholly owned by the State-owned Assets Supervision and Administration Commission ("SASAC") of the People's Government of Beijing Municipality of the PRC.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-month period ended 30 June 2014 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the financial information included in the accountants' report in Appendix I to the prospectus of the Company dated 25 June 2014 (the "Prospectus") in connection with the listing of the shares of the Company on the Hong Kong Stock Exchange, and should be read in conjunction with the Group's financial information for the year ended 31 December 2013 included in the Accountants' Report in Appendix I to the Prospectus.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial information for the year ended 31 December 2013 included in the accountants' report in Appendix I to the Prospectus, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The nature and the impact of each new standard or amendment are described below:

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Impact of new and revised International Financial Reporting Standards (“IFRSs”) (Continued)

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Impact of new and revised International Financial Reporting Standards (“IFRSs”) (Continued)

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

The adoption of these new and revised IFRSs has no significant financial effect on the interim condensed financial statements and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the interim condensed consolidated financial statements:

IFRS 9	<i>Financial Instruments</i> ³
IFRS 9, IFRS 7 and IAS 39 Amendments	<i>Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39</i> ³
IFRS 11 Amendments	<i>Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i> ²
IFRS 14	<i>Regulatory Deferral Accounts</i> ²
IFRS 15	<i>Revenue from Contracts with Customers</i> ⁴
IAS 16 and IAS 38 Amendments	<i>Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
IAS 16 and IAS 41 Amendments	<i>Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants</i> ²
IAS 19 Amendments	<i>Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements 2010-2012 & 2011-2013 Cycles	<i>Amendments to a number of IFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ No mandatory effective date yet determined but is available for adoption

⁴ Effective for annual periods beginning on or after 1 January 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Issued but not yet effective IFRSs (Continued)

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

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

Six-month period ended 30 June 2014

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	899,098	640,490	-	1,539,588
Intersegment sales	872	-	(872)	-
Total revenue	899,970	640,490	(872)	1,539,588
Segment results	178,621	18,686	(665)	196,642
Interest income				8,534
Income tax expense				(33,523)
Profit for the period				171,653
Segment assets	2,156,757	1,322,298	(7,210)	3,471,845
Unallocated assets				
– Deferred tax assets				68,539
– Cash and bank balances				1,561,482
– Pledged deposits				23,686
Total assets				5,125,552

4. OPERATING SEGMENT INFORMATION (Continued)
Six-month period ended 30 June 2014 (Continued)

	Design, survey and consultancy	Construction contracting	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment liabilities	1,799,962	1,410,160	(6,619)	3,203,503
Unallocated liabilities				
– Tax payable				196,469
Total liabilities				3,399,972
Other segment information:				
Share of profits and losses of:				
Joint ventures	(542)	-	-	(542)
Associates	546	-	-	546
Depreciation	9,213	625	-	9,838
Amortisation	1,317	-	-	1,317
Provision for				
– foreseeable losses on contracts	3,887	48	-	3,935
– impairment on trade receivables, deposits and other receivables	7,641	266	-	7,907
Investment in a joint venture	692	-	-	692
Investments in associates	9,516	-	-	9,516
Capital expenditure*	9,692	229	-	9,921

4. OPERATING SEGMENT INFORMATION (Continued) Six-month period ended 30 June 2013

	Design, survey and consultancy RMB' 000 (Unaudited)	Construction contracting RMB' 000 (Unaudited)	Elimination RMB' 000 (Unaudited)	Total RMB' 000 (Unaudited)
Segment revenue:				
Sales to external customers	721,172	746,500	-	1,467,672
Intersegment sales	1,366	-	(1,366)	-
Total revenue	722,538	746,500	(1,366)	1,467,672
Segment results	119,459	30,836	(553)	149,742
Income tax expense				(39,849)
Profit for the period				109,893
Other segment information:				
Interest income	196	229	-	425
Finance costs	-	(155)	-	(155)
Share of profits and losses of:				
Joint ventures	(56)	-	-	(56)
Associates	1,347	-	-	1,347
Depreciation	9,317	7,437	-	16,754
Amortisation	1,029	-	-	1,029
Provision for/(reversal of)				
- foreseeable losses on contracts	4,939	731	-	5,670
- impairment on trade receivables, deposits and other receivables	11,103	(1,143)	-	9,960
Capital expenditure*	6,216	596	-	6,812

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

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents: (1) the invoiced values of services rendered, net of value-added tax and government surcharges; and (2) appropriate proportion of contract revenue of construction contracting, net of business tax and government surcharges.

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

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue		
Design, survey and consultancy	899,098	721,172
Construction contracting	640,490	746,500
	1,539,588	1,467,672
Other income and gains		
Interest income	8,534	425
Government grants	3,120	–
Others*	1,971	272
	13,625	697

Note:

- * Others mainly represented foreign exchange gains, gain on disposal of a joint venture and other miscellaneous gains.

6. FINANCE COSTS

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest on other borrowings wholly repayable within five years	-	11,302
Interest capitalised	-	(11,147)
	-	155

7. PROFIT BEFORE TAX

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

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Cost of design, survey and consultancy	591,548	477,961
Cost of construction contracting	597,891	699,807
Total cost of sales	1,189,439	1,177,768
Depreciation of items of property, plant and equipment	9,838	16,754
Amortisation of prepaid land lease payments	355	355
Amortisation of intangible assets	962	674
Total depreciation and amortisation	11,155	17,783

7. PROFIT BEFORE TAX (Continued)

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Impairment of trade receivables	7,299	8,592
Impairment of deposits and other receivables	608	1,368
Total impairment losses, net	7,907	9,960
Provision for foreseeable losses on contracts	3,935	5,670
Minimum lease payments under operating leases of land and buildings	13,844	11,247
Auditors' remuneration	1,098	605
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages, salaries and allowances	364,873	283,354
Retirement benefit costs		
– Defined contribution retirement schemes	30,278	29,127
– Defined benefit retirement schemes	1,760	790
Total retirement benefit costs	32,038	29,917
Welfare and other expenses	60,355	49,895
Total employee benefit expenses	457,266	363,166
Government grants	(3,120)	–
Interest income	(8,534)	(425)
Loss on disposal of items of property, plant and equipment, net	90	3
Gain on disposal of a joint venture	(48)	–
Foreign exchange differences, net	(1,448)	1,065

8. INCOME TAX EXPENSE

The Company and a subsidiary of the Company have been identified as “high and new technology enterprises” and were entitled to a preferential income tax rate of 15% for the years ended 31 December 2011 and 2012 in accordance with the PRC Corporate Income Tax Law. Other entities within the Group in Mainland China were subject to corporate income tax at a statutory rate of 25%.

In March 2014, the Company and such subsidiary obtained the renewal of the formal certificates of “high and new technology enterprise” for the three years of 2013, 2014 and 2015 from the Beijing Municipal Science and Technology Commission. In April 2014, the Company submitted all the required documents to its in-charge tax bureau to support its “high and new technology enterprise” status, and completed the filing process. Although the Company still needs to notify Beijing Municipal Science and Technology Commission of its expanded operating scope as a result of the Reorganisation as set out in note 1, which may bring a reassessment on its “high and new technology enterprise” qualification, the directors of the Company believe that the Company should be entitled to a preferential income tax rate of 15% for the six-month period ended 30 June 2014 based on the assessment of the Company on its “high and new technology enterprise” qualification in accordance with the PRC Corporate Income Tax Law.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the six-month periods ended 30 June 2014 and 2013.

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Current income tax – Mainland China	35,983	46,978
Deferred income tax	(2,460)	(7,129)
Tax charge for the period	33,523	39,849

8. INCOME TAX EXPENSE (Continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the six-month periods ended 30 June 2014 and 2013 is as follows:

	Six-month period ended 30 June			
	2014		2013	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Profit before tax	205,176		149,742	
Income tax charge at the statutory income tax rate	51,294	25.0	37,436	25.0
Effect of preferential income tax rates for some entities	(20,330)	(9.9)	-	-
Tax effect of share of profits and losses of joint ventures and associates	(1)	-	(323)	(0.2)
Expenses not deductible for tax purposes	2,560	1.2	2,736	1.8
Tax charge for the period at the effective rate	33,523	16.3	39,849	26.6

9. DIVIDENDS

The dividends for the six-month periods ended 30 June 2014 and 2013 are set out below:

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Special dividend declared to BUCG ⁽ⁱ⁾	—	40,000

Note:

The rates of distribution are not presented as this information is not meaningful for the purpose of the financial statements.

- (i) On 24 May 2013, the capital injection of RMB703 million to the Company from the Beneficial Shareholders was completed. Pursuant to the capital injection agreement, the Company declared the special dividend to BUCG, which is the net profit attributable to BUCG generated in the period from 1 January 2013 to 31 May 2013 amounting to RMB40 million. The special dividend payable to BUCG was settled in full on 23 June 2014.

The directors of the Company did not recommend the payment of an interim dividend for the six-month period ended 30 June 2014.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the six-month periods ended 30 June 2014 and 2013.

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Earnings:		
Profit for the period attributable to owners of the parent	171,411	109,838
	Six-month period ended 30 June	
	2014 '000 (Unaudited)	2013 '000 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	920,000	610,351

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (Continued)

For the purpose of presenting earnings per share, the weighted average number of ordinary shares for the six-month periods ended 30 June 2014 and 2013 was computed by reference to the 920,000,000 shares issued by the Company upon conversion into a joint stock company on 28 October 2013, and on the basis that 598,000,000 ordinary shares had been issued to BUCG throughout the six-month period ended 30 June 2013, and 322,000,000 ordinary shares were issued to the Beneficial Shareholders upon the completion of capital injection by the Beneficial Shareholders on 24 May 2013.

11. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2014, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB9,301,000 (Unaudited) (six-month period ended 30 June 2013: RMB6,663,000 (Unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB149,000 (Unaudited) (six-month period ended 30 June 2013: RMB269,000 (Unaudited)) were disposed of, which resulted in a net loss on disposal of approximately RMB90,000 (Unaudited) (six-month period ended 30 June 2013: RMB3,000 (Unaudited)).

12. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Amount due from contract customers	554,307	564,955
Amount due to contract customers	(1,417)	(21,510)
	552,890	543,445

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	14,084,694	13,432,419
Less: Progress billings received and receivable	(13,531,804)	(12,888,974)
	552,890	543,445

12. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

(Continued)

Contracts for services

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Amount due from contract customers	876,007	775,131
Amount due to contract customers	(646,900)	(652,593)
	229,107	122,538

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	8,339,527	7,429,477
Less: Progress billings received and receivable	(8,110,420)	(7,306,939)
	229,107	122,538

13. TRADE AND BILLS RECEIVABLES

Trade receivables represented receivables for contract works. The payment terms of contract work receivables are stipulated in the relevant contracts. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period offered by the Group is six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

	<i>Note</i>	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Trade receivables		1,547,557	1,540,710
Provision for impairment		(147,677)	(140,378)
Trade receivables, net		1,399,880	1,400,332
Bills receivable		10,000	7,000
Portion classified as non-current assets	<i>(i)</i>	1,409,880 (44,562)	1,407,332 (13,609)
Current portion		1,365,318	1,393,723

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

13. TRADE AND BILLS RECEIVABLES (Continued)

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Amounts of retentions in trade receivables	52,581	21,628

An aged analysis of the Group's and the Company's trade receivables, based on the billing date and net of provision for impairment of trade receivables, as at the reporting date is as follows:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within 3 months	451,077	618,892
3 to 6 months	343,399	165,414
6 months to 1 year	256,584	247,165
1 to 2 years	191,342	215,250
2 to 3 years	94,966	101,229
3 to 4 years	37,482	37,094
4 to 5 years	22,832	13,976
Over 5 years	2,198	1,312
	1,399,880	1,400,332

13. TRADE AND BILLS RECEIVABLES (Continued)

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

	Six-month period ended 30 June 2014 RMB'000 (Unaudited)
At beginning of the period	140,378
Impairment losses recognised	7,526
Impairment losses reversed	(227)
At end of the period	147,677

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of RMB63,185,000 (Unaudited) (31 December 2013: RMB66,990,000) with an aggregate carrying amount before provision of RMB298,072,000 (Unaudited) as at 30 June 2014 (31 December 2013: RMB363,506,000).

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

13. TRADE AND BILLS RECEIVABLES (Continued)

An aged analysis of the trade receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Neither past due nor impaired	749,476	784,306

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
BUCG	5,271	1,383
Beneficial Shareholders and their affiliates	580,534	587,690
Fellow subsidiaries	854	711
Associates of BUCG	28	30
	586,687	589,814

The above amounts are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to other major customers of the Group.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Note</i>	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Deposits and other receivables		174,475	161,225
Provision for impairment of deposits and other receivables		(14,420)	(13,812)
		160,055	147,413
Prepayments to suppliers		87,524	74,254
Interest receivables		3,782	2,389
Dividend receivables		255	151
Others		9,856	4,534
		261,472	228,741
Portion classified as non-current assets	<i>(i)</i>	(17,370)	(18,598)
Current portion		244,102	210,143

Note:

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

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

	Six-month period ended 30 June 2014 RMB'000 (Unaudited)
At beginning of the period	13,812
Impairment losses recognised	788
Impairment losses reversed	(180)
At end of the period	14,420

Included in the above provision for impairment of other receivables are provisions for individually impaired other receivables of RMB6,543,000 (Unaudited) (31 December 2013: RMB6,457,000) with an aggregate carrying amount before provision of RMB7,397,000 (Unaudited) as at 30 June 2014 (31 December 2013: RMB8,296,000).

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

An aged analysis of the deposits and other receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Neither past due nor impaired	117,481	112,699

The amounts due from BUCG, fellow subsidiaries, subsidiaries and other related parties included in the prepayments, deposits and other receivables are as follows:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
BUCG	13,494	–
Fellow subsidiaries	1,608	1,499
Associates	18,240	14,358
Associates of BUCG	13,657	24,500
A Beneficial Shareholder	5,432	4,933
	52,431	45,290

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

15. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Cash and bank balances	832,703	1,281,144
Time deposits	752,465	536,616
	1,585,168	1,817,760
Less: Pledged bank balances for bidding guarantees and performance guarantees	(23,686)	(27,032)
Cash and bank balances in the consolidated statements of financial position	1,561,482	1,790,728
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(300,723)	(304,583)
Cash and cash equivalents in the consolidated statements of cash flows	1,260,759	1,486,145
Cash and bank balances and time deposits denominated in:		
– RMB	1,410,399	1,665,091
– Other currencies	174,769	152,669
	1,585,168	1,817,760

15. CASH AND BANK BALANCES AND PLEDGED DEPOSITS (Continued)

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

16. TRADE PAYABLES

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within 6 months	733,213	667,132
6 months to 1 year	230,387	249,247
1 to 2 years	127,200	210,466
2 to 3 years	111,390	120,834
Over 3 years	141,371	133,531
	1,343,561	1,381,210

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

16. TRADE PAYABLES (Continued)

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Fellow subsidiaries	110,329	131,583
Associates	9,224	6,406
Associates of BUCG	98,599	124,741
	218,152	262,730

17. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	<i>Note</i>	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Advances from customers		670,534	807,915
Accrued salaries, wages and benefits		198,410	195,917
Other taxes payable		129,358	137,402
Retention payables		69,805	81,355
Dividends payable to shareholders		–	75,068
Dividends payable to non-controlling interests		185	185
Other payables		68,713	68,053
		1,137,005	1,365,895
Portion classified as non-current liabilities	<i>(i)</i>	(11,438)	(16,303)
Current portion		1,125,567	1,349,592

Note:

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

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement, except for the performance guaranteed amounts.

17. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS (Continued)

The amounts due to BUCG, fellow subsidiaries and other related parties, included in other payables, advances from customers and accruals are as follows:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
BUCG	1,854	77,512
Beneficial Shareholders and their affiliates	216,696	162,302
Fellow subsidiaries	3,027	3,643
An associate	5,503	4,320
Associates of BUCG	10,240	14,921
	237,320	262,698

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

18. OPERATING LEASE ARRANGEMENTS

As lessee

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within one year	23,618	27,469
In the second to fifth years, inclusive	57,997	57,274
After five years	24,121	41,092
	105,736	125,835

19. COMMITMENTS

The Group had the following capital commitments as at 30 June 2014 and 31 December 2013:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Capital expenditure in respect of property, plant and equipment:		
– Contracted, but not provided for	28,000	45,000
– Authorised, but not contracted for	1,000	400
	29,000	45,400

20. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2014 and 2013:

	<i>Note</i>	Six-month period ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Design, survey and consultancy services provided to:			
BUCG		5,077	2,666
Fellow subsidiaries		2,777	2,974
Associates of BUCG		1,600	29
Beneficial Shareholders and their affiliates	(i)	163,566	24,917
		173,020	30,586
Construction contracting services provided to:			
Beneficial Shareholders and their affiliates	(i)	353,214	91,473
Construction contracting services provided by:			
Fellow subsidiaries		11,637	23,015
Associates of BUCG		51,412	27,045
		63,049	50,060

20. RELATED PARTY TRANSACTIONS (Continued)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2014 and 2013: (Continued)

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<i>Note</i>		
Design, survey and consultancy services provided by:		
Associates	16,881	6,288
A fellow subsidiary	-	12,950
	16,881	19,238
Borrowings provided to:		
A fellow subsidiary	-	18,290
Project management services provided by:		
BUCG	-	5,037
Rental expenses and property management fees paid or payable to:		
BUCG	1,306	1,185
Fellow subsidiaries	5,720	5,687
	7,026	6,872

20. RELATED PARTY TRANSACTIONS (Continued)

(a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2014 and 2013: (Continued)

- (i) The injection of capital from the Beneficial Shareholders was completed on 24 May 2013 as set out in note 1 and the Beneficial Shareholders and their affiliates became related parties of the Group since then. Therefore, the transactions with the Beneficial Shareholders and their affiliates after 24 May 2013 were disclosed as related party transactions.

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

BUCG guaranteed certain of the Group's letters of guarantee for bidding, performance and prepayment for projects undertaken and the outstanding balances of such letters of guarantee as at 30 June 2014 were RMB328 million (Unaudited) (31 December 2013: RMB360 million).

In addition, BUCG issued certain letters of guarantee for bidding, performance and prepayment to customers in respect of its operation of urban rail transit construction contracting. As at 30 June 2014, the balances of the relevant letters of guarantee were RMB878 million (Unaudited) (31 December 2013: RMB843 million). Due to the Reorganisation, BUCG transferred the operation related to urban rail transit construction contracting services to the Company. The title of such outstanding letters of guarantee is in the process of being transferred from BUCG to the Company.

20. RELATED PARTY TRANSACTIONS (Continued)

- (a)** The Group had the following material transactions with related parties for the six-month periods ended 30 June 2014 and 2013: (Continued)

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively “State-owned Enterprises” (“SOEs”)). During the six-month periods ended 30 June 2014 and 2013, the Group entered into extensive transactions with other SOEs, such as bank deposits, rendering and receiving of design, survey and consultancy services and construction contracting services, and purchase of inventories and machinery. In the opinion of the directors of the Company, the transactions with SOEs are activities conducted in the ordinary course of business, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for rendered services and such pricing policies do not depend on whether or not the customers are SOEs.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 14 16 and 17.

20. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Short term employee benefits	4,194	3,492
Pension scheme	321	292
	4,515	3,784

(d) Commitments with related parties

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

Pursuant to certain construction contracts signed by the Company and a Beneficial Shareholder, the Company is engaged to build certain subways and the backlog as at 30 June 2014 was RMB1,955 million (31 December 2013: RMB1,731 million).

Pursuant to certain design services contracts signed by the Company and certain Beneficial Shareholders and their affiliates, the Company is engaged to design certain subways and the backlog as at 30 June 2014 was RMB582 million (31 December 2013: RMB337 million).

21. FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Financial assets		
Available-for-sale financial investments:		
Available-for-sale investments	3,650	3,650
Loans and receivables:		
Trade and bills receivables	1,409,880	1,407,332
Financial assets included in prepayments, deposits and other receivables	164,092	149,953
Pledged deposits	23,686	27,032
Cash and bank balances	1,561,482	1,790,728
	3,162,790	3,378,695
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	1,343,561	1,381,210
Financial liabilities included in other payables, advances from customers and accruals	138,703	224,661
	1,482,264	1,605,871

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values as at the end of the reporting period, are as follows:

	Carrying amount		Fair value	
	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Financial assets				
Available-for-sale financial investments:				
Available-for-sale investments	3,650	3,650	3,650	3,650
Loans and receivables:				
Trade receivables, non-current portion	44,562	13,609	12,218	12,638
Financial assets included in prepayments, deposits and other receivables, non-current portion	17,370	18,598	15,583	16,691
	65,582	35,857	31,451	32,979
Financial liabilities				
Financial liabilities at amortised cost:				
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	11,438	16,303	10,930	15,614

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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

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

The following methods and assumptions were used to estimate the fair values.

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

All financial assets and liabilities for which fair value was measured or disclosed in the interim condensed consolidated financial statements are categorised within level 3 of the fair value hierarchy as at the end of the reporting period.

23. EVENTS AFTER THE REPORTING PERIOD

On July 2014, the Company issued new H shares 306,670,000 to the public at an issue price of HK\$2.75 per share, and the gross proceeds, before expenses, was received therefrom approximately HK\$843 million.

Thereafter, pursuant to the exercise of the over-allotment option in full, the Company issued an additional 46,000,000 new H shares at HK\$2.75 per H share for a gross proceeds, before expenses, of approximately HK\$127 million.

Therefore, total gross proceeds approximately of HK\$970 million, before expenses, was received from above issuance of 352,670,000 new H shares in total.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2014.