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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubts as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Urban Construction Design & Development Group Co., Limited**, you should at once hand this circular together with the accompanying proxy form for the extraordinary general meeting to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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

**(Stock Code: 1599)**

**TRANSFER OF PARTIAL EQUITY INTEREST IN BUCZT,  
REGISTRATION AND ISSUANCE OF MEDIUM TERM NOTES  
AND  
NOTICE OF THE 2023 FOURTH EXTRAORDINARY  
GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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The EGM of the Company is to be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 9:45 a.m. on Tuesday, 26 December 2023. A letter from the Board is set out on pages 4 to 14 of this circular. Notice convening the EGM is set out on pages 108 to 109 of this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 32 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For holders of H Shares, the proxy form should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in hand or by post not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

11 December 2023

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“Articles of Association”	the articles of association of the Company as amended, modified or supplemented from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“BUCG”	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司), the controlling Shareholder of the Company holding 42.34% equity interest in the Company, and a wholly state-owned enterprise under the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“BUCZT”	Beijing Urban Construction Zhikong Technology Co., Ltd. (北京城建智控科技股份有限公司), a joint stock company established in the PRC with limited liability
“Company”	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1599)
“connected person(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 Fourth Extraordinary General Meeting of the Company to be convened on Tuesday, 26 December 2023 to consider and, if thought fit, approve the resolutions in relation to the transfer of partial equity interest in BUCZT and registration and issuance of medium term notes
“Equity Transfer”	transaction in relation to the transfer of 20% equity interest in BUCZT by the Company to BUCG pursuant to the Equity Transfer Agreement

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## DEFINITIONS

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“Equity Transfer Agreement”	the equity transfer agreement entered into by the Company and BUCG on 21 November 2023
“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Qin Guisheng, Mr. Ma Xufei and Mr. Xia Peng, which was established to advise the Independent Shareholders in relation to the resolution in respect of the transfer of partial equity interest in BUCZT
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer
“Independent Shareholders”	Shareholders other than those required by the Hong Kong Listing Rules to abstain from voting on the resolution to be proposed at the EGM in relation to the transfer of partial equity interest in BUCZT
“Independent Valuer”	Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. (北京中致成國際資產評估有限公司)
“Latest Practicable Date”	8 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“percentage ratio(s)”	percentage ratio(s) as defined in Rule 14A.06(30) of the Hong Kong Listing Rules
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular only, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	H Share(s) and Domestic Share(s) of the Company
“Shareholder(s)”	holders of the Shares of the Company
“%”	per cent

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## LETTER FROM THE BOARD

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

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

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

**(Stock Code: 1599)**

**Members of the Board:**

*Executive Directors:*

Wang Hanjun

Li Guoqing

*Non-executive Directors:*

Pei Hongwei (*Chairman*)

Shi Huaxin

Peng Dongdong

Li Fei

Wang Tao

Tang Qimeng

**Registered office:**

5 Fuchengmen North Street

Xicheng District

Beijing

PRC

**Principal place of business**

**in Hong Kong:**

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

*Independent non-executive Directors:*

Wang Guofeng

Qin Guisheng

Ma Xufei

Xia Peng

11 December 2023

*To the Shareholders:*

Dear Sir or Madam,

**TRANSFER OF PARTIAL EQUITY INTEREST IN BUCZT,  
REGISTRATION AND ISSUANCE OF MEDIUM TERM NOTES  
AND  
NOTICE OF THE 2023 FOURTH EXTRAORDINARY  
GENERAL MEETING**

**I. INTRODUCTION**

On behalf of the Board, I invite you to attend the EGM to be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC. Reference is made to the announcement of the Company dated 7 December 2023, in relation to propose to convene the EGM. The EGM will be held at 9:45 a.m. on Tuesday, 26 December 2023 subject to coordination of the meeting arrangements.

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## LETTER FROM THE BOARD

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The purpose of this circular is to send you a notice of the EGM and provide you with all information reasonably required to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

### II. THE EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 21 November 2023, in relation to the transfer of partial equity interest in BUCZT by the Company to BUCG.

The principal terms of the Equity Transfer Agreement are summarised as follows:

#### **Date of agreement**

21 November 2023

#### **Parties to the agreement**

Transferor: the Company

Transferee: BUCG

#### **Transfer subject**

The Company will transfer 20% equity interest in BUCZT to BUCG.

BUCZT is a joint stock company established in the PRC with limited liability on 10 October 2014. As a customised comprehensive solution provider in the fields of “digital transportation” and “intelligent urban rail” within the system of BUCG, BUCZT has deeply involved in the construction of urban rail transit projects. The principal business of BUCZT mainly centered on the urban rail transit cloud-based transportation automation system to provide research and development, production, sales of products such as communication system, signal system, integrated monitoring system, automatic fare collection system, screen door system and other related products and provide integration services in the urban rail transit industry. BUCZT has accumulated rich experience in the technology of specialised urban rail transit system integration, and conducted research and development based on relevant experience, gradually establishing a series of achievements in patents and software copyrights. The application of these achievements to projects has driven the rapid development of technology industrialisation.

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## LETTER FROM THE BOARD

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As of 31 July 2023, BUCZT had audited total assets (on a consolidated basis) and audited net assets (on a consolidated basis) of RMB2,737,679,796.84 and RMB586,891,392.78, respectively. Below summarises its audited financial data (on a consolidated basis) for the seven months ended 31 July 2023 and the years ended 31 December 2022 and 31 December 2021:

*(Unit: RMB ten thousand)*

	January to July 2023	2022	2021
Total revenue	124,494.11	172,184.36	101,517.80
Total profit	4,179.93	7,599.65	6,855.30
Net profit	4,665.89	7,428.24	6,613.84

### **Consideration and payment method**

The consideration for the transfer subject is RMB348,036,000, which shall be payable by installment payment. The transferee shall remit 60% of the transfer price (i.e. RMB208,821,600) to the settlement account designated by the transferor within 3 working days after the approval of the transferor's general meeting of shareholders, and the remaining transfer price (i.e. RMB139,214,400) shall be paid off within 30 days after the completion of the industrial and commercial change of the transfer of titles.

### **Basis of determining the consideration**

The consideration for the equity transfer was based on the valuation report issued by the Independent Valuer. The valuation report utilized both the asset-based approach and the income approach for the appraisal. From the perspective of the conditions for applying the asset-based approach, it relies on the balance sheet to reasonably assess the value of various assets and liabilities on and off the balance sheet, determining the value of the subject of valuation. In the context of this appraisal, BUCZT can provide the necessary data, and the Independent Valuer can collect external data to meet the requirements of the asset-based approach. This allows for a comprehensive examination and evaluation of BUCZT's assets and liabilities. Therefore, the asset-based approach may be adopted for this appraisal. Considering the conditions for applying the income approach, BUCZT demonstrates independent profitability, and its management has provided future earnings forecast data. Based on the company's historical operation data and internal and external operating environment, the Independent Valuer can reasonably project the company's future profit levels, and the risks associated with future earnings can be reasonably quantified. Hence, the income approach may be adopted for this appraisal. However, due to the fact that the income approach takes into account not only assets measured according to accounting principle, but also contract fulfillment, customer resource, sales network, potential project, enterprise qualification, human resource, strong product research and development capability and other resources actually owned or controlled by the company which cannot be reflected in its balance sheet, thereby better demonstrating the overall growth and profitability of BUCZT. Therefore, the results of the income approach were adopted in the valuation report as the final appraisal conclusion, and the consideration for the Equity Transfer is based on the results of the income approach.



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## LETTER FROM THE BOARD

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In accordance with laws, regulations and asset valuation standards, and followed the principles of independence, objectivity and impartiality, the Independent Valuer performed appropriate asset valuation procedures and issued the valuation report. For further details on the appraisal methods, assumptions and conclusions derived from the asset-based approach and income approach adopted in this appraisal, please refer to Appendix I “Summary of Valuation Report on BUCZT” to this circular. After review and due consideration to the analysis under the asset-based approach and income approach in the valuation report, the Directors believe that the valuation methods adopted are fair and reasonable.

The valuation results under the income approach were adopted as the final valuation conclusion: as at 31 July 2023, the valuation base date, on the premise of going concern, the value of all shareholders’ equities of BUCZT was RMB1,740,180,000, representing an appreciation in value of RMB1,157,527,500 or 198.67% over the book value of net assets of RMB582,652,500.

Pursuant to Rule 14.62(1) of the Hong Kong Listing Rules, the principal assumptions for preparation of the valuation report are set out below:

*(i) Basic assumptions*

- (1) Transaction assumption, which assumes that all the assets to be valued are already in the process of transaction, and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued;
- (2) Open market assumption, which is an assumption for the conditions of assets proposed to enter the market and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to access sufficient market information; parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction;
- (3) Continuous use assumption, which is an assumption for the conditions of assets proposed to enter the market and status of the assets under such market conditions. It is assumed that, firstly, the appraised assets are under use, and secondly, the assets under use will be used continuously. Under the continuous use assumption, change of uses of assets and the best conditions of use are not taken into account, and the scope of use of the appraisal result is limited; and

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## LETTER FROM THE BOARD

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- (4) Corporate going concern assumption, which is a valuation assumption made by taking the overall assets of a company as the object of valuation. That is, the company, as a business entity, continues to operate in accordance with its business objectives under the external environment in which it operates. The company's operators are responsible for and capable of assuming responsibility; and the company operates legally and is able to earn appropriate profits to maintain its ability to continue as a going concern.

*(ii) Assumptions under the income approach*

- (1) There will be no significant changes to the relevant prevailing laws, regulations and policies, or macro-economic situations in the PRC as well as the political, economic and social environment of regions where the parties to the transaction are located; there are no other unforeseeable factors and force majeure that may give rise to material adverse impact;
- (2) It is assumed that the company is a going concern with respect to the actual condition of the assets as of the valuation base date;
- (3) It is assumed that the cash flows of the company are even cash inflow;
- (4) It is assumed that the company's operators are responsible and that the company's management is capable of taking on its duties;
- (5) Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
- (6) It is assumed that the accounting policies adopted by the company in the future will be broadly consistent in material aspects with those adopted in the preparation of this report;
- (7) It is assumed that the business scope and method of operation of the company will be consistent with the current direction on the basis of the existing management model and level;
- (8) There are no significant changes in interest rates, exchange rates, tax bases and rates, policy levies, etc.;
- (9) There is no other force majeure and unforeseeable factors which may have a material adverse impact on the company;
- (10) It is assumed that the values of various parameters measured in this valuation are determined based on the current pricing system, without taking into account the effect from inflation subsequent to the valuation base date; and

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## LETTER FROM THE BOARD

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- (11) It is assumed that there will be no significant change to relevant prevailing laws and regulations on the recognition of high and new technology enterprises in the future and the company can meet the conditions for recognizing as a high and new technology enterprise and can continuously enjoy preferential policies on the levy of income tax at 15%.

After review on the valuation report and taking into account (i) the Independent Valuer has prepared the valuation report based on procedures, standards, laws and regulations of the PRC on valuation; (ii) the Independent Valuer has reviewed the financial data, operating data and other relevant data in relation to BUCZT to understand the company comprehensively; and (iii) the reasons for adoption of the income approach in the valuation, methods and assumptions adopted by the Independent Valuer, valuation scope and valuation results, the Directors believe that the valuation methods and assumptions adopted in the valuation report are appropriate. These assumptions are common valuation assumptions in the industry and the valuation results are able to reflect the value of BUCZT. Therefore, the valuation methods and assumptions as well as the valuation results are fair and reasonable.

Da Hua Moore International CPA Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the discounted cash flow forecast on which the valuation is based, without involving the reasonability of the accounting policies and assumptions adopted. The Board has confirmed that the profit forecast (including the assumptions) of BUCZT set out in the valuation report are made after due and careful enquiry. For further details on letters from Da Hua Moore International CPA Limited and the Board, please refer to the Appendix II and Appendix III to this circular, respectively.

### **Sharing of transaction costs**

The parties to the agreement shall be responsible for their own transaction costs that arise in the course of equity transfer under the Equity Transfer Agreement as stipulated therein.

### **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT**

The entering into of the Equity Transfer Agreement is conducive to facilitating the Group's further focus on its principal business, and the Company can enhance efficiency of capital operation and allocation through equity transfer. Specifically, the Company will take the rail transit design and consultancy as its core business, and will develop new core technologies by increasing investment in research and development, promoting technological innovation and accelerating achievements transformation, in a bid to dominate cutting-edge technologies and high-end market, and become an industry leader. At this stage, as the rail transit industry is highly competitive, the Company needs to increase the marketing efforts for major projects. With the expansion of business and layout, the Company also needs more financial support for business development. Based on the above objectives and current situation, the Company will adhere to financial management, with capital management at the core, by improving capital use efficiency and increasing support for the principal business. Through the equity transfer, the Company will apply the investment income for developing its

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## LETTER FROM THE BOARD

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principal business and then promote the high-quality growth of such business. The Directors (including independent non-executive Directors, whose view on relevant matter will be set out in the section headed “Letter from the Independent Board Committee” in the circular after considering the advice from Gram Capital) are of the view that the Equity Transfer Agreement, despite it will not be conducted in the ordinary and usual course of business of the Group, was entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **FINANCIAL IMPACT OF THE EQUITY TRANSFER AND PROPOSED USE OF THE PROCEEDS**

After the completion of the Equity Transfer, the Company’s shareholding in BUCZT will decrease from 30.83% to 10.83%. Based on the Equity Transfer, it is expected that the Company will recognize a gain of approximately RMB180,247,061, which is calculated by deducting the corresponding book value of the transfer subject of RMB167,788,939 as of the valuation base date from the consideration of RMB348,036,000 of the transfer subject. The Company currently plans to use the proceeds from the Equity Transfer as general working capital, including administrative expenses and other daily operational expenses.

### **INFORMATION ON THE PARTIES**

#### **Information on the Company**

The Company is principally engaged in the design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering, as well as the construction contracting business for urban rail transit engineering.

#### **Information on BUCG**

BUCG is a wholly state-owned enterprise with limited liability established and funded by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality, which is principally engaged in the businesses of construction contracting, real estate development and design and consultation. The ultimate beneficial owner of BUCG is the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality.

### **IMPLICATIONS OF THE HONG KONG LISTING RULES**

As the highest applicable percentage ratio regarding the Equity Transfer exceeds 5% but is lower than 25% under the Hong Kong Listing Rules, the transaction constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, BUCG is the controlling Shareholder of the Company holding 42.34% interest of the Company. Accordingly, BUCG is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules and the Equity Transfer constitutes a connected transaction of the Company. As the highest applicable percentage ratio regarding the Equity Transfer exceeds 5% under the Hong Kong Listing Rules, such transaction is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. Pei Hongwei and Ms. Shi Huaxin are deemed to be materially interested in the Equity Transfer by virtue of their positions in BUCG. Therefore, they have abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in the Equity Transfer and is therefore required to abstain from voting on the relevant resolution at the Board meeting.

### III. REGISTRATION AND ISSUANCE OF MEDIUM TERM NOTES

In order to meet the operation and development needs of the Company, optimise its financing structure and reduce financing cost efficiently, the Company proposed to apply to the National Association of Financial Market Institutional Investors for registration and issuance of medium term notes not exceeding RMB1 billion (inclusive), which is subject to the limit as stated in the Notice of Acceptance of Registration (《接受註冊通知書》) issued by the National Association of Financial Market Institutional Investors. The relevant matters are as follows:

#### I. Issuance Resolution

1. Issuer: Beijing Urban Construction Design & Development Group Co., Limited;
2. Scale of registration: proposed registration scale shall not exceed RMB1 billion (inclusive);
3. Use of proceeds: including but not limited to repayment of maturing debts, supplements to current funds, and other purposes as stipulated by the National Association of Financial Market Institutional Investors;
4. Term of issuance: not exceeding five years for each tranche, and the notes may be issued in one or more tranches during the validity period of registration;
5. Form of interest rate: to be determined based on market condition at the time of issuance;
6. Method of issuance: public issuance by the underwriting agency in the national inter-bank bond market;
7. Guarantee measures: non-guaranteed;
8. Term of validity of the resolution: relevant resolution shall be valid during the period of registration, issuance and continuation of the medium term note.

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## LETTER FROM THE BOARD

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### II. Authorization Proposed to the EGM

To make the completion of the registration and issuance of the medium term note of the Company in an effective and order manner, the Company proposed to the EGM to approve the authorization of the management of the Company by the Board to deal with relevant matters of the registration and issuance of the medium term note in sole discretion, including but not limited to:

1. determining all matters relating to the terms of this issuance, such as the specific amount, term, tranche, interest rate, underwriting and timing thereof;
2. determining the appointment of the major underwriter and other intermediaries rendering services for this issuance;
3. taking the responsibility to amend, sign and report all agreements and legal documents relating to this issuance, and deal with reporting and registration of this issuance, within such authorization;
4. making corresponding adjustments on specific plans and other relevant matters of this issuance in accordance with advice of regulatory authorities when changes occur in regulatory policies and market conditions;
5. making disclosures in accordance with applicable supervisory regulations;
6. dealing with other matters relating to this issuance;
7. remaining the term of validity of authorization in force and effect during the period of registration, issuance and continuation of the medium term note, since the date of the resolution is considered and approved at the EGM.

### IV. EGM

The EGM will be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 9:45 a.m. on Tuesday, 26 December 2023, to consider and approve the resolutions in relation to the transfer of partial equity interest in BUCZT and registration and issuance of medium term notes. Notice convening the EGM is set out on pages 108 to 109 in this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For holders of H Shares, the proxy form should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in hand or by post not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

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## LETTER FROM THE BOARD

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In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 21 December 2023 to Tuesday, 26 December 2023, both days inclusive, during which period no transfer of Shares will be registered.

For the identification of Shareholders who are qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the registered address of the Company (for Domestic Shareholders), for registration not later than 4:30 p.m. on Wednesday, 20 December 2023. Shareholders whose names appear on the register of members of the Company on Tuesday, 26 December 2023 will be entitled to attend and vote at the EGM.

### V. VOTES BY WAY OF POLL

According to the Hong Kong Listing Rules and the Articles of Association, the resolutions set out in the notice of the EGM will be voted on by way of poll. The poll results will be posted on the website of the Company at [www.bju.cd.com](http://www.bju.cd.com) and the HKEXnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) upon the conclusion of the EGM.

In accordance with the Hong Kong Listing Rules, BUCG is required to abstain from voting on the resolution in respect of the transfer of partial equity interest in BUCZT at the EGM. As at the Latest Practicable Date, BUCG held 571,031,118 Domestic Shares in the Company, representing an aggregate of 42.34% of the total issued Shares of the Company.

To the best of the Directors' knowledge, having made all reasonable enquiries, save as aforementioned, no other Shareholder has a material interest in the resolutions at the EGM and is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

### VI. RECOMMENDATIONS

Your attention is drawn to: (a) the letter from the Independent Board Committee, which sets out its recommendations to the Independent Shareholders in respect of the resolution on the transfer of partial equity interest in BUCZT, on pages 15 to 16 of this circular; (b) the letter from Gram Capital, which sets out its opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the resolution on the transfer of partial equity interest in BUCZT, on pages 17 to 32 of this circular; and (c) further information set out in the appendices to this circular.

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## LETTER FROM THE BOARD

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The Board (including independent non-executive Directors) is of the view that the resolutions on the transfer of partial equity interest in BUCZT and registration and issuance of medium term notes are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the above resolutions. The view of the Independent Board Committee in respect of the resolution on the transfer of partial equity interest in BUCZT is set out in the section headed “Letter from the Independent Board Committee” in this circular.

Yours faithfully,

By order of the Board

**Beijing Urban Construction Design & Development Group Co., Limited**

**Pei Hongwei**

*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

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

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

**(Stock Code: 1599)**

*Independent non-executive Directors:*

Wang Guofeng

Qin Guisheng

Ma Xufei

Xia Peng

11 December 2023

*To the Independent Shareholders:*

Dear Sir or Madam,

### **TRANSFER OF PARTIAL EQUITY INTEREST IN BUCZT**

Reference is made to the circular of the Company dated 11 December 2023 (the “**Circular**”) of which this letter forms part. Terms defined in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to advise Independent Shareholders on the fairness and reasonableness of the resolution in relation to transfer of partial equity interest in BUCZT so far as the Independent Shareholders are concerned, whether it is entered on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise and recommend the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the resolution in relation to transfer of partial equity interest in BUCZT. Details of Gram Capital’s advice, together with the principal factors taken into consideration in arriving at such, are set out in letter from Gram Capital on pages 17 to 32 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 14 of the Circular and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account (i) the resolution in relation to transfer of partial equity interest in BUCZT; and (ii) the advice and recommendation of Gram Capital and the principal factors and reasons considered by it, we consider the transfer of partial equity interest in BUCZT, despite it will not be conducted in the ordinary and usual course of business of the Group, was entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the transfer of partial equity interest in BUCZT.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Wang Guofeng**

**Qin Guisheng**

**Ma Xufei**

**Xia Peng**

*Independent Non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Equity Transfer for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

11 December 2023

*To: The Independent Board Committee and the Independent Shareholders of  
Beijing Urban Construction Design & Development Group Co., Limited*

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION:  
TRANSFER OF PARTIAL EQUITY INTERESTS IN BUCZT**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 11 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 21 November 2023, the Company and BUCG entered into the Equity Transfer Agreement, pursuant to which the Company will transfer 20% equity interest in BUCZT to BUCG at the consideration of RMB348,036,000. After the completion of the Equity Transfer, the Company’s shareholding in BUCZT will decrease from 30.83% to 10.83%.

With reference to the Board Letter, the Equity Transfer constitutes a discloseable transaction and connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirement under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Mr. Wang Guofeng, Mr. Qin Guisheng, Mr. Ma Xufei and Mr. Xia Peng, being all of the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the terms of the Equity Transfer are on normal commercial terms and are fair and reasonable; (ii) whether the Equity Transfer is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Equity Transfer at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to a discloseable transaction, connected transactions and continuing connected transactions, details of which were set out in the Company's circular dated 10 December 2021. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial adviser engagements and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the

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## LETTER FROM GRAM CAPITAL

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Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Equity Transfer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of BUCZT, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the owners' equity attributable to BUCZT (the "**Valuation Report**"). The Valuation Report was prepared by Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. (北京中致成國際資產評估有限公司) (i.e. the Independent Valuer). Since we are not experts in the valuation of assets or business, we have relied solely upon the Valuation Report, the summary of which is set out in Appendix I to the Circular, for the appraisal value of the owners' equity attributable to BUCZT (the "**Valuation**") as at 31 July 2023 (the "**Valuation Date**").

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BUCG, BUCZT or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Equity Transfer. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

## LETTER FROM GRAM CAPITAL

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Equity Transfer, we have taken into consideration the following principal factors and reasons:

#### Information on the Company

With reference to the Board Letter, the Company is principally engaged in the design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering, as well as the construction contracting business for urban rail transit engineering.

Set out below is a summary of the consolidated financial information on the Group for the two years ended 31 December 2022 and for the six months ended 30 June 2023 (together with comparative figures) as extracted from the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report") and the Company's interim report for the six months ended 30 June 2022 (the "2023 Interim Report"), prepared in accordance with the International Financial Reporting Standards:

	For the six months ended 30 June 2023 <i>RMB'000</i> <i>(unaudited)</i>	For the six months ended 30 June 2022 <i>RMB'000</i> <i>(unaudited)</i>	Year-on-year change %	For the year ended 31 December 2022 <i>RMB'000</i> <i>(audited)</i>	For the year ended 31 December 2021 <i>RMB'000</i> <i>(audited)</i>	Year-on-year change %
Revenue from continuing operations	4,518,185	4,612,123	(2.04)	10,599,845	10,258,579	3.33
– Design, survey and consultancy	2,259,762	2,015,397	12.12	4,426,391	4,399,032	0.62
– Construction contracting	2,258,423	2,596,726	(13.03)	6,173,454	5,859,547	5.36
Profit for the year/period	405,666	475,003	(14.60)	910,768	903,047	0.85
				<b>As at 30 June 2023 <i>RMB'000</i> <i>(unaudited)</i></b>	<b>As at 31 December 2022 <i>RMB'000</i> <i>(audited)</i></b>	<b>As at 31 December 2021 <i>RMB'000</i> <i>(audited)</i></b>
Total assets				23,104,413	23,944,194	24,665,602
Total liabilities				15,968,967	16,946,746	18,250,489
Net assets				7,135,446	6,997,448	6,415,113

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## LETTER FROM GRAM CAPITAL

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As depicted from the above table, the Group's revenue from continuing operations increased from approximately RMB10,259 million for the year ended 31 December 2021 ("FY2021") to approximately RMB10,600 million for the year ended 31 December 2022 ("FY2022"), representing an increase of approximately 3.33%. With reference to the 2022 Annual Report, such increase was mainly due to the fact that the Company adhered to design leadership and investment pulling, continuously promoted the entire industrial chain layout of urban rail transit and resource synergy, vigorously expanded the scope of design, survey and consultancy segment, strengthened the overall promotion of production and contract performance, and continuously enhanced its service capabilities with the completion of major projects including Winter Olympics branch lines on schedule, driving the Company's revenue to grow steadily.

The Group's profit for FY2022 was approximately RMB911 million, representing a slight increase of approximately 0.85% as compared to that of approximately RMB903 million for FY2021.

The Group's revenue from continuing operations was approximately RMB4,518 million for the six months ended 30 June 2023 ("1H2023"), representing a decrease of approximately 2.04% as compared to that for the corresponding period of 2022. With reference to the 2023 Interim Report, such decrease was mainly due to the slower efficiency of performance of projects of the Group compared to the corresponding period in 2022.

The Group's profit for 1H2023 was approximately RMB406 million, representing a decrease of approximately 14.60% as compared to that of approximately RMB475 million for the corresponding period of 2022.

As depicted in the above table, as at 30 June 2023, the Group's total assets and net assets were approximately RMB23,104 million and RMB7,135 million respectively.

With reference to the Company's announcement dated 21 November 2023 in relation to the correction to the consolidated financial reports, certain differences were identified by Da Hua Certified Public Accountants (Special General Partnership), the auditor engaged by the Company, during the course of their audit on the consolidated financial statements of the Group for the three years ended 31 December 2022 and the six months ended 30 June 2023 from the view of International Financial Reporting Standards, from those reported in the Company's previous annual reports and 2023 Interim Report. Please refer to the announcement regarding details of the correction of prior-period errors of the consolidated financial statements and the reasons thereof.

### **Information on the BUCG**

With reference to the Board Letter, BUCG is a wholly state-owned enterprise with limited liability established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, which is principally engaged in the businesses of construction contracting, real estate development and design and consultation. The ultimate beneficial owner of BUCG is the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. As at the Latest Practicable Date, BUCG held 42.34% of the Shares and is the controlling shareholder of the Company.

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## LETTER FROM GRAM CAPITAL

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### Information on BUCZT

With reference to the Board Letter, BUCZT is a joint stock company established in the PRC with limited liability on 10 October 2014, with principal business mainly centred on the urban rail transit cloud-based transportation automation system to provide research and development, production, sales of products such as communication system, signal system, integrated monitoring system, automatic fare collection system, screen door system and other related products and provide integration services in the urban rail transit industry.

Set out below are the audited consolidated financial information of BUCZT for the two years ended 31 December 2022 and the seven months ended 31 July 2023, prepared in accordance with the China Accounting Standards for Business Enterprises as extracted from the Board Letter:

	<b>For the seven months ended 31 July 2023</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	1,244,941	1,721,844	1,015,178
Total profit	41,799	75,997	68,553
Net profit	46,659	74,282	66,138
	<b>As at 31 July 2023</b>	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	2,737,680	2,366,558	1,202,144
Total liabilities	2,150,788	1,826,326	1,081,775
Net assets	586,891	540,232	120,369

According to the above table, total revenue of BUCZT and its subsidiaries (the “**BUCZT Group**”) was approximately RMB1,722 million for FY2022, representing an increase of approximately 69.61% as compared to that for FY2021. Despite the aforesaid increase in the total revenue for FY2022, BUCZT Group’s total profit and net profit increased by approximately 10.86% and 12.31% respectively, for FY2022 as compared to those for FY2021.

BUCZT Group’s net assets substantially increased from RMB120 million as at 31 December 2021 to RMB540 million as at 31 December 2022. As advised by the Directors, such increase was mainly due to the capital increase in BUCZT made by the then shareholders of BUCZT, details of which were set out in the Company’s circular dated 10 December 2021.

As at 31 July 2023, the BUCZT Group recorded total assets of approximately RMB2,738 million and net assets of approximately RMB587 million.



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## LETTER FROM GRAM CAPITAL

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### **Reasons for and benefits of the Equity Transfer**

With reference to the Board Letter, the entering into of the Equity Transfer Agreement is conducive to facilitating the Group's further focus on its principal business, and the Company can obtain funds through equity transfer to enhance efficiency of capital operation and allocation. Please refer to section headed "REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT" of the Board Letter for details.

With reference to the 2023 Interim Report, in the second half of 2023, the Company will firmly follow the general requirement of "stability", continue to adhere to the general idea of expanding design and consulting, strengthening construction contracting, and vigorously developing new businesses, strive to maintain a reasonable growth in quantity, accelerate the effective improvement of quality, promote the Group's transformation towards a resource allocation platform, and strive to develop a new path for high-quality development. The Company's specific management measures in the second half of 2023 include (1) continuing to upgrade and expand design and consultancy business; (2) fully promoting the exploration of the engineering construction market; (3) strengthening innovation-driven development and actively cultivating science and technology industrialization business; and (4) steadily promoting the implementation of key tasks and comprehensively ensuring the upgrading and development of enterprises.

We understood from the Directors that, as the principal business of BUCZT is mainly centred on the urban rail transit cloud-based transportation automation system, to provide research and development, production and sales of products such as communication system, signal system, integrated monitoring system, automatic fare collection system, screen door system and other related products and integration services in the urban rail transit industry, which are different to those of the Group, the Equity Transfer enables the Group to better allocate its resources to consolidate its core business of rail transit design.

As noted from the Board Letter, it is expected that the Company will recognise a gain of approximately RMB180 million from the Equity Transfer and the Company plans to use the proceeds from the Equity Transfer as general working capital.

Having considered the above reasons for and benefits of the Equity Transfer, we are of the view that although the Equity Transfer is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Equity Transfer**

Set out below are the principal terms for the Equity Transfer, details of which are set out under the section headed "II. THE EQUITY TRANSFER AGREEMENT" of the Board Letter.

#### *Date*

21 November 2023

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## LETTER FROM GRAM CAPITAL

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### *Parties*

Transferor: the Company

Transferee: BUCG

### *Transfer subject*

The Company will transfer 20% equity interest in BUCZT to BUCG.

### *Consideration and payment method*

The consideration for the transfer subject is RMB348,036,000, which shall be payable by installment payment. The transferee shall remit 60% of the transfer price (i.e. RMB208,821,600) to the settlement account designated by the transferor within 3 working days after the approval of the transferor's general meeting of shareholders, and the remaining transfer price (i.e. RMB139,214,400) shall be paid off within 30 days after the completion of the industrial and commercial change of the transfer of titles.

### *Valuation*

With reference to the Board Letter, the consideration for the equity transfer was based on the Valuation Report issued by the Independent Valuer.

To assess the fairness and reasonableness of the consideration for the Equity Transfer, we obtained and reviewed the Valuation Report. We noted from the Valuation Report that the Valuation as at 31 July 2023 was RMB1,740,180,000.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of the Independent Valuer; (ii) the Independent Valuer's qualification in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer for conducting the Valuation Report. From the mandate letter and other relevant information provided by the Independent Valuer and based on our interview with them, we noted that (i) the Independent Valuer is a valuation firm approved by the Beijing Municipal Bureau of Finance to conduct appraisal activities; (ii) the signatories of the Valuation Report are registered as a public valuer under China Appraisal Society. As such, we were satisfied with the terms of engagement of the Independent Valuer as well as their qualification for preparation of the Valuation Report.

Given that:

- (i) as required under provision four of 《資產評估基本準則》 (Asset Evaluation Standards – Basic Standards\*, the “**Valuation Standards**”) as issued by Ministry of Finance of the PRC and updated in 2017, asset appraisal institution and its professional staff shall carry out asset appraisal activities in accordance with provisions of laws and administrative regulations, uphold to the principle of independence, objectivity and impartiality;

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## LETTER FROM GRAM CAPITAL

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- (ii) as required under provision six of the Valuation Standards, when asset appraisal institution and its professional staff shall carry out asset appraisal activities, they should (a) perform independently in analysing, evaluating and forming their opinion; (b) not be affected by client or its relevant persons; and (c) not determine the value on pre-setting basis;
- (iii) 《資產評估職業道德準則–獨立性》 (Code of Professional Ethics for Asset Evaluation – Independence\*) as issued by China Appraisal Society in 2012 further elaborate and emphasis the independence of asset appraisal institution and certified valuers;
- (iv) based on the public information and the 2022 Annual Report, none of the shareholders of the Independent Valuer owned more than 10% equity interests in the Company and none of the substantial Shareholders were shareholders of the Independent Valuer as at 31 December 2022; and
- (v) upon our request, the Independent Valuer confirmed that they are independent to the Group, BUCZT and BUCG,

we are satisfied with the independence of the Independent Valuer in respect of the preparation of the Valuation Report.

In preparing the Valuation Report, the Independent Valuer concluded the Valuation by discounted cash flow method under income approach. With reference to the Valuation Report and as confirmed by the Independent Valuer, the Independent Valuer considered each of the fundamental valuation approaches and is of the view that:

- under asset-based approach, the appraisal value of the appraisee reflects the value of identifiable assets and liabilities of the company as at the valuation date. As BUCZT is able to provide, and the Independent Valuer is able to obtain information sufficient for the Independent Valuer to assess and appraise the assets and liabilities of BUCZT, and prepare the Valuation under asset-based approach, asset-based approach is applicable for the Valuation;
- under income approach, the appraisal value of the appraisee reflects the profitability of the appraisee and is determined by capitalising or discounting the future profitability of the appraisee. As BUCZT is able to generate profits independently with future profit forecast available for the Independent Valuer to prepare the Valuation, income approach is applicable for the Valuation; and
- under market approach, companies that are comparable to the appraisee or the transactions that are comparable to that being conducted are made reference to reflect the valuation of the appraisee. As the Independent Valuer could not obtain similar transaction and similar companies to BUCZT, market approach is not applicable for the Valuation.

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## LETTER FROM GRAM CAPITAL

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For our due diligence purpose:

- we attempted to search for companies listed on the Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange that are similar to BUCZT; or transactions which the target company is similar to BUCZT on Wind Financial Terminal. However, we are unable to identify sufficient companies that are similar to BUCZT or transactions which the target company is similar to BUCZT.
- we noted from the article “Discounted Cash Flow (DCF)” published by Corporate Finance Institute (“CFI”) (according to the website of CFI, CFI is the leading global provider of training and productivity tools for finance and banking professionals. CFI delivers the skills, certifications, continuing professional education credits, and resources to help anyone from beginner to seasoned pro to drive their career in finance and banking) that the discounted cash flow (under income approach) is an analysis method used to value investment by discount the estimated future cash flows and it is applicable to value a stock, company, project and many other assets or activity, as long as their future cash flows can be estimated.
- we noted from the article “Asset-Based Valuation” published by CFI that asset-based valuation is a form of valuation in business that focuses on the value of a company’s assets or the fair market value of its total assets after deducting liabilities. Asset-based approach is applicable for companies which are able to identify each asset and liability.

Given that (i) there are insufficient companies that are similar to BUCZT or transactions which the target company is similar to BUCZT; (ii) BUCZT was profit-making for each of FY2021, FY2022 and the seven months ended 31 July 2023 and the financial projection of BUCZT was available to the Independent Valuer to conduct the Valuation using income approach; and (iii) the audited financial statements of BUCZT as at the Valuation Date was available to the Independent Valuer to conduct the Valuation using asset-based approach, we concur with the Independent Valuer’s view that market approach is not applicable for the Valuation while asset-based approach and income approach are applicable for the Valuation.

We noted from the Valuation Report that, despite both asset-based approach and income approach are applicable for the Valuation, the Independent Valuer considered that (i) the valuation result under asset-based approach only reflects the fair market value of the assets and liabilities of the appraisee and does not comprehensively and reasonably reflects the profitability of these assets and the future growth potential of the enterprise; and (ii) the valuation result under income approach not only assess assets of the appraisee as presented on their financial statements, but also the resources controlled and owned by the appraisee which their contribution would be reflected in the future cash flows of the appraisee. As such, the Independent Valuer considered the valuation results under income approach are able to better reflect the overall growth potential and future profitability of the appraisee and thus concluded the Valuation using income approach.

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## LETTER FROM GRAM CAPITAL

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We also noted from the article “Asset-Based Valuation” published by CFI that asset-based approach disregards a company’s prospective earnings and the value of a company can be much higher as compared to the value of each of its existing assets. As such, we also concur with the Independent Valuer’s view that income approach is able to better reflect the overall growth potential and future profitability of the appraisee.

We also noted from the Valuation Report that the Valuation Report was prepared by the Independent Valuer in accordance with various requirements/standards, including 《資產評估基本準則》 (Asset Evaluation Standards – Basic Standards\*) as issued by the Ministry of Finance of the PRC. According to the 《資產評估基本準則》 (Asset Evaluation Standards – Basic Standards\*), (i) the fundamental valuation approaches of assets valuation include income approach, market approach and asset-based approach, and (ii) the valuer should analyse the applicability of the three fundamental valuation approaches and select valuation methodology.

Having considered that (i) the Valuation Report was prepared by the Independent Valuer in accordance with various requirements/standards; (ii) the reasons for not adopting market approach in the Valuation; and (iii) the reasons for concluding the Valuation using income approach despite both asset-based approach and income approach are applicable for the Valuation, we concur with the Independent Valuer on the adoption of income approach for concluding the Valuation.

As the Independent Valuer concluded the Valuation using income approach, it is stipulated under the Hong Kong Listing Rules that the Company is required to obtain:

- (i) a letter from the its auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report; and
- (ii) a report from the its financial advisers confirming that they are satisfied that the forecast has been made by the directors after due and careful enquiry. If no financial advisers have been appointed in connection with the transaction, the Company must provide a letter from the board of directors confirming they have made the forecast after due and careful enquiry.

We consider that the above stipulation of the Hong Kong Listing Rules could safeguard the interest of the Shareholders. We noted that (i) the Company’s auditor confirmed that in their opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions determined by the Directors and set out in the announcement in respect of the Equity Transfer; and (ii) the Board believes that the forecast is made after due and careful enquiry. Please refer to Appendix II and III to the Circular for details.

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## LETTER FROM GRAM CAPITAL

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### 1. Forecast period and terminal value

Upon our enquiry, we understood from the Independent Valuer that the forecast period of the estimated cash flows forecast was from 1 August 2023 up to 31 December 2028, with terminal value of no growth taking into account BUCZT's value into perpetuity beyond the aforesaid forecast period.

We further understood from the Independent Valuer that (i) it is common for the forecast period of the appraisee to cover five years from the valuation base date; and (ii) it is common for enterprise with no restriction on operating period to incorporate terminal value with constant growth rate to reflect the enterprise value on the assumption that such enterprise will continue to generate cash flows perpetually.

As the forecast period of the estimated cash flows forecast of BUCZT cover five full financial years of BUCZT; and as at the Valuation Date, there are no restrictions on the operating period of BUCZT and the terminal value of BUCZT was determined with no future growth after the forecast period, we are of the view that the forecast period and the terminal value adopted are reasonable.

### 2. Forecasted operating revenue

Upon our enquiry, we understood that:

- the forecasted operating revenue of BUCZT for the year ending 31 December 2023 represents the sum of (i) the actual operating revenue of BUCZT for the seven months ended 31 July 2023; and (ii) the forecasted operating revenue of BUCZT from 1 August 2023 to 31 December 2023; and
- the forecasted operating revenue of BUCZT for each of the five years ending 31 December 2028 was formulated based on (i) the forecast operating revenue of BUCZT for the year ending 31 December 2023; and (ii) the estimated annual growth rate of 15%.

To assess the fairness and reasonableness of the forecasted operating revenue, we obtained (i) the list of projects which BUCZT as at 31 July 2023; and (ii) historical operating revenue of BUCZT for the three years ended 31 December 2022 and for the seven months ended 31 July 2023. We noted that the forecasted operating revenue of BUCZT for the period from 1 August 2023 up to 31 December 2023 was formulated based on the expected operating revenue to be generated from existing projects, projects which BUCZT was successfully awarded the tender and new projects into which BUCZT is expected to enter; and the estimated progress of each project by the end of 2023.

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## LETTER FROM GRAM CAPITAL

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In respect of the estimated growth rate of 15% adopted in formulating the forecasted operating revenue of BUCZT for each of the five years ending 31 December 2028, we noted that such growth rate approximates to the estimated operating revenue growth of BUCZT of approximately 14.50% for the year ending 31 December 2023 as compared to the historical operating revenue of BUCZT for FY2022.

As such, we consider the forecasted operating revenue of BUCZT for the forecast period to be justifiable.

### 3. Forecasted operating costs

Upon our enquiry, we understood that the forecasted operating costs of BUCZT were formulated with reference to the historical gross profit margin of BUCZT.

We noted that the historical gross profit margin of BUCZT was approximately 32.91%, 27.00%, 25.93% and 25.43% for the year ended 31 December 2020, FY2021, FY2022 and for the seven months ended 31 July 2023, respectively. The forecasted gross margin for the year ending 31 December 2023 was approximately 25.51%, projected based on the average gross margin for FY2022 and for the seven months ended 31 July 2023 and representing a decrease in gross profit margin of approximately 0.4 percentage points as compared to that for FY2022; while the forecasted gross margins for each of the five years ending 31 December 2028 are projected to decrease by 0.5 percentage points for each year.

We understood from the Directors that such diminishing gross profit margins was adopted by the management of BUCZT after considering the expected increase in business scale of BUCZT in the future, which may lower the gross profit margins.

Based on the above, we consider the forecasted operating costs of BUCZT for the forecast period to be justifiable.

### 3. Forecasted expenses

Upon our enquiry, we understood that the forecasted expenses were formulated with reference to the historical level of expenses of BUCZT. Based on the historical financial information of BUCZT and the forecasted profit of BUCZT for the forecast period, we noted that the implied net profit margins of BUCZT for the forecast period ranged from approximately 3.02% to 4.83%, which were at similar level as the historical net profit margin of BUCZT ranging from approximately 4.12% to 6.51% for the three years ended 31 December 2022 and for the seven months ended 31 July 2023.

As such, we consider the forecasted expenses of BUCZT for the forecast period to be justifiable.



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## LETTER FROM GRAM CAPITAL

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#### 4. Discount rate

Upon our enquiry, we understood that the discount rate applied to the Valuation was 8.58%, representing the weighted average costs of capital of BUCZT. To assess the fairness and reasonableness of the discount rate, we obtained from the Independent Valuer the relevant calculation.

We noted that the Independent Valuer adopted capital asset pricing model (“CAPM”) to assess the cost of equity of BUCZT. In arriving at the cost of equity, the Independent Valuer took into account (i) risk-free rate; (ii) market risk premium; (iii) beta; and (iv) specific risk premium.

For our due diligence purposes, we performed the following works:

- We noted from the article “Capital Asset Pricing Model (CAPM)” published by CFI that the CAPM formula is widely used in the finance industry and it is vital in calculating the weighted average cost of capital, as CAPM computes the cost of equity.
- We noted that the Independent Valuer adopted the risk-free rate of 2.66% in the Valuation, which was determined with reference to the return yield of 10-year PRC government bonds as at the Valuation Date as published on the website of China Appraisal Society. We cross-checked the yield of 10-year PRC government bonds as at the Valuation Date on the website of China Central Depository & Clearing Co., Ltd. (“CCDC”) and noted that the risk-free rate adopted by the Independent Valuer is consistent to that published by CCDC.
- We obtained the list of comparable companies used for the calculation of re-levered beta and searched for the unlevered beta of these selected comparable companies through Wind Financial Terminal. We noted that the beta adopted by the Independent Valuer was in line with those as extracted from Wind Financial Terminal. We understood from the Independent Valuer that the Independent Valuer selected companies which (i) have been listed on mainboards or SZSE ChiNext Market of PRC stock exchange for at least two years from the Valuation Date; (ii) have similar business activities as BUCZT. As confirmed by the Independent Valuer, such selected companies are exhaustive based on the Independent Valuer’s selection criteria and to their best endeavour. We consider the comparable companies adopted by the Independent Valuer are comparable to BUCZT based on their principal business (i.e. the development and sales of transportation automated systems). Set out below are details of the comparable companies and their unlevered beta, as extracted from Wind Financial Terminal:

<b>Comparable companies</b>	<b>Principal business</b>	<b>Unlevered beta</b>
Beijing Jiaxun Feihong Electrical Co., Ltd. (SZ300213)	Provision of comprehensive solutions for intelligent command and dispatch industry chain in the field of transportation, national defence, governmental and others	0.8160



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## LETTER FROM GRAM CAPITAL

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Comparable companies	Principal business	Unlevered beta
Beijing Dinghan Technology Group Co., Ltd. (SZ300011)	Research, development, production, sale and maintenance of various electrified high-end rail transit equipment and provision of intelligent solutions	0.4333
Henan Splendor Science & Technology Co., Ltd. (SZ002296)	Research and development, production, sales, installation and maintenance of high-end rail transportation equipment	0.4925
	<b>Average:</b>	<b>0.5806</b>

- We noted that the unlevered beta adopted by the Independent Valuer for the purpose of computing the re-levered beta as set out above were in line with those as extracted from Wind Financial Terminal. We also noted from the calculation of discount rate that the Independent Valuer calculated the re-levered beta in accordance with the formula for the calculation of re-levered beta as set out in the article “Unlevered Beta/Asset Beta” published by CFI.
- We noted that the Independent Valuer adopted the market risk premium of 7.21% in the Valuation, which was determined with reference to the SSE Composite Index and The Shenzhen Composite Index.
- We noted that the Independent Valuer adopted the specific risk premium of 2% in the Valuation, which was comprehensively considered by the Independent Valuer based on factors such as asset size, operating environment, market competitiveness, reliance on major customers and suppliers, corporate governance and capital structure of BUCZT.

In respect of cost of debt, we noted that the Independent Valuer adopted BUCZT’s weighted average interest rate of its interest-bearing liabilities as at the Valuation Date.

In light of the above, we consider the discount rate adopted by the Independent Valuer is fair and reasonable.

Based on the above and information/documents (e.g. explanation to key factors, calculations, etc.) in respect of the valuation provided to us by the Independent Valuer and/or the Company and having considered the Independent Valuer’s qualification and experience, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Valuation (including interest-bearing liabilities and non-operating assets and liabilities).

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## LETTER FROM GRAM CAPITAL

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Having also considered our due diligence work on the Valuation Report as mentioned above, we consider that principal bases and assumptions adopted in the Valuation are reasonable.

The consideration of the Equity Transfer equals 20% of the Valuation. Accordingly, we consider the consideration of the Equity Transfer to be fair and reasonable.

### **Possible financial effects of the Equity Transfer**

With reference to the Board Letter, after completion of the Equity Transfer, the Company's shareholding in BUCZT will decrease from 30.83% to 10.83%. Based on the Equity Transfer, it is expected that the Company will recognize a gain of approximately RMB180 million.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Equity Transfer.

### **RECOMMENDATION**

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Equity Transfer are on normal commercial terms and are fair and reasonable; and (ii) although the Equity Transfer is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Equity Transfer and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

\* *for identification purpose only*

**ASSET VALUATION REPORT ON THE PROPOSED TRANSFER OF  
EQUITY INTEREST IN BEIJING URBAN CONSTRUCTION ZHIKONG  
TECHNOLOGY CO., LTD. BY BEIJING URBAN CONSTRUCTION DESIGN  
& DEVELOPMENT GROUP CO., LIMITED**

Zhong Zhi Cheng Ping Bao Zi 2023 No. 0207

**Beijing Urban Construction Design & Development Group Co., Limited,**

Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. (北京中致成國際資產評估有限公司) accepts the engagement of the Company and appraises the market value of all shareholders' equities of Beijing Urban Construction Zhikong Technology Co., Ltd. involved in the proposed transfer of equity interest in Beijing Urban Construction Zhikong Technology Co., Ltd. by Beijing Urban Construction Design & Development Group Co., Limited as at 31 July 2023 in accordance with laws, administrative regulations and asset valuation standards in the principle of independence, objectivity and fairness based on necessary valuation procedures by adopting the asset-based approach and the income approach. The asset valuation is reported as follows.

**I. OVERVIEW OF THE CLIENT, THE APPRAISED ENTITY AND OTHER ASSET VALUATION REPORT USERS AGREED IN THE ENGAGEMENT CONTRACT ON ASSET VALUATION**

**(I) Overview of the Client**

Company Name:	Beijing Urban Construction Design & Development Group Co., Limited
Registered Office:	5 Fuchengmen North Street, Xicheng District, Beijing
Legal Representative:	Pei Hongwei
Registered Capital:	RMB1,348,670,000
Type of Company:	Other joint stock company with limited liability (listed)
Date of Establishment:	1 August 1990
Unified Social Credit Code:	91110000101360785M

## Scope of Business:

Engineering survey; engineering design; internet information services; engineering consulting; engineering cost consulting; foreign labour service cooperation; general contractor; specialist contractor; labour subcontractor; construction design review; planning and management; technology development, technology transfer, technology services and technology consulting; investment management; property management; import and export of goods; import and export of technologies; agency for import and export; design, manufacture, agency and advertising; educational consultation (excluding intermediaries and education institutions); hosting exhibition and presentation activities; conference services; economic and trade consultation; product design; software development; computer system services; sales of railway rolling stock (including electric multiple units), urban rail transit vehicles, machinery equipment, electronic products, electrical appliances, environmental protection equipment, computer, software and ancillary equipment, communication devices, metal materials, and security technology products; leasing of machinery equipment; project management; water pollution control; infrastructure software services; and data processing (excluding bank card center in data processing and cloud computing data center with the PUE value above 1.5) (The market entity shall independently select operational projects and carry out business activities in accordance with the law. The internet information services, engineering survey, engineering design and other fields that require approval in accordance with the law shall be subject to the business scope approved by the relevant authorities. The market entity shall not carry out business activities prohibited and restricted by the industrial policies of the state and the city.)

**(II) Overview of the Appraised Entity****I. Basic information**

Company Name:	Beijing Urban Construction Zhikong Technology Co., Ltd.
Registered Office:	Room 101, Building 1, No.1 Renheyuan, Shunyi District, Beijing
Legal Representative:	Zhang Hui
Registered Capital:	RMB136,243,500
Paid-up Capital:	RMB136,243,500
Type of Company:	Other joint stock company with limited liability (unlisted)
Date of Establishment:	10 October 2014
Term of Operation:	10 October 2014 to permanent
Unified Social Credit Code:	91110106318033523L
Scope of Business:	Technology consulting, technology services, technology transfer and technology development; product design; specialist contractor; general contractor; software development; computer system services; integrated services on rail transport communication and signal systems; import and export of goods; import and export of technologies; sales of machinery equipment, metal materials (excluding calcium carbide and iron alloy), rubber products, plastic products, computer software and ancillary equipment (excluding special safety products for computer information systems), electronic products, instruments and apparatus, transport facilities, social public safety equipment, moulds, communication equipment, fire-fighting equipment; leasing of machinery equipment; leasing of construction and engineering machinery equipment; manufacturing of urban rail transit equipment; social public safety equipment and equipment manufacturing; manufacturing of industrial automatic control system; manufacturing of railway specialised equipment; internet of things (IoT) technology services; big data application and services; engineering survey; and engineering design. (The market entity shall independently select operational projects and carry out business activities in accordance with the law. The engineering survey, engineering design and other fields that require approval in accordance with the law shall be subject to the business scope approved by the relevant authorities. The market entity shall not carry out business activities prohibited and restricted by the industrial policies of the state and the city.)

## 2. History

Zhikong Technology was established on 10 October 2014 and its shareholding structure upon its establishment was as follows:

*Unit of Amount: RMB'0,000*

No.	Name of shareholders	Paid-in capital contribution	Shareholding proportion
1	Beijing Urban Construction Design & Development Group Co., Limited	1,800.00	60.00%
2	Beijing Urban Construction Installation Group Co., Ltd.	1,200.00	40.00%
	<b>Total</b>	<b>3,000.00</b>	<b>100.00%</b>

On 27 April 2021, Beijing Urban Construction Group Co., Ltd. acquired 30% equity interests in Beijing Urban Construction Installation Group Co., Ltd. Its shareholding structure after the change was as follows:

*Unit of Amount: RMB'0,000*

No.	Name of shareholders	Paid-in capital contribution	Shareholding proportion
1	Beijing Urban Construction Group Co., Ltd.	900.00	30.00%
2	Beijing Urban Construction Design & Development Group Co., Limited	1,800.00	60.00%
3	Beijing Urban Construction Installation Group Co., Ltd.	300.00	10.00%
	<b>Total</b>	<b>3,000.00</b>	<b>100.00%</b>

On 30 September 2021, the registered capital of Beijing Urban Construction Zhikong Technology Co., Ltd. was increased to RMB70 million. Its shareholding structure after the increase in registered capital was as follows:

*Unit of Amount: RMB'0,000*

No.	Name of shareholders	Paid-in capital contribution	Shareholding proportion
1	Beijing Urban Construction Group Co., Ltd.	2,100.00	30.00%
2	Beijing Urban Construction Design & Development Group Co., Limited	4,200.00	60.00%
3	Beijing Urban Construction Installation Group Co., Ltd.	700.00	10.00%
	<b>Total</b>	<b>7,000.00</b>	<b>100.00%</b>

On 7 January 2022, Beijing Urban Construction Zhikong Technology Co., Ltd. identified Fuzhou Metro Group Co., Ltd. and Jiaxing Hezheng Chengzhi Equity Investment Partnership (Limited Partnership) as external investors of the Capital Increase through public tender on China Beijing Equity Exchange. Beijing Chengke Yunchuang Enterprise Management Partnership (Limited Partnership), an employee stock ownership platform, and the original shareholder Beijing Urban Construction Group Co., Ltd. simultaneously increased their capital through a private means. After the Capital Increase, the registered capital of the Company will increase from RMB70 million to RMB136,243,500. Its shareholding structure after the Capital Increase was as follows:

*Unit of Amount: RMB'0,000*

No.	Name of shareholders	Paid-in capital contribution	Shareholding proportion
1	Beijing Urban Construction Group Co., Ltd.	4,888.30	35.88%
2	Beijing Urban Construction Design & Development Group Co., Limited	4,200.00	30.83%
3	Beijing Urban Construction Installation Group Co., Ltd.	700.00	5.14%
4	Beijing Chengke Yunchuang Enterprise Management Partnership (Limited Partnership)	1,722.05	12.64%
5	Fuzhou Metro Group Co., Ltd.	1,568.00	11.51%
6	Jiaxing Hezheng Chengzhi Equity Investment Partnership (Limited Partnership)	546.00	4.01%
	<b>Total</b>	<b>13,624.35</b>	<b>100.00%</b>

As of 31 July 2023, being the valuation base date, the shareholding structure of Beijing Urban Construction Zhikong Technology Co., Ltd. was as follows:

**Table of Shareholding Structure**

*Unit of Amount: RMB'0,000*

No.	Name of shareholders	Paid-in capital contribution	Proportion of paid-in capital contribution
1	Beijing Urban Construction Group Co., Ltd.	4,888.30	35.88%

No.	Name of shareholders	Paid-in capital contribution	Proportion of paid-in capital contribution
2	Beijing Urban Construction Design & Development Group Co., Limited	4,200.00	30.83%
3	Beijing Urban Construction Installation Group Co., Ltd.	700.00	5.14%
4	Beijing Chengke Yunchuang Enterprise Management Partnership (Limited Partnership)	1,722.05	12.64%
5	Fuzhou Metro Group Co., Ltd.	1,568.00	11.51%
6	Jiaxing Hezheng Chengzhi Equity Investment Partnership (Limited Partnership)	546.00	4.01%
	<b>Total</b>	<b>13,624.35</b>	<b>100.00%</b>

### 3. Statement of financial position and operating results

#### Statement of Financial Position of the Parent Company

Unit of Amount: RMB'0,000

Item	2020.12.31	2021.12.31	2022.12.31	2023.07.31
Current assets	73,058.92	109,854.95	213,469.00	249,308.99
Non-current assets	6,519.46	10,359.45	19,802.73	22,317.13
Long-term equity investments	0.00	0.00	765.00	765.00
Fixed assets	628.08	3,359.24	3,074.51	4,373.37
Construction in progress	0.00	501.39	188.68	1,170.39
Intangible assets	201.40	114.59	191.73	378.51
<b>Total assets</b>	<b>79,578.37</b>	<b>120,214.40</b>	<b>233,271.73</b>	<b>271,626.12</b>
Current liabilities	62,688.56	105,684.62	172,871.42	208,644.10
Non-current liabilities	12,236.00	3,019.97	7,262.97	4,716.78
<b>Total liabilities</b>	<b>74,924.57</b>	<b>108,704.60</b>	<b>180,134.38</b>	<b>213,360.88</b>
<b>Net assets</b>	<b>4,653.80</b>	<b>11,509.81</b>	<b>53,137.34</b>	<b>58,265.25</b>



## Statement of Operating Results of the Parent Company

Unit of Amount: RMB'0,000

Item	2020	2021	2022	January- July 2023
<b>I. Total revenue</b>	<b>55,297.44</b>	<b>101,517.80</b>	<b>166,360.42</b>	<b>124,492.65</b>
Less: operating costs	37,100.38	74,105.57	123,228.84	92,837.68
Business taxes and surcharges	60.37	152.11	417.72	427.02
Cost of sales	2,035.24	2,737.73	4,640.62	2,825.51
General and administrative expenses	4,968.37	7,069.15	11,644.41	8,713.69
Research and development expenses	4,843.65	8,137.24	12,285.52	9,737.79
Finance costs	567.43	642.32	1,608.11	1,033.13
Add: other income	64.53	26.15	6.47	472.82
Credit impairment losses	-1,904.70	-1,472.53	-4,716.66	-2,097.25
Impairment losses on assets	-248.51	-344.68	-473.72	-2,645.21
<b>II. Operating profit</b>	<b>3,633.31</b>	<b>6,882.61</b>	<b>7,351.29</b>	<b>4,648.17</b>
Add: non-operating income	0.03	1.46	0.66	5.00
Less: non-operating expenses	0.00	28.76	80.34	6.24
<b>III. Total profit</b>	<b>3,633.34</b>	<b>6,855.30</b>	<b>7,271.61</b>	<b>4,646.94</b>
Less: income tax expense	233.77	241.46	-5.73	-480.96
<b>IV. Net profit</b>	<b>3,399.57</b>	<b>6,613.84</b>	<b>7,277.34</b>	<b>5,127.90</b>

## Consolidated Statement of Financial Position

Unit of Amount: RMB'0,000

Item	2022.12.31	2023.07.31
Current assets	218,049.53	251,875.72
Non-current assets	18,606.29	21,892.26
Fixed assets	3,097.46	4,689.77
Construction in progress	188.68	1,170.39
Intangible assets	191.73	378.51
<b>Total assets</b>	<b>236,655.83</b>	<b>273,767.98</b>
Current liabilities	175,364.74	210,107.15
Non-current liabilities	7,267.84	4,971.69
<b>Total liabilities</b>	<b>182,632.58</b>	<b>215,078.84</b>
<b>Net assets</b>	<b>54,023.25</b>	<b>58,689.14</b>

## Consolidated Statement of Operating Results

Unit of Amount: RMB'0,000

Item	2022	January-July 2023
<b>I. Total revenue</b>	<b>172,184.36</b>	<b>124,494.11</b>
Less: operating costs	128,273.34	92,750.45
Business taxes and surcharges	417.91	477.03
Cost of sales	4,694.60	2,947.54
General and administrative expenses	11,843.32	8,862.06
Research and development expenses	12,385.51	10,021.96
Finance costs	1,599.17	647.13
Add: other income	6.47	473.57
Credit impairment losses	-4,823.93	-2,048.99
Impairment losses on assets	-473.72	-2,645.21
<b>II. Operating profit</b>	<b>7,679.34</b>	<b>4,181.17</b>
Add: non-operating income	0.66	5.00
Less: non-operating expenses	80.34	6.24
<b>III. Total profit</b>	<b>7,599.65</b>	<b>4,179.93</b>
Less: income tax expense	171.41	-485.96
<b>IV. Net profit</b>	<b>7,428.24</b>	<b>4,665.89</b>

The following table sets out the audit result of the financial data presented in the above table:

Item	2020	2021	2022	January-July 2023
Auditor	Da Hua Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Audit report number	Da Hua Shen Zi No. 20220018209	Da Hua Shen Zi No. 20220018210	Da Hua Shen Zi No. 20230021403	Da Hua Shen Zi No. 20230021403
Audit opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion

4. *Qualifications of the company*

No.	Permits/qualifications	Certificate no.	Certificate issuer	Expiry date
1	High and New Tech Enterprise Certificate	GR202211008583	Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration	2025.12.30
2	IT Service Management Systems Certificate	00119ITSM0117R0CN/1100	China Quality Certification Centre	2025.07.28
3	Information Security Management Systems Certificate	00119IS20207R0M/1100	China Quality Certification Centre	2025.07.28
4	Information Technology Service Standards Qualification Certificate	ITSS-YW-3-110020201124	Information Technology Service Commission, China Electronics Standardization Association	2023.12.21
5	SIL2 Certificate for Urban Rail Transit Automated Integrated System based on Cloud Platform	ERS.0002.SYST	EUROPEANINSPECTIONAND CERTIFICATIONCOMPANYS.A.	–
6	SIL2 Certificate for Software of Urban Rail Transit Automated Integrated System based on Cloud Platform	ERS.0002.SW	EUROPEANINSPECTIONAND CERTIFICATIONCOMPANYS.A.	–
7	SIL2 Qualification Certificate for Application Software of ATS System	CER-1012821712001001,V1.0	TÜV NORD (Hangzhou) Co. Ltd.	–
8	CURC Certification for ATS Sub-system	CURC-CGC-21-XH010201-011	China General Certification Center Co., Ltd.	2026/6/21
9	Certificate for General Application of ISCS-S-01S in Software Platform V1.0.0.0 of Urban Rail Transit Comprehensive Monitoring System	ERS.0009	European Inspection and Certification Company SA	–
10	SIL2 Certificate for General Application of TCMS Software System	SHA20034CE001	TUV RHEINLAND	–

No.	Permits/qualifications	Certificate no.	Certificate issuer	Expiry date
11	General Application of ATO-S-01TV1.0.0 in ATO System of New Light Rail Train Control On-board System	20CJ13CE001	TUV RHEINLAND	-
12	General Application of ATP-S-01TV1.0.0 in ATP System of New Light Rail Train Control On-board System	20CJ12CE001	TUV RHEINLAND	-
13	General Application of LC-S-01TV1.0.0 in Ground LC System of New Light Rail Train Control System	20CJ11CE001	TUV RHEINLAND	-
14	On-board Safety Computing Platform of New Light Rail Train Control System, Baseline iLRTC-C-01TV1.0.0	20CJ15CE001	TUV RHEINLAND	-
15	Production Safety License	(Jing) JZ An Xu Zheng Zi [2020] 015291	Beijing Municipal Commission of Housing and Urban-rural Development	2023.12.14
16	Beijing Municipal's "Specialised, Unique and New" Small and Medium-Sized Enterprise	2022ZJTX0590	Beijing Municipal Bureau of Economy and Information Technology	2025.3
17	Beijing Municipal New Technology and New Products (Service)	XCP2020DZ0818	Beijing Municipal Science & Technology Commission, Beijing Municipal Commission of Development and Reform, Beijing Municipal Bureau of Economy and Information Technology, Beijing Municipal Commission of Housing and Urban-rural Development, Beijing Municipal Administration for Market Regulation, Administrative Commission of Zhongguancun Science Park	2023.12.
18	Zhongguancun High-tech Enterprise Certification	20222140125401	Administrative Commission of Zhongguancun Science Park	2024.3.9

No.	Permits/qualifications	Certificate no.	Certificate issuer	Expiry date
19	CMMI5 Certificate	Nil	CMMIINSTITUTEPARTNER	2024.09.14
20	Quality Management Systems Certificate	02722Q10028R3M	Beijing ZhongShe Certification Services Co., Ltd	2025.04.24
21	Environmental Management System Certificate	02722E10016R2M	Beijing ZhongShe Certification Services Co., Ltd	2025.04.24
22	Environmental Management System Certificate	2422E10016R2M	Beijing ZhongShe Certification Services Co., Ltd	2025.04.24
23	Occupational Health and Safety Management Systems Certificate	02722S10015R2M	Beijing ZhongShe Certification Services Co., Ltd	2025.04.24
24	Intellectual Property Pilot Unit	-	Beijing Municipal Intellectual Property Office	-

### 5. Overview of the research and development of the appraised entity

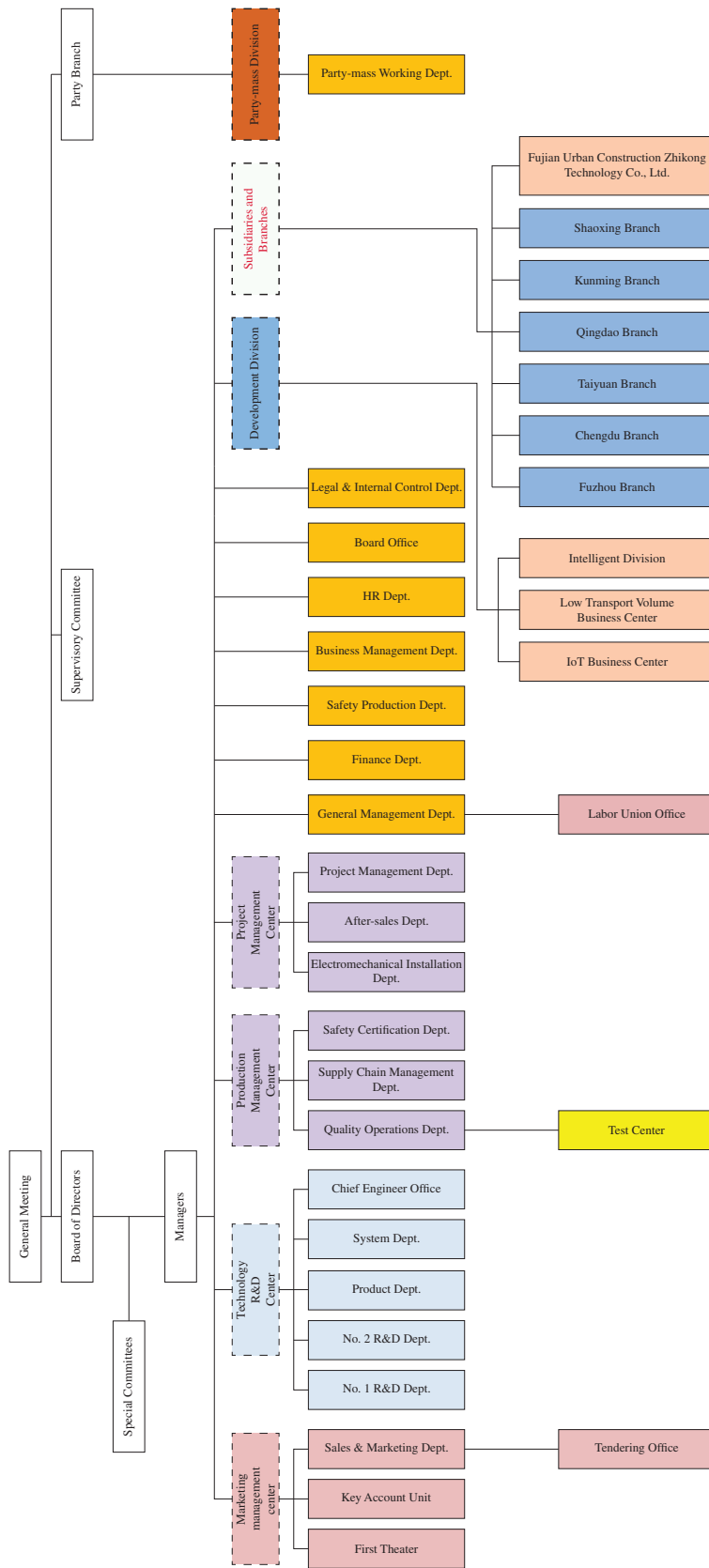
The appraised entity, as a customized comprehensive solution provider in the fields of “digital transportation” and “intelligent urban rail” within the system of Beijing Urban Construction Group, has deeply involved in the construction of urban rail transit projects. In the early stage of development, the company has undertaken key national and provincial tram projects in the central city clusters of southern Yunnan, Delingha, Qinghai and other places, as well as the first cloud-based intelligent urban rail transit system in the industry, namely the Kunming Urban Rail Transit Line 4 project. Through these projects, the company’s professional and technical personnel have accumulated rich experience in the technology of specialised urban rail transit system integration, they also conducted research and development based on relevant experience, gradually establishing a series of achievements in patents and software copyrights. The application of these achievements to projects has driven the rapid development of technology industrialisation. The company has obtained multiple patents and software copyrights.

The company has taken the lead in deploying the field of “urban rail cloud” since the concept was proposed in the industry. Centering on the “urban rail cloud” direction, the company strives to provide customized comprehensive solutions for urban rail transit based on “cloud-edge-end” collaboration. Its solutions, with the “intelligent control integrated machine” as its core, break the traditional “information island” of urban rail transit subsystems, significantly improve the interconnection level of various subsystems of specialised urban rail transit systems, reduce the construction land area of relevant equipment rooms, and reduce subsequent system operation and maintenance costs, truly achieving cost reduction and efficiency enhancement.

On the basis of integrating specialised systems and achieving data sharing, the comprehensive solution for specialised systems provided by the appraised entity can realize unified planning, deployment, and linkage of urban rail transit of multiple lines and specialties through the application of advanced information technologies such as cloud computing and big data. More innovative businesses can be created in combination of relevant technologies in the future, which will facilitate the conduction of subway safety, passenger services, precise scheduling and other services.

The achievements of the appraised entity, such as “urban rail transit integrated automation system based on cloud platform”, “intelligent control system for trams based on cloud platform”, and “design and implementation of edge cloud based on intelligent control integrated machine”, have successively received awards from multiple industry associations, including the Beijing Municipal Science & Technology Commission, the China Association of Metros, the Beijing Rail Transit Society, the China Association of Plant Engineering, and the China Civil Engineering Society.

6. Organization structure of the appraised entity



### **7. Talent profile of the appraised entity**

The field of urban rail transit specialised system equipment involves various disciplines such as electrical and automation, software, algorithm engineering, etc. It presents strong professional barriers, demanding a high level of talent and research and development expertise. The appraised entity consistently regards the construction of its talent pool as a crucial strategic element for company development. As of the end of 2022, the appraised entity has a total of 249 research and development personnel, accounting for 31.48% of the total company workforce. Four individuals are recognized as core technical personnel, who possess years of experience in the urban rail transit specialised system industry and have taken on significant roles in the implementation of several crucial projects of the company. They have a profound understanding of industry technological trends and project requirements. In conclusion, the company's substantial reserve of professional talent ensures its capability to conduct technical research and development, implement high-quality projects, and safeguard the healthy future development of the company.

### **(III) Other Valuation Report Users Agreed in the Engagement Contract on Asset Valuation**

There are no other users of this report in accordance with the engagement contract on asset valuation.

### **(IV) Relationship between the Client and the Appraised Entity**

The appraised entity, Beijing Urban Construction Zhikong Technology Co., Ltd., is an associate company of the client, Beijing Urban Construction Design & Development Group Co., Limited.

## **II. VALUATION PURPOSE**

According to UCD Dang Hui Ji Yao 2023 No. 9 and UCD Hui Fa 2023 No. 6, Beijing Urban Construction Design & Development Group Co., Limited proposes transfer equity interests in Beijing Urban Construction Zhikong Technology Co., Ltd., which requires valuation on all shareholders' equity interests in Beijing Urban Construction Zhikong Technology Co., Ltd. for providing value reference to such economic activity.

## **III. SUBJECT AND SCOPE OF VALUATION**

### **(I) Subject of valuation**

The value of all shareholders' equity interests in Beijing Urban Construction Zhikong Technology Co., Ltd.



**(II) Scope of valuation**

The scope of valuation is all assets and liabilities of Beijing Urban Construction Zhikong Technology Co., Ltd. as at valuation base date. The book value of total assets, liabilities and net assets is RMB2,716,261,238, RMB2,133,608,782 and RMB582,652,456, respectively. The book value of various assets and liabilities are as follows:

**Summary sheet of reporting asset valuation**

*Unit of Amount: RMB'0,000*

<b>No.</b>	<b>Item</b>	<b>Book value</b>
I	Current assets	249,308.9946
II	Non-current assets	22,317.1292
1	Long-term equity investments	765.0000
2	Fixed assets	4,373.3689
3	Construction in progress	1,170.3918
4	Intangible assets	378.5129
5	Other non-current assets	15,629.8556
<b>III</b>	<b>Total assets</b>	<b>271,626.1238</b>
IV	Current liabilities	208,644.0953
V	Non-current liabilities	4,716.7829
<b>VI</b>	<b>Total liabilities</b>	<b>213,360.8782</b>
<b>VII</b>	<b>Net assets (owner's equity)</b>	<b>58,265.2456</b>

1. The client and the appraised entity have undertaken that the subject and scope of valuation entrusted are consistent with those involved in the economic activity, and have been audited by Da Hua Certified Public Accountants LLP, which has issued a standard and unqualified auditor's report (Da Hua Shen Zi No. 20230021403).

**2. Overview of major assets of the appraised entity**

The physical assets declared by the enterprise and included in the scope of valuation include: long-term equity investment, inventories, equipment assets and construction in progress. The types and characteristics of the assets are as follows:

*(I) Long-term equity investment*

The long-term equity investment refers to Fujian Urban Construction Zhikong Technology Co., Ltd., which is established on 14 June 2022 and located in Minhou County, Fujian Province. Beijing Urban Construction Zhikong Technology Co., Ltd., being the holding unit, owns 51% equity interest in Fujian Urban Construction Zhikong Technology Co., Ltd.

*(II) Inventories*

Inventories consist of raw materials, materials for consigned processing and construction in progress.

There are a total of 693 items of raw materials, mainly including electronic parts and components and chips. They are stored in warehouses and are under normal use.

There are a total of 1179 items of materials for consigned processing, mainly including ATO backplanes for new light rail train control systems and CPU card boards. They are stored in each outsourced warehouse.

There are a total of 53 items of construction in progress, which are in progress and within the warranty period, and are stored at the construction site.

*(III) Machinery and equipment assets*

The equipment assets included in the scope of valuation are mainly purchased and put into use from 2017 to 2023, and are stored in the office area of Beijing Urban Construction Zhikong Technology Co., Ltd. The machinery and equipment mainly include computers, driver display units and radars for automatic train protection systems, and are under normal use; the electronic equipment is mainly the electronic equipment necessary for the daily office of the enterprise, mainly including laptops, monitors and office furniture. Being under unified management, the equipment of the enterprise is regularly repaired, well maintained and in a good working condition except for a small number of assets that are scrapped and disposed of.

*(IV) Construction in progress*

The construction in progress included in the scope of valuation is the equipment installation project, which is to install items onto the completed equipment.

**3. Off-balance assets declared by the enterprise**

The off-balance intangible assets declared by the enterprise include 34 invention patents, 3 utility models, 126 software copyrights and 41 trademarks, with details as follows:

*(1) Invention patents*

No.	Name of Invention Patents	Application No.	Application Date	Patent Status	Patentee
1	Turnout control devices	201510920403.2	2015-12-11	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
2	Signal light control devices	201510920761.3	2015-12-11	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Invention Patents	Application No.	Application Date	Patent Status	Patentee
3	Computer chain core control equipment	201710375316.2	2017-05-24	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
4	Distributed intellisense controllers	201910931598.9	2019-09-29	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
5	Distributed intellisense control system and method for microservice architecture data center	201910931991.8	2019-09-29	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
6	Distributed data storage method and device based on data feature pooling	201910906536.2	2019-09-24	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
7	A modular relay routing device	201911146572.X	2019-11-21	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
8	A master/standby switching system of computer chain subsystem based on heartbeat messages	202110463467.X	2021-04-28	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
9	Standby power amplifier switching circuit, method and broadcast system	202011455406.0	2020-12-10	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
10	Loudspeaker line fault detection method and device and audio playback equipment	202011542882.6	2020-12-22	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
11	Train safety control system	202011229854.9	2020-11-06	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
12	Environmental monitoring and control equipment	201911005660.8	2019-10-22	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
13	A test method based on RSSP-I protocol	202110332992.8	2021-03-30	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
14	Real-time data processing method of microcomputer monitoring system based on multi-process architecture	202110319194.1	2021-03-25	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Invention Patents	Application No.	Application Date	Patent Status	Patentee
15	Electronic map data generation method and system based on forward sequence estimation and backward sequence check	202110320712.1	2021-03-25	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
16	A distributed central station integrated urban rail cloud architecture system	202110334169.0	2021-03-30	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
17	A train safety protection method and system based on cooperative formation	202111344529.1	2021-11-15	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
18	CAN bus baud rate self-configuring method and system	202011529341.X	2020-12-22	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
19	A method and device for determining the continuous pressure occupation of a logical section	202111344086.6	2021-11-15	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
20	A train hop stop control system and method	202111035325.X	2021-09-06	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
21	Equipment fault storage system and method for rail vehicle control and management system	202210738602.1	2022-06-28	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
22	Method of backward hop locking based on a fully automatic system	202211112522.1	2022-09-14	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
23	A peak staggering regulation method and system based on the constant power of the calculation department	202211315622.4	2022-10-26	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
24	Method of determining the detention time due to failure delay	202211264650.8	2022-10-18	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Invention Patents	Application No.	Application Date	Patent Status	Patentee
25	An automatic networking method and system of an integrated rail transit machine	202210943231.0	2022-08-08	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
26	An image quality correction method based on a camera device	202310323251.2	2023-03-30	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
27	A collaborative anti-shake method and storage medium based on a camera device	202310377274.1	2023-04-11	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
28	A method and device for replacing board cards	202310246185.3	2023-03-15	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
29	An ambient light measurement method and system based on a camera device	202310323345.X	2023-03-30	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
30	An adaptive focus control method, camera and storage medium	202310389538.5	2023-04-13	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
31	An image parsing and transmission method for camera devices	202310448449.3	2023-04-24	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
32	A fill light control method applied to face recognition	202310464503.3	2023-04-27	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
33	A safety monitoring method and system inside mobile cabins	202310518818.1	2023-05-10	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
34	Form UI walk-through normative detection method and device	202310546298.5	2023-05-16	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

(2) *Utility Model:*

No.	Name of Utility Model	Application No.	Application Date	Type of Utility Model	Proprietor
1	Chain information collection equipment	201720587881.0	2017-05-24	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
2	A kind of intelligent access control device	201921854064.2	2019-10-31	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
3	A kind of electronic five-wire turnout control device	201921639591.1	2019-09-29	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

(3) *Software Copyright:*

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
1	Tramcar signal system software	2015/2/1	2015SSR185146	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
2	Signal control mould software	2015/2/1	2015SSR209396	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
3	Driving software for the two-out-of-two core control CPU mould	2015/2/1	2015SSR209403	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
4	Rail mould software	2015/2/1	2015SSR209635	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
5	Vehicle signal control software	2015/2/1	2015SSR210113	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
6	Development platform software for comprehensive signal chain control	2015/2/1	2015SSR210419	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
7	Main control software for comprehensive signal chain control	2015/2/1	2015SSR210422	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
8	System monitoring software for comprehensive signal chain control	2015/2/1	2015SSR210437	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
9	Human-computer interface software for comprehensive signal chain control	2015/2/1	2015SR210439	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
10	Turnout control mould software	2015/2/1	2015SR210861	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
11	Vehicle TOD software	2015/2/1	2015SR210864	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
12	Data mining software for intelligent turnout maintenance management system	2015/3/16	2016SR069052	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
13	Failure prediction management software for intelligent metro turnout maintenance management system	2016/3/15	2016SR069058	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
14	Automatic trains monitoring system	2017/10/30	2018SR123487	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
15	Intersection priority software based on vehicle-road coordination	2017/11/1	2018SR123489	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
16	Rail transit schedule management system	2017/11/1	2018SR123500	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
17	Rail transit swift management system	2017/10/17	2018SR123537	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
18	Train schedule software for cloud traffic automation	2017/11/30	2018SR123485	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
19	Graphic configuration software for cloud traffic automation	2017/11/30	2018SR123488	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
20	Operation dispatching management platform	2018/6/1	2018SR1001469	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
21	Server management software for broadcasting system	2018/6/30	2018SR1001479	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
22	Editing software for train automatic monitoring schedule	2018/6/8	2018SR1014658	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
23	Media broadcast and editing software for passenger information	2018/6/8	2018SR1015635	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
24	Media display and control software for passenger information	2018/6/8	2018SR1015716	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
25	Access authorization management software	2018/11/8	2018SR1015780	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
26	Server management software for passenger information	2018/6/1	2018SR1015792	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
27	Platform gates monitoring software	2018/6/8	2018SR1029799	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
28	Big data restoring software	2018/11/20	2018SR1064055	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
29	Application software for special video surveillance	2018/6/8	2018SR1064833	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
30	Management software for electromechanical system	2018/6/30	2018SR1065208	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
31	On-site input and output software for electromechanical system	2018/11/26	2018SR1066215	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
32	Situational awareness software for distributed big data	2018/11/22	2018SR1084758	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
33	Engineering general control software	2018/6/8	2018SR1084934	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
34	On-site control software for access control system	2018/10/26	2019SR0077088	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
35	Platform management software for urban rail cloud computing	2018/6/28	2019SR0136644	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
36	Guard software for big data platform	2018/11/25	2019SR0136903	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
37	Driving software for platform gates door machine control units	2018/11/8	2019SR0136913	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.



No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
38	Control software for platform gates logic control units	2018/11/8	2019SR0136922	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
39	Big data platform management software	2018/6/30	2019SR0135490	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
40	Authorization and authentication service software	2018/11/8	2019SR0273027	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
41	System modeling tool and software	2018/11/8	2019SR0273123	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
42	Mechanical and electrical on-site service software	2018/12/30	2019SR0270456	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
43	Scheduling software for train automatic monitoring plan	2018/11/10	2019SR0270839	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
44	Schedule display software for train automatic monitoring	2018/6/18	2019SR0777870	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
45	Online intelligent management platform	2018/11/8	2019SR0800278	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
46	Equipment maintenance management platform	2018/11/8	2019SR0844010	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
47	Workflow engine service software	2018/11/8	2019SR0933533	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
48	Simulation training management platform software	2019/2/12	2019SR0941525	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
49	Service software for document library engine components	2018/11/8	2019SR0988649	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
50	Chunchengxing software	2020/7/15	2020SR0939060	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
51	Comprehensive monitoring system software of BUCZT	2020/6/30	2020SR1620132	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
52	Automatic fare collection system of BUCZT	2020/8/30	2020SR1620131	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
53	Depot platform software for comprehensive monitoring system	2020/6/30	2021SR0024284	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
54	Station platform software for comprehensive monitoring system	2020/6/30	2021SR0024165	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
55	Central platform software for comprehensive monitoring system	2020/6/30	2021SR0024285	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
56	Real-time database system software of BUCZT	2020/7/15	2021SR0616257	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
57	UCI ARM distributed storage system	2019/3/21	2021SR1222067	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
58	UCI cloud operation system	2019/3/26	2021SR1222391	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
59	UCI multi-cloud management platform	2019/2/21	2021SR1222390	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
60	UCI distributed storage system	2019/4/17	2021SR1222389	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
61	UCI container cloud management platform	2019/2/12	2021SR1222388	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
62	UCI object storage system	2019/5/23	2021SR1222387	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
63	UCI cloud management platform	2019/5/11	2021SR1222386	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
64	Automatic fare collection AGM software of BUCZT	2020/10/20	2021SR1372811	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
65	Automatic fare collection TVM software of BUCZT	2020/11/8	2021SR1372812	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
66	Automatic fare collection line center system of BUCZT	2020/8/30	2021SR1431516	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
67	Automatic fare collection PCA system of BUCZT	2020/4/30	2021SR1431517	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
68	Automatic fare collection TTM system of BUCZT	2021/3/4	2021SR1435731	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
69	Automatic fare collection diversified payment platform of BUCZT	2020/12/10	2021SR1435732	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
70	Flood control system management platform	2021/8/30	2021SR1670726	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
71	Insulation testing mould software	2019/2/12	2021SR2073976	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
72	Train schedule algorithm software	2019/2/12	2021SR2073975	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
73	Routing mould software	2019/2/20	2021SR2073961	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
74	Emergency control software for broadcasting control box	2019/2/12	2021SR2073977	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
75	Control software for broadcasting microphone and oral broadcasting	2019/2/12	2021SR2073979	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
76	Leakage current testing mould software	2019/2/12	2021SR2073980	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
77	Broadcast control software for broadcasting amplifier	2019/2/12	2021SR2073978	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
78	Communication extension mould software	2019/2/22	2021SR2073974	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
79	Test scene management software	2021/6/3	2021SR2113425	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
80	Vehicle ATO application software	2021/6/3	2021SR2113432	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
81	Vehicle ATP application software	2021/6/15	2021SR2113462	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
82	Simulation software for vehicle control module application	2021/6/14	2021SR2113634	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
83	Simulation software for computer chain application	2021/6/30	2021SR2121181	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
84	Test software for platform host computer	2021/8/30	2021SR2113636	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
85	Application software for system maintenance and management	2021/7/20	2021SR2113426	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
86	Simulation software for line control module application	2021/5/31	2021SR2113417	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
87	Line control unit application software	2021/6/22	2021SR2113433	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
88	Simulation software for line equipment	2021/3/20	2021SR2113461	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
89	Test software for comprehensive automatic interface	2021/11/25	2021SR2113637	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
90	Data management software for train control system	2021/10/22	2021SR2228711	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
91	OA system of BUCZT	2019/12/1	2022SR0150438	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
92	Real estate asset management system of BUCZT	2019/12/1	2022SR0172436	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
93	Cloud reimbursement system of BUCZT	2019/12/1	2022SR0150224	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
94	Human resources system of BUCZT	2019/12/1	2022SR0150394	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
95	Taxation management system of BUCZT	2019/12/1	2022SR0150412	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
96	Project cost management system of BUCZT	2019/12/1	2022SR0150412	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
97	Mobile collaboration system of BUCZT	2019/12/1	2022SR0172434	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
98	Budget management system of BUCZT	2019/12/1	2022SR0150353	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
99	iChengjian cloud platform of BUCZT	2019/12/1	2022SR0275421	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
100	Application software for train direction control	2021/12/13	2022SR0267042	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
101	Application software for train cab activation	2021/12/13	2022SR0270321	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
102	Cloud desktop software	2022/4/26	2022SR0572131	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
103	Cloud security operation and maintenance platform	2022/4/26	2022SR0572132	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
104	Comprehensive maintenance and management system	2022/3/10	2022SR0837450	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
105	Security management system of BUCZT	2022/7/15	2022SR1484693	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
106	Vehicle management system of BUCZT	2022/7/15	2022SR1482221	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
107	Environmental energy consumption system of BUCZT	2022/7/15	2022SR1482279	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
108	Monitoring management system of BUCZT	2022/7/15	2022SR1486618	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
109	Progress management system of BUCZT	2022/7/15	2022SR1482280	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
110	Personnel management system of BUCZT	2022/7/15	2022SR1486617	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
111	Equipment management system of BUCZT	2022/7/15	2022SR1486311	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
112	Material management system of BUCZT	2022/7/15	2022SR1482434	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
113	Quality management system of BUCZT	2022/7/15	2022SR1484692	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
114	Smart construction platform of BUCZT	2022/7/15	2022SR1482786	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
115	Comprehensive automatic system for urban rail transit	2016/6/6	2022SR1471638	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
116	Master data management system	2022/6/30	2023SR0010990	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
117	Big screen control software	2023/2/2	2023SR0353921	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
118	Multimedia command and control system	2023/1/31	2023SR0353965	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
119	Omni-media RCS system	2023/2/2	2023SR0353920	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
120	HMI creator software	2023/2/2	2023SR0353961	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
121	Converged video system	2023/2/2	2023SR0353951	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
122	Dual-screen control software	2023/2/2	2023SR0353962	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
123	Emergency command and control platform	2023/1/31	2023SR0353919	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
124	Intelligent centralized alerting management software	2023/2/2	2023SR0353964	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

No.	Name of Software Copyright	Application Date	Application No.	Status of Software Copyright	Proprietor
125	Intelligent rule matching software	2023/1/31	2023SR0353932	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.
126	Smart station system	2022/7/8	2023SR0501286	Authorized	Beijing Urban Construction Zhikong Technology Co., Ltd.

## (4) Trademark:

No.	Name of Trademark	Registration Date	Registrant	Status	Registration No.
1	Zhengzhong Liansuo (正中聯鎖)	2020-3-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	39118993
2	Zhengzhong Liansuo (正中聯鎖)	2020-2-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	39130993
3	hupomen	2020-3-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	39139849
4	hupomen	2020-2-14	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	39132268
5	Jinlongyun (金龍雲)	2020-12-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	40538816
6	CRIAS	2019-07-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	34201882
7	Kingcloud	2020-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	40530946
8	Kingcloud	2020-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	40532851
9	Kingdrangon	2020-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	40547716
10	KingDragonCloud	2019-04-14	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	32529069
11	Jianlong (鍵龍)	2020-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	40519753
12	CRIASDMP	2022-01-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	57513671
13	CRIASDMP	2022-01-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	57520849
14	CRIASDMP	2022-01-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	57521167
15	UCI	2022-06-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59339133

No.	Name of Trademark	Registration Date	Registrant	Status	Registration No.
16	UCI	2022-06-14	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59345698
17	UCI	2022-06-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59344587
18	UCI	2022-07-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59336561
19	UCI	2022-05-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59336613
20	UCI	2022-05-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59324939
21	UCI	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59327062
22	UCI	2022-07-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59333515
23	UCI	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59345780
24	UCI	2022-05-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59346417
25	UCI	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59348801
26	UCI	2022-06-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59353585
27	UCI	2022-07-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59324881
28	UCI	2022-07-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59337425
29	UCI	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59333099
30	UCI	2022-07-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59344259
31	UCI	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59333538
32	UCI	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59352147
33	Chengxinyun (城信雲)	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59336533
34	Chengxinyun (城信雲)	2022-05-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59334975
35	Chengxinyun (城信雲)	2022-05-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59333104
36	Zhichengyun (智城雲)	2022-03-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59549875

No.	Name of Trademark	Registration Date	Registrant	Status	Registration No.
37	Zhichengyun (智城雲)	2022-05-21	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59555968
38	Zhuchengyun (築城雲)	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59344021
39	Zhuchengyun (築城雲)	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59353480
40	Zhuchengyun (築城雲)	2022-04-07	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59334968
41	Zhuchengyun (築城雲)	2022-05-28	Beijing Urban Construction Zhikong Technology Co., Ltd.	Registered	59339243

#### 4. *Citation of the reports issued by other institutions*

The book value of all assets and liabilities in 2022 and on the base date in this valuation report is the audit result of Da Hua Certified Public Accountants LLP\* (大華會計師事務所(特殊普通合夥)). No other reports issued by other institutions were cited except the above.

#### IV. TYPE OF VALUE

The type of value of this valuation is market value, which, as referred to in the report, is the estimated value of the subject of valuation between a willing buyer and a willing seller acting reasonably, neither being under any compulsion to buy or sell in a normal and fair transaction as at the valuation base date.

#### V. VALUATION BASE DATE

The valuation base date is 31 July 2023.

The valuation base date is determined by the principal and is consistent with the valuation base date agreed in the asset valuation engagement contract.

#### VI. VALUATION BASIS

The basis of economic behavior, laws and regulations, valuation standards, asset ownership and valuation pricing followed in this valuation are as follows:

##### (I) Basis of Economic Activity

1. Cheng Jian She Ji Dang Hui Ji Yao 2023 No. 9, Cheng Jian She Ji Hui Fa 2023 No. 6.



**(II) Basis of Laws and Regulations**

1. *Asset Appraisal Law of the People's Republic of China* (Order No. 46 of the President of the People's Republic of China and passed at the 21st Session of the Twelfth Standing Committee of the National People's Congress on 2 July 2016);
2. *Law of the People's Republic of China on the State-owned Assets of Enterprises* (Passed at the 5th Session of the Eleventh Standing Committee of the National People's Congress on 28 October 2008);
3. *Civil Code of the People's Republic of China* (Passed at the 3rd Session of the Thirteenth National People's Congress on 28 May 2020);
4. *Company Law of the People's Republic of China* (Order No. 15 of the President of the People's Republic of China and fourthly amended at the 6th Session of the Thirteenth Standing Committee of the National People's Congress on 26 October 2018);
5. *Accounting Law of the People's Republic of China* (Amended at the 30th Session of the Twelfth Standing Committee of the National People's Congress on 4 November 2017);
6. *Enterprise Income Tax Law of the People's Republic of China* (Secondly amended at the 7th Session of the Thirteenth Standing Committee of the National People's Congress on 29 December 2018);
7. *Administrative Measures for the Assessment of State-owned Assets* (Order No. 732 of the State Council in 2020);
8. *Detailed Rules for the Implementation of Measures for the Administration of Appraisal of State-owned Assets* (Guo Zi Ban Fa 1992 No. 36 issued by the former State Administration of State-owned Assets);
9. *Notice on the Reform of Stated Owned Assets Administration and Strengthening the Supervision and Management of Assets Valuation* (Guo Ban Fa 2001 No. 102);
10. *Provisions on Certain Issues Concerning the Administration of Valuation of State-owned Assets* (Order No. 14 of the Ministry of Finance);
11. *Notice of the Ministry of Finance on Issuing the Administrative Measures for the Approval of State-owned Asset Valuation Projects* (Cai Qi 2001 No. 801);
12. *Notice of the Ministry of Finance on Issuing the Administrative Measures for the Filing of State-owned Asset Valuation Projects* (Guo Ban Fa 2001 No. 802);

13. *Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises* (Order No. 378 of the State Council in 2003 and amended on 2 March 2019);
14. *Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);
15. *Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises* (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council in 2005);
16. *Notice of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality Regarding Matters on Deepening the Administration and Reform of Assessment of State-owned Assets of Enterprises* (Jing Guo Zi Fa 2019 No. 2);
17. *Notice on Issuing the Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises in Beijing Municipality* (Jing Guo Zi Fa 2008 No. 5);
18. *Notice of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality on Issuing the Interim Rules on Review and Administration of Items in Assessment of State-owned Assets of Enterprises in Beijing Municipality* (Jing Guo Zi Fa 2012 No. 32);
19. *Notice of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality Regarding Matters on Further Deepening the Administration and Reform of Assessment of State-owned Assets of Enterprises* (Jing Guo Zi Fa 2020 No. 9);
20. *Notice on Strengthening the Administration of State-owned Assets Appraisal of Enterprises* (Guo Zi Wei Chan Quan 2006 No. 274);
21. *Notice on Relevant Matters Concerning the Examination of Appraisal Reports on State-owned Assets of Enterprises* (Guo Zi Chan Quan 2009 No. 941);
22. *Notice on Issuing Guidelines for the Approval of Asset Appraisal Projects of Central Enterprises* (Guo Zi Fa Chan Quan 2010 No. 71);
23. *Guidelines for the Filing for Recordation of the Assessment Projects of State-owned Assets of Enterprises* (Guo Zi Fa Chan Quan 2013 No. 64);
24. *Notice on Promoting the Transfer of State-owned Property Rights of Enterprises* (Guo Zi Fa Chan Quan 2014 No. 95);

25. *Notice of Amending the Interim Regulations of the People's Republic of China on Value-added Tax* (Order No. 691 of the State Council of the People's Republic of China and passed and amended at the 191st Standing Meeting of the State Council on 30 October 2017);
26. *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates* (Cai Shui 2018 No. 32);
27. *Announcement on Relevant Policies for Deepening the Value-added Tax Reform* (Announcement No. 39 of 2019 of the Ministry of Finance, the State Tax Administration and the General Administration of Customs on 21 March 2019);
28. *Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China* (Order No. 512 of the State Council of the People's Republic of China and passed at the 197th Standing Meeting of the State Council on 28 November 2007);
29. *Interim Regulations of the People's Republic of China on Value-added Taxes* (Order No. 538 of the State Council of the People's Republic of China and amended and passed at the 34th Standing Meeting of the State Council on 5 November 2008);
30. *Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Taxes* (Order No. 50 of the Ministry of Finance and the State Tax Administration);
31. *Notice on Implementing the Pilot Program of Replacing Business Tax with Value-added Tax in an All-round Manner* (Cai Shui 2016 No. 36 of the Ministry of Finance and the State Tax Administration);
32. *Interim Regulations of the People's Republic of China on Value-added Taxes* (Order No. 691 of the State Council in 2017);
33. *Notice of the Ministry of Finance and the State Tax Administration on Adjusting Value-added Tax Rates* (Cai Shui 2018 No. 32);
34. *Announcement on Relevant Policies for Deepening the Value-added Tax Reform* (Announcement No. 39 of 2019 of the Ministry of Finance, the State Tax Administration and the General Administration of Customs);
35. Other related laws, regulations and documents.

**(III) Evaluation Standards**

1. Basic Stand for Asset Valuation (Cai Zi 2017 No. 43);
2. Code of Ethics for Asset Valuation (Zhong Ping Xie 2017 No. 30);
3. Practice Standards for Assets Appraisal – Asset Appraisal Approach (Zhong Ping Xie 2019 No. 35);
4. Practice Standards for Assets Appraisal – Asset Valuation Procedures (Zhong Ping Xie 2018 No. 36);
5. Practice Standards for Assets Appraisal – Asset Valuation Report (Zhong Ping Xie 2018 No. 35);
6. Practice Standards for Assets Appraisal – Asset Valuation Commission Contracts (Zhong Ping Xie 2017 No. 33);
7. Practice Standards for Assets Appraisal – Asset Valuation Files (Zhong Ping Xie 2018 No. 37);
8. Practice Standards for Assets Appraisal – Use of Expert Work and Related Reports (Zhong Ping Xie 2017 No. 35);
9. Practice Standards for Assets Appraisal – Enterprise Value (Zhong Ping Xie 2017 No. 36);
10. Practice Standards for Assets Appraisal – Intangible Assets (Zhong Ping Xie 2017 No. 37);
11. Practice Standards for Assets Appraisal – Machinery and Equipment (Zhong Ping Xie 2017 No. 39);
12. Guidelines for the Asset Valuation Report of State-owned Assets of Enterprises (Zhong Ping Xie 2017 No. 42);
13. Guidelines for Business Quality Control of Asset Appraisal Institutions (Zhong Ping Xie 2017 No. 46);
14. Guiding Opinions on Value Types of Assets Valuation (Zhong Ping Xie 2017 No. 47);
15. Guiding Opinions on Legal Ownership of Assets Valuation Objects (Zhong Ping Xie 2017 No. 48);

16. Guiding Opinions on Valuation of Patent Assets (Zhong Ping Xie 2017 No.49);
17. Guiding Opinions on Valuation of Copyright Assets (Zhong Ping Xie 2017 No. 50);
18. Guiding Opinions on Valuation of Trademark Assets (Zhong Ping Xie 2017 No. 51);
19. Accounting Standards for Business Enterprises – Basic Standards (Amended by Order No. 76 of the Ministry of Finance of the People’s Republic of China, the Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises – Basic Standards on 23 July 2014);
20. Terms for Asset Appraisal Standard 2020 (Zhong Ping Xie 2020 No. 31);
21. Interim Measures of the China Appraisal Society for the Uniform Code Management of Asset Valuation Reports (Zhong Ping Xie 2018 No. 44);
22. Asset Valuation Expert Guidance No. 8 – Verification and Validation in Asset Valuation (Zhong Ping Xie 2019 No. 39);
23. Asset Valuation Expert Guidance No. 12 – Calculation of Discount Rate in the Evaluation of Enterprise Value by Income Approach (Zhong Ping Xie 2020 No. 38).

**(IV) Basis for Property Rights of Assets**

1. Business License for Enterprise Legal Person (《企業法人營業執照》) and the Articles of Association;
2. Contracts and invoices for the purchase of major equipment, as well as ownership documents such as relevant agreements and contracts;
3. Intangible asset certificates; and
4. Other ownership documents.

**(V) Basis for Price Selection in the Valuation**

1. The asset valuation declaration sheet and income forecast statement provided by the appraised entity;
2. *Circular of the Ministry of Finance on Issuing “Regulations on Construction Cost Administration of Basic Construction Project”* (Cai Jian 2016 No. 504);

3. *Notice of the National Development and Reform Commission on Further Relaxation on Professional Services Charges for Construction Projects (Fa Gai Jia Ge 2015 No.299)*;
4. Bank deposit and lending benchmark rates and foreign exchange rates on the valuation base date;
5. The loan prime rate (LPR) published by the National Interbank Funding Centre as authorized by the People's Bank of China;
6. Payment progress statistics and relevant payment vouchers provided by the enterprise for construction in progress;
7. Financial statements, audit reports and other relevant financial information provided by the enterprise;
8. Future annual business plans, profit forecasts and other information provided by the enterprise;
9. Raw material purchase contracts entered into between the enterprise and related entities;
10. Other related valuation information recorded and collected by valuers from on-site survey;
11. Original accounting statements, financial, accounting and operation materials, as well as financial materials such as relevant agreements, contracts, invoices as provided by the appraised entity;
12. The statistics, technical standards information as well as price information and data released by the State's relevant departments, together with the relevant price inquiry information and price determination parameter data collected by the Company; and
13. Other information relevant to this asset valuation.

## VII. VALUATION METHODOLOGY

### (I) Brief Introduction to Valuation Methods

The basic approaches of enterprise valuation include asset-based approach, income approach and market approach.

The asset-based approach in the enterprise valuation is also known as the cost approach, which refers to the valuation method in determining the value of the assets and liabilities on the balance sheet and those recognized off the balance sheet based on the balance sheet on the valuation base date of the appraised entity.

The income approach in enterprise valuation refers to the valuation method that capitalizes or discounts the expected income to determine the value of the valuation subject. The specific methods commonly used in the income approach include the dividend discount method and the cash flow discount method. Income approach measures the value of enterprises from the perspective of their profitability, and is based on the expected utility theory of economics.

The market approach in enterprise valuation refers to the valuation method of comparing the valuation object with comparable listed companies or comparable transaction cases to determine the value of the valuation subject. The two specific methods commonly used in the market approach are the comparison method of listed companies and the comparison method of transaction cases.

## **(II) Selection of Valuation Methods**

As stated in the Practice Guidelines for Asset Valuation – Corporate Value, when performing any appraisal of corporate value, the suitability of the three basic asset valuation approaches, namely the income approach, the market approach and the asset-based approach shall be analyzed based on the purpose of valuation, the valuation subject, the type of value, information gathering, etc. in its selection of valuation methods. If different valuation methods are suitable for the valuation, asset valuers should adopt two or more valuation methods in their valuation.

The asset-based approach refers to the approach in which, based on the balance sheet, the value of assets and liabilities in and out of the enterprise's balance sheet shall be reasonably appraised so as to determine the value of the valuation subject. In combination with the current valuation, the appraised entity can provide and the valuers can also collect information from outside to meet the requirements of the asset-based approach, so that a comprehensive inventory and valuation of the assets and liabilities of the appraised entity can be conducted. Therefore, the asset-based approach is applicable to this valuation.

The basis of the income approach is the expected utility theory of economics, that is, for investors, the value of the enterprise lies in the expected income that the enterprise can produce in the future. Although the income approach does not directly use the real market reference to illustrate the current fair market value of the valuation object, but it appraises assets from the perspective of their expected profitability, the fundamental basis of the current fair market value of the assets, which can fully reflect the overall value of the enterprise, and the valuation conclusion is reliable and persuasive. From the point of view of the applicable conditions of the income approach, since the enterprise has independent profitability and the management of the appraised entity provides the future annual earnings forecast data, that the future profitability of the enterprise can be reasonably estimated based on the historical operational data of the enterprise and its internal and external operating environment, and that the risk of future income can be reasonably quantified, the income approach is applicable to this valuation.

Therefore, the asset-based approach and the income approach were adopted in this valuation.

**(III) Introduction of the Specific Valuation Methods*****I) The Asset-based method***

The asset-based method in enterprise valuation refers to the valuation method to reasonably evaluate the value of various assets and liabilities of the enterprise to determine the value of the valuation subject based on the balance sheet of the appraised entity as at the valuation base date. The valuation process of various assets and liabilities is described as follows:

***1. Valuation of current assets and liabilities***

The current assets of the appraised entity include: monetary funds, bills receivable, trade receivables, prepayments, other receivables, inventories, contract assets and other current assets; non-current assets include: long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets, long-term deferred expenses and deferred tax assets; liabilities include: current liabilities and non-current liabilities, of which current liabilities are: short-term borrowings, bills payable, trade payables, contract liabilities, staff remuneration payable, taxes and fees payable, other payables, non-current liabilities due within one year and other current liabilities; and non-current liabilities are: lease liabilities and accrued liabilities.

**(1) Monetary funds: including cash on hand and bank deposits.**

Cash on hand: the valuer verified the remaining cash on hand as at the valuation base date with back-calculating method and checked the balance of the cash on hand in the daily account and the general ledger. If verified, the appraised value is determined based on the verified book value.

Bank deposits: the appraised value is determined based on the verified book value by verifying bank statements, balance reconciliation statements, confirmations, etc. For foreign currency accounts, the appraised value is determined by multiplying the verified book value with exchange rate as at the valuation base date.

**(2) Bills receivable: the commercial bills and bank acceptance bills received by an enterprise for the sale of products or providing labor services. For the bills receivable, the valuer verified the book records, checked the bills receivable register, made an inventory check of the bills receivable and checked the original copies of the bills or their corresponding certificate attachments. If verified, the appraised value is determined based on the verified book value.**



- (3) Trade receivables: the valuer investigated to understand situations such as the credit policy on product sales, the composition and credit standing of customers, and the recovery of trade receivables in historical years of the appraised entity. For trade receivables with huge amounts or longer ageing, the valuer conducted spot check against the corresponding contracts. By adopting a combined method of individual identification and ageing analysis, the appraised value is determined, and the allowance on bad debts for trade receivables provided on the valuation base date is assessed as zero.
- (4) Prepayments: the valuer investigated to understand situations such as the reasons for prepayments and the credit standing of the counterparties from the relevant personnel of the appraised entity. For prepayments with huge amount or longer ageing, the valuer conducted spot check against the corresponding contracts. The appraised value of prepayments from which corresponding goods or interests are contractually expected to be received or formed is determined based on the verified book value.
- (5) Other receivables – others:

The valuer investigated to understand situations such as the reasons for other receivables, the credit standing of the entity or individual with receivables due from, and the recovery of other receivables in historical years of the appraised entity. For other receivables with huge amount or longer ageing, the valuer conducted external confirmations and collection. By adopting a combined method of individual identification and ageing analysis, the appraised value is determined, and the allowance on bad debts for trade receivables provided on the valuation base date is assessed as zero.

- (6) Inventories

Raw materials: mainly including electron components, chips, etc. Such materials are valued by reference to their prevailing market prices plus reasonable freight and other miscellaneous costs and wastage.

Materials for consigned processing: mainly including light bar for ATO backplanes for the new light rail train control system, CPU card, etc. The appraised value of the materials for consigned processing is determined based on the verified book value.

Construction in progress: mainly referring to projects under construction and within the warranty period in various regions. The appraised value of the construction in progress is determined based on the verified book value.

## (7) Contract assets:

For contract assets – others, the valuer investigated to understand situations such as the reasons for prepayments and the credit standing of the counterparties from the relevant personnel of the appraised entity. For prepayments with huge amounts or longer ageing, the valuer conducted spot check against the corresponding contracts. The appraised value of prepayments from which corresponding goods or interests are contractually expected to be received or formed is determined based on the verified book value.

## (8) Other current assets: the appraised value is determined based on the verified book value by verifying the specified business, the causes and the composition of the book value.

## (9) Current liabilities: the appraised value of all kinds of current liabilities is determined on the basis of the items and amount of liabilities actually assumed by the appraised entity upon the fulfillment of the valuation purpose and subject to verification. For liabilities that are not actually assumed, they are calculated as zero.

## 2. Valuation of non-current assets

## (1) Long-term equity investments

Long-term equity investments represent the long-term equity investments in one subsidiary. The name of the investee and the valuation method are as follows:

No.	Name of shareholder	Shareholding proportion	Valuation method	Pricing method
1	Fujian Urban Construction Zhikong Technology Co., Ltd.(福建城建智控科技有限公司)	51%	Cost approach and income approach	Income approach

For the long-term equity investments in holding subsidiaries, valuation was performed on the investee as a whole using the enterprise value appraisal method (i.e. asset-based approach and income approach, with the valuation results of the income approach adopted), and the valuation of the long-term investment would then be calculated according to its shareholding proportion in the investee.

(2) Equipment assets

Equipment assets included in the valuation are machinery equipment and electronic equipment.

According to the purpose of this valuation and the principle of continuous use, the cost approach is mainly adopted for the valuation of equipment assets based on the market price, with consideration given to the characteristics of the equipment and the information collected.

① Machinery equipment and electronic equipment

Machinery equipment is mainly computers, driver display units and radars for automatic train protection systems, all of which are in normal use. The book value of a small amount of machinery equipment is composed of equipment purchase costs and installation and commissioning costs. Most of electronic equipment is computers, printers and air conditioners for office use, and dealers are responsible for their delivery, installation and commissioning. The replacement cost is directly determined by the market purchase price.

② Determination of newness rate

For electronic equipment, air conditioners and other small devices, their comprehensive newness rate is determined mainly according to their economic service life. For large electronic equipment, when determining their comprehensive newness rate, the valuer also considers other factors including the work environment surrounding the equipment and the operating conditions of the equipment.

③ Determination of the appraised value

Appraised value = full replacement cost × newness rate

For equipment purchased a long time ago, discontinued and without comparable prices, they are valued mainly by reference to second-hand transaction prices using the market approach.

## (3) Construction in progress

Construction in progress is the completed equipment installation project, which is valued using the cost approach, i.e. the audited book value of equipment installation project was taken as the appraised value. In order to avoid double valuation of assets and omission of asset value, the following valuation method is adopted in consideration of the characteristics of construction in progress:

The residual value after excluding unreasonable expense therein was taken as the appraised value based on the declared amount of the construction in progress and after accounts reconciliation.

(4) Right-of-use assets: The appraised value is determined based on the verified book value.

(5) Other intangible assets:

- 1) For assets such as purchased software, the value is determined based on the market price at the base date (excluding tax) less upgrade costs.
- 2) The income approach is adopted to value the portfolio of intangible assets such as patented technologies, software copyrights and trademarks. The asset value is determined by estimating the expected income over the life of the asset and discounting it to the present value at an appropriate discount rate.

The calculation formula is as follow:

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} \times C$$

Where: P – Value of intangible assets;

C – Income sharing ratio of the technology;

$R_i$  – Income for the i-th year;

r – Discount rate;

n – Income period;

The income period is the period in which the intangible assets can be used to generate income effectively.

(6) Long-term deferred expenses

Long-term deferred expenses are valued by reference to the value of assets and entitlements that are still held by the appraised entity after the valuation base date. For deferred expenses with no corresponding entitlements or value, or deferred expenses that have been taken into account in other categories of assets, their appraised value is nil. For deferred expenses that have corresponding entitlements or value, such entitlements or value is valued by reference to their original cost and the ratio of the remaining life of such entitlements over their full life of amortisation.

(7) Deferred income tax assets

Based on the review of accounts and original evidences, the value of assets and rights attributable to the appraised entity after the valuation base date are regarded as the appraised value.

(8) Other non-current assets: The verified book value is taken as the appraised value.

**II) *Income approach***

The discounted corporate free cash flow method under the income approach was adopted to appraise the value of all shareholders' equities, which is composed of the value of operating net assets arising from normal operating activities and the value of non-operating net assets irrelevant to normal operating activities. The discounted free cash flow model was adopted in determining the value of operating net assets. The basic formula of the above approach is:

$$E = B - D$$

Where:

E: Value of all shareholders' equities of the valuation subject;

B: Corporate value of the valuation subject;

D: Value of interest-bearing debts of the valuation subject.

Where B: The model for the corporate value of the valuation subject is:

$$B = P + \sum C_i$$

Where:

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^{i-0.5}} + \frac{R_{n+1}}{r(1+r)^{n-0.5}}$$

P: Value of operating assets of the valuation subject;

$R_i$ : Expected income (free cash flow) of the valuation subject for the i-th year in the future;

r: Discount rate;

n: Future continuous operation period of the valuation subject was determined to be indefinite in this valuation.

$\sum C_i$ : Value of non-operating surplus assets and long-term equity investments of the valuation subject as at the valuation base date.

$$\sum C_i = C_1 + C_2$$

$C_1$ : Value of other non-operating surplus assets of the valuation subject as at the valuation base date;

$C_2$ : Value of long-term equity investments.

## (VIII) VALUATION ASSUMPTIONS

### (I) General assumptions:

1. Transaction assumption, which assumes that all the assets to be valued are already in the process of transaction, and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued.
2. Open market assumption, which is an assumption for the conditions of assets proposed to enter the market and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to access sufficient market information; parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction.

3. Continuous use assumption, which is an assumption on the conditions of assets proposed to enter the market and status of the assets under such market conditions. It is assumed that, firstly, the appraised assets are under use, and secondly, the assets under use will be used continuously. Under the continuous use assumption, change of uses of assets and the best conditions of use are not taken into account, and the scope of use of the appraisal result is limited.
4. Corporate going concern assumption, which is a valuation assumption made by taking the overall assets of an enterprise as the object of valuation. That is, the enterprise, as a business entity, continues to operate in accordance with its business objectives under the external environment in which it operates. The enterprise operator is responsible for and capable of assuming responsibility; the enterprise operates legally and is able to earn appropriate profits to maintain its ability to continue as a going concern.

(II) Assumptions in respect of the income approach:

1. There will be no significant changes to the relevant prevailing laws, regulations and policies, or macro-economic situations in the PRC as well as the political, economic and social environment of regions where the parties to the transaction are located; there are no other unforeseeable factors and force majeure that may give rise to material adverse impact;
2. It is assumed that the enterprise is a going concern with respect to the actual condition of the assets as of the valuation base date;
3. It is assumed that the cash flows of the enterprise are re even cash inflow;
4. It is assumed that the company's proprietors are responsible and that the company's management is capable of taking on its duties;
5. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
6. It is assumed that the accounting policies adopted by the company in the future will be consistent in material aspects with those adopted in the preparation of this report;
7. It is assumed that the business scope and method of operation of the company will be consistent with the current direction on the basis of the existing management model and level;
8. There are no significant changes in interest rates, exchange rates, tax bases and rates, policy levies, etc.
9. There are no other force majeure and unforeseeable factors which may have a material adverse impact on the enterprise;

10. It is assumed that the values of various parameters measured in this valuation are determined based on the current pricing system, without taking into account the effect from inflation subsequent to the valuation base date;
11. It is assumed that there will be no significant change to relevant prevailing laws and regulations on the recognition of high and new technology enterprises in the future and the enterprise can meet the conditions for recognizing as a high and new technology enterprise and can continuously enjoy preferential policies on the levy of income tax at 15%.

## IX. VALUATION CONCLUSIONS

### (I) Valuation Conclusion Using the Asset-based Approach

Under the going concern assumption as at the valuation base date, the book value of total assets of Beijing Urban Construction Zhikong Technology Co., Ltd. was RMB2,716,261,238, the appraised value was RMB2,769,793,684, the value appreciation was RMB53,532,446, representing an appreciation rate of 1.9708%; the book value of liabilities was RMB2,133,608,782, the appraised value was RMB2,133,608,782 and there was no increase or decrease in the valuation; the book value of net assets was RMB582,652,456, the appraised value was RMB636,184,902, the value appreciation was RMB53,532,446, representing an appreciation rate of 9.1877%.

Summary of the detailed valuation is shown in the following table:

#### Summary of the asset valuation results

*Unit of Amount: RMB'0,000*

Item		Book Value A	Appraised value B	Increase or decrease C=B-A	Appreciation rate (%) D=C/A*100
Current assets	1	249,308.9946	249,316.7280	7.7334	0.0031
Non-current assets	2	22,317.1292	27,662.6404	5,345.5112	23.9525
Long-term equity investments	3	765.0000	2,472.9900	1,707.9900	223.2667
Investment properties	4	0.00	0.0000	0.00	
Fixed assets	5	4,373.3689	4,675.1340	301.7651	6.9001
Construction in progress	6	1,170.3918	1,170.3918	0.0000	0.0000
Intangible assets	7	378.5129	3,703.3059	3,324.7930	878.3830
In which: land use rights	8	0.00	0.00	0.00	
Other non-current assets	9	15,629.8556	15,640.8187	10.9631	0.0701
<b>Total assets</b>	<b>10</b>	<b>271,626.1238</b>	<b>276,979.3684</b>	<b>5,353.2446</b>	<b>1.9708</b>
Current liabilities	11	208,644.0953	208,644.0953	0.0000	0.0000
Non-current liabilities	12	4,716.7829	4,716.7829	0.0000	0.0000
<b>Total liabilities</b>	<b>13</b>	<b>213,360.8782</b>	<b>213,360.8782</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Net assets (owners' equity)</b>	<b>14</b>	<b>58,265.2456</b>	<b>63,618.4902</b>	<b>5,353.2446</b>	<b>9.1877</b>



**(II) Valuation Result Using the Income Approach**

After valuation, the value of all shareholders' equities of Beijing Urban Construction Zhikong Technology Co., Ltd. was RMB1,740,180,000, with a value appreciation of RMB1,157,527,544 and an appreciation rate of 198.6652% as compared with the book value of net assets of RMB582,652,456.

**(III) Finalization of the Valuation Results**

The valuation results of the value of all shareholders' equities of Beijing Urban Construction Zhikong Technology Co., Ltd. under the asset-based approach and income approach were RMB636,184,902 and RMB1,740,180,000, respectively, representing a difference amount of RMB1,103,995,098. The difference between such two valuation approaches was mainly due to the fact that:

The asset-based approach accesses the fair market value of assets from the perspective of asset replacement, which can only reflect the value of the assets of an enterprise, but cannot fully and reasonably reflect the comprehensive profitability of the various assets and the growth of an enterprise, and it cannot cover the value of intangible assets such as contracts in force, customer resources, patents, goodwill and human resources.

The income approach is to evaluate the value of the enterprise by discounting expected income. It not only considers the assets of an enterprise measured in accordance with accounting principles, but also takes into account the resources effectively owned or controlled by the enterprise which cannot be reflected in the balance sheet, such as contracts in force, customer resources, sales networks, potential projects, enterprise qualifications, human resources and strong research and development capabilities, the contribution of which to the enterprise is reflected in the net cash flows of the enterprise. Therefore, the valuation conclusion under the income approach can better reflect the overall growth and profitability of an enterprise.

We are of the view that the value of an asset is usually not based on its replacement cost but on market participants' expectations about its future income. After conducting investigation on the financial position of the appraised entity and analysis of its operating status and considering the subjects of this asset valuation, valuation purpose, and applicable types of value upon comparative analysis, the valuer is of the view that the valuation conclusion using the income approach can reflect the intrinsic value of the enterprise in a more comprehensive and reasonable way. Therefore, the valuation result using the income approach is adopted as the final conclusion of this valuation.

Accordingly, the value of all shareholders' equities of Beijing Urban Construction Zhikong Technology Co., Ltd. was RMB1,740,180,000.

Due to the limitation of objective conditions, this asset valuation report does not consider the impact of premium or discount that may arise due to control or lack of control over the value of the valuation subject, nor does it consider the impact of liquidity discount on equity value. Control premium and minority equity discount are relative concepts, which are premium or discount caused by the transferor due to its shareholding. Therefore, when acquiring such equity in relevant economic activities, the corresponding premium or discount should be taken into account, and the valuation subject should be identified as the equity value of the shareholder's partial interests. For the purposes of this appraisal, the valuation subject is identified as the total equity value of the shareholders. Hence, no consideration is given to the related control premium or minority discount. Liquidity considered in the appraisal refers to the strength or weakness of the asset's ability to be realized. Liquidity discounts primarily affect the realization discount in transactions. In this appraisal, the valuation subject is the total equity value of the shareholders, and the result is focused on the market value of the appraised entity. There is no need to recognize its realization price, and therefore, liquidity discounts are not considered in this appraisal.

#### **X. NOTES ON SPECIAL MATTERS**

The following matters are beyond the evaluation and estimation of the valuers of the Company by virtue of their professional competence, but they may actually affect the valuation conclusions. Users of this valuation report should pay particular attention to:

- (I) This valuation has utilized the standard unqualified audit report (Da Hua Shen Zi 20230021403) issued by Da Hua Certified Public Accountants (Special General Partnership) on 2 November 2023. Subject to the Article 12 of Practice Guidelines for Asset Valuation – Corporate Value: the asset valuers have analyzed and made judgement on the requirements for the use of financial statements according to the adopted valuation approaches, but have taken no responsibility to express a professional opinion on whether the relevant financial statements have given a fair view of the financial position, the current operating results and cash flows of the entity on the valuation base date.
- (II) The “appraised value” referred to herein is a market value presented for the purpose set out expressly herein on the assumption that the appraised assets maintain their current uses on a going concern basis with conditions and external economic environments on the valuation base date, which shall bear no liability for any other purposes.
- (III) The valuation conclusions in the report reflect the market value of the valuation subjects for the purpose of the report on the basis of an open market, and does not include any fees or taxes that shall be borne in the ownership change of relevant assets or makes no tax adjustments for the value addition of the assets evaluation. The valuation conclusions shall not be deemed as a guaranteed realizable price of the valuation subjects.

- (IV) The valuation results have not taken into account any premium or discount arising from factors such as controlling interest and minority interest or the impact of liquidity of the equity entrusted for valuation on the valuation results.
- (V) In case of any change to the asset quantity and price standards during the effective use period of the asset valuation results, appropriate adjustment shall be made instead of using the valuation conclusions directly, and the valuation conclusions should be adjusted or reassessed.
- (VI) Citation of the conclusions of reports issued by other institutions:

The conclusions of this valuation report are independently completed by Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. and no conclusions of reports issued by other institutions were cited.

- (VII) Significant use of expert work and relevant reports:

The book value of various assets and liabilities in this valuation report for 2022 and as at the base date is derived from the audit results of Da Hua Certified Public Accountants LLP. Other than this, no reports from other institutions were included.

- (VIII) As for the 69 intangible assets included in the scope of valuation of Beijing Urban Construction Zhikong Technology Co., Ltd., the name of the title holder as set out in software copyright certificates for such intangible assets is “Beijing Urban Construction Zhikong Technology Co., Ltd.”, which is inconsistent with the name of the appraised entity. “Beijing Urban Construction Zhikong Technology Co., Ltd.” is the former name of the company and the name on the certificates has not been changed timely by the company. Ownership of such intangible assets has always belonged to the appraised entity. There are no property rights and debt disputes.

- (IX) Subsequent disposal assets

There are subsequent disposal assets in the scope of valuation, and the specific breakdown of which is as follows:

No.	Type of Assets	Name of Assets	Quantity	Original Book Value (RMB)	Net Book Value (RMB)	Asset Status
1	Electronic equipment	H-type Track slab model	1	11,500.00	575.00	Disposed
2	Electronic equipment	Computer case panel	1	48,589.72	2,429.49	Disposed
3	Electronic equipment	Splicing screen	1	18,240.00	912.00	Disposed
4	Electronic equipment	Movable cabinet	100	47,606.84	2,380.34	Disposed
5	Electronic equipment	File cabinet	34	33,360.68	1,668.03	Disposed

No.	Type of Assets	Name of Assets	Quantity	Original Book Value (RMB)	Net Book Value (RMB)	Asset Status
6	Electronic equipment	Low cabinet	24	14,728.21	736.41	Disposed
7	Electronic equipment	Tea tables	1	1,073.50	53.68	Disposed
8	Electronic equipment	Work station	1	5,743.59	287.18	Disposed
9	Electronic equipment	Work station	11	15,343.59	767.18	Disposed
10	Electronic equipment	Work station	4	10,010.26	500.51	Disposed
11	Electronic equipment	Work station	3	10,800.00	540.00	Disposed
12	Electronic equipment	Work station	2	3,504.27	175.21	Disposed
13	Electronic equipment	Work station	15	58,141.03	2,907.05	Disposed
14	Electronic equipment	Table	1	3,605.98	180.30	Disposed
15	Electronic equipment	Purifier	10	5,119.48	255.97	Disposed
16	Electronic equipment	Industrial personal computer	6	27,206.90	1,360.35	Disposed
17	Electronic equipment	Tea table	1	560.34	28.02	Disposed
18	Electronic equipment	Sofa	1	3,620.69	181.03	Disposed
19	Electronic equipment	File cabinet	17	19,051.72	952.59	Disposed
20	Electronic equipment	File cabinet	10	6,551.72	327.59	Disposed
21	Electronic equipment	Goods shelve	31	3,875.00	193.75	Disposed
22	Electronic equipment	Packaging table	2	2,500.00	125.00	Disposed
23	Electronic equipment	Flow-through racking	6	10,039.66	501.98	Disposed
24	Electronic equipment	Low cabinet	2	1,462.07	73.10	Disposed
25	Electronic equipment	File cabinet	7	7,217.24	360.86	Disposed
26	Electronic equipment	Air purifier	10	19,818.97	990.95	Disposed
27	Electronic equipment	Bracket for big screen	1	2,715.52	135.78	Disposed
28	Electronic equipment	Bracket for big screen	1	4,310.34	215.52	Disposed
29	Electronic equipment	Work station for two people	1	2,218.10	181.14	Disposed
30	Electronic equipment	Work station for two people	1	1,767.24	144.33	Disposed
31	Electronic equipment	Office chair	3	2,581.03	210.76	Disposed
32	Electronic equipment	Sofa	1	4,030.17	329.14	Disposed
33	Electronic equipment	Tea table	1	1,086.21	88.70	Disposed
34	Electronic equipment	Daikin air-conditioner	1	48,589.66	3,968.27	Disposed
35	Electronic equipment	Daikin air-conditioner	4	23,306.90	1,903.44	Disposed
36	Electronic equipment	Office desk	2	2,400.00	234.00	Disposed
37	Electronic equipment	Office desk	43	57,456.90	6,511.88	Disposed
38	Electronic equipment	Office chair	80	52,413.79	2,620.69	Disposed
39	Electronic equipment	Goods shelve	11	4,888.89	244.44	Disposed
40	Electronic equipment	Office desk	46	65,431.03	3,271.55	Disposed
41	Electronic equipment	File cabinet	7	4,666.67	233.33	Disposed
42	Electronic equipment	File cabinet	13	14,568.97	728.45	Disposed
43	Electronic equipment	Office desk	9	12,801.72	640.09	Disposed

No.	Type of Assets	Name of Assets	Quantity	Original Book Value (RMB)	Net Book Value (RMB)	Asset Status
44	Electronic equipment	Tea tables	2	1,206.90	60.35	Disposed
45	Electronic equipment	Sofa	4	5,379.31	268.97	Disposed
46	Electronic equipment	Office desk	4	8,965.52	448.28	Disposed
47	Electronic equipment	Packaging table	1	2,008.55	100.43	Disposed
48	Electronic equipment	File cabinet	1	666.67	33.33	Disposed
49	Electronic equipment	Electronic moisture- proof cabinet	3	16,712.07	835.60	Disposed
50	Electronic equipment	Tea table	1	1,820.69	148.67	Disposed
51	Electronic equipment	Confidential shredder	1	2,155.17	278.40	Disposed
52	Electronic equipment	Big monitor	1	39,401.70	1,970.09	Disposed
53	Electronic equipment	File cabinet	30	19,396.55	3,733.85	Disposed
54	Electronic equipment	Office desk	20	27,433.63	5,715.38	Disposed
55	Electronic equipment	Working position	6	4,778.76	1,071.26	Disposed
56	Electronic equipment	Conference table	1	3,650.00	1,049.39	Disposed
57	Electronic equipment	Conference chair	14	2,100.00	603.75	Disposed
58	Electronic equipment	File cabinet	3	1,350.00	388.16	Disposed
59	Electronic equipment	Tea cabinet	1	500.00	143.73	Disposed
60	Electronic equipment	Big conference table	1	6,017.70	2,492.33	Disposed
61	Electronic equipment	Three layers of oven for sales	1	6,435.64	2,869.21	Disposed
62	Electronic equipment	Disinfection cabinet for sales	2	9,049.50	4,034.60	Disposed
63	Electronic equipment	Range hood with grease filter for sales	1	2,649.50	1,181.24	Disposed
64	Electronic equipment	Low-temperature cold storage for sales	1	22,524.75	10,042.37	Disposed
65	Electronic equipment	Constant temperature cold storage for sales	1	21,653.47	9,653.88	Disposed
66	Electronic equipment	Single head burner gas cooking stove for sales	1	6,801.98	3,032.54	Disposed
67	Electronic equipment	Double burners one soup pot gas stove for sales	1	4,762.38	2,123.26	Disposed
68	Electronic equipment	Double head burners gas cooking stove with two rear water taps for sales	1	12,198.02	5,438.32	Disposed
69	Electronic equipment	Washbasin for sales	1	3,267.33	1,456.70	Disposed
70	Electronic equipment	Five room insulated cabinet for sales	2	10,752.48	4,793.87	Disposed

No.	Type of Assets	Name of Assets	Quantity	Original Book Value (RMB)	Net Book Value (RMB)	Asset Status
71	Electronic equipment	Range hood with grease filter with fresh air for sales	1	32,792.08	14,619.86	Disposed
72	Electronic equipment	Digital amplifier	1	5,256.64	2,343.59	Disposed
73	Electronic equipment	Face recognition temperature measurement device	3	19,327.44	8,616.87	Disposed
74	Electronic equipment	Low cabinet	1	3,336.28	1,540.28	Disposed
75	Electronic equipment	Central controller	1	3,292.04	1,519.85	Disposed
76	Electronic equipment	Indoor air conditioning unit	4	30,223.01	13,953.03	Disposed
77	Electronic equipment	Outdoor air conditioning unit	1	46,479.65	21,458.23	Disposed
78	Electronic equipment	Indoor air conditioning unit	1	5,846.02	2,698.93	Disposed
79	Electronic equipment	Reception desk	1	13,300.00	6,561.36	Disposed
80	Electronic equipment	Dining table	1	3,336.28	1,645.93	Disposed
81	Electronic equipment	Power supply sequencer	1	2,123.89	1,115.03	Disposed
82	Electronic equipment	Light tube	1	21,110.62	11,083.16	Disposed
83	Electronic equipment	Lighting module	3	13,839.82	7,265.91	Disposed
84	Electronic equipment	Video recorder	2	7,362.84	3,865.48	Disposed
85	Electronic equipment	Video codec	1	14,247.79	7,480.09	Disposed
86	Electronic equipment	Network keyboard	1	2,920.35	1,533.18	Disposed
87	Electronic equipment	Switch	2	5,309.74	2,787.62	Disposed
88	Electronic equipment	Ball machine	1	2,035.40	1,068.57	Disposed
89	Electronic equipment	Exhaust hood	1	2,500.00	1,589.61	Disposed
90	Electronic equipment	Built-in shelves	1	3,150.44	2,003.17	Disposed
91	Electronic equipment	Tea tables	1	2,654.87	1,688.09	Disposed
92	Electronic equipment	Bar	1	3,221.24	2,303.21	Disposed
93	Electronic equipment	Bar	1	3,221.24	2,303.21	Disposed
94	Electronic equipment	Bar	1	3,221.24	2,303.21	Disposed
95	Electronic equipment	Bar	1	3,221.24	2,303.21	Disposed
96	Electronic equipment	Bar	1	3,221.24	2,303.21	Disposed
97	Electronic equipment	Reception desk	1	5,309.72	3,796.45	Disposed
98	Electronic equipment	Display device	8	1,806.90	90.35	Disposed
99	Electronic equipment	Display device	2	24,137.93	1,206.90	Disposed
100	Electronic equipment	Display device	4	48,275.86	2,413.79	Disposed
101	Electronic equipment	Display device	12	2,715.52	135.78	Disposed
102	Electronic equipment	Display device	1	732.76	36.64	Disposed
	Total		711	1,277,672.96	231,629.27	

In this valuation, as subsequent disposal assets were no longer usable as at the base date and were obsolescent on 8 August 2023, they were appraised at 0 under the asset-based approach.

- (X) Some assets included in the scope of valuation have no substance, details of which are as follows:

No.	Asset Type	Asset Name	Quantity	Original Book Value (RMB)	Net Book Value (RMB)	Asset Status
1	Software	NC65	1	169,811.32	56,603.77	Lack of substance
2	Software	UFIDA NC enterprise management software system development and upgrade costs	1	307,576.72	0.00	Lack of substance
3	Software	UFIDA NC enterprise management software system development and upgrade costs	1	150,000.00	0.00	Lack of substance
4	Software	UFIDA NC enterprise management software system development and upgrade costs	1	129,310.34	0.00	Lack of substance
5	Software	Yuntech OA system development costs	1	113,207.54	3,773.62	Lack of substance
6	Software	Old OA system construction	1	139,622.64	0.00	Lack of substance
7	Software	Old OA system construction	1	447,169.80	0.00	Lack of substance
8	Software	Old OA system construction	1	112,264.15	0.00	Lack of substance
9	Software	Old OA system construction	1	65,094.34	0.00	Lack of substance
10	Software	Old OA system construction	1	48,113.21	0.00	Lack of substance
11	Software	NC system level protection and security informatization	1	25,471.70	0.00	Lack of substance
12	Software	Old OA system construction	1	125,000.00	0.00	Lack of substance
13	Software	Bidding management informatization	1	48,113.21	0.00	Lack of substance
14	Software	Old OA system construction	1	168,396.23	0.00	Lack of substance
15	Software	Old OA system construction	1	43,396.23	0.00	Lack of substance
16	Software	Informatized marketing cost management, enterprise network disk projects	1	70,754.72	0.00	Lack of substance
		Total	16	2,163,302.15	60,377.39	

In this valuation, zero value was assigned to assets lack of substance under the asset-based approach.

(XI) Limit of valuation procedures, handling methods and its impact on the valuation conclusion:

1. In this valuation, the asset valuers did not conduct technical testing on the technical parameters and performance of various equipment on the valuation base date. The asset valuers made a judgment through on-site investigation on the premise that the relevant technical data and operation records provided by the appraised entity are true and effective.

(XII) The nature, amount and relationship with the valuation object of the guarantee, lease and its contingent liabilities (contingent assets) and other items:

1. According to the lease contracts provided by the Company, as of the valuation base date of 31 July 2023, the properties leased by Beijing Urban Construction Zhikong Technology Co., Ltd. and its subsidiaries are as follows:

No.	Lessee	Lessor	Location	Rental per period (RMB)	Lease period (Month)
1	Beijing Urban Construction Zhikong Technology Co., Ltd.	Zhou Xiurong	2505, Building 1, Yard 3, Changying Middle Road, Chaoyang District	104,400.00	36.00
2	Beijing Urban Construction Zhikong Technology Co., Ltd.	China Railway Material Group Southwest Co., Ltd.	34th Floor, Wanda SOHOC Building, 1st Ring North Road, Jinniu District, Chengdu City	803,559.01	60.00
3	Beijing Urban Construction Zhikong Technology Co., Ltd.	China Railway Material Group Southwest Co., Ltd.	35th Floor, Wanda SOHOC Building, 1st Ring North Road, Jinniu District, Chengdu City	803,559.01	59.50
4	Beijing Urban Construction Zhikong Technology Co., Ltd.	Qicangcang (Beijing) Warehousing Service Co., Ltd.	Shunyi Houshayu Warehouse	113,264.15	24.00



No.	Lessee	Lessor	Location	Rental per period (RMB)	Lease period (Month)
5	Beijing Urban Construction Zhikong Technology Co., Ltd.	Chengdu Jinniu District Wanda Plaza Investment Co., Ltd	4013, 4045, 4016, 4th Floor, Chengdu Jinniu Wanda Plaza	163,132.10	36.00
6	Beijing Urban Construction Zhikong Technology Co., Ltd.	Shaoxing Houlang Commercial Management Co., Ltd	3rd Floor, Union Building, Qutun Road, Yuecheng District, Shaoxing City	262,018.35	36.00
7	Beijing Urban Construction Zhikong Technology Co., Ltd.	Shaoxing Houlang Commercial Management Co., Ltd	16th Floor, Union Building, Qutun Road, Yuecheng District, Shaoxing City	592,259.68	36.00
8	Beijing Urban Construction Zhikong Technology Co., Ltd.	Xi'an Ruibei Enterprise Management Co., Ltd	303, 3rd Floor, Building A, FED Innovation Center Project, Xi'an Economic Development Zone	115,003.54	24.00
9	Beijing Urban Construction Zhikong Technology Co., Ltd.	Beijing Urban Construction Xingrui Real Estate Development Co., Ltd	Wangtan Xinyuan, Plot 6, Anlelin Road, Dongcheng District	Non fixed	38.00
10	Beijing Urban Construction Zhikong Technology Co., Ltd.	Taiyuan Rail Transit Group Co., Ltd	12th Floor, Building 1, Control Center, Taiyuan Rail Transit Group Co., Ltd	841,808.26	36.00
11	Beijing Urban Construction Zhikong Technology Co., Ltd.	Fujian Feige Park Development and Management Co., Ltd	No. 3 Yaoxi Road, Minhou County, Fuzhou City, Fujian Province	Non fixed	66.00

No.	Lessee	Lessor	Location	Rental per period (RMB)	Lease period (Month)
12	Beijing Urban Construction Zhikong Technology Co., Ltd.	Xi'an Ruibei Enterprise Management Co., Ltd.	402, 4th Floor, Building B, FED Innovation Center Project, Xi'an Economic Development Zone	144,293.28	24.00
13	Beijing Urban Construction Zhikong Technology Co., Ltd.	Yang Huiqi	1904, Unit 1, Building 1, Ruitai Kadiya, Xi'an Economic Development Zone	86,400.00	24.00
14	Fujian Urban Construction Zhikong Technology Co., Ltd.	Fuzhou Metro Real Estate Co., Ltd.	5th to 8th floors, Building A, Comprehensive Building, Zhanglan Vehicle Base, Fuzhou	1,649,049.60	36.00

## (XIII) Other matters that need to be explained

1. In this asset valuation report, all tables or textual expressions are denominated in RMB ten thousands, and any difference between the total amount and the sum of the individual subvalues is due to rounding off.
2. The valuation agency and the valuers shall assume no responsibility for the failure of the client and relevant parties to explain the possible deficiencies that could affect the valuation conclusion to the valuers on a timely basis, to the extent that such deficiencies could not be known in normal circumstances while the valuers have implemented necessary valuation procedures.
3. The profit forecast of the appraised entity obtained by the valuers was the basis of the income approach of this valuation report. The valuers have conducted necessary investigations, analyses and judgments on the profit forecast provided by the appraised entity, and have discussed with the management of the appraised entity many times. After adjustment and improvement by the appraised entity, the valuation agency was satisfied with the relevant data and main assumptions regarding the profit forecast of the appraised entity. The appraised entity is responsible for the authenticity, scientificity and completeness of the relevant data and materials provided for future profit

forecasts, as well as the rationality and realizability of future profit forecasts. The prudent use of the appraised entity's profit forecast by the valuers should not be regarded as a guarantee of the appraised entity's future profitability.

The valuation conclusion is issued by Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. and is influenced by the practice level and ability of the agency's valuers.

The users of the asset valuation report shall pay attention to the impact of the aforesaid special matters on the valuation conclusion.

#### **XI. NOTES ON THE LIMITATIONS ON USE OF THE ASSET VALUATION REPORT**

- (I) This asset valuation report shall be used for the purpose and uses of valuation set out in this asset valuation report only;
- (II) If the client or any other user of the asset valuation report fails to use the report in accordance with the laws, administrative regulations and the scope of use set out in the report, we and our asset valuers disclaim any liability arising therefrom;
- (III) No entity or individual other than the client, other users specified in the asset valuation engagement contract and the users of the asset valuation report set out in the laws and administrative regulations, shall become a user of the asset valuation report;
- (IV) The users of the asset valuation report shall have a correct understanding of the valuation conclusion, which does not represent the realizable price of the subject of valuation and shall not be deemed a guarantee for the realizable price of the subject of valuation;
- (V) The asset valuation report refers to a professional report issued by us on the value of the appraised subject for the specific purpose as of the valuation base date after we and our professional valuers fulfil the engagement of necessary valuation procedures in compliance with laws, administrative regulations and asset valuation standards. This report shall not be put into use unless and until it has been signed by the valuers conducting the valuation with our company chop and filed (approved) by the state-owned asset administration authorities or the enterprise entrusted the valuation;
- (VI) The extraction of, reference to or public disclosure of all or any part of this asset valuation report shall be subject to our review and then obtain the written consent of the valuers and us unless otherwise provided in the laws or regulations or agreed between the relevant parties. Without our consent, the extraction of, reference to or public disclosure of the asset valuation report mustn't be allowed, unless otherwise provided in the laws or regulations or agreed between the relevant parties;

- (VII) The valuation conclusion in this asset valuation report is effective for the economic activity described in the asset valuation report only and the valuation conclusion shall be valid for one year from the valuation base date (i.e., from 31 July 2023 to 30 July 2024). If the purpose of valuation is realized within the validity period, the valuation conclusions shall be chosen as the value reference basis (also taking into consideration the adjustments of subsequent events on valuation base date). In case that the validity period is more than one year, the asset revaluation is required.

**XII. DATE OF THE ASSET VALUATION REPORT**

This asset valuation report was issued on 3 November 2023.

**XIII. ANALYSIS OF CHANGES UNDER THE ASSET-BASED APPROACH**

Under the assumption of a going concern as at the valuation base date, the book value of total assets of Beijing Urban Construction Zhikong Technology Co., Ltd. (i.e. the appraised entity) was RMB2,716,261,238, with the appraised value of RMB2,769,793,684, resulting in an appreciation of 1.9708% or RMB53,532,446; the book value of its liabilities was RMB2,133,608,782, with the appraised value of RMB2,133,608,782, indicating no appreciation or depreciation; the book value of its net assets was RMB582,652,456, with the appraised value of RMB636,184,902, demonstrating an appreciation of 9.1877% or RMB53,532,446. The analysis of changes between appraised value and book value is detailed as follows:

- (1) Inventories – construction in progress: The book value of construction in progress was RMB31,126,132.08, with the appraised value of RMB31,203,466.12, resulting in an appreciation of 0.25% or RMB77,334.04. Currently, the items recorded in the accounts represent ongoing projects for the company. The valuers verified the reasonableness of the book value composition as at valuation base date by examining construction contracts, project schedules, project settlement sheets, vouchers and account books, inquiring relevant project personnel to develop an understanding on project overview, duration, progress, quality and project costs, and consulting the financial staff for information on the accounting content of project construction, property owner confirmation procedures, revenue recognition methods and cost carry-over and other accounting treatment. The book value of verified inventories – construction in progress was recognized as the appraised value. The book value of certain items was negative due to cost carry-over in historical years, while the appraised value of such items was recorded as zero, leading to an appreciation in the appraised value.
- (2) Long-term equity investment: The book value of long-term equity investment was RMB7,650,000.00, with the appraised value of RMB24,729,900.00, resulting in an appreciation of 223.27% or RMB17,079,900.00. The appreciation in the appraised value was due to the appreciation of the appraised value of long-term equity investment in Fujian Urban Construction Zhikong Technology Co., Ltd. Fujian

Urban Construction Zhikong Technology Co., Ltd. uses the results of the income approach as the final appraisal conclusion. This approach takes into account the assets measured by accounting principles as well as resources that are not reflected in the balance sheet but are actually owned or controlled by the company, such as customer resources, potential projects, etc., which can better reflect the overall growth and profitability of the company. Based on the results of the income approach, there is a certain degree of appreciation in the appraisal value of long-term equity investment.

- (3) Fixed assets: The book value of fixed assets was RMB43,733,689.47, the appraised value was RMB46,751,340.00, the value appreciation was RMB3,017,650.53, representing an appreciation of 6.90%. The depreciation in the original value of machinery and electronic equipment was due to the rapid replacement of electronic products in recent years and the continuous decline in prices; the main reason for the appreciation in the net appraised value was that the depreciation period for business accounting was shorter than the economic life of equipment.
- (4) Intangible assets: The book value of intangible assets – other intangible assets was RMB3,785,129.34, the appraised value was RMB37,033,058.91, the value appreciation was RMB33,247,929.57, representing an appreciation of 878.38%. The appreciation in the appraised value was contributed by the following: (a) the related costs incurred in intangible assets such as invention patents, trademarks and software copyrights were expensed and had no book value, meaning the book value was nil as at the valuation base date; (b) the intangible assets can participate in the daily operation of the appraised entity, contributing to the daily cash inflows. This appraised value reflects the calculation results of relevant factors.
- (5) Long-term deferred expenses: The book value of long-term deferred expenses was RMB64,347,332.89, the appraised value was RMB64,456,964.11, the value appreciation was RMB109,631.22, representing an appreciation of 0.17%. The appreciation in the appraised value was due to the negative book value of some long-term deferred expenses, while long-term deferred expenses were valued by reference to the value of assets and entitlements that were still held by the appraised entity after the valuation base date. For deferred expenses with no corresponding entitlements or value, or deferred expenses that had been taken into account in other categories of assets, their appraised value was nil.

**XIV. DESCRIPTION OF THE MAIN PARAMETERS OF INCOME APPROACH****① Operating income:**

The appraised entity is mainly engaged in rail transit communication, signaling, integrated monitoring system, modern tram intelligent control system, subway and light rail track integrated vibration reduction products and systems, urban public facilities intelligent system integration services, and the provision of operation and maintenance services in the above related fields.

The Company has been actively expanding its business of tram construction projects in multiple cities since its establishment. It provides core signal systems and professional system integration solutions for trams in cities such as Qingdao, Shenzhen, Wuhan, Sanya, Kunming, and Delingha, ranking top in the industry in terms of the number of projects participated, and has accumulated extensive experience in urban rail transit construction. The Company has taken the lead in launching the development of a comprehensive solution for urban rail transit professional systems with the “Cloud-based Automated System” as the core of the urban rail cloud platform by the integration project of the weak current system of Kunming Rail Transit Line 4. The product line has been extended to multiple subsystems of weak current system such as subway communication systems, signal systems, comprehensive monitoring systems, automatic ticketing systems, and platform gate control systems, and urban rail transit professional system integration and cloud platform construction business are being carried out. Currently, the Company has become one of the enterprises with a relatively comprehensive product system in the field of professional system equipment for urban rail transit in China. Its products and services cover five major professional system equipment, urban rail cloud and big data platform products, as well as the development and sales of special equipment for urban rail transit, overall solution design, system integration, operation maintenance, and full-process technical services, featuring complete range of product categories.

**A. *Urban Rail Transit Equipment Market***

According to the 2022 “Report on the Development of Urban Rail Transit Operation in China” issued by the [www.rail-transit.com](http://www.rail-transit.com), the Company ranked top in terms of the number of winning bids in the urban rail transit communication system and integrated monitoring system market in 2022. In addition, the Company has also obtained sub-contracting projects of communication system and other professional systems in a professional system sub-contracting manner, and has gained certain scale in the industry as to its sub-contracting projects.

**B. *Urban rail cloud and big data platform market of urban rail transit***

The Company has successively applied its urban rail cloud and big data platform products in Kunming Metro Line 4, Taiyuan Metro Line 2, Shaoxing Metro Line 1 and Zhuzhou Smart Rail Phase I projects, and won the bid for urban rail cloud and big data platform construction projects in Xi’an, Qingdao and other cities in 2022. It is the largest

urban rail cloud and big data platform service provider in the industry in terms of the market share of winning projects, as well as an industry leader in competitive strength with strong scheme design, system integration and construction capabilities for urban rail cloud and big data platforms.

*C. Future development direction*

In the future, the Company will adhere to independent research and development and science and technology industrialization and innovation. It will explore new market space in the field of digital transportation and develop industry-leading products in combination with cutting-edge technologies such as big data, cloud computing, artificial intelligence and Internet of Things. The Company will further improve its innovation system and mechanism, increase investment in research and development, accelerate the transformation of innovation achievements, strengthen the training of innovation talents, and develop and promote technological innovative products with independent intellectual property rights, making attempts to extend the relevant industrial chain based on its basic capabilities for core technologies.

*D. Expected future growth points*

The train control project proposes a new chip cloud train control system architecture, with an aim to simplify the system architecture, optimize the system data process, standardize the system interface, give full play to high-performance server computing power, reduce the cost of the whole life cycle of the system, and then achieve the goal of one train control platform for one city to command one-network-based operation.

The smart station project enables the data-driven business and reshapes the relationship between people, trains, facilities and equipment and management system in the urban rail system. The project realizes the transformation from “people adapt to subway” to “subway adapt to people”, “production paradigm” to “service paradigm”, and “passive service” to “smart service”, and facilitates the intelligence of urban rails in all scenarios. It also resolves the resource dispersion of business systems, reduces construction, operation and maintenance costs, and enhances data access capacity.

The emergency command project can realize the interconnectivity of each system terminal, achieve real-time data exchange and data analysis, etc., to satisfy the demand of the urban rail transit for monitoring and early warning on emergency events, further improve the real-time and effectiveness, and strengthen the risk prevention and emergency capacity of the rail transit industry.

The Fuzhou production base project is planned to establish intelligent production workshops. By relying on advanced technologies developed independently, the project can realize the processes of product assembly, testing, coating and curing, intelligent storage, etc., to enable the development of equipment products towards safety and

security, lightweight equipment, quality and longevity, and energy conservation and environmental protection, thereby creating a new-type mode of production that provides functions such as self-sensing, self-learning, self-determination, self-execution and self-adaptation.

The revenue from the principal business of the appraised entity in future years is projected mainly based on the implementation of contracts entered into by the appraised entity, the new contracts intended to be signed and the planning of the enterprise in future years, with taking into account the development of the industry.

## ② Operating costs

The costs for the principal business of the appraised entity refer to the service costs for system integration and operations. The operating costs and gross profit margins of the appraised entity for the last three years are summarized below:

Unit of Amount: RMB

No.	Product category	2020	2021	2022	January-July 2023
1	Service costs for system integration and operations	371,003,845.02	741,055,723.81	1,232,288,369.34	928,376,804.26
	Total costs for the principal business	371,003,845.02	741,055,723.81	1,232,288,369.34	928,376,804.26
	Gross profit margins	32.91%	27.00%	25.93%	25.43%

The gross profit margins of the appraised entity in future years are mainly referring to the historical annual data of the enterprise, and will decrease slightly each year in the future with the expansion of business scale.

## ③ Taxes and surcharges

Taxes and surcharges include city maintenance and construction tax, education surcharge and local education surcharge. The valuation is based on the value-added tax payable by the enterprise, with taking into account the taxes and surcharges projected at corresponding tax rates for each tax item. The major tax items and tax rates of the enterprise include corporate income tax rate of 15%, value-added tax rate of 13% and 6%, city maintenance and construction tax rate of 7%, education surcharge of 3% and local education surcharge of 2%. The value-added tax payable is calculated based on the breakdown of the projected revenue, costs and expenses of the enterprises.



**④ Cost of sales**

Cost of sales primarily includes the salaries and benefits of sales personnel, as well as business-related expenses. Salaries, benefits, and business expenses are directly related to operations. For the upcoming year, the cost of sales shall be projected based on a specified growth rate determined by the combination of the actual performance of the appraised entity from January to July 2023, the company's budget, and the revenue growth rate during the forecast period.

**⑤ General and administrative expenses**

General and administrative expenses mainly consist of salaries for management personnel, depreciation and amortization, office expenses, and building lease costs. For management salaries, an increase will be considered in coming years based on the levels observed from January to July 2023. Building lease costs will be forecasted according to the current leasing conditions. Other administrative expenses directly related to operations for the upcoming year shall be projected based on a specified growth rate determined by the combination of the actual performance of the appraised entity from January to July 2023, the company's budget, and the revenue growth rate during the forecast period.

**⑥ Research and development expenses**

Research and development expenses primarily include salaries for research and development personnel, material costs, equipment expenses, etc. Salaries for research and development personnel, material costs, and equipment expenses will be forecasted based on the levels observed in 2022 and from January to July 2023. Due to the company maintaining the existing research capacities in the future, other research and development expenditures shall be projected based on a specified growth rate determined by the combination of the actual performance of the appraised entity from January to July 2023, the company's budget, and the revenue growth rate during the forecast period.

**⑦ Finance costs**

Finance costs mainly encompass interest payments, interest income, transaction fees, etc. Interest expenses in future periods shall be calculated based on the loan balances as of the valuation base date and the weighted average interest rates for various loans. Transaction fees will be forecasted based on historical data for this appraisal.

**⑧ Income tax**

The appraised entity in this appraisal is classified as a high-tech enterprise, subject to a corporate income tax rate of 15%. Additionally, it qualifies for the deduction policy related to research and development expenses.

⑨ **Discount rate**

According to the principle of consistency between the income amount and the discount rate, if the income amount for this valuation is the free cash flow of the enterprise, the weighted average cost of capital (WACC) shall be selected as the discount rate. The WACC model may be expressed by the following mathematical formula:

$$WACC = k_e \times [E / (D + E)] + k_d \times (1 - t) \times [D / (D + E)]$$

Where,  $k_e$ : cost of equity capital

E: market value of equity capital

D: market value of debt capital

$k_d$ : cost of debt capital

T: income tax rate

**A. Determination of risk-free rate**

According to the yield curve of China's Treasury bond published on the official website of China Appraisal Society (<http://www.cas.org.cn/index.htm>), in the yield curve of China's Treasury bond, the yield of 10-year Treasury bond as of the valuation base date is selected as the risk-free return rate for this valuation, being 2.66%.

**B. Determination of  $\beta$  value**

At present, Wind Information is a company that engages in  $\beta$  study and provides the calculation formula for  $\beta$  value in China. In this valuation, we selected the  $\beta$  calculator published by such company to calculate  $\beta$  value of each comparable company, which should reflect its own capital structure. After screening, three listed companies (JiaXun 300213. SZ, Dinghan 300011. SZ, and Huihuang Technology 002296. SZ) that are similar to the Client in terms of business content and asset-liability ratio were selected as comparable companies. Through consultation, we have obtained the risk coefficient  $\beta$  of each comparable company calculated and pooled using monthly indicators as compared to the Shanghai and Shenzhen stock markets (using the Shanghai and Shenzhen 300 Index) during the most recent 5 years from the valuation base date (with at least two years of listing history), the average value of which, after excluding the  $\beta$  coefficient without financial leverage of each comparable company, is used as the  $\beta$  coefficient without financial leverage of the appraised entity. The coefficient  $\beta$  without financial leverage is calculated to be 0.5806, then:

$$\beta_L = (1 + (1 - T) \times D/E) \times \beta_U$$

Where,  $\beta_L$  is the  $\beta$  coefficient reflecting the target capital structure of the appraised entity

$\beta_U$  is the average value of  $\beta$  coefficient without financial leverage of comparable companies

D/E is the target capital structure, where the average capital structure of comparable companies is adopted.

$\beta_L$  is calculated to be 0.6397.

***C. Determination of market risk premium***

Taking the long-term average rate of return of the A-share market index of China as the market expected rate of return, the market risk premium represents the part of the market expected rate of return exceeding the risk-free rate of return. When calculating the long-term average rate of return of the A-share market index of China, SSE Exchange Composite Index and SZSE Component Index were selected as the benchmark index. The calculation period from the date of stock price being fully liberalized and free price bidding transactions being implemented, *i.e.* 21 May 1992, to the valuation base date. Monthly-based data was adopted for the calculation. The calculation method of the arithmetic average and geometric mean were adopted, which are subject to the adjustment according to the market condition. The data of the long-term average rate of return of the A-share market index of China is tracked and researched by the technical center of the company and will be published regularly. As calculated, the market risk premium (ERP) of projects with an income period of more than 10 years is 7.21%.

***D. Determination of enterprise-specific risk adjustment coefficient***

This appraisal adopted comprehensive analysis method to determine specific risk rate of return,  $R_s$ , that is, comprehensively taking factors into consideration, such as the appraised entity's scale of assets, stage of operation, market competition, major customers and dependence on supplier, corporate governance and capital structure. As determined, the reasonable specific risk rate of return is 2.00%.

As analyzed and calculated above, the equity expected rate of return determined to use in this appraisal is 9.27%.

***E. Determination of cost of debt capital***

In this appraisal, cost of debt capital shall be current weighted average debt rate of the appraised entity, that is 3.34%.

***F. Result of discount rate***

According to the abovementioned parameters, the discount rate is 8.58%.

**XV. SENSITIVITY ANALYSIS****1. Sensitivity analysis of the impact of discount rate changes on valuation**

The impact of the discount rate on the appraised value can reflect the overall impact of market changes on valuation. The “base discount rate” is the calculation result when the discount rate is 8.58% in this valuation. The impact on valuation results of different change percentages is shown in the following table:

<b>Change (%)</b>	<b>Discount rate</b>	<b>Appraised value (0'000)</b>	<b>Change of the appraised value (%)</b>
Increase 10%	9.44%	157,129.00	-9.71%
Increase 5%	9.01%	165,151.00	-5.10%
Base	8.58%	174,018.00	–
Decrease 5%	8.15%	183,815.00	5.63%
Decrease 10%	7.72%	194,722.00	11.90%

**2. Sensitivity analysis of the impact of changes in revenue growth rate on valuation**

The revenue growth rate is influenced by macro factors such as the regional economic and industry development. The unpredictable macro environmental changes will have an impact on the valuation. The “base revenue growth rate” refers to the calculation result when the revenue growth rate is set at 15% in this valuation. The impact on valuation results of different change percentages is shown in the following table:

<b>Change (%)</b>	<b>Revenue growth rate</b>	<b>Appraised value (0'000)</b>	<b>Change of the appraised value (%)</b>
Increase 10%	16.50%	197,270.00	13.36%
Increase 5%	15.75%	185,537.00	6.62%
Base	15.00%	174,018.00	–
Decrease 5%	14.25%	162,709.00	-6.50%
Decrease 10%	13.50%	151,609.00	-12.88%

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**APPENDIX II                      LETTER FROM THE REPORTING ACCOUNTANT  
OF THE COMPANY ON VALUATION REPORT**

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The Board of Directors  
Beijing Urban Construction Design & Development Group Co., Limited  
5 Fuchengmen North Street  
Xicheng District, Beijing PRC

Dear Sir or Madam,

**REPORT ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION  
WITH THE VALUATIONS OF THE EQUITY INTERESTS IN THE TARGET  
COMPANIES (AS DEFINED BELOW)**

**To the Board of Directors of Beijing Urban Construction Design & Development Group  
Co., Limited**

We have examined the calculations of the discounted future estimated cash flows on which the valuations prepared by Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. dated 3 November 2023 in respect of the equity interests in Beijing Urban Construction Zhikong Technology Co., Ltd. and Fujian Urban Construction Zhikong Technology Co., Ltd. (collectively referred to as the “**Target Companies**”), as at 31 July 2023 (the “**Valuations**”) are based. The Valuations, prepared in connection with the Target Companies is set out in the announcement dated 21 November 2023 (the “**Announcement**”). The Valuations which are based on the discounted future estimated cash flows are regarded as profit forecasts under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**Directors’ Responsibilities**

The directors of the Target Companies (the “**Directors**”) are solely responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuations and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Reporting Accountant’s Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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**APPENDIX II                      LETTER FROM THE REPORTING ACCOUNTANT  
OF THE COMPANY ON VALUATION REPORT**

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Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant’s Responsibilities**

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuations are based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with the terms of our engagement letter dated 16 November 2023 and Hong Kong Standard on Assurance Engagements 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Companies. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Because the Valuations relate to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuations and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

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**APPENDIX II            LETTER FROM THE REPORTING ACCOUNTANT  
                                 OF THE COMPANY ON VALUATION REPORT**

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**Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

**Da Hua Moore International CPA Limited**

*Certified Public Accountants*

**Pak Chi Yan**

Practising Certificate Number: P06923

Hong Kong, 21 November 2023



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

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

**(Stock Code: 1599)**

Dear Sir or Madam,

**TRANSACTIONS CONTEMPLATED UNDER  
THE EQUITY TRANSFER AGREEMENT**

We refer to the valuation report (the “**Valuation Report**”) prepared by Beijing Zhongzhicheng International Assets Appraisal Co., Ltd. (北京中致成國際資產評估有限公司) (the “**Valuer**”) in relation to the valuation of entire equity interest in Beijing Urban Construction Zhikong Technology Co., Ltd. (北京城建智控科技股份有限公司) as at the valuation base date (i.e. 31 July 2023). The valuation adopted the income approach, and therefore is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have considered various aspects of the valuation, including the bases and assumptions of preparation of the valuation, and have reviewed the valuation responsible by the Valuer. We have also considered the letter dated 21 November 2023 issued by Da Hua Moore International CPA Limited, the reporting accountant, in relation to whether, so far as the arithmetical accuracy of the calculations is concerned, the forecast is properly prepared based on the assumptions set out in the Valuation Report. We have noticed that the calculations of the forecast in the valuation are accurate and comply with the bases and assumptions set out in the Valuation Report.

Based on the above, we believe the forecast is made after due and careful enquiry.

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

Beijing, 21 November 2023



## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Securities Interest of Substantial Shareholders

At the Latest Practicable Date, so far as is known to the Directors, the following persons (other than Directors, Supervisors and chief executive of the Company) had an interest and short position in the Shares and underlying Shares of the Company which shall be entered in the register kept by the Company pursuant to Section 336 of the SFO:

#### Domestic Shares

Name of Shareholders	Capacity	Number of Domestic Shares	Nature of interest	Approximate percentage of the total issued Domestic Share capital	Approximate percentage of the total issued Share Capital
BUCG <sup>1</sup>	Beneficial owner	571,031,118	Long position	59.44%	42.34%
Beijing Infrastructure Investment Co., Ltd. <sup>2</sup>	Beneficial owner	87,850,942	Long position	9.14%	6.51%
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000 <sup>3</sup>	Long position	7.91%	5.64%

#### Notes:

1. BUCG is a wholly state-owned enterprise with limited liability established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.
2. Beijing Infrastructure Investment Co., Ltd. ("**Beijing Investment Company**") is a wholly state-owned enterprise established and funded by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. A merger and restructuring was conducted between Beijing Investment Company and Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司) on 4 August 2020, pursuant to which, Beijing Investment Company in aggregate holds directly or indirectly 199,998,412 Shares of the Company (including 131,776,412 Domestic Shares and 68,222,000 H Shares of the Company, representing approximately 14.83% of the issued Shares of the Company). For details, please refer to the announcement of the Company dated 10 August 2020.
3. Among which 18,270,000 Domestic Shares were issued for connected subscriptions. For details, please refer to the circular of the Company dated 7 December 2017 and the announcement of the Company dated 5 February 2018.

*H Shares*

Name of Shareholders	Capacity	Number of H Shares	Nature of interest	Approximate percentage of the total issued H Share capital	Approximate percentage of the total issued share capital
Amundi Ireland Ltd.	Investment manager	81,494,000	Long position	21.01%	6.04%
Beijing Infrastructure Investment Co., Ltd. <sup>1</sup>	Interest of controlled corporations	68,222,000	Long position	17.59%	5.06%
Beijing Infrastructure Investment (Hong Kong) Limited <sup>1</sup>	Beneficial owner	68,222,000	Long position	17.59%	5.06%
Pioneer Investment Management Limited	Investment manager	66,028,000	Long position	17.02%	4.90%
Pioneer Asset Management S.A.	Investment manager	52,777,000	Long position	13.60%	3.91%
CRRC Group	Interest of controlled corporations <sup>2</sup>	26,222,000	Long position	6.76%	1.94%

*Notes:*

1. Beijing Investment Company indirectly holds long position of 68,222,000 H Shares of the Company through its wholly owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited.
2. CRRC Group (formerly known as CSR Group Limited) is interested in 26,222,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co., Ltd.).

Saved as disclosed above, at the Latest Practicable Date, the Directors are not aware of any other persons (other than Directors, Supervisors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO.

**The Interests and Short Positions of Directors, Supervisors and Chief Executive in the Shares, Underlying Shares and Debentures**

At the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or were required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:

Name	Title	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of total issued H Share capital	Approximate percentage of total issued Share capital
Wang Hanjun	Executive Director and general manager	Personal interest	H Shares	48,000	0.01	0.004
Li Guoqing	Executive Director and deputy general manager	Personal interest	H Shares	48,000	0.01	0.004

*Note:*

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

Save as disclosed above, at the Latest Practicable Date, none of the other Directors and Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO); or (ii) entered in the register required to be kept under Section 352 of the SFO; or (iii) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### 4. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any asset which had been, since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

#### 5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

#### 7. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance, and the Directors are not aware of any litigation or claim of material importance pending or threatened against the Company or any of the Company's subsidiaries.

#### 8. EXPERTS' QUALIFICATION AND CONSENT

The following are the qualifications of the experts who have given advice and recommendations which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	A licensed corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Beijing Zhongzhicheng International Assets Appraisal Co., Ltd.	A qualified valuer in the PRC
Da Hua Moore International CPA Limited	Certified Public Accountant

As at the Latest Practicable Date, experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion therein of their letter or report and references to their name and advice in the form and context in which they appear.

**9. EXPERTS' INTERESTS**

As at the Latest Practicable Date, experts:

- (a) did not have any direct or indirect interest in any assets which have been, after 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group; and
- (b) did not have any shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for, or to nominate persons to subscribe for securities in any member of the Group.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bju.cd.com](http://www.bju.cd.com)) for the period from the date of this circular up to and including the date of the EGM:

Equity Transfer Agreement.

# NOTICE OF THE 2023 FOURTH EXTRAORDINARY GENERAL MEETING



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

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

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

**(Stock Code: 1599)**

## NOTICE OF THE 2023 FOURTH EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2023 Fourth Extraordinary General Meeting (the “EGM”) of Beijing Urban Construction Design & Development Group Co., Limited (the “Company”) will be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 9:45 a.m. on Tuesday, 26 December 2023, to consider and, if thought fit, approve the following resolutions:

### ORDINARY RESOLUTION

1. To consider and approve the transfer of partial equity interest in Beijing Urban Construction Zhikong Technology Co., Ltd.

### SPECIAL RESOLUTION

2. To consider and approve the renewal of the registration and issuance of medium term notes of the Company.

By order of the Board

**Beijing Urban Construction Design & Development Group Co., Limited**

**Pei Hongwei**

*Chairman*

Beijing, 11 December 2023

*As at the date of this notice, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Pei Hongwei, Shi Huaxin, Peng Dongdong, Li Fei, Wang Tao and Tang Qimeng; and the independent non-executive directors of the Company are Wang Guofeng, Qin Guisheng, Ma Xufei and Xia Peng.*

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## NOTICE OF THE 2023 FOURTH EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The register of members of the Company will be closed from Thursday, 21 December 2023 to Tuesday, 26 December 2023, both days inclusive, during which period no transfer of shares will be registered. Holders of H Shares and domestic shares whose names appeared on the register of members of the Company as at Tuesday, 26 December 2023 shall be entitled to attend and vote at the EGM. Holders of H Shares of the Company who intend to attend and vote at the EGM must lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 20 December 2023 for registration.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company but must attend the EGM in person to represent the relevant shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, the instrument must be executed either under its common seal or under the hand of its director(s) or duly authorised attorney. If the instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarised.
4. In order to be valid, the proxy form together with the notarised power of attorney or other documents of authorisation (if any) must be deposited at the secretariat of the board of directors of the Company at 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC for holders of domestic shares and at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares not less than 24 hours before the time stipulated for convening the EGM (or any adjournment thereof) (as the case may be). Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at the EGM (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
5. The EGM is estimated to last for about half a day. Shareholders or their proxies who attend the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the EGM (or any adjournment thereof).