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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)

CORRECTIONS TO CONSOLIDATED FINANCIAL REPORTS

This announcement is published by Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company hereby announces that, in connection with the application for the initial public offering and listing of A shares of the Company (the “**A Share Listing**”), Da Hua Certified Public Accountants (Special General Partnership), the auditor engaged by the Company (the “**Auditor**”), has conducted an audit on the consolidated financial statements of the Group (the “**Reporting Consolidated Financial Statements**”) for the three financial years ended 31 December 2022 and the six months ended 30 June 2023 (the “**Reporting Period**”) prepared in accordance with the China Accounting Standards for Business Enterprises. From the view of International Financial Reporting Standards, certain differences were identified between the Reporting Consolidated Financial Statements and the previously published consolidated financial statements of the Group and notes to the financial statements. Details are set out as below:

I. CORRECTIONS OF PRIOR-PERIOD ERRORS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE REASONS THEREOF

(I) Corrections of inter-period recognition of cost of sales for certain engineering projects during the Reporting Period

1. Description of corrections

During the Reporting Period, there was inter-period recognition of cost of sales for certain engineering projects of the Company and its subsidiaries, namely Beijing Urban Rail Transit Construction Engineering Co., Ltd. (北京城建设计轨道交通建设工程有限公司) and Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. (北京城建设计勘测设计研究院有限责任公司). Therefore, corrections were made to the data on cost of sales and revenue for each period.

2. Items and amounts of consolidated financial statements involved in the correction of accounting errors

Unit: RMB'000

No.	Statement items	January to June 2023	2022	2021	2020
1	Revenue	-25,715	-166,742	126,486	57,696
2	Cost of sales	-23,534	-158,856	120,546	53,667
3	Impairment losses on financial assets and contract assets, net	114	191	55	-360
4	Income tax expense	-281	-1,532	1,278	710
5	Profit attributable to: Owners of the parent	-1,786	-6,163	4,717	2,959
6	Contract assets	10,948	33,745	71,665	82,625
7	Deferred tax assets	8	25	54	62
8	Trade and bills payables	15,889	39,423	198,280	77,733
9	Other payables and accruals	-6,066	-8,869	-137,501	
10	Tax payable	205	504	2,066	796
11	Reserves	928	2,712	8,874	4,158

(II) Corrections of overstatement on trade receivables and corresponding tax pending for written off for certain engineering projects during the Reporting Period

1. Description of corrections

The Company's trade and bills receivables and corresponding other payables and accruals for the Reporting Period were overstated due to double accounting.

2. Items and amounts of consolidated financial statements involved in the correction of accounting errors

Unit: RMB'000

No.	Statement items	January to June 2023	2022	2021	2020
1	Impairment losses on financial assets and contract assets, net	-3,420	-1,112	-4,729	427
2	Income tax expense	-513	-167	-710	64
3	Profit attributable to: Owners of the parent	-2,907	-945	-4,019	363
4	Trade and bills receivables	-27,654	-76,857	-48,977	-54,495
5	Deferred tax assets	4,148	3,635	3,468	2,759
6	Other payables and accruals		-52,623	-25,855	-36,102
7	Reserves	-23,506	-20,599	-19,654	-15,634

(III) Corrections of classification and identification of long-term equity investment during the Reporting Period

1. Description of corrections

Beijing Urban Infrastructure Construction Investment Management Co., Ltd. (北京城建基礎設施投資管理有限公司) (the “**Urban Infrastructure Construction Investment Company**”), a wholly-owned subsidiary of the Company, holds 7.65% equity of Shaoxing Jingyue Metro Co., Ltd. (紹興京越地鐵有限公司) (the “**Shaoxing Jingyue**”), which is co-established by a private consortium consisting of Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) (the “**Beijing Investment Company**”), Beijing Subway Rolling Stock Equipment Co., Ltd. (北京地鐵車輛裝備有限公司), Beijing Municipal Road and Bridge Co., Ltd. (北京市政路橋股份有限公司) (the “**Municipal Road and Bridge**”), Urban Infrastructure Construction Investment Company (collectively the “**Private Consortium**”), and the investment representative of government. Shaoxing Jingyue is held of 51% and 49% by the Private Consortium and the investment representative of government, respectively. In accordance with the articles of association of Shaoxing Jingyue, the board of directors of Shaoxing Jingyue shall have 7 directors, with 3 directors recommended by the shareholders of the Private Consortium, 3 directors by the investment representative of government and 1 employee director. As to the 3 directors recommended by the shareholders of the Private Consortium, each of Beijing Investment Company, Municipal Road and Bridge and Urban Infrastructure Construction Investment Company shall nominate one. Urban Infrastructure Construction Investment Company had appointed 1 director upon the establishment of Shaoxing Jingyue. The cooperation agreement entered into by the Private Consortium stipulates that the parties thereof shall act in concert in terms of any event that needs to be resolved at the general meeting or the meeting of the board of the project company (the “**Event Acting in Concert**”). The parties thereof shall make discussion relating to the Event Acting in Concert in advance and reach a unanimous decision at their best effort. In case of failing to reach an agreement by such parties, the decision of Beijing Investment Company shall be deemed as the final and be complied by all such parties. Such equity investment was originally included in “other non-current financial asset” for accounting by the Company. However, as the director appointed by Urban Infrastructure Construction Investment Company has the power to participate in the discussion of operating decisions, making it have a material influence on the investee, such equity investment is reclassified to be included in the long-term equity investment under the equity method of accounting.

2. Items and amounts of consolidated financial statements involved in the correction of accounting errors

		<i>Unit: RMB'000</i>			
No.	Statement items	January to June 2023	2022	2021	2020
1	Share of profits and losses of: Associates	1,244	16	1	23
2	Other income and gains	-1,755	-6,000	-7,300	-3,190
3	Profit attributable to:				
	Owners of the parent	511	-5,984	-7,299	-3,167
4	Investments in associates	435,039	408,550	408,534	270,833
5	Financial assets at fair value through profit or loss	-452,000	-425,000	-419,000	-274,000
6	Reserve	-16,961	-16,450	-10,466	-3,167

(IV) During the Reporting Period, part of the prepayments from customers and trade payables for the same construction projects were simultaneously recorded, and the subcontracting costs at the beginning of the Reporting Period were not settled in time, resulting in a correction of the prepayments from customers recorded

1. Description of corrections

During the Reporting Period, part of the estimated trade payables and prepayments for the same construction projects of Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. (北京城建勘测设计研究院有限责任公司), a subsidiary of the Company, were simultaneously recorded without offsetting in the financial statements. At the same time, at the beginning of the Reporting Period, some prepayments from customers were not included in the costs due to the subcontracting costs not being settled in time.

2. Items and amounts of consolidated financial statements involved in the correction of accounting errors

Unit: RMB'000

No.	Statement items	January to June 2023	2022	2021	2020
1	Prepayments, other receivables and other assets	-28,756	-26,458	-25,566	-24,446
2	Trade and bills payables	-16,629	-14,331	-13,439	-12,319
3	Other payables and accruals	-5,682	-5,682	-5,682	-5,682
4	Reserves	-6,445	-6,445	-6,445	-6,445

(V) Correction of accrued but unpaid employee compensation balances at the beginning of the Reporting Period

1. Description of corrections

The Company had accrued but unpaid other payables and accruals balances of RMB35,641,207.54 at the beginning of the Reporting Period, which are corrected in this Reporting Period.

2. Items and amounts of consolidated financial statements involved in the correction of accounting errors

Unit: RMB'000

No.	Statement items	January to June 2023	2022	2021	2020
1	Other payables and accruals	-35,641	-35,641	-35,641	-35,641
2	Tax payable	5,346	5,346	5,346	5,346
3	Reserves	30,295	30,295	30,295	30,295

II. EFFECT OF THE CORRECTIONS OF ACCOUNTING ERRORS FOR PRIOR PERIODS ON THE FINANCIAL POSITION AND OPERATING RESULTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE REPORTING PERIOD

The Group corrected the above accounting errors for prior periods using the retrospective restatement method, and accordingly made retrospective corrections to the consolidated financial statements for each period during the Reporting Period. The effect of the retrospective corrections on the relevant items in the consolidated financial statements for each period during the Reporting Period was as follows:

(i) January to June 2023

Unit: RMB'000

Statement Items Affected for the Reporting Period	Amount before restatement	Cumulated amount affected	Amount after restatement
<i>Consolidated Statement of Profit or Loss</i>			
Revenue	4,518,185	-25,715	4,492,470
Cost of sales	-3,669,668	23,534	-3,646,134
Gross profit	848,517	-2,181	846,336
Other income and gains	220,118	-1,755	218,363
Impairment losses on financial assets and contract assets, net	-142,725	-3,306	-146,031
Share of profits and losses of: Associates	26,865	1,244	28,109
Profit before tax from continuing operations	439,355	-5,998	433,357
Income tax expense	-33,689	794	-32,895
Profit for the year	405,666	-5,204	400,462
Profit attributable to: Owners of the parent	399,882	-5,204	394,678
<i>Consolidated Statement of Financial Position</i>			
Investments in associates	735,676	435,039	1,170,715
Financial assets at fair value through profit or loss	461,204	-452,000	9,204
Deferred tax assets	310,650	4,156	314,806
Total non-current assets	11,083,983	-12,805	11,071,178
Trade and bills receivables	4,030,297	-27,654	4,002,643
Prepayments, other receivables and other assets	391,623	-28,756	362,867
Contract assets	5,150,789	10,948	5,161,737
Total current assets	12,020,430	-45,462	11,974,968
Trade and bills payables	4,719,440	-740	4,718,700
Other payables and accruals	4,044,806	-47,389	3,997,417
Tax payable	34,367	5,551	39,918
Total current liabilities	10,098,183	-42,578	10,055,605
Net current assets	1,922,247	-2,884	1,919,363
Total assets less current liabilities	13,006,230	-15,689	12,990,541
Reserves	5,590,071	-15,689	5,574,382
Total equity	7,135,446	-15,689	7,119,757

(ii) 2022

Unit: RMB'000

Statement Items Affected for the Reporting Period	Amount before restatement	Cumulated amount affected	Amount after restatement
<i>Consolidated Statement of Profit or Loss</i>			
Revenue	10,599,845	-166,742	10,433,103
Cost of sales	-8,759,404	158,856	-8,600,548
Gross profit	1,840,441	-7,886	1,832,555
Other income and gains	836,060	-6,000	830,060
Impairment losses on financial assets and contract assets, net	-242,789	-921	-243,710
Share of profits and losses of: Associates	27,549	16	27,565
Profit before tax from continuing operations	1,027,882	-14,791	1,013,091
Income tax expense	-117,114	1,699	-115,415
Profit for the year	910,768	-13,092	897,676
Profit attributable to: Owners of the parent	972,251	-13,092	959,159
<i>Consolidated Statement of Financial Position</i>			
Investments in associates	631,714	408,550	1,040,264
Financial assets at fair value through profit or loss	433,794	-425,000	8,794
Deferred tax assets	272,503	3,660	276,163
Total non-current assets	10,954,550	-12,790	10,941,760
Trade and bills receivables	3,765,400	-76,857	3,688,543
Prepayments, other receivables and other assets	442,373	-26,458	415,915
Contract assets	4,432,454	33,745	4,466,199
Total current assets	12,989,644	-69,570	12,920,074
Trade and bills payables	5,359,491	25,092	5,384,583
Other payables and accruals	4,108,400	-102,815	4,005,585
Tax payable	62,580	5,850	68,430
Total current liabilities	10,968,014	-71,873	10,896,141
Net current assets	2,021,630	2,303	2,023,933
Total assets less current liabilities	12,976,180	-10,487	12,965,693
Reserves	5,448,867	-10,487	5,438,380
Total equity	6,997,448	-10,487	6,986,961

(iii) 2021

Unit: RMB'000

Statement Items Affected for the Reporting Period	Amount before restatement	Cumulated amount affected	Amount after restatement
<i>Consolidated Statement of Profit or Loss</i>			
Revenue	10,258,579	126,486	10,385,065
Cost of sales	-8,384,592	-120,546	-8,505,138
Gross profit	1,873,987	5,940	1,879,927
Other income and gains	499,815	-7,300	492,515
Impairment losses on financial assets and contract assets, net	-372,387	-4,674	-377,061
Share of profits and losses of: Associates	-2,221	1	-2,220
Profit before tax from continuing operations	993,806	-6,033	987,773
Income tax expense	-139,891	-568	-140,459
Profit for the year	903,047	-6,601	896,446
Profit attributable to: Owners of the parent	920,641	-6,601	914,040
<i>Consolidated Statement of Financial Position</i>			
Investments in associates	183,593	408,534	592,127
Financial assets at fair value through profit or loss	427,602	-419,000	8,602
Deferred tax assets	248,454	3,522	251,976
Total non-current assets	10,429,920	-6,944	10,422,976
Trade and bills receivables	4,072,927	-48,977	4,023,950
Prepayments, other receivables and other assets	882,633	-25,566	857,067
Contract assets	3,878,895	71,665	3,950,560
Total current assets	14,235,682	-2,878	14,232,804
Trade and bills payables	4,458,983	184,841	4,643,824
Other payables and accruals	5,006,941	-204,679	4,802,262
Tax payable	68,673	7,412	76,085
Total current liabilities	12,920,290	-12,426	12,907,864
Net current assets	1,315,392	9,548	1,324,940
Total assets less current liabilities	11,745,312	2,604	11,747,916
Reserves	4,799,761	2,604	4,802,365
Total equity	6,415,113	2,604	6,417,717

(iv) 2020

Unit: RMB'000

Statement Items Affected for the Reporting Period	Amount before restatement	Cumulated amount affected	Amount after restatement
<i>Consolidated Statement of Profit or Loss</i>			
Revenue	10,353,962	57,696	10,411,658
Cost of sales	-8,373,890	-53,667	-8,427,557
Gross profit	1,980,072	4,029	1,984,101
Other income and gains	408,696	-3,190	405,506
Impairment losses on financial assets and contract assets, net	-289,871	67	-289,804
Share of profits and losses of: Associates	315	23	338
Profit before tax from continuing operations	925,461	929	926,390
Income tax expense	-107,028	-774	-107,802
Profit for the year	818,433	155	818,588
Profit attributable to: Owners of the parent	797,416	155	797,571
<i>Consolidated Statement of Financial Position</i>			
Investments in associates	66,245	270,833	337,078
Financial assets at fair value through profit or loss	274,000	-274,000	
Deferred tax assets	242,328	2,821	245,149
Total non-current assets	9,518,616	-346	9,518,270
Trade and bills receivables	4,270,628	-54,495	4,216,133
Prepayments, other receivables and other assets	570,800	-24,446	546,354
Contract assets	3,199,503	82,625	3,282,128
Total current assets	11,823,759	3,684	11,827,443
Trade and bills payables	4,576,690	65,414	4,642,104
Other payables and accruals	4,859,853	-77,425	4,782,428
Tax payable	48,958	6,142	55,100
Total current liabilities	10,058,479	-5,869	10,052,610
Net current assets	1,765,280	9,553	1,774,833
Total assets less current liabilities	11,283,897	9,207	11,293,104
Reserves	4,152,205	9,207	4,161,412
Total equity	5,798,838	9,207	5,808,045

III. CORRECTION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes to the consolidated financial statements related to the above corrections of accounting errors shall be corrected simultaneously. In addition, the notes to the consolidated financial statements shall also be made corrections as below:

(i) **Interest-bearing bank and other borrowings**

Before correction:

Unit: RMB'000

	31 December 2022	31 December 2021	31 December 2020
Interest-bearing borrowings from a non-controlling shareholder:			
A non-controlling shareholder	262,471	258,000	378,000
BUCG			

After correction:

Unit: RMB'000

	31 December 2022	31 December 2021	31 December 2020
Interest-bearing borrowings from a non-controlling shareholder:			
A non-controlling shareholder	263,733	263,507	385,901
BUCG	15,600		

(ii) Related party transactions

Before correction:

Unit: RMB'000

	31 December 2022	31 December 2020
Interest expense paid or payable to:		
A non-controlling shareholder	12,642	18,522
BUCG		

After correction:

Unit: RMB'000

	31 December 2022	31 December 2020
Interest expense paid or payable to:		
A non-controlling shareholder	12,868	16,409
BUCG	1	

The Company believes that the above adjustments are appropriate, which will be conducive to improving the quality of the Company's accounting information and reflecting the Company's financial position in a true and objective manner. At the same time, the Auditor is of the view that the above adjustments and corrections are in line with the provisions of the China Accounting Standards for Business Enterprises, and the adjustments of the above differences are based on the audit adjustments during the A-share listing process, which will not have a significant impact on the Company's financial position and operating results during the Reporting Period.

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

Beijing, 21 November 2023

As at the date of this announcement, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Pei Hongwei, 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.