



北控水務集團有限公司

BEIJING ENTERPRISES WATER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 371)

INTERIM
REPORT **2025**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xiong Bin (*Chairman*)
Mr. Zhou Min (*Chief Executive Officer*)
Mr. Li Haifeng
Ms. Sha Ning
Mr. Zhang Wenjiang
Ms. Zhou Xueyan
Mr. Tung Woon Cheung Eric
Mr. Li Li

Non-executive Director

Mr. Yuan Jianwei

Independent Non-executive Directors

Mr. Shea Chun Lok Quadrant
Mr. Guo Rui
Mr. Chau On Ta Yuen
Mr. Dai Xiaohu
Ms. Chan Siu Chee Sophia

AUDIT COMMITTEE

Mr. Shea Chun Lok Quadrant (*Chairman*)
Mr. Guo Rui
Mr. Chau On Ta Yuen

NOMINATION COMMITTEE

Mr. Xiong Bin (*Chairman*)
Mr. Shea Chun Lok Quadrant
Ms. Chan Siu Chee Sophia

REMUNERATION COMMITTEE

Mr. Guo Rui (*Chairman*)
Mr. Tung Woon Cheung Eric
Mr. Shea Chun Lok Quadrant

SUSTAINABILITY COMMITTEE

Mr. Li Li (*Chairman*)
Mr. Tung Woon Cheung Eric
Mr. Guo Rui

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway, Hong Kong

STOCK CODE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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Hamilton HM 11
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

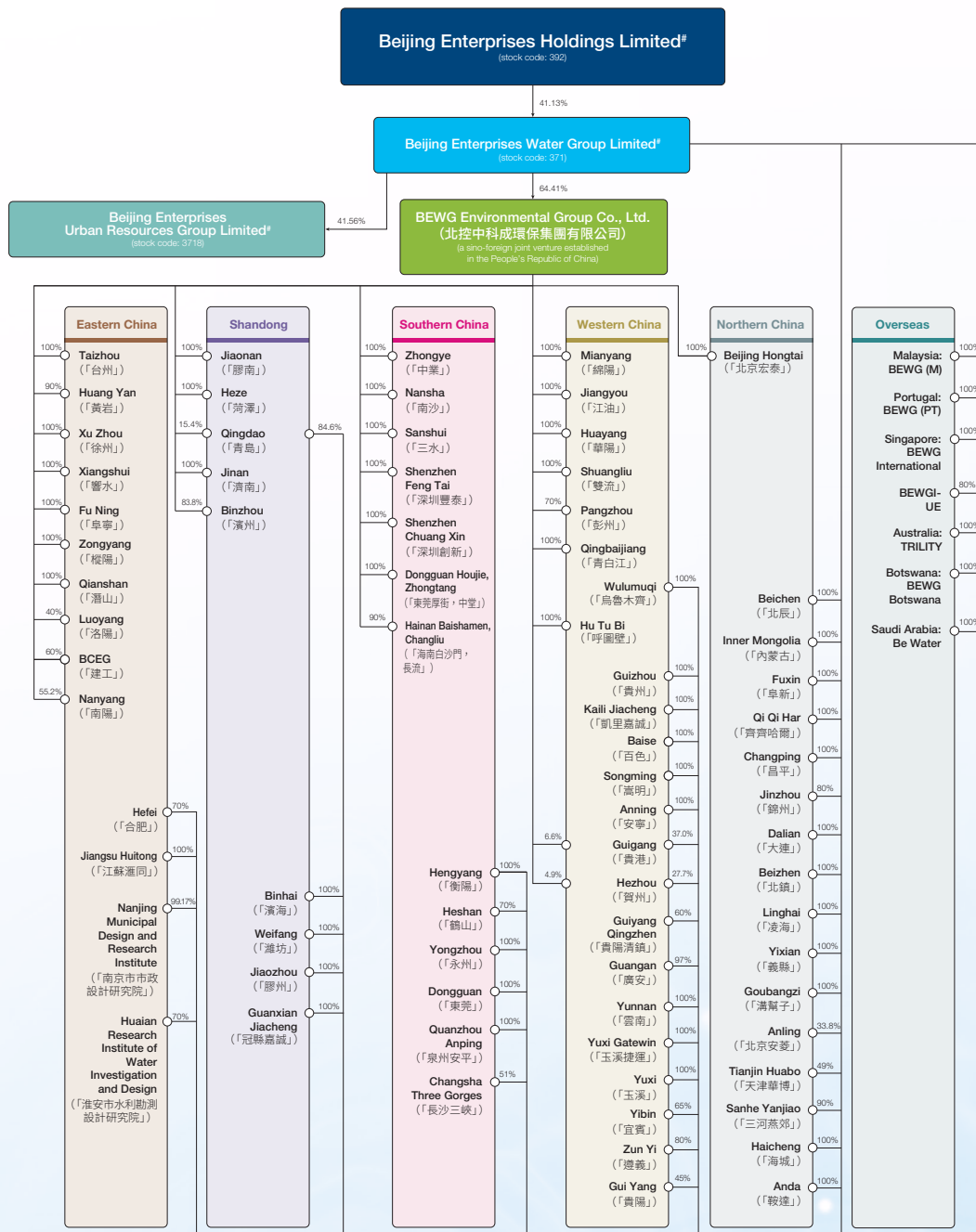
PRINCIPAL BANKERS

In Hong Kong:
Agricultural Bank of China Limited Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited Hong Kong Branch

In Chinese Mainland:
Agricultural Bank of China
Bank of Beijing Co., Limited
Bank of Communications Co., Limited
Bank of China Limited
China Construction Bank Corporation
China Development Bank
Industrial and Commercial Bank of China Limited
The Export-Import Bank of China

GROUP STRUCTURE

30 June 2025



[#] Listed on the Main Board of The Stock Exchange of Hong Kong Limited

Note: The above group chart only lists out major subsidiaries, associates and joint ventures

CHAIRMAN'S STATEMENT

Dear shareholders,

In 2025, it will mark a pivotal year in completing the 14th Five-Year Plan and laying the blueprint for the upcoming 15th Five-Year Plan in the People's Republic of China ("PRC" or "China"), which holds profound significance for sustaining an economic improvement in China and reinforcing its strategic position in the global landscape. At this critical juncture, Beijing Enterprises Water Group Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group" or "BEWG") remains steadfast in strategic focus and confident in its development prospects. During the period under review, the Group prioritized cash flow and asset quality, thereby striving to strengthen its fundamental business operations. Simultaneously it worked to establish a "generation-gap advantage" in operational capabilities through innovation and pursued technology-driven progress to transition toward a asset-light model, resolutely advancing strategic transformation and high-quality development.

PERFORMANCE REVIEW

Performance Overview

The Group achieved a new daily design capacity of 119,831 tons for the six months ended 30 June 2025, with the total daily design capacity to 43,296,179 tons. Revenue was RMB10,458,861,000, which decreased by 7.5% as compared with corresponding period last year. Total profit attributable to the shareholders of the Company was RMB897,087,000, which decreased by 20% as compared with corresponding period last year. In recognition of the continuous support of the shareholders of the Company, the board of directors ("the Board") resolved to distribute an interim cash dividend of HK7.35 cents per share to shareholders, who have the option to receive an interim cash dividend in Hong Kong dollars or Renminbi.

The national policies continued to provide strong support for the development of the water and environmental protection industries. In April 2025, the "Opinions on Improving the Price Governance Mechanism" (《完善價格治理機制的意見》) was issued by the General Office of the Central Committee of the Communist Party jointly with the General Office of the State Council of the PRC which had been clearly proposed to improve the pricing mechanism for public utilities. Such proposals were supported sustainable development as well as established an incentive mechanism aiming at cost reduction and efficiency improvement. These opinions would help further advance price reforms in the field of public utilities such as water supply and drainage and improve the pricing mechanisms that support high-quality and sustainable development within the industry. The Group actively responded to the policy orientation, strengthened the coordinated promotion mechanism for municipal water price adjustments and enhanced related management system training.

The Group continues to implement the operational strategy of "prioritizing cash flow and safeguarding the fundamental operations base". We focus on cash flow and profitability, in particular to emphasis on cash flow, operational efficiency together with talent development. In term of cash flow, we have strictly controlled non-productive expenditures, intensified efforts to collect accounts receivable, and continuously improved asset quality through operational relief measures and the disposal of inefficient assets, resulting in consistent improvement in free cash flow and enhanced operational resilience. In term of improvement of operational efficiency, we have continued to reduce operating costs, financial expenses and administrative costs by way of a series of measures such as intensive operational upgrades, intelligent empowerment and refining the management. In terms of talent, we have promoted and upgraded the talent structure in order effectiveness to support the implementation of our operational strategy. In the first half of the year, we achieved a dual improvement in operational quality and efficiency, laying a solid foundation for a high-quality starting point to the 15th Five-Year Plan period.

CHAIRMAN'S STATEMENT

PERFORMANCE REVIEW *(Continued)*

Performance Overview *(Continued)*

Beijing Enterprises Urban Resources Group Limited (“BEURG”, stock code: 3718), a subsidiary of the Group, is committed to moving the path forward in its high-quality development. Focusing on “risk, profitability and growth”, BEURG has strengthened its cash flow management, reduced investment scale as well as administrative expenses and implemented lean operations. It has strictly controlled by setting up tight standards for new expansion projects and optimized the investment decision-making process. Additionally, BEURG is developing AI-based innovative products and high-value-added businesses such as waste resource utilization. In the first half of 2025, it added 30 new projects, with an annualized total service fees approximately RMB244 million, achieving an effective improvement in quality and a reasonable growth in quantity.

In the face of a complex and ever-changing international environment, adhering to the operation philosophy of “customer-oriented”, the Group was leveraging its existing service advantages to secure Central Otago Water Operations and Maintenance project in New Zealand successfully while it was implementing water price increases for two projects in Portugal, thus continuously consolidating the stable development of overseas projects. By innovating business models and coordinating with the equipment products to “go global”, new markets such as Serbia have been successfully entered into while the asset-light projects in Kazakhstan, Namibia, and other regions are steadily progressing, effectively supporting the deepening implementation of the asset-light strategic transformation of the Group.

CORPORATE MANAGEMENT AND CONTROL

In 2025, the Group focused on upgrading operational paradigms and transforming towards a asset-light strategy. We continuously optimize the layout of our business structure, deepen the three-tier organizational structure of “headquarters – major region – district”, and take existing operations as the main thread to steadily enhance the foundation of our business operations. At the same time, we are building a “Cloud – Chain – End” operational paradigm which could advance the all-around capability construction of standardized ends, professional chains and intelligent cloud.

Stressing on the upgrading of the “Cloud – Chain – End” operational paradigm, the Group has further deepened the systematic construction of operational management. Regarding the standard of “End”, we summarize an experience in operation and advance an intelligent perception and intelligent control at the plant level by way of driving production management through data-driven approaches. Regarding the professions of “Chain”, we clarify the core positioning and responsibilities of “professional companies” and streamline the operational model and supporting system in order to promote the pilot implementation and in-depth development of the “Chain”. Regarding the intelligence of “Cloud”, we enhance intelligent quality control and smart maintenance with multi-modal large models and mechanism models. Currently, it emerged gradually the regional intensive scale benefits from them.

The Group places great emphasis on improving operational quality through a dual-pronged approach. Focusing on cash flow, it continuously strengthens the management for collection of accounts receivables and closely monitors and secures the “source” for put into effect toward budget. The management actively deepens customer communication to elevate the priority of collection of accounts receivables, closely follows debt resolution policies and seizes favorable funding windows, thereby accelerating the measures for improved collections. With a focus on asset quality, the Group is advancing operational relief in depth, implementing “one project, one strategy” for key and challenging projects, and promoting the governance and disposal of ineffective or inefficient assets.

CHAIRMAN'S STATEMENT

CORPORATE MANAGEMENT AND CONTROL *(Continued)*

In terms of capital management, the Group dynamically optimizes medium-term and long-term capital planning. It makes clear resource allocation strategies and effectively reduces financing costs through diversified measures such as currency swap for loans, interest rate negotiations and debt replacement. This has steadily lowered existing financing costs that significantly improved capital efficiency so as to maintain a reasonable and ample liquidity level.

SUSTAINABLE DEVELOPMENT

The Group has deeply integrated the concept of sustainable development into its medium-term and long-term development strategies. By building a solid operational foundation through technological innovation sustainability, digital sustainability, risk management sustainability and talent development sustainability, we could be strengthening the foundation for high-quality and sustainable growth.

In March 2025, Hangzhou Beishui Future Technology Co., Ltd. released its “Smart Water Dual Engine” intelligent solution, aiming to build an “economical, user friendly, simple and reliable” urban water “intelligent system”. Hangzhou Beishui Cloud Service Technology Co., Ltd. launched the “Zhongchongwang” smart operation platform that leverages its three core systems namely digital operation, smart operation and intelligent perception, which derived from best practices, optimizes resource allocation and enables intelligent scheduling. The platform generates continuously iterated production management experience. It aims to propel the water industry into a new era of intelligence while providing efficient, precise and sustainable operational services. Concurrently, the level of integrated business-finance system was fully rolled out enhancing the level of financial management in terms of precision, consolidation and intelligence.

The Group continues to refine its legal governance, internal control compliance, safety operations and audit supervision systems that promoting a transformation in its management and control model to become a “full lifecycle value guardian”. Safety supervision focuses on management of hazardous operations safety, standardizing procedures through three pillars: institutional mechanisms, personnel training and technological solutions. This approach aims to define operational boundaries, enhance incident accountability, strengthen work safety consciousness and ensure production safety.

The Group prioritizes talent structure realignment thereby building three core workforce pillars – operational management, technical expertise and skilled labor that could expand regional leadership development coverage. It concurrently refines talent pipeline mechanisms and competency evaluation frameworks while it cultivates a high-caliber industrial workforce to enable intergenerationally differentiated water operation capabilities.

BEWG always pays close attention to the expectations of all stakeholders. It is committed to building a sustainable partner network and integrating this concept into the full lifecycle management of suppliers. We cultivate a high-performance supply chain. Upholding in the philosophy of “Customer as the Source, Innovations as the Way”, we strengthen customer communication to enhance customer experience and satisfaction.

CHAIRMAN'S STATEMENT

FUTURE PROSPECT

“Where the will is set, no distance is too far”. As we chart the course for the 15th Five-Year Plan, BEWG will unwaveringly prioritize cash flow resilience to continuously reinforce its business fundamentals, unite efforts to overcome challenges, deeply improve quality and enhance efficiency, accelerate the cultivation of new quality productive forces with technological innovation at its core, and move at full speed towards its visions as a “trustworthy and world-leading water environmental service provider”.

Lastly, I would like to extend my sincere gratitude to all shareholders, customers, staff and partners for their continual and tremendous support for the Group.

Xiong Bin

Chairman

27 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period attributable to shareholders of the Company decreased by 20% to RMB897.1 million. Revenue decreased by 8% to RMB10,458.9 million as a result of decrease in revenue contribution from construction services for the BOT water projects.

1. FINANCIAL HIGHLIGHTS

The analysis of the Group's financial results during the period is set out in details below:

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%		RMB'M	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,278.3	41%	60%	2,013.9	68%
– Joint ventures and associates				172.9	6%
				2,186.8	74%
Overseas					
– Subsidiaries	238.0	2%	19%	19.3	1%
	4,516.3	43%		2,206.1	75%
Water distribution services					
China					
– Subsidiaries	1,206.9	12%	41%	308.5	11%
– Joint ventures				69.4	2%
				377.9	13%
Overseas					
– Subsidiaries	242.4	2%	31%	45.9	2%
– Joint ventures				14.3	–
				60.2	2%
	1,449.3	14%		438.1	15%
Subtotal	5,965.6	57%		2,644.2	90%

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

The analysis of the Group's financial results during the period is set out in details below: (Continued)

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%	%	RMB'M	%
2. Construction services for the water renovation					
Construction services for comprehensive renovation projects					
– Projects with completion rate more than 10% [§]	247.3	3%	12%	35.3	1%
– Interest income	–	–	–	140.9	5%
	247.3	3%	12%	176.2	6%
Construction of BOT water projects	464.5	4%	17%	53.4	2%
<hr/>					
Subtotal	711.8	7%		229.6	8%
<hr/>					
3. Technical services and sale of machineries	742.2	7%	34%	50.4	2%
<hr/>					
4. Urban resources services	3,039.3	29%	20%	13.5	–
<hr/>					
Business results	10,458.9	100%		2,937.7	100%
<hr/>					
Others[#]				(2,040.6)	
<hr/>					
Total				897.1	

[#] Others included head office expense and other cost, net, of RMB838.4 million, share of results of joint ventures and associates of RMB51.7 million, finance costs of RMB1,192.1 million and profit attributable to holders of perpetual capital instruments of RMB61.8 million. Others represented items that cannot be allocated to the operating segments.

^{\$} Profit attributable to shareholders of the Company included share of results of joint ventures and associates of RMB35.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

The analysis of the Group's financial results during the last period is set out in details below:

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%	%	RMB'M	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,176.7	37%	59%	1,950.1	62%
– Joint ventures and associates				141.6	4%
				2,091.7	66%
Overseas					
– Subsidiaries	207.8	2%	19%	19.7	1%
	4,384.5	39%		2,111.4	67%
Water distribution services					
China					
– Subsidiaries	1,209.5	11%	43%	323.0	10%
– Joint ventures				102.3	3%
				425.3	13%
Overseas					
– Subsidiaries	233.9	2%	32%	46.0	1%
– Joint ventures				14.3	1%
				60.3	2%
	1,443.4	13%		485.6	15%
Subtotal	5,827.9	52%		2,597.0	82%

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

The analysis of the Group's financial results during the last period is set out in details below: (Continued)

	Revenue		GP ratio		Profit attributable to shareholders of the Company	
	RMB'M	%		%	RMB'M	%
2. Construction services for the water renovation						
Construction services for comprehensive renovation projects						
– Projects with completion rate more than 10% ^{\$}	384.1	3%	16%		80.3	2%
– Interest income	–	–	–		177.4	6%
	384.1	3%	16%		257.7	8%
Construction of BOT water projects	1,257.6	11%	18%		159.2	5%
Subtotal	1,641.7	14%			416.9	13%
3. Technical services and sale of machineries	1,151.4	10%	30%		108.7	3%
4. Urban resources services	2,687.8	24%	21%		52.3	2%
Business results	11,308.8	100%			3,174.9	100%
Others[#]					(2,052.8)	
Total					1,122.1	

[#] Others included head office expense and other cost, net, of RMB460.6 million, share of results of joint ventures and associates of RMB41.6 million, finance costs of RMB1,565.6 million and profit attributable to holders of perpetual capital instruments of RMB68.2 million. Others represented items that cannot be allocated to the operating segments.

^{\$} Profit attributable to shareholders of the Company included share of results of joint ventures and associates of RMB54.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

The comparison of the Group's financial results for the six months ended 30 June 2025 and 2024 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June				For the six months ended 30 June			
	2025 RMB'M	2024 RMB'M	Increase/(Decrease) RMB'M	%	2025 RMB'M	2024 RMB'M	Increase/(Decrease) RMB'M	%
1. Water treatment services								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	4,278.3	4,176.7	101.6	2%	2,013.9	1,950.1	63.8	3%
– Joint ventures and associates					172.9	141.6	31.3	22%
					2,186.8	2,091.7	95.1	5%
GP ratio	60%	59%		1%				
Overseas								
– Subsidiaries	238.0	207.8	30.2	15%	19.3	19.7	(0.4)	(2%)
GP ratio	19%	19%		–				
	4,516.3	4,384.5	131.8	3%	2,206.1	2,111.4	94.7	4%
Water distribution services								
China								
– Subsidiaries	1,206.9	1,209.5	(2.6)	–	308.5	323.0	(14.5)	(4%)
– Joint ventures					69.4	102.3	(32.9)	(32%)
					377.9	425.3	(47.4)	(11%)
GP ratio	41%	43%		(2%)				
Overseas								
– Subsidiaries	242.4	233.9	8.5	4%	45.9	46.0	(0.1)	–
– Joint ventures					14.3	14.3	–	–
					60.2	60.3	(0.1)	–
GP ratio	31%	32%		(1%)				
	1,449.3	1,443.4	5.9	–	438.1	485.6	(47.5)	(10%)
Subtotal	5,965.6	5,827.9	137.7	2%	2,644.2	2,597.0	47.2	2%

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

The comparison of the Group's financial results for the six months ended 30 June 2025 and 2024 is set out in details below: (Continued)

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June		Increase/(Decrease)		For the six months ended 30 June		Increase/(Decrease)	
	2025	2024	Increase/(Decrease)	%	2025	2024	Increase/(Decrease)	%
	RMB'M	RMB'M	RMB'M	%	RMB'M	RMB'M	RMB'M	%
2. Construction services for the water environmental renovation								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	247.3	384.1	(136.8)	(36%)	35.3	80.3	(45.0)	(56%)
– Interest income	–	–	–	–	140.9	177.4	(36.5)	(21%)
	247.3	384.1	(136.8)	(36%)	176.2	257.7	(81.5)	(32%)
GP ratio	12%	16%		(4%)				
Construction of BOT water projects								
– China	464.5	1,257.6	(793.1)	(63%)	53.4	159.2	(105.8)	(66%)
GP ratio	17%	18%		(1%)				
<i>Subtotal</i>	711.8	1,641.7	(929.9)	(57%)	229.6	416.9	(187.3)	(45%)
3. Technical services and sale of machineries	742.2	1,151.4	(409.2)	(36%)	50.4	108.7	(58.3)	(54%)
GP ratio	34%	30%		4%				
4. Urban resources services	3,039.3	2,687.8	351.5	13%	13.5	52.3	(38.8)	(74%)
GP ratio	20%	21%		(1%)				
Business results	10,458.9	11,308.8	(849.9)	(8%)	2,937.7	3,174.9	(237.2)	(7%)
Others					(2,040.6)	(2,052.8)	12.2	(1%)
Total					897.1	1,122.1	(225.0)	(20%)

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW

The principal businesses of the Group include operations in water treatment business, construction service for the water renovation, technical services and sale of machineries and urban resources services. The coverage of the Group's water plants has extended to 20 provinces, 5 autonomous regions and 4 municipalities all across Chinese Mainland.

2.1 Water treatment services

As at 30 June 2025, the Group entered into service concession arrangements and entrustment agreements for a total of 1,463 water plants and town-size sewage treatment facilities including 1,214 sewage treatment plants and town-size sewage treatment facilities, 174 water distribution plants, 74 reclaimed water treatment plants and a seawater desalination plant. Total daily design capacity for new projects secured for the period was 119,831 tons, all of which are entrustment operation projects.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 558,750 tons during the period. As at 30 June 2025, total daily design capacity was 43,296,179 tons.

During the period, the Group entered into a service concession arrangement for town-size sewage treatment projects with aggregate daily capacity of 3,900 tons.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

Analysis of projects on hand is as follows:

	Sewage treatment	Reclaimed water treatment	Water distribution	Seawater desalination	Total
<i>(Tons/Day)</i>					
China					
In operation	19,787,606	2,085,600	10,031,137	–	31,904,343
Not yet commenced operation/ Not yet transferred	4,417,960	2,033,881	3,053,377	–	9,505,218
Subtotal	24,205,566	4,119,481	13,084,514	–	41,409,561
Overseas					
In operation	255,260	268,450	1,062,908	300,000	1,886,618
Not yet commenced operation/ Not yet transferred	–	–	–	–	–
Subtotal	255,260	268,450	1,062,908	300,000	1,886,618
Total	24,460,826	4,387,931	14,147,422	300,000	43,296,179
<i>(Number of water plants and town-size sewage treatment facilities)</i>					
China					
In operation	1,010	42	120	–	1,172
Not yet commenced operation/ Not yet transferred	142	26	15	–	183
Subtotal	1,152	68	135	–	1,355
Overseas					
In operation	62	6	39	1	108
Not yet commenced operation/ Not yet transferred	–	–	–	–	–
Subtotal	62	6	39	1	108
Total	1,214	74	174	1	1,463

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

	Number of plants and town-size sewage treatment facilities	Design capacity <i>(Tons/Day)</i>	Actual processing volume during the period* <i>(Tons (M))</i>	Revenue <i>(RMB'M)</i>	Profit attributable to shareholders of the Company <i>(RMB'M)</i>
Sewage and reclaimed water treatment services:					
Chinese Mainland:					
– Southern China	335	4,807,105	678.3	881.5	417.2
– Western China	324	2,812,810	384.0	768.7	361.2
– Shandong	62	2,824,050	433.0	700.4	377.6
– Eastern China	200	5,904,216	790.8	979.9	424.1
– Northern China	131	5,525,025	673.9	947.8	606.7
	1,052	21,873,206	2,960.0	4,278.3	2,186.8
Overseas	68	523,710	54.4	238.0	19.3
Subtotal	1,120	22,396,916	3,014.4	4,516.3	2,206.1
Water distribution services:					
Chinese Mainland	120	10,031,137	1,087.0	1,206.9	377.9
Overseas [§]	40	1,362,908	93.9	242.4	60.2
Subtotal	160	11,394,045	1,180.9	1,449.3	438.1
Total	1,280	33,790,961	4,195.3	5,965.6	2,644.2

* Excluded entrustment operation contracts with fixed service fee

§ Included a seawater desalination plant

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

2.1.1 Sewage and reclaimed water treatment services

2.1.1a Chinese Mainland:

As at 30 June 2025, the Group had 1,010 sewage treatment plants and town-size sewage treatment facilities and 42 reclaimed water plants in operation in Chinese Mainland. Total daily design capacity in operation of sewage treatment plants and town-size sewage treatment facilities and reclaimed water plants reached to 19,787,606 tons (31 December 2024: 19,647,006 tons) and 2,085,600 tons (31 December 2024: 2,087,450 tons), respectively. The average daily processing volume is 16,443,693 tons* and average daily treatment rate is 77%*. The actual average contracted tariff of water treatment was approximately RMB1.56 per ton (31 December 2024: RMB1.54 per ton) for water plants. The actual aggregate processing volume for the period was 2,960.0 million tons, of which 2,694.4 million tons was contributed by subsidiaries and 265.6 million tons was contributed by joint ventures and associates. Total revenue for the period was RMB4,278.3 million. Net profit attributable to shareholders of the Company was RMB2,186.8 million, of which RMB2,013.9 million was contributed by subsidiaries and RMB172.9 million was contributed by joint ventures and associates. The information of sewage and reclaimed water treatment services in Chinese Mainland is as follows:

Southern China

Plants in Southern China were mainly located in Guangdong Province, Hunan Province, Fujian Province and Shaanxi Province. As at 30 June 2025, there were 335 plants and town-size sewage treatment facilities with total daily design capacity of 4,807,105 tons, representing an increase of 173,500 tons or 4% as compared with last year. The actual aggregate processing volume for the period amounted to 678.3 million tons. The operating revenue and profit attributable to shareholders of the Company were RMB881.5 million and RMB417.2 million respectively during the period.

Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 30 June 2025, there were 324 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,812,810 tons, representing a decrease of 54,600 tons per day or 2% as compared with last year. The actual processing volume for the period was 384.0 million tons. The operating revenue of RMB768.7 million was recorded during the period. Profit attributable to shareholders of the Company amounted to RMB361.2 million.

* Excluded entrustments operation contracts with fixed service fee

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

2.1.1 Sewage and reclaimed water treatment services *(Continued)*

2.1.1a Chinese Mainland: *(Continued)*

Shandong

There were 62 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,824,050 tons, representing an increase of 30,700 tons per day as compared with last year. The actual processing volume for the period was 433.0 million tons contributing operating revenue of RMB700.4 million during the period. Profit attributable to shareholders of the Company was RMB377.6 million.

Eastern China

There were 200 water plants and town-size sewage treatment facilities in Eastern China which were mainly located in Zhejiang Province, Jiangsu Province, Henan Province and Anhui Province. As at 30 June 2025, the total daily design capacity of Eastern China had decreased by 25,800 tons to 5,904,216 tons as compared with last year. The actual processing volume for the period amounted to 790.8 million tons and operating revenue was RMB979.9 million during the period. Profit attributable to shareholders of the Company was RMB424.1 million.

Northern China

Currently, the Group has 131 plants and town-size sewage treatment facilities under operation in Northern China. They are mainly located in Liaoning Province and Beijing. The daily design capacity of Northern China is 5,525,025 tons, representing an increase of 14,950 tons per day as compared with last year. The projects achieved actual processing volume of 673.9 million tons for the period. The operating revenue was RMB947.8 million during the period. Profit attributable to shareholders of the Company was RMB606.7 million.

2.1.1b Overseas:

As at 30 June 2025, the Group had 62 sewage treatment plants and 6 reclaimed water plants in Portugal, Singapore, Australia, New Zealand and Saudi Arabia. Total daily design capacity in operation was 523,710 tons. The actual processing volume for the period is 54.4 million tons. Total revenue for the period was RMB238.0 million. Profit attributable to shareholders of the Company was RMB19.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

2.1.2 Water distribution services

2.1.2a Chinese Mainland:

As at 30 June 2025, the Group had 120 water distribution plants in operation. Total daily design capacity in operation was 10,031,137 tons (31 December 2024: 10,241,137 tons). The plants were located in Guizhou Province, Fujian Province, Guangdong Province, Hunan Province, Hebei Province, Shandong Province, Henan Province, Guangxi Province and Inner Mongolia Autonomous Region. The actual average contracted tariff of water distribution is approximately RMB2.15 per ton (31 December 2024: RMB2.15 per ton). The aggregate actual processing volume is 1,087.0 million tons, of which 653.0 million tons was contributed by subsidiaries, which recorded revenue of RMB1,206.9 million and 434.0 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was RMB377.9 million, of which profit of RMB308.5 million was contributed by subsidiaries and a profit of RMB69.4 million in aggregate was contributed by joint ventures.

2.1.2b Overseas:

As at 30 June 2025, the Group had 39 water distribution plants and a sea desalination plant which supplies drinking water in Portugal, Australia and Saudi Arabia. Total daily design capacity in operation was 1,362,908 tons. The actual processing volume for the period is 93.9 million tons of which 37.6 million tons was contributed by subsidiaries and 56.3 million tons was contributed by joint ventures. Total revenue for the period was RMB242.4 million. Profit attributable to shareholders of the Company was RMB60.2 million.

2.2 Construction services for the water renovation

2.2.1 Construction services for comprehensive renovation projects

Revenue from comprehensive renovation projects decreased by RMB136.8 million from last period of RMB384.1 million to RMB247.3 million this period.

With the gradual completion of the construction of asset-heavy comprehensive renovation projects in hand or entering into the final stage of construction works, thus, there was a decrease in the construction revenue contributed by these projects.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.2 Construction services for the water renovation *(Continued)*

2.2.1 Construction services for comprehensive renovation projects *(Continued)*

According to the construction contracts, the Group charges an interest on the trade receivables from the customers with reference to certain mark-up on The People's Bank of China's lending rate for the period from the completion of the construction to time of the receipt of the trade receivables. Interest income from water environmental renovation projects attributable to shareholders of the Company was RMB140.9 million for this period (six months ended 30 June 2024: RMB177.4 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects decreased by RMB81.5 million from last period of RMB257.7 million to RMB176.2 million this period.

2.2.2 Construction of BOT water projects

The Group entered into a number of service concession contracts on a BOT basis in respect of its water treatment business. Under HK(IFRIC)-Int 12 *Service Concession Arrangements*, the Group recognises the construction revenue with reference to the fair value of the construction service delivered in the building phase. The fair value of such service is estimated on a cost- plus basis with reference to a prevailing market rate of gross margin at the inception date of service concession agreement. Construction revenue is recognised by using the percentage-of-completion method.

During the period, water plants under construction were mainly located in Shandong, Sichuan and Heilongjiang provinces. Total revenue for construction of BOT water projects was RMB464.5 million (six months ended 30 June 2024: RMB1,257.6 million) and profit attributable to shareholders of the Company was RMB53.4 million (six months ended 30 June 2024: RMB159.2 million). During the period, the Group focus on asset-light projects and decreased in investing in construction of BOT water projects. As such, there was a decrease in revenue and profit attributable to shareholders of the Company during the period.

2.3 Technical services and sales of machineries

The Group has couples of qualification in engineering for consulting and design of water treatment plants. As an integrated water system solution provider, the Group has not only acquired extensive experience in bidding, building and operating sewage water treatment projects, but also successfully marketed its treatment technology and experience in construction services to other operators and constructors.

Revenue from the provision of technical services and sales of machineries was RMB742.2 million (six months ended 30 June 2024: RMB1,151.4 million), representing 7% of the Group's total revenue. Profit attributable to shareholders of the Company was RMB50.4 million (six months ended 30 June 2024: RMB108.7 million). The decrease was mainly due to a decline in demand for technical services during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.4 Urban resources services

Beijing Enterprises Urban Resources Group Limited (“BEURG”) is principally engaged in urban services, hazardous waste treatment business and sale of recycling and reuse products. As at 30 June 2025, BEURG had 239 urban services projects, 10 hazardous waste treatment projects in operation and 2 revenue-generating waste electrical and electronic equipment treatment projects. For the six months ended 30 June 2025, BEURG’s revenue was RMB3,039.3 million (six months ended 30 June 2024: RMB2,687.8 million) and the net profit attributable to the Group was RMB13.5 million (six months ended 30 June 2024: RMB 52.3 million). The decrease in net profit attributable to the Group was mainly due to the impairment loss on non-current assets recognised in BEURG during the six months ended 30 June 2025. The impairment loss was on one-off non-cash expenditure and had no impacts on the Group’s cash flow.

3. FINANCIAL ANALYSIS

3.1 Revenue

During the period, the Group recorded revenue of RMB10,458.9 million (six months ended 30 June 2024: RMB11,308.8 million). The decrease was mainly due to the decrease in revenue contribution from construction services for the BOT water projects.

3.2 Cost of sales

Cost of sales for the period amounted to RMB6,280.2 million, compared to last period of RMB7,015.3 million. Cost of sales mainly included operating costs of water plants of RMB2,767.7 million and cost of urban resources services of RMB2,425.3 million. The decrease was mainly due to decrease in cost of construction services rendered of RMB752.5 million. The construction costs mainly consisted of subcontracting charges. The operating costs mainly included electricity charges of RMB729.9 million, staff costs of RMB2,125.3 million and major overhaul charges of RMB120.3 million. Major overhaul charges were the estimated expenditure to be incurred for the restoration of water plants before they are handed over to the grantor at the end of service arrangements. The amount was estimated based on discounted future cash outlays on major overhauls during the service concession periods. The amount was charged to profit or loss based on amortisation method during the service concession periods.

3.3 Gross profit margin

During the period, gross profit margin increased from last period of 38% to 40%. Gross margin increased as there is a change in mix of revenue during this period. The proportion of revenue contribution from water treatment services increased during the period. The gross margin of water treatment services is comparatively higher than the construction services for the water renovation.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.3 Gross profit margin *(Continued)*

Gross margin for sewage and reclaimed water treatment services:

Gross margin for sewage and reclaimed water treatment services in Chinese Mainland was increased to 60% (last period: 59%). Gross margin for sewage and reclaimed water treatment services in Overseas was 19% (last period: 19%).

Gross margin for water distribution services:

Gross margin for water distribution services in Chinese Mainland was 41% (last period: 43%). The gross margin decreased as there is a change in mix of customer structure during the period. Gross margin for water distribution services in Overseas was 31% (last period: 32%).

Gross margin for construction services for comprehensive renovation projects:

Gross margin for construction services for comprehensive renovation projects was 12% (last period: 16%). Gross margin decreased was mainly due to the change in mix of revenue during the period. The proportion of revenue contribution from overseas with comparatively lower gross margin increased as compared with construction services for comprehensive renovation projects in Chinese Mainland.

Gross margin for construction of BOT water projects:

Gross margin for construction of BOT water projects was 17% (last period: 18%).

Gross margin for technical services and sale of machineries:

Gross margin for the technical services and sale of machineries was 34% (last period: 30%). The increase in gross profit margin was due to the Group's focus on high-margin technical service projects combined with cost reduction and efficiency improvements.

Gross margin for urban resources services:

Gross margin for urban resources services was 20% (last period: 21%).

3.4 Other income

The Group recorded other income of RMB308.1 million during the period, compared to last period of RMB318.5 million. The amount for this period mainly included sludge treatment income of RMB69.5 million, pipeline installation income of RMB61.8 million, and government grant and subsidies of RMB47.7 million.

3.5 Other operating expenses, net

Other operating expenses, net for the period increased to RMB576.5 million, compared to last period of RMB360.3 million. The increase was mainly due to impairment loss on non-current assets recognised in BEURG during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.6 Administrative expenses

Administrative expenses for the period decreased to RMB1,156.5 million, compared to last period of RMB1,251.7 million which decreased by 8%, implying that the related cost control was effective.

3.7 Other gains and losses, net

The Group recorded other losses, net of RMB315.1 million. The amount for this period mainly included loss on disposal of receivables under service concession arrangements.

3.8 Finance costs

The interest on bank and other borrowings were RMB958.0 million, which decreased by 31% when compared to last period of RMB1,395.0 million, the decrease was mainly due to the Group's effective control on finance costs by continuously advancing the optimization of its debt structure. Interests on corporate bonds of RMB240.5 million (six months ended 30 June 2024: RMB239.9 million).

3.9 Share of results of joint ventures

Share of results of joint ventures decreased to RMB285.7 million, compared to last period of RMB308.0 million. The decrease was mainly due to decrease in share of results of the joint ventures which engaged in construction services for comprehensive renovation projects.

3.10 Share of results of associates

Share of results of associates increased to RMB57.9 million, compared to last period of RMB16.8 million. The increase was mainly due to increase in share of results of Shandong Hi-Speed New Energy Group Limited and an associate which engaged in technical services and sale of machineries compared with last period.

3.11 Income tax expense

Income tax expense for the period included the current PRC income tax of RMB422.5 million. The effective tax rate for the PRC operation was about 16% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax credit for the period was RMB41.3 million.

3.12 Profit attributable to holders of perpetual capital instruments

Amount represented the coupon payments of perpetual bonds with an aggregate principal amount of RMB4,240 million which were issued in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.13 Amounts due from contract customers, receivables under service concession arrangements and trade receivables

The Group's total amounts due from contract customers, receivables under service concession arrangements and trade receivables of RMB106,793.4 million (31 December 2024: RMB107,665.9 million) included:

By accounting nature:

	30 June 2025			31 December 2024		
	Non-current RMB'M	Current RMB'M	Total RMB'M	Non-current RMB'M	Current RMB'M	Total RMB'M
(i) Amounts due						
from contract customers	11,912.8	3,562.9	15,475.7	16,884.7	3,186.9	20,071.6
(ii) Receivables under service						
concession arrangements	55,701.7	10,614.6	66,316.3	55,750.4	9,447.7	65,198.1
(iii) Trade receivables	13,311.2	11,690.2	25,001.4	11,020.3	11,375.9	22,396.2
Total	80,925.7	25,867.7	106,793.4	83,655.4	24,010.5	107,665.9

- (i) Amounts due from contract customers of RMB15,475.7 million represent the balances of accumulated construction costs incurred to date plus recognised accumulated gross profits exceeding progress billings arising from BOT projects and comprehensive renovation projects during the phase of construction. Total balance decreased by RMB4,595.9 million (non-current portion decreased by RMB4,971.9 million and current portion increased by RMB376.0 million), which was mainly due to reclassification to receivables under service concession arrangement and trade receivables as a result of operation commencement of certain BOT water projects and completion of comprehensive renovation project respectively;
- (ii) Receivables under service concession arrangements of RMB66,316.3 million represent the fair value of the specified amount that the grantor contractually guarantees to pay under service concession contracts arising from BOT and TOT projects. The increase in balance by RMB1,118.2 million (non-current portion decreased by RMB48.7 million and current portion increased by RMB1,166.9 million) was mainly due to reclassification from amounts due from contract customers as a result of operation commencement of certain BOT water projects; and

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.13 Amounts due from contract customers, receivables under service concession arrangements and trade receivables *(Continued)*

By accounting nature: (Continued)

- (iii) Trade receivables of RMB25,001.4 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services, sewage treatment equipment trading and urban resources services. The balance increased by RMB2,605.2 million (non-current portion increased by RMB2,290.9 million and current portion increased by RMB314.3 million) was mainly due to reclassification from amounts due from contract customers as a result of completion of comprehensive renovation project.

By business nature:

	30 June 2025 RMB'M	31 December 2024 RMB'M
Water treatment services by BOT and TOT projects	77,929.7	77,889.1
Construction services of comprehensive renovation projects	22,166.0	23,511.5
Technical and consultancy services and other businesses	2,780.7	2,276.6
Urban resources services	3,917.0	3,988.7
Total	106,793.4	107,665.9

Total receivables, which relates to the BOT and TOT projects, recognised under the service concession agreements in accordance with the HK(IFRIC)-Int 12 *Service Concession Arrangements* were RMB77,929.7 million (31 December 2024: RMB77,889.1 million). Total receivables for the construction service of comprehensive renovation projects were RMB22,166.0 million (31 December 2024: RMB23,511.5 million). Total receivables for technical and consultancy services and other businesses were RMB2,780.7 million (31 December 2024: RMB2,276.6 million). Urban resources services were RMB3,917.0 million (31 December 2024: RMB3,988.7 million).

3.14 Operating concessions

Operating concessions represents rights that the Group can charge users under service concession contracts. It is a non-guarantee receipt right to receive cash because the chargeable amounts are contingent on the extent that the users use the service. The balance arises from BOT and TOT projects in operation.

3.15 Investments in joint ventures

Investments in joint ventures increased by RMB181.7 million, mainly due to share of profits of certain joint ventures during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.16 Investments in associates

Investments in associates increased by RMB39.0 million, mainly due to share of profits of certain associates during the period.

3.17 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables increased by RMB852.7 million, (non-current portion decreased by RMB85.9 million and current portion increased by RMB938.6 million), mainly due to increase in prepayments and other debtors.

3.18 Cash and cash equivalents

Cash and cash equivalents decreased by RMB360.8 million which was mainly utilised for repayment of bank and other borrowings during the period.

3.19 Other payables and accruals

Other payables and accruals increased by RMB468.0 million. The increase was mainly due to the increase in other liabilities during the period.

3.20 Perpetual capital instrument under the equity attributable to shareholders of the Company

Perpetual capital instruments were issued by the Company on 11 August 2023, 18 April 2024 and 7 May 2025 respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.21 Perpetual capital instruments

Perpetual capital instruments were issued by a wholly-owned subsidiary of the Company on 25 and 30 January 2024, 22 August 2024, 10 September 2024 and 27 November 2024, respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Group subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.22 Bank and other borrowings

Bank and other borrowings decreased by RMB1,995.2 million which was mainly due to repayment of bank loans during the period.

3.23 Corporate bonds

Corporate bonds increased by RMB1,696.4 million which was mainly due to the net effect of issuance of new corporate bonds with principal amount of RMB3,700 million, repayment of corporate bonds with principal amount of RMB2,000 million during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.24 Trade payables

The decrease in trade payables by RMB1,102.1 million was mainly due to decrease in trade payables to subcontractors for certain construction projects during the period.

3.25 Deferred Income

Deferred income mainly represents government subsidies received in respect of the Group's construction of sewage treatment, water distribution facilities and hazardous waste treatment facilities and purchase of certain land.

3.26 Liquidity and financial resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly in RMB. Surplus cash is generally placed in short term deposits.

As at 30 June 2025, the Group's cash and cash equivalents amounted to RMB8,648.1 million (31 December 2024: RMB9,009.0 million).

The Group's total borrowings amounted to RMB75,203.4 million (31 December 2024: RMB75,502.2 million) comprised bank and other borrowings of RMB58,935.8 million (31 December 2024: RMB60,931.0 million) and corporate bonds of RMB16,267.6 million (31 December 2024: RMB14,571.2 million). All the corporate bonds bear interest at fixed rates. Over 50% of bank and other borrowings bear interest at floating rates.

As at 30 June 2025, the Group had banking facilities amounting to RMB69.3 billion, of which RMB38.4 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to RMB56,048.3 million (31 December 2024: RMB55,962.4 million).

The gearing ratio as defined as sum of bank and other borrowings and corporate bonds, net of cash and cash equivalents, divided by the total equity was 1.19 as at 30 June 2025 (31 December 2024: 1.19).

3.27 Capital expenditures

During the period, the Group's total capital expenditures were RMB943.2 million (six month ended 30 June 2024: RMB1,573.3 million), of which RMB410.0 million was the acquisition of property, plant and equipment, right-of-use assets and intangible assets; RMB524.7 million represented the construction and acquisition of water plants; and RMB8.5 million represented the capital injections in associates and joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 85,559* employees. Total staff cost for the six months ended 30 June 2025 was RMB2,880,503,000 (six months ended 30 June 2024: RMB2,772,488,000). The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses and share awards are awarded to certain employees according to the assessment of individual performance. On 26 September 2019, 1 November 2021, 2 December 2022 and 13 July 2023, the Company had granted 15,374,599 awarded shares, 12,471,409 awarded shares, 21,664,326 awarded shares and 13,261,718 awarded shares respectively pursuant to the share award scheme adopted on 17 December 2018 (the "Share Award Scheme"). All the awarded shares were vested or lapsed. On 14 December 2023, the Board resolved to extend the Share Award Scheme for further five years after the expiry of an initial five-year term until 16 December 2028. During the six months ended 30 June 2025, the Company did not grant any awarded share under the Share Award Scheme. The number of awarded shares to be available for grant are 200,932,197 shares as at both 1 January 2025 and 30 June 2025.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the six months ended 30 June 2025, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

CHARGES ON THE GROUP'S ASSETS

The secured bank and other borrowings and the perpetual capital instruments of the Group as at 30 June 2025 were secured by:

- (i) mortgages over certain concession rights (comprising operating concessions and receivables under service concession arrangements) which are under the management of the Group pursuant to the relevant service concession agreements signed with the grantors;
- (ii) mortgages over certain land use rights and buildings and investment properties of the Group;
- (iii) guarantees given by the Company and/or its subsidiaries;
- (iv) pledges over certain of the Group's property, plant and equipment and right-of-use assets;
- (v) pledges over the Group's equity interests in certain subsidiaries;
- (vi) pledges over certain of the Group's bank balances; and/or
- (vii) pledges over certain of the Group's trade receivables.

Save as disclosed above, at 30 June 2025, the Group did not have any charges on the Group's assets.

FOREIGN EXCHANGE EXPOSURE

The main operating activities of the Group were carried out in PRC with majority of its transactions denominated and settled in RMB. Certain of the subsidiaries of the Group have their assets and liabilities denominated in other currencies including HKD, AUD and EUR. The Directors will continuously monitor the related foreign exchange exposure and adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

* Included 67,198 employees under BEURG as at 30 June 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended	
		30/06/2025	30/06/2024
		RMB'000	RMB'000
	Notes	(unaudited)	(unaudited)
Revenue	5	10,458,861	11,308,811
Cost of sales		(6,280,225)	(7,015,296)
Gross profit		4,178,636	4,293,515
Interest income		286,789	451,576
Other income		308,137	318,548
Other operating expenses, net		(576,521)	(360,300)
Administrative expenses		(1,156,532)	(1,251,696)
Other gains and losses, net		(315,131)	20
PROFIT FROM OPERATING ACTIVITIES	6	2,725,378	3,451,663
Finance costs	7	(1,192,084)	(1,565,644)
Share of results of joint ventures		285,720	308,037
Share of results of associates		57,851	16,767
PROFIT BEFORE TAX		1,876,865	2,210,823
Income tax expense	8	(409,431)	(443,036)
PROFIT FOR THE PERIOD		1,467,434	1,767,787
ATTRIBUTABLE TO:			
Shareholders of the Company		897,087	1,122,088
Holders of perpetual capital instruments		61,769	68,151
Non-controlling interests		508,578	577,548
		1,467,434	1,767,787
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10	RMB cents	RMB cents
– Basic		8.40	10.66
– Diluted		8.40	10.66

Details of the cash dividend declared for the period are disclosed in note 9.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	1,467,434	1,767,787
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	99,106	(652,241)
– Fair value changes on derivative financial instruments	(106,052)	–
– Loss reclassified to profit or loss on hedged items	30,857	–
	23,911	(652,241)
<i>Items that will not be reclassified to profit or loss:</i>		
– Exchange differences on translation of the Company from functional currency to presentation currency	–	130,332
– Share of other comprehensive (expense)/income of a joint venture	(4,432)	3,839
– Change in fair value of equity investments designated at fair value through other comprehensive income	(8,339)	11,374
	(12,771)	145,545
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF INCOME TAX	11,140	(506,696)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,478,574	1,261,091
ATTRIBUTABLE TO:		
Shareholders of the Company	896,880	648,670
Holders of perpetual capital instruments	61,769	68,151
Non-controlling interests	519,925	544,270
	1,478,574	1,261,091

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,816,131	9,246,157
Right-of-use assets		843,143	805,904
Investment properties		459,320	459,320
Goodwill		3,628,066	3,635,579
Operating concessions		11,017,403	11,203,736
Other intangible assets		316,236	427,129
Investments in joint ventures		10,698,931	10,517,236
Investments in associates		3,366,099	3,327,057
Equity investments designated at fair value through other comprehensive income		638,611	690,903
Financial assets at fair value through profit or loss		8,157	10,105
Amounts due from contract customers		11,912,825	16,884,707
Receivables under service concession arrangements	12	55,701,745	55,750,341
Trade receivables	13	13,311,148	11,020,336
Prepayments, deposits and other receivables	14	568,101	653,992
Deferred tax assets		710,464	555,444
Derivative financial instruments		–	11,762
Total non-current assets		121,996,380	125,199,708
Current assets			
Inventories		458,875	359,487
Amounts due from contract customers		3,562,855	3,186,867
Receivables under service concession arrangements	12	10,614,620	9,447,741
Trade receivables	13	11,690,225	11,375,905
Prepayments, deposits and other receivables	14	8,698,025	7,759,427
Derivative financial instruments		–	17,161
Restricted cash and pledged deposits		259,905	216,336
Cash and cash equivalents		8,648,144	9,008,971
Total current assets		43,932,649	41,371,895
TOTAL ASSETS		165,929,029	166,571,603

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital	15	834,250	834,250
Perpetual capital instruments		3,489,856	3,488,929
Reserves		26,848,474	26,847,916
		31,172,580	31,171,095
Perpetual capital instruments		4,235,019	4,235,019
Non-controlling interests		20,640,701	20,556,316
		24,875,720	24,791,335
TOTAL EQUITY		56,048,300	55,962,430
Non-current liabilities			
Other payables and accruals	16	848,264	766,476
Bank and other borrowings		48,137,713	47,785,821
Corporate bonds		13,270,509	12,573,666
Lease liabilities		158,677	145,598
Provision for major overhauls		767,703	644,880
Deferred income		613,676	577,224
Deferred tax liabilities		4,880,571	4,846,702
Derivative financial instruments		50,081	–
Total non-current liabilities		68,727,194	67,340,367
Current liabilities			
Trade payables	17	17,947,365	19,049,467
Other payables and accruals	16	8,017,740	7,631,530
Income tax payables		1,350,189	1,402,863
Bank and other borrowings		10,798,110	13,145,188
Corporate bonds		2,997,068	1,997,543
Lease liabilities		16,015	42,215
Derivative financial instruments		27,048	–
Total current liabilities		41,153,535	43,268,806
TOTAL LIABILITIES		109,880,729	110,609,173
TOTAL EQUITY AND LIABILITIES		165,929,029	166,571,603

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to shareholders of the Company																
	Issued capital	Share premium account	Contributed surplus	Shares held under share award scheme	Share option award reserve	Capital reserve	Property revaluation reserve	Fair value reserve	Defined benefit plan reserve	Exchange fluctuation reserve	PRC reserve funds	Hedging reserve	Retained profits	Perpetual capital instruments	Perpetual capital instruments	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (audited)	834,250	2,323,393	3,028,266	(45,233)	9,744	(1,470,010)	104,285	(602,203)	(45,848)	(3,604,971)	4,187,790	18,122	22,944,581	3,488,929	31,171,095	4,235,019	55,962,430
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	842,026	55,061	897,087	61,769	1,467,434
Other comprehensive income for the period:																	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	87,759	-	-	-	-	87,759	-	98,106
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	(8,339)	-	-	-	-	-	-	(8,339)	-	(8,339)
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	-	-	(4,432)	-	-	-	-	-	(4,432)	-	(4,432)
Fair value changes on derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	(106,052)	-	-	(106,052)	-	(106,052)
Loss reclassified to profit or loss on hedged items	-	-	-	-	-	-	-	-	-	-	-	30,857	-	-	30,857	-	30,857
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	-	(8,339)	(4,432)	87,759	-	(75,195)	842,026	55,061	896,880	61,769	1,478,574
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,971	47,971
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	1,995,049	1,995,049	-	-	1,995,049
Repayment of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	(1,994,122)	(1,994,122)	-	-	(1,994,122)
Share of reserves of associates	-	-	-	-	-	(9,301)	-	-	-	-	-	-	-	-	(9,301)	-	(9,301)
Dividends paid to non-controlling equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(483,511)	(483,511)
Distributions declared to holders of perpetual-capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	(55,061)	(55,061)	-	(116,830)
Final 2024 cash distributions paid	-	-	-	-	-	-	-	-	-	-	-	-	(831,960)	-	(831,960)	-	(831,960)
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	128,740	-	(128,740)	-	-	-	-
At 30 June 2025 (unaudited)	834,250	2,323,393*	3,028,266*	(45,233)*	9,744*	(1,479,311)*	104,285*	(610,542)*	(50,280)*	(3,517,212)*	4,316,530*	(57,073)*	22,825,907*	3,489,856	31,172,580	4,235,019	56,048,300

* These reserve accounts comprise the consolidated reserves of RMB26,848,474,000 (unaudited) (31 December 2024: RMB26,847,916,000) in the condensed consolidated statement of financial position as at 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to shareholders of the Company															
	Issued capital	Share premium account	Contributed surplus	Share held under share award scheme	Share option and share award reserve	Capital reserve	Property revaluation reserve	Fair value reserve	Defined benefit plan reserve	Exchange fluctuation reserve	PRC reserve funds	Retained profits	Perpetual capital instruments	Total	Perpetual capital instruments	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	834,250	2,323,393	3,028,266	(45,233)	13,645	(1,451,076)	104,285	(532,571)	(36,985)	(2,842,704)	3,713,953	23,282,182	2,991,002	31,382,407	2,485,377	20,265,691
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,069,141	52,947	1,122,088	68,151	577,548
Other comprehensive income/(loss) for the period:																
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(618,963)	-	-	-	(618,963)	-	(33,278)
Exchange differences related to the Company	-	-	-	-	-	-	-	-	-	130,332	-	-	-	130,332	-	-
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	-	3,839	-	-	-	-	3,839	-	-
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	11,374	-	-	-	-	-	11,374	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	11,374	3,839	(488,631)	-	1,069,141	52,947	648,670	68,151	544,270
Lapses of share options	-	-	-	-	(3,902)	-	-	-	-	-	-	3,902	-	-	-	-
Deemed contribution to a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,746)	(20,746)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(88,880)	(88,880)
Share of reserves of associates	-	-	-	-	-	805	-	-	-	-	-	-	-	805	-	805
Dividends paid to non-controlling equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(413,020)	(413,020)
Distributions declared to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	(52,947)	(52,947)	(68,151)	-
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	497,927	497,927	1,300,000	-
Final 2023 cash dividend declared	-	-	-	-	-	-	-	-	-	-	-	(793,925)	-	(793,925)	-	-
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	136,582	(136,582)	-	-	-	-
At 30 June 2024 (unaudited)	834,250	2,323,393	3,028,266	(45,233)	9,743	(1,450,271)	104,285	(521,197)	(33,146)	(3,331,335)	3,850,535	23,424,718	3,488,929	31,682,937	3,785,377	20,287,315

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	2,429,679	689,328
Hong Kong Profit Tax paid	(368)	(399)
Chinese Mainland corporate income tax paid	(456,800)	(418,860)
Overseas taxes paid	(33,058)	(18,174)
Net cash from operating activities	1,939,453	251,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(324,790)	(346,668)
Additions of operating concession	(99,547)	(143,071)
Additions of other intangible assets	(10,400)	(57,061)
Acquisition of a subsidiary	–	21,395
Disposal of subsidiaries	–	59,742
Proceeds from disposal of items of property, plant and equipment	70,520	25,600
Increase in investments in joint ventures	(6,808)	(7,537)
Increase in investments in associates	–	(6,848)
Decrease in time deposits with maturity of more than three months when acquired	–	14,255
(Increase) decrease in restricted cash and pledged deposits	(43,569)	3,502
Bank interest received	43,165	152,092
Other investing cash flows, net	184,655	69,291
Net cash used in investing activities	(186,774)	(215,308)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(7,709,451)	(12,799,954)
Repayment of corporate bonds	(2,000,000)	(1,000,000)
Repayment of perpetual capital instruments	(1,994,122)	–
Interest paid	(1,120,813)	(1,645,148)
Dividends paid to non-controlling equity holders	(483,511)	(413,020)
Other financing cash flows, net	(102,315)	(121,098)
Principal portion of lease payments	(26,207)	(63,379)
Issuance of perpetual capital instruments	1,995,049	1,797,927
Issuance of corporate bonds	3,700,000	997,763
New bank and other borrowings	5,638,679	12,002,500
Net cash used in financing activities	(2,102,691)	(1,244,409)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	9,008,971	10,200,706
Effect of foreign exchange rate changes, net	(10,815)	(39,345)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,648,144	8,953,539
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in		
the condensed consolidated statement of financial position	8,648,144	8,953,739
Less: Time deposits with maturity of more than three months when acquired	–	(200)
Cash and cash equivalents as stated in the		
condensed consolidated statement of cash flows	8,648,144	8,953,539

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

Beijing Enterprises Water Group Limited (the “Company” or “BEWG”) is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the six months ended 30 June 2025, the Company and its subsidiaries (collectively the “Group”) was involved in the following principal activities:

- construction of sewage and reclaimed water treatment plants, and provision of construction services for comprehensive renovation projects in the mainland (“Chinese Mainland”) of the People’s Republic of China (the “PRC”), Malaysia, Australia and the Republic of Botswana;
- provision of sewage and reclaimed water treatment and seawater desalination services in Chinese Mainland, the Republic of Singapore (“Singapore”), the Portuguese Republic (“Portugal”), Australia, New Zealand and Saudi Arabia;
- distribution and sale of piped water in Chinese Mainland, Portugal, Australia and Saudi Arabia;
- provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in Chinese Mainland and Australia;
- licensing of technical know-how related to sewage treatment in Chinese Mainland; and
- provision of urban services and hazardous waste treatment services in Chinese Mainland and Hong Kong.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

The interim condensed consolidated financial information has not been audited, but has been reviewed by audit committee of the Company.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit for the period attributable to shareholders of the Company. The profit for the period attributable to shareholders of the Company is measured consistently with the Group's profit attributable to shareholders of the Company, except interest income on loans to joint ventures, finance costs, share of results of certain joint ventures and associates, loss on disposal of receivables under service concession arrangements, provision of impairment losses as well as head office and corporate income and expenses are excluded from such measurement. Segment assets exclude corporate and head office assets as these assets are managed on a group basis.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2025

	Sewage and reclaimed water treatment and construction services RMB'000 (unaudited)	Water distribution services RMB'000 (unaudited)	Technical and consultancy services and sales of machineries RMB'000 (unaudited)	Urban resources services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue (note 5)	5,228,125	1,449,290	742,157	3,039,289	10,458,861
Cost of sales	(2,490,556)	(878,208)	(486,179)	(2,425,282)	(6,280,225)
Gross profit	2,737,569	571,082	255,978	614,007	4,178,636
Segment results:					
The Group	2,719,060	521,319	95,303	168,739	3,504,421
Share of results of:					
Joint ventures	205,166	83,594	(2,788)	(252)	285,720
Associates	7,842	142	(1,851)	–	6,133
	2,932,068	605,055	90,664	168,487	3,796,274
Corporate and other unallocated income and expenses, net					(779,043)
Share of results of joint ventures and associates					51,718
Finance costs					(1,192,084)
Profit before tax					1,876,865
Income tax expense					(409,431)
Profit for the period					1,467,434
Profit for the period attributable to shareholders of the Company:					
Operating segments	2,435,694	438,116	50,347	13,517	2,937,674
Corporate and other unallocated items					(2,040,587)
					897,087

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2024

	Sewage and reclaimed water treatment and construction services RMB'000 (unaudited)	Water distribution services RMB'000 (unaudited)	Technical and consultancy services and sales of machineries RMB'000 (unaudited)	Urban resources services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue (note 5)	6,026,207	1,443,451	1,151,384	2,687,769	11,308,811
Cost of sales	(3,231,658)	(845,876)	(806,839)	(2,130,923)	(7,015,296)
Gross profit	2,794,549	597,575	344,545	556,846	4,293,515
Segment results:					
The Group	2,847,660	551,299	176,420	263,014	3,838,393
Share of results of:					
Joint ventures	191,037	116,607	2,112	(1,104)	308,652
Associates	5,414	3	(30,885)	–	(25,468)
	3,044,111	667,909	147,647	261,910	4,121,577
Corporate and other unallocated income and expenses, net					(386,730)
Share of results of joint ventures and associates					41,620
Finance costs					(1,565,644)
Profit before tax					2,210,823
Income tax expense					(443,036)
Profit for the period					1,767,787
Profit for the period attributable to shareholders of the Company:					
Operating segments	2,528,314	485,606	108,667	52,349	3,174,936
Corporate and other unallocated items					(2,052,848)
					1,122,088

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by operating segment:

30 June 2025

	Sewage and reclaimed water treatment and construction services <i>RMB'000</i> (unaudited)	Water distribution services <i>RMB'000</i> (unaudited)	Technical and consultancy services and sales of machineries <i>RMB'000</i> (unaudited)	Urban resources services <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment assets:					
Operating segments	110,438,847	23,002,048	10,231,361	8,347,622	152,019,878
Corporate and other unallocated items					13,909,151
					165,929,029

31 December 2024

	Sewage and reclaimed water treatment and construction services <i>RMB'000</i> (audited)	Water distribution services <i>RMB'000</i> (audited)	Technical and consultancy services and sales of machineries <i>RMB'000</i> (audited)	Urban resources services <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
Segment assets:					
Operating segments	110,285,623	22,798,075	10,820,602	8,612,963	152,517,263
Corporate and other unallocated items					14,054,340
					166,571,603

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from external customers:		
Chinese Mainland	9,765,466	10,656,369
Elsewhere	693,395	652,442
	10,458,861	11,308,811

The revenue information by geographical area is based on the locations of the customers.

Information about major customers

During the six months ended 30 June 2025 and 2024, the Group had no transaction with any single external customer which contributed over 10% of the Group's total revenue for the periods.

5. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	4,516,318	4,384,504
Construction services	711,807	1,641,703
Water distribution services	1,449,290	1,443,451
Technical and consultancy services and sales of machineries	742,157	1,151,384
Urban services	2,664,179	2,402,168
Hazardous waste treatment services and sale of recycling and reuse products	375,110	285,601
	10,458,861	11,308,811

Imputed interest income under service concession arrangements amounting to RMB1,487,594,000 (six months ended 30 June 2024: RMB1,475,886,000) is included in sewage and reclaimed water treatment services, construction services and water distribution services.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

5. REVENUE *(Continued)*

Revenue from contracts with customers

Disaggregated revenue information

Revenue of sewage and reclaimed water treatment services, construction services, technical and consultancy services and urban services is recognised over time. Revenue of water distribution services, hazardous waste treatment services and sales of machineries, recycling and reuse products is recognised at a point in time.

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of sewage and reclaimed water treatment services rendered	1,700,347	1,655,375
Cost of construction services	601,033	1,353,574
Cost of water distribution services	801,512	774,466
Cost of technical and consultancy services rendered and machineries sold	486,179	806,839
Cost of urban services	2,040,913	1,833,700
Cost of hazardous waste treatment services and sale of recycling and reuse products	358,842	265,645
Amortisation of operating concessions*	291,399	325,697
Amortisation of other intangible assets*	34,902	29,466
Depreciation of property, plant and equipment	493,168	491,209
Depreciation of right-of-use assets	36,054	36,840
Impairment losses recognised on non-current assets included in other operating expenses	161,244	—

* The amortisation of operating concessions and other intangible assets for the period is included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

6. PROFIT FROM OPERATING ACTIVITIES *(Continued)*

Impairment loss on financial assets under expected credit loss model, net

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Impairment losses recognised on:		
– receivables under service concession arrangements, net	84,926	69,122
– amounts due from contract customers, net	43,672	82,278
– trade receivables, net	156,765	50,238
– other receivables, net	1,178	886
	286,541	202,524

7. FINANCE COSTS

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other loans	958,039	1,394,959
Interest on corporate bonds	240,452	239,921
Interest on lease liabilities	5,907	4,173
Total interest expense	1,204,398	1,639,053
Increase in discounted amounts of provision for major overhauls arising from the passage of time	32,198	25,985
Total finance costs	1,236,596	1,665,038
Less: Interest included in cost of construction services	(44,512)	(99,394)
	1,192,084	1,565,644

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Chinese Mainland is 25% for both periods.

The income tax provisions in respect of operations in Chinese Mainland and other countries are calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Chinese Mainland, a number of the Company’s subsidiaries enjoy income tax exemptions and reductions, because (1) these companies are engaged in the operations of environmental protection, energy and water conservation; and/or (2) they have operations in the Western regions of Chinese Mainland that are qualified for a 15% concessionary corporate income tax rate for a prescribed period of time pursuant to the “Circular of the State Council on Policies and Measures Concerning the Large-scale Development of China’s Western Regions” (Guo Fa [2000] No. 33) issued by the State Council of Chinese Mainland.

	Six months ended	
	30/06/2025	30/06/2024
	RMB’000	RMB’000
	(unaudited)	(unaudited)
Current – Hong Kong	4,166	3,701
Current – Chinese Mainland	422,511	409,250
Current – Elsewhere	24,041	18,389
Deferred	(41,287)	11,696
Total tax expense for the period	409,431	443,036

9. INTERIM DIVIDEND

During the current interim period, a final dividend of HK\$9.1 cents per share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: HK\$8.7 per share in respect of the year ended 31 December 2023) was declared and approved by the shareholders of the Company. The amount was included in other liabilities as at 30 June 2025 and was subsequently paid to the shareholders of the Company on 28 July 2025.

On 27 August 2025, the Board has resolved to declare an interim cash dividend of HK7.35 cents (six months ended 30 June 2024: HK7.0 cents) per ordinary share amounting to a total of approximately RMB 673,808,000 (six months ended 30 June 2024: RMB642,942,000). The interim dividend is payable on 27 October 2025 to the shareholders of the Company whose names appear on the Company’s register of members on 11 September 2025.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the distribution related to the perpetual capital instruments, for the six months ended 30 June 2025, and the weighted average number of 10,046,609,871 (six months ended 30 June 2024: 10,046,609,871) ordinary shares in issue less the weighted average number of 18,499,494 (six months ended 30 June 2024: 18,499,494) ordinary shares held under the share award scheme of the Company during the period.

The calculations of the basic and diluted earnings per share attributable to shareholders of the Company are based on the following data:

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to shareholders of the Company	897,087	1,122,088
Distribution related to the perpetual capital instruments	(55,061)	(52,947)
Earnings for the purpose of basic earnings per share and diluted earnings per share (<i>note a</i>)	842,026	1,069,141

	Six months ended	
	30/06/2025	30/06/2024
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of the basic earnings per share and diluted earnings per share (<i>note b</i>)	10,028,110,377	10,028,110,377

Notes:

- (a) The computation of diluted earnings per share does not assume the exercise of the Company's options and the options of an associate because the exercise price of those options was higher than the average market price for shares for both periods ended 30 June 2025 and 2024.
- (b) The weighted average number of ordinary shares has been calculated taking into account the shares held under share award scheme.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group's additions of property, plant and equipment amounted to RMB324,790,000 (six months ended 30 June 2024: RMB465,596,000). There were disposals of property, plant and equipment with an aggregate carrying amount of RMB70,227,000 (six months ended 30 June 2024: RMB24,967,000) during the six months ended 30 June 2025.

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

In respect of the Group's receivables under service concession arrangements, the various group companies have different credit policies, depending on the requirements of the locations in which they operate. Ageing analyses of receivables under service concession arrangements are regularly reviewed by senior management in order to minimise any credit risk arising from the receivables.

An ageing analysis of the Group's receivables under service concession arrangements as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Billed:		
Within 3 months	3,215,879	2,760,315
4 to 6 months	1,923,995	2,601,815
7 to 12 months	2,484,798	1,796,738
Over 1 year	2,989,948	2,288,873
	10,614,620	9,447,741
Unbilled:		
Non-current portion*	55,701,745	55,750,341
Total	66,316,365	65,198,082

* The non-current portion receivables represented contract assets as the rights to considerations have yet to be unconditional.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

13. TRADE RECEIVABLES

The Group's trade receivables arise from the provision of construction services for comprehensive renovation projects, water distribution services on the Build-Own-Operate basis, technical and consultancy services, urban resources services and sale of machineries. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months, except for customers of the construction services for comprehensive renovation projects, who will settle the amounts owed to the Group in a number of specified instalments covering periods ranging from 1 year to 25 years. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Apart from the trade receivables of certain construction services for comprehensive renovation projects which bear interest at rates ranging from 3.5% to 15.0% (31 December 2024: 3.8% to 15.0%) per annum, all other trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30/06/2025 RMB'000 (unaudited)	31/12/2024 <i>RMB'000</i> (audited)
Billed:		
Within 3 months	5,891,611	4,180,228
4 to 6 months	1,091,620	1,410,248
7 to 12 months	1,141,589	1,831,795
Over 1 year	3,565,405	3,953,634
Balance with an extended credit period	29,682	29,682
	11,719,907	11,405,587
Unbilled*	13,281,466	10,990,654
	25,001,373	22,396,241
Portion classified as current assets	(11,690,225)	(11,375,905)
Non-current portion	13,311,148	11,020,336

* The unbilled balance was attributable to certain construction services rendered under contracts for comprehensive renovation projects which will be billed in accordance with the repayment terms stipulated in relevant construction service agreements entered into between the Group and the contract customers.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Prepayments	698,834	331,493
Deposits and other debtors	4,730,201	4,176,881
Advances to subcontractors and suppliers	1,933,565	1,962,156
Due from joint ventures	2,391,322	2,411,898
Due from associates	58,194	84,023
Due from non-controlling equity holders	237,179	234,321
Due from other related parties	61,422	71,917
	10,110,717	9,272,689
Impairment	(844,591)	(859,270)
	9,266,126	8,413,419
Portion classified as current assets	(8,698,025)	(7,759,427)
	568,101	653,992
Non-current portion		

15. ISSUED CAPITAL

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Issued and fully paid:		
10,046,609,871 ordinary shares of HK\$0.10 each	834,250	834,250

A summary of the movements in the Company's issued share capital during the six months ended 30 June 2025 is as follows:

	Number of ordinary shares in issue	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2025 (audited) and 30 June 2025 (unaudited)	10,046,609,871	834,250	2,323,393	3,157,643

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

16. OTHER PAYABLES AND ACCRUALS

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Accruals	741,816	1,240,763
Other liabilities	4,015,259	3,405,926
Contract liabilities	1,654,677	1,407,505
Due to subcontractors	181,105	185,606
Due to joint ventures	1,135,821	1,040,999
Due to associates	151,776	127,073
Due to other related parties	211,636	196,263
Other taxes payables	773,914	793,871
	8,866,004	8,398,006
Portion classified as current liabilities	(8,017,740)	(7,631,530)
	848,264	766,476
Non-current portion		

17. TRADE PAYABLES

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

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Within 3 months	7,631,337	8,916,730
4 to 6 months	2,879,048	1,133,729
7 months to 1 year	2,145,170	1,018,773
Over 1 year	5,224,366	7,912,791
Balance with extended credit period	67,444	67,444
	17,947,365	19,049,467

The trade payables are non-interest-bearing and apart from certain trade payables relating to construction services which are not yet due for payments and are settled based on inspection progress of the respective projects, the other amounts are normally settled on 60-day terms.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

18. CONTINGENT LIABILITIES

Guarantees

As at 30 June 2025, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of RMB1,507,104,000 (31 December 2024: RMB1,304,600,000) were outstanding and corporate guarantees of RMB1,509,362,000 (31 December 2024: RMB1,491,063,000) were given to banks and/or institutional investors in connection with facilities granted to certain associates, joint ventures and bonds issued by joint ventures.

Save as disclosed above, at 30 June 2025, the Group did not have any significant contingent liabilities.

19. CAPITAL COMMITMENTS

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

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Contracted, but not provided for:		
New service concession arrangements on:		
Transfer-Operate-Transfer basis	38,364	52,027
Build-Operate-Transfer basis	5,260,635	6,157,294
Build-Own-Operate basis	137,534	160,111
Construction in progress	116,866	129,360
Plant and equipment and motor vehicles	19,295	11,279
	5,572,694	6,510,071

In addition, the Group had the following commitments provided to joint venture (including the Group's share of commitments made jointly with other joint ventures), which are not included in the above:

	30/06/2025 RMB'000 (unaudited)	31/12/2024 RMB'000 (audited)
Contracted, but not provided for:		
Capital contribution to joint ventures	1,114,207	1,320,827
Capital contribution	9,010,411	9,010,411
	10,124,618	10,331,238

Save as disclosed above, at 30 June 2025, the Group did not have any significant commitments.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

20. RELATED PARTY DISCLOSURES

- (a) The Group had the following material transactions during the six months ended 30 June 2025 and outstanding balances with related parties as at 30 June 2025:
- (i) A loan and related interest receivables of RMB56,277,000 (31 December 2024: RMB54,138,000) were provided to a non-controlling equity holder of a subsidiary. The balance is unsecured, bears of the benchmark interest rate for 3 to 5-year RMB loans published by the People's Bank of China increased by 25% per annum and is repayable on demand and is classified as a current asset.
 - (ii) Included in the amounts due to related parties of the Group as at 30 June 2025 was an advance from a related party of SGD15,320,000 (equivalent to RMB86,067,000) (31 December 2024: SGD15,288,000 (equivalent to RMB81,332,000)). The amount is unsecured, bears interest at a fixed rate of 2.5% per annum and is repayable by quarterly instalments. Interest expense of RMB1,036,000 (six months ended 30 June 2024: RMB1,005,000) was recognised in profit or loss during the six months ended 30 June 2025.
 - (iii) The Group had provided management services and sales of goods to joint ventures of the Group for RMB17,273,000 (six months ended 30 June 2024: RMB11,472,000) and the fee was charged based on terms mutually agreed between the Group and the joint ventures during the six months ended 30 June 2025.
 - (iv) The Group had leased certain office premises to an associate of the Group for RMB1,058,000 (six months ended 30 June 2024: RMB920,000) which were charged based on terms mutually agreed between the Group and the associate during the six months ended 30 June 2025.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

20. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2025 and outstanding balances with related parties as at 30 June 2025: *(Continued)*

- (v) On 23 December 2020, the Company and Beijing Enterprises Group Finance Co. Ltd. (“BG Finance”) entered into a 2020 deposit services master agreement (the “2020 Deposit Agreement”) whereby the Company and BG Finance continue to carry out the transactions of similar nature from time to time under the 2020 Deposit Agreement for three years from 1 January 2021 to 31 December 2023, with the terms and conditions substantially the same as those under the deposit services master agreements and its supplemental agreements signed by both parties in 2015 and 2017. On 20 December 2023, the Company and BG Finance entered into the 2024 Deposit Services Master Agreement (“the 2024 Deposit Agreement”) whereby the Company and BG Finance continue to carry out the transactions of similar natures from time to time under the 2024 Deposit Agreement for three years from 1 January 2024 to 31 December 2026, with the terms and conditions substantially the same as those under the 2020 Deposit Agreement.

On 18 February 2025, the Company and BG Finance entered into the 2025 Supplemental Agreement (“2025 Supplemental Agreement”), pursuant to which, the Company and BG Finance agreed to revise the existing annual caps from RMB710,000,000 to RMB980,000,000 in relation to the provision of the Deposit Services for the remaining terms of the 2024 Deposit Agreement.

BG Finance is a non-wholly-owned subsidiary of Beijing Enterprises Group Company Limited (“BEGCL”) and an associate of BEHL and acts as a platform for members of BEGCL and BEHL for the provision of intra-group facilities through financial products including deposit-taking, money lending and custodian services. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the terms of the 2020 Deposit Agreement shall not exceed HK\$1,520,000,000. The daily aggregate of deposits placed by the Group with BG Finance (including any interest accrued thereon) during the terms of the 2025 Supplemental Agreement shall not exceed RMB710,000,000 in 2024, RMB980,000,000 in 2025 and 2026.

The deposits placed by the Group with BG Finance as at the end of the reporting period amounted to RMB783,375,000 (31 December 2024: RMB673,626,000). The related interest income recognised in profit or loss during the period was not significant to the Group.

The above related party transaction also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

20. RELATED PARTY DISCLOSURES *(Continued)*

- (a) The Group had the following material transactions during the six months ended 30 June 2025 and outstanding balances with related parties as at 30 June 2025: *(Continued)*

(v) *(Continued)*

Zaozhuang Taierzhuang District Beikong Water Co., Ltd.* (棗莊台兒莊區北控水務有限公司) (“Zaozhuang Beikong”), a wholly-owned subsidiary of the Group, as borrower, entered into loan agreement dated 26 June 2024 with BG Finance, as lender, pursuant to which BG Finance has agreed to grant loan facility in a principal amount of RMB48,000,000 to Zaozhuang Beikong for a term of seventeen years from the date of drawdown based on a floating interest rate equivalent to the relevant loan prime rate for a period longer than five years announced by the National Interbank Funding Centre on the date immediately preceding the drawdown date minus 0.45%.

The loan facility shall be secured by the pledge of charging right for the Transfer-Operate-Transfer project of Taierzhuang District Sewage Treatment Plant in Zaozhuang City given by Zaozhuang Beikong under pledge agreement in favour of BG Finance.

The Group has also entered into several loan agreements with BG Finance since 2019. Loans borrowed from BG Finance by the Group as at the end of the reporting period amounted to RMB4,335,480,000 (31 December 2024: RMB4,495,214,000) and bear interest at floating rates ranging from 2.75% to 4.35% per annum (2024: from 2.75% to 4.65% per annum). The related interest expenses recognised in profit or loss during the six months ended 30 June 2025 and 2024 were not significant to the Group.

The above related party transaction also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

- (vi) On 13 January 2020, the capital injection in cash by ABC Financial Asset Investment Co., Ltd (農銀金融資產投資有限公司) (“ABC Financial”) into Beijing Enterprises (Guangxi) Holdings Co., Ltd. (北控水務(廣西)集團有限公司) (the “Bei Kong Guangxi Capital Injection”), a subsidiary of the Group, was completed. Prior to completion of the Bei Kong Guangxi Capital Injection, the Group had entered into transactions with Agricultural Bank of China Limited* (中國農業銀行股份有限公司) (“ABC”) and its subsidiaries (“ABC Group”) relating to the provision of deposit services, settlement and other financial services. Upon completion of the Bei Kong Guangxi Capital Injection, ABC Financial holds 45.55% of Bei Kong Guangxi. As ABC is the ultimate controlling shareholder of ABC Financial, members of ABC Group have become connected persons of the Group. Hence, such transactions became continuing connected transactions of the Group following completion of the Bei Kong Guangxi Capital Injection pursuant to Chapter 14A of the Listing Rules. The maximum daily aggregate deposits placed by the Group with ABC Group (including any interest accrued thereon) for three financial years ending 31 December 2023 to 2025 shall not exceed RMB3,000,000,000, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

20. RELATED PARTY DISCLOSURES *(Continued)*

- (a) The Group had the following material transactions during the six months ended 30 June 2025 and outstanding balances with related parties as at 30 June 2025: *(Continued)*

(vi) *(Continued)*

The deposits placed by the Group with ABC Group as at 30 June 2025 amounted to RMB531,220,000 (31 December 2024: RMB456,648,000). The related interest income recognised in profit or loss during the six months ended 30 June 2025 and 2024 were not significant to the Group.

The above related party transaction also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

Heze Beikong Zhongkecheng Wastewater Treatment Co., Ltd.* (荷澤北控中科成污水處理有限公司) (“Heze Beikong”), a wholly-owned subsidiary of the Group, as borrower, entered into loan agreement dated 17 May 2024 with Heze Mudan sub-branch of Agricultural Bank of China Limited (“ABC, Heze Mudan sub-branch”) (中國農業銀行股份有限公司荷澤牡丹支行), as lender, pursuant to which ABC, Heze Mudan sub-branch agreed to grant the loan facility in a principal amount of RMB100,000,000 to Heze Beikong for a term of thirteen years from the date of drawdown based on a floating interest rate equal to the relevant loan prime rate for a period longer than five years announced by the National Interbank Funding Centre on the date immediately preceding the drawdown date minus 1%.

The loan facility shall be secured by the pledge of earning rights for Heze City No. 1 Sewage Treatment Plant Upgrading and Reclaimed Water Reuse Project given by Heze Beikong under pledge agreement in favour of ABC, Heze Mudan sub-branch.

The Group has also entered into several loan agreements with ABC since 2016. Loans borrowed from ABC as at the end of the reporting period amounted to RMB4,593,958,000 (31 December 2024: RMB4,513,084,000) and bear interest rates ranging from 2.60% to 4.15% per annum (2024: from 3.00% to 4.30% per annum). Interest expenses recognised in profit or loss during the current and prior periods were not significant to the Group.

The above related party transaction also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

20. RELATED PARTY DISCLOSURES *(Continued)*

(b) Transactions with other state-owned entities in Chinese Mainland

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “Other SOEs”). During the period, the Group had transactions with the Other SOEs including, but not limited to, the sale of piped water, provision of sewage treatment and construction services, bank deposits and borrowings, and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group’s business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies are not carried out on non-market terms and do not depend on whether or not the customers are the Other SOEs. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions is material related party transaction that would require separate disclosure.

(c) Compensation of key management personnel of the Group

	Six months ended	
	30/06/2025	30/06/2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short term employee benefits	7,231	7,568
Pension scheme contributions	70	70
Total compensation paid to key management personnel	7,301	7,638

Save as disclosed above, at 30 June 2025, the Group had no other material transactions and outstanding balances with related parties.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

21. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values largely due to the short term maturities of these instruments, and accordingly, no disclosure of the fair values of these financial instruments is made.

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

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets <i>RMB'000</i> (Level 1)	Significant observable inputs <i>RMB'000</i> (Level 2)	Significant unobservable inputs <i>RMB'000</i> (Level 3)	Total <i>RMB'000</i>
At 30 June 2025 (unaudited)				
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	104,998	43,302	490,311	638,611
Financial assets at fair value through profit or loss ("FVTPL")	–	–	8,157	8,157
Total	104,998	43,302	498,468	646,768
At 31 December 2024 (audited)				
Equity investments designated at FVTOCI	100,835	43,779	546,289	690,903
Financial assets at FVTPL	–	–	10,105	10,105
Derivative financial instruments	–	28,923	–	28,923
Total	100,835	72,702	556,394	729,931

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

21. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Liabilities measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets RMB'000 (Level 1)	Significant observable inputs RMB'000 (Level 2)	Significant unobservable inputs RMB'000 (Level 3)	
At 30 June 2025 (unaudited)				
Derivative financial instruments	–	(77,129)	–	(77,129)
At 31 December 2024 (audited)				
Derivative financial instruments	–	–	–	–

During the current interim period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurement (31 December 2024: Nil).

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

For other non-current financial assets and liabilities, in the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

The management considers that the carrying amounts of all other financial assets and liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

22. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and represented to conform with the current period's presentation for certain line items.

23. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

These unaudited condensed consolidated financial information were approved and authorised for issue by the board of directors on 27 August 2025.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2025, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(i) *Long positions in the shares and/or underlying shares of the Company*

Name of Directors	Capacity	Total Interests in number of ordinary shares of the Company	Approximate percentage of the issued share capital of the Company (Note 2)
Mr. Zhou Min	Note 1	370,958,118	3.69237%
Mr. Li Haifeng	Beneficial Owner	1,740	0.00002%
Mr. Tung Woon Cheung Eric	Beneficial Owner	590,404	0.00588%
Mr. Li Li	Beneficial Owner	253,708	0.00253%

(ii) *Long positions in the shares and/or underlying shares of the associated corporation*

Associated corporation	Name of Directors	Capacity	Total Interests in number of ordinary shares of the associated corporation	Approximate percentage of the issued share capital of the associated corporation (Note 5)
Beijing Enterprises Urban Resources Group Limited ("BEURG")	Mr. Zhou Min	Note 3	2,439,980,777	68.60%
	Mr. Li Haifeng	Note 4	2,439,980,777	68.60%

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

(Continued)

Notes:

1. Mr. Zhou Min was deemed (by virtue of the SFO) to be interested in 370,958,118 ordinary shares of HK\$0.10 each in the share capital of the Company ("Shares") as at 30 June 2025. These shares were held in the following capacity:
 - a. 60,167,240 Shares were held in a beneficial owner capacity.
 - b. 307,676,110 Shares and 3,114,768 Shares were held by Tenson Investment Limited and Star Colour Investments Limited ("Star Colour"), respectively, both of which are wholly and beneficially owned by Mr. Zhou Min, the chief executive officer and an executive director of the Company.
2. The percentage represented the number of Shares over the total issued Shares of the Company as at 30 June 2025 of 10,046,609,871 Shares.
3. Mr. Zhou Min was deemed (by virtue of the SFO) to be interested in 2,439,980,777 ordinary shares of BEURG of HK\$0.10 each ("BEURG Shares") as at 30 June 2025. These BEURG Shares were held in the following capacity:
 - a. 490,476,000 BEURG Shares were held by Star Colour which is wholly and beneficially owned by Mr. Zhou Min, the chief executive officer and an executive director of the Company.
 - b. 1,949,504,777 BEURG Shares were held by Star Colour which entered into an acting in concert agreement (the "AIC Agreement") with the Company, Beijing Holdings Limited ("BHL"), Long March Holdings Limited, Zhihua Investments Limited, Maolin Investments Limited ("MIL"), Mr. Li Haifeng, Mr. Zhou Chen and ZGC International Holding Limited (together referred to as the "Concert Parties") on 10 May 2022. Pursuant to the AIC Agreement, the Concert Parties are acting in concert in respect of their interests in BEURG and therefore each of the Concert Parties is deemed to be interested in all the shares held by them in aggregate under the SFO. As at 30 June 2025, each of the Concert Parties were interested in an aggregate of 2,439,980,777 BEURG Shares, representing approximately 68.60% of the issued share capital of the BEURG. Details of the AIC Agreement are set out in the announcement of the Company dated 10 May 2022.
4. Mr. Li Haifeng was deemed (by virtue of the SFO) to be interested in 2,439,980,777 BEURG Shares as at 30 June 2025. These BEURG Shares were held in the following capacity:
 - a. 1,840,000 BEURG Shares were held in a beneficial owner capacity.
 - b. 48,960,000 BEURG Shares were held by MIL which is wholly and beneficially owned by Mr. Li Haifeng, an executive director of the Company.
 - c. 2,389,180,777 BEURG Shares were held by Mr. Li Haifeng and MIL which entered into the AIC Agreement with the Company, BHL, Star Colour, Long March Holdings Limited, Zhihua Investments Limited, Mr. Zhou Chen and ZGC International Holding Limited on 10 May 2022. Pursuant to the AIC Agreement, the Concert Parties are acting in concert in respect of their interests in BEURG and therefore each of the Concert Parties is deemed to be interested in all the shares held by them in aggregate under the SFO. As at 30 June 2025, each of the Concert Parties was interested in an aggregate of 2,439,980,777 BEURG Shares, representing approximately 68.60% of the issued share capital of the BEURG. Details of the AIC Agreement are set out in the announcement of the Company dated 10 May 2022.
5. The percentage represented the number of BEURG Shares over the total issued shares of BEURG as at 30 June 2025 of 3,556,664,000 shares.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

(Continued)

(iii) Long positions in awarded shares of the Company

The interests of the Directors in the awarded Shares of the Company are separately disclosed in the section "Share Award Scheme" below.

Save as disclosed above, as at 30 June 2025, there were no interest or short position of the directors or chief executives of the Company in the Shares, the underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), that are required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

Directors' Right to Acquire Shares

Save as disclosed under the heading "Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" and "Share Award Scheme", at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debenture of the Company granted to any director or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed under the heading "Related Party Disclosures" in note 20 to the condensed consolidated financial information, there were no other transactions, arrangements or contracts of significance to which the Company, any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly subsisted during the period under review.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2025, so far as was known to the directors or chief executives of the Company, the following persons (not being a director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Shares and/or underlying Shares of the Company

Substantial Shareholders	Capacity	Total Interests in number of ordinary shares of the Company	Approximate percentage of the issued share capital of the Company <i>(Note 8)</i>
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	Beneficial Owner	4,121,604,070	41.03%
Beijing Enterprises Holdings Limited ("BEHL")	Beneficial Owner/Interest of controlled corporation	4,132,107,070 <i>(Note 1)</i>	41.13%
Modern Orient Limited ("MOL")	Interest of controlled corporation	4,132,107,070 <i>(Note 2)</i>	41.13%
Beijing Enterprises Investments Limited ("BEIL")	Interest of controlled corporation	4,132,107,070 <i>(Note 2)</i>	41.13%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)")	Interest of controlled corporation	4,132,107,070 <i>(Note 3)</i>	41.13%
Beijing Enterprises Group Company Limited ("BEGCL")	Interest of controlled corporation	4,166,459,070 <i>(Note 4)</i>	41.47%
Three Gorges Capital Holdings (HK) Co., Limited ("TGC HK")	Beneficial Owner	515,952,000	5.14%
Three Gorges Capital Holdings Co., Ltd ("TGC")	Interest of controlled corporation	515,952,000 <i>(Note 5)</i>	5.14%
Yangtze Ecology and Environment (HK) Investment Limited ("YEE HK")	Beneficial Owner	872,121,436	8.68%
Yangtze Ecology and Environment Co., Ltd. ("YEE")	Interest of controlled corporation	872,121,436 <i>(Note 6)</i>	8.68%
China Three Gorges Corporation ("CTG")	Interest of controlled corporations	1,588,495,436 <i>(Note 7)</i>	15.81%

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' Interests in Shares and Underlying Shares *(Continued)*

Long positions in the Shares and/or underlying Shares of the Company *(Continued)*

Notes:

- (1) The interest disclosed comprises 10,503,000 Shares directly held by BEHL and 4,121,604,070 Shares owned by BE Environmental. BE Environmental beneficially holds 4,121,604,070 Shares (representing approximately 41.03% in the share capital of the Company). BE Environmental is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the Shares owned by BE Environmental.
- (2) The interest disclosed comprises 10,503,000 Shares directly held by BEHL and 4,121,604,070 Shares owned through BE Environmental. MOL and BEIL are the immediate shareholders of BEHL and collectively hold approximately 20.97% of the issued share capital of BEHL. Accordingly, each of MOL and BEIL is deemed to be interested in the Shares owned by BEHL through BE Environmental.
- (3) The interest disclosed comprises the Shares owned by BEIL and MOL (through BEHL and BE Environmental). BEHL is held directly as to approximately 41.19% by BE Group (BVI). MOL is a wholly-owned subsidiary of BEIL, which is in turn directly held as to approximately 72.72% by BE Group (BVI). Accordingly, BE Group (BVI) is deemed to be interested in the Shares indirectly owned by BEIL and MOL (through BEHL and BE Environmental).
- (4) The interest disclosed comprises the Shares owned by BE Group (BVI) as detailed in note (3) above and 34,352,000 Shares owned by BHL. BE Group (BVI) and BHL are wholly-owned subsidiaries of the BEGCL. Accordingly, BEGCL is deemed to be interested in the Shares indirectly owned by BE Group (BVI) and BHL.
- (5) The interest disclosed comprises the Shares held by TGC HK which beneficially holds 515,952,000 Shares (representing approximately 5.14% in the share capital of the Company). TGC HK is a wholly-owned subsidiary of TGC. Accordingly, TGC is deemed to be interested in the Shares owned by TGC HK.
- (6) The interest disclosed comprises the Shares held by YEE HK which beneficially holds 872,121,436 Shares (representing approximately 8.68% in the share capital of the Company). YEE HK is a wholly-owned subsidiary of YEE. Accordingly, YEE is deemed to be interested in the Shares owned by YEE HK.
- (7) The interest disclosed comprises (i) 515,952,000 Shares held by TGC HK, a direct wholly-owned subsidiary of TGC which is in turn directly held as to 30% by CTG, 40% by China Three Gorges Investment Management Co., Ltd., 10% by China Three Gorges Technology Co. Ltd. and 10% by China Yangtze Power Co., Ltd. ("CYP"). CYP is directly held as to 42.81% by CTG, 3.60% by China Three Gorges Construction Engineering Corporation ("CTG Construction") and 1.86% by CTG Logistics Management (Beijing) Co., Ltd. ("CTG Management"), both CTG Construction and CTG Management are direct wholly-owned subsidiaries of CTG; (ii) 200,422,000 Shares held by China Yangtze Power International (Hongkong) Co., Ltd., a direct wholly-owned subsidiary of CYP; and (iii) 872,121,436 Shares held by YEE HK, a direct wholly-owned subsidiary of YEE, which is in turn directly held as to 100% by CTG.
- (8) The percentage represented the number of Shares over the total issued Shares of the Company as at 30 June 2025 of 10,046,609,871 Shares.

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any persons (other than the directors or the chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DISCLOSEABLE INFORMATION

SHARE AWARD SCHEME

The Company had adopted a share award scheme (the “Share Award Scheme”) on 17 December 2018. The purpose of the Share Award Scheme was to recognise the contributions by certain employees, directors and consultants of the Group and encourage them for the continual operation and development of the Group, and attract excellent talent for further development of the Group.

The Share Award Scheme would be valid and effective for a term of five years commencing on the adoption date and ending on the expiry of the trust period which may be extended by the Board at its absolute discretion. On 14 December 2023, the Board resolved to extend the Share Award Scheme for further five years after the expiry of an initial five-year term until 16 December 2028. As at the date of this interim report, the remaining life of the Share Award Scheme is approximately three years and four months.

Pursuant to the Share Award Scheme, the Company shall cause to pay the trustee the sum for the purchase of the existing awarded Shares and the related expenses. The trustee shall purchase the existing Shares from the market and shall hold such Shares until they are vested in accordance with the scheme rules. The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust (including but not limited to the awarded Shares). Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all vesting conditions (i.e. performance targets) to the vesting of the awarded Shares, the awarded Shares shall be held by the trustee on behalf of the selected participants until the end of the vesting period. The selected participants are not required to pay any purchase price for the vested Shares. The awarded Shares will be transferred by the trustee to the selected participants.

The maximum aggregate number of Shares which can be held by the trustee under the Share Award Scheme at any single point in time shall not exceed 2% of the total issued share capital of the Company from time to time. 18,499,494 Shares, representing approximately 0.18% of the ordinary Shares of the Company in issue as at the date of this interim report (i.e. 27 August 2025), were held by the trustee pursuant to the Share Award Scheme. Accordingly, the number of Shares that the trustee may further purchase from the open market for the purpose of the Share Award Scheme as at 27 August 2025 was 182,432,703 Shares, representing approximately 1.82% of the ordinary Shares of the Company in issue as at the date of this interim report.

The maximum number of existing Shares which may be awarded to a selected participant under the Share Award Scheme in any 12-month period shall not exceed 1% of the total issued share capital of the Company from time to time. If the selected participant, who is a director of the Company or service provider (if applicable), the maximum number of existing Shares which may be awarded to him/her under the Share Award Scheme in any 12-month period shall not exceed 0.1% of the total issued share capital of the Company from time to time.

DISCLOSEABLE INFORMATION

SHARE AWARD SCHEME *(Continued)*

The number of awarded Shares to be available for grant are both 200,932,197 Shares as at 1 January 2025 and 30 June 2025, respectively.

During the six months ended 30 June 2025, no awarded Shares were outstanding, granted, vested, cancelled or lapsed in accordance with the terms of the Share Award Scheme. The number of Shares that may be issued in respect of awarded Shares granted under the Share Award Scheme during the six months ended 30 June 2025 divided by the weighted average number of Shares in issue during the six months ended 30 June 2025 was therefore not applicable.

BOARD CHANGES AND CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

During the period under review and up to the date of this report, the change in directorate and the composition of the committee of the Board are as follows:

- Mr. Jiang Xinhao resigned as an executive director of the Company on 6 January 2025.
- Ms. Zhou Xueyan was appointed as an executive director of the Company on 5 June 2025.
- Mr. Guo Rui resigned as a member of the nomination committee of the Company on 5 June 2025.
- Ms. Chan Siu Chee Sophia was appointed as a member of the nomination committee of the Company on 5 June 2025.

Directors' updated biographies are available on the website of the Company.

Save as disclosed above, since the issue date of the Annual Report 2024, there has been no change in the Board, and there has been no change in directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the “Agreement(s)”) with covenants relating to specific performance of the controlling shareholder which constituted disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)/Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount (million)	Final Maturity	Specific performance obligations
11 January 2019	Issuance of medium-term notes	RMB1,000	January 2029	Note 1
20 January 2022	Issuance of medium-term notes	RMB1,000	January 2027	Note 5
16 December 2022	Green loan facilities with a bank	RMB3,764	December 2027	Note 2
23 March 2023	Issuance of medium-term notes	RMB500	March 2028 Note 4	Note 5
23 March 2023	Issuance of medium-term notes	RMB1,000	March 2028	Note 5
2 June 2023	Issuance of medium-term notes	RMB1,000	June 2028 Note 4	Note 5
11 August 2023	Issuance of medium-term notes	RMB500	3+N years Note 7	Note 5
12 March 2024	Issuance of medium-term notes	RMB1,000	March 2027	Note 5
18 March 2024	Green loan facilities with a bank	RMB2,650 Note 9	1+2 years Note 8	Note 2
18 April 2024	Issuance of medium-term notes	RMB500	5+N years Note 3	Note 5
4 July 2024	Issuance of medium-term notes	RMB500	July 2027	Note 5
4 July 2024	Issuance of medium-term notes	RMB500	July 2034	Note 5

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Date of the Agreement(s)/Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount (million)	Final Maturity	Specific performance obligations
6 November 2024	Facilities with a bank	RMB2,400	November 2026	Note 2
9 January 2025	Issuance of medium-term notes	RMB600	January 2030	Note 5
9 January 2025	Issuance of medium-term notes	RMB400	January 2035	Note 5

Notes:

- (i) BEHL owns or controls at least 35% of the voting rights in the Company; (ii) BEHL supervises the Company; (iii) BEHL is directly or indirectly the single largest shareholder of the Company; and/or (iv) the nominees of BEHL comprise the majority of the Board.
- (i) BEHL owns, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of voting rights in the Company, free from any security; (ii) BEHL supervises the Company and/or have management control over the Company; (iii) BEHL is directly or indirectly the single largest shareholder of the Company; (iv) BEGCL owns, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any security; (v) BEGCL is directly or indirectly the single largest shareholder of BEHL or supervises BEHL; and (vi) BEGCL is effectively wholly-owned, supervised and controlled by the People's Government of Beijing Municipality* (北京市人民政府) ("Beijing Municipality").
- The reset date of each coupon rate is the redemption date. The Company has the right to choose to redeem the principal at the face value plus accrued interest on the first reset date of the coupon rate of the medium-term note and every subsequent interest payment date. The reset date of coupon rate is the corresponding day of every five years from the first reset date of coupon rate. The end of the fifth interest-bearing year is the first reset date of coupon rate. From the sixth interest bearing year, the coupon rate is reset every five years.
- Two years prior to the maturity pursuant to the terms and conditions in the medium-term notes, the Company shall be entitled to adjust the coupon rate of the medium-term notes and the note holders shall be entitled to sell back the medium-term notes to the Company.
- (i) BEGCL owns or controls, directly or indirectly, at least 35% of the voting rights of the Company; (ii) BEGCL supervises the Company; (iii) BEGCL is directly or indirectly the single largest shareholder of the Company; and (iv) the nominees of BEGCL comprise the majority of the members of the Board.
- The reset date of each coupon rate is the redemption date. The Company has the right to choose to redeem the principal at the face value plus accrued interest on the first reset date of the coupon rate of the medium-term note and every subsequent interest payment date. The reset date of coupon rate is the corresponding day of every two years from the first reset date of coupon rate. The end of the second interest-bearing year is the first reset date of coupon rate. From the third interest-bearing year, the coupon rate is reset every two years.
- The reset date of each coupon rate is the redemption date. The Company has the right to choose to redeem the principal at the face value plus accrued interest on the first reset date of the coupon rate of the medium-term note and every subsequent interest payment date. The reset date of coupon rate is the corresponding day of every three years from the first reset date of coupon rate. The end of the third interest-bearing year is the first reset date of coupon rate. From the fourth interest-bearing year, the coupon rate is reset every three years.
- The maturity date of each tranche of the facilities is 364 days after the first utilization date of each tranche of facilities, and each tranche of the facilities is extendable twice for one-year term at the discretion of the bank.
- The aggregate amount of the facilities had been subsequently increased in accession mechanism for an additional amount of RMB300,000,000 from RMB2,350,000,000 to RMB2,650,000,000 in accordance with the terms of the Facilities Agreement.

* For identification purposes only

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

According to the respective terms and conditions of the Agreements, breach of the above specific performance obligations will constitute events of default. If an event of default occurs, (a) the bank or syndicate of banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand; or (b) the Company may be required to redeem the medium-term notes after conclusion of the meeting of the noteholders; or (c) holders of medium-term notes may have the option to sell back the medium-term notes to the Company.

PURCHASE, SALE AND REDEMPTION OF ITS SECURITIES BY THE GROUP

Redemption of RMB1,000,000,000 2.97% medium-term Notes Due 2027

During the six months ended 30 June 2025, the Company redeemed and cancelled the two years prior to the maturity date all the outstanding principal amount of RMB1,000,000,000 2.97% medium-term notes due 2027 issued by the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

Redemption of RMB1,000,000,000 3.43% medium-term Notes Due 2028

During the six months ended 30 June 2025, the Group redeemed and cancelled the three years prior to the maturity date all the amount of RMB1,000,000,000 3.43% medium-term notes due 2028 issued by a wholly-owned subsidiary of the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

Redemption of RMB1,000,000,000 4.00% extendable Notes

During the six months ended 30 June 2025, the Company redeemed and cancelled the amount of RMB1,000,000,000 4.00% extendable notes issued by the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

Redemption of RMB1,000,000,000 3.03% extendable Notes

During the six months ended 30 June 2025, the Company redeemed and cancelled the amount of RMB1,000,000,000 3.03% extendable notes issued by the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company (including sale of treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2025. As of 30 June 2025 and during the reporting period, the Company did not hold any treasury shares.

DISCLOSEABLE INFORMATION

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare an interim dividend of HK7.35 cents per share (equivalent to RMB0.0670682 per share at the exchange rate of HKD1.0:RMB0.912492, being the average benchmark exchange rate of HK Dollars (“HKD”) to Renminbi (“RMB”) as published by the People’s Bank of China during the five business days immediately before 27 August 2025) for the six month ended 30 June 2025, payable on Monday, 27 October 2025 to shareholders whose names appear on the register of members of the Company on the record date of Thursday, 11 September 2025 for their continuous supports to the Company.

The interim dividend will be payable in cash to each shareholder in HKD unless an election is made to receive the same in RMB.

Shareholders will be given the option to elect to receive all (but not part, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the interim dividend in RMB, such dividend will be paid at RMB0.0670682 per share. To make such election, shareholders should complete the dividend currency election form, which is expected to be despatched to shareholders in the mid-September 2025 as soon as practicable after the record date of 11 September 2025 to determine shareholders’ entitlement to the interim dividend, and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 6 October 2025.

Shareholders who are minded to elect to receive all (but not part, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will/will not be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Monday, 27 October 2025 at the shareholders’ own risk.

If no election is made by a shareholder or no duly completed dividend currency election form in respect of that shareholder is received by branch share registrar of the Company in Hong Kong by 4:30 p.m. on Monday, 6 October 2025, such shareholder will automatically receive the interim dividend in HKD. All dividend payments in HKD will be made in the usual way on or around Monday, 27 October 2025.

If shareholders wish to receive the interim dividend in HKD in the usual way, no additional action is required.

DISCLOSEABLE INFORMATION

INTERIM DIVIDEND *(Continued)*

If any beneficial owners of shares of the Company which are registered in the name of a nominee (e.g. HKSCC Nominees Limited), trustee or registered holder in any other capacity elect to receive all (but not part) of the interim dividend in RMB, they should make appropriate arrangements with such nominees, trustees or registered holders in order to effect the receipt of the interim dividend in RMB. The Company shall not be responsible for any costs, taxes or duties associated therewith or arising therefrom and such costs will be borne solely by the beneficial owners of such shares of the Company. If no such arrangements are in place, such beneficial owners of shares of the Company (despite having elected to receive the interim dividend in RMB) shall receive the interim dividend in HKD.

Shareholders should seek professional advice with their own tax advisors regarding any possible tax implications of the interim dividend payment.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 10 September 2025 to Thursday, 11 September 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 September 2025.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listed Rules") during the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that during the six months ended 30 June 2025, all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") currently comprises three independent non-executive directors of the Company, namely Mr. Shea Chun Lok Quadrant (the chairman of the Audit Committee), Mr. Guo Rui and Mr. Chau On Ta Yuen. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management and internal controls of the Company. The unaudited interim results for the six months ended 30 June 2025 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks that may be exposed to the Group and ensuring that the Group maintains sound and effective risk management and internal control systems in order to safeguard the interest of shareholders and the assets of the Group. The Board had delegated such responsibility to the Audit Committee which shall oversee management in designing, implementing and monitoring the risk management and internal control systems.

The Audit Committee, on behalf of the Board, reviews and monitors the effectiveness of risk management and internal control systems of the Group in accordance with policies and practices of the Company and receives reports on the effectiveness of these systems periodically.

CORPORATE GOVERNANCE

RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

The Group has a risk management division in place. Among them, the risk management division should be responsible for organizing and setting up a risk management mechanism regarding corporate objectives so as to identify, control, acknowledge and manage the risks faced by the Group. In particular, the Group applies strict guidelines and procedures that monitor and control each investing unit for its investment, with the aim to mitigate risk exposure and external impacts and ensure that the risk management process is in line with the relevant objective. On the other hand, audit division carries out an independent review of key business processes and controls in accordance with its normal procedures and the recommendations and remedial measures are taken to rectify the deficiencies accordingly. The Group from time to time handles inside information in accordance with the procedures and guidelines, updates the internal control system when there are changes to business environment or regulatory guidelines, and follows up with various departments and business segments to ensure the timely implementation of the recommendations.

The Board believes that there is an adequacy of resources in terms of staff qualifications and experience, training programmes and budget of the internal audit function as well as those relating to the ESG performance and reporting of the Group.

The Board considers that enhanced risk management and internal control systems of the Group were effective and adequate for the six months ended 30 June 2025. No significant areas of concern that may affect the financial, operational and compliance control functions of the Group have been identified.

COMPLIANCE WITH APPENDIX D2 TO THE LISTING RULES

Save as disclosed in this interim report, information of the Group with respect to the matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not changed materially from the information disclosed in the 2024 annual report of the Company.