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(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS

- Profit attributable to shareholders of the Company decreased by 18% to RMB1,122.1 million for the six months ended 30 June 2024 as compared to RMB1,369.8 million for the last period.
- EBITDA amounted to RMB4,659.7 million, representing a decrease of 1.5% as compared with that of RMB4,728.9 million for the last period.
- Basic and diluted earnings per share for the period were RMB10.66 cents and RMB10.66 cents respectively.
- Interim dividend of HK7.0 cents per share is proposed for the six months ended 30 June 2024, the dividend payout ratio is 60%.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Water Group Limited (the “Company” or “BEWG”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2024 with comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
			(restated)
	Notes	RMB'000	RMB'000
REVENUE	3	11,308,811	12,083,093
Cost of sales		<u>(7,015,296)</u>	<u>(7,652,564)</u>
Gross profit		4,293,515	4,430,529
Interest income		451,576	432,356
Other income and gains, net		321,778	443,934
Administrative expenses		(1,251,696)	(1,288,312)
Other operating expenses, net		<u>(363,510)</u>	<u>(304,103)</u>
PROFIT FROM OPERATING ACTIVITIES	4	3,451,663	3,714,404
Finance costs	5	(1,565,644)	(1,542,598)
Share of profits and losses of:			
Joint ventures		308,037	274,793
Associates		<u>16,767</u>	<u>62,915</u>
PROFIT BEFORE TAX		2,210,823	2,509,514
Income tax expense	6	<u>(443,036)</u>	<u>(551,867)</u>
PROFIT FOR THE PERIOD		<u>1,767,787</u>	<u>1,957,647</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		1,122,088	1,369,754
Holders of perpetual capital instruments		68,151	45,951
Non-controlling interests		<u>577,548</u>	<u>541,942</u>
		<u>1,767,787</u>	<u>1,957,647</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic		<u>RMB10.66 cents</u>	<u>RMB13.47 cents</u>
– Diluted		<u>RMB10.66 cents</u>	<u>RMB13.45 cents</u>

Details of the cash dividend declared for the period are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(restated)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	1,767,787	1,957,647
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
– Exchange fluctuation reserve:		
– Translation of foreign operations	<u>(652,241)</u>	<u>(2,038,180)</u>
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
– Exchange fluctuation reserve:		
– Translation of the Company	130,332	307,479
– Share of other comprehensive income of a joint venture	3,839	98
– Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>11,374</u>	<u>(30,935)</u>
	<u>145,545</u>	<u>276,642</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	<u>(506,696)</u>	<u>(1,761,538)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,261,091</u>	<u>196,109</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	648,670	(361,999)
Holders of perpetual capital instruments	68,151	45,951
Non-controlling interests	<u>544,270</u>	<u>512,157</u>
	<u>1,261,091</u>	<u>196,109</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets:			
Property, plant and equipment		8,303,047	8,360,005
Right-of-use assets		766,879	814,364
Investment properties		462,193	462,193
Goodwill		3,632,417	3,617,399
Operating concessions		10,480,302	10,498,688
Other intangible assets		437,740	426,354
Investments in joint ventures		10,428,065	10,212,105
Investments in associates		3,233,119	3,314,331
Equity investments designated at fair value through other comprehensive income		751,461	740,593
Financial assets at fair value through profit or loss		10,105	10,105
Amounts due from contract customers		22,103,567	22,465,190
Receivables under service concession arrangements	9	51,704,020	51,069,854
Trade receivables	10	11,446,967	11,531,631
Prepayments, deposits and other receivables	11	1,193,615	1,197,291
Deferred tax assets		368,247	388,254
		125,321,744	125,108,357
Total non-current assets			
Current assets:			
Inventories		339,803	355,319
Amounts due from contract customers		3,268,550	3,828,172
Receivables under service concession arrangements	9	8,866,617	7,967,191
Trade receivables	10	10,340,263	9,800,179
Prepayments, deposits and other receivables	11	7,990,168	7,985,547
Restricted cash and pledged deposits		240,685	233,267
Cash and cash equivalents		8,953,739	10,215,161
		39,999,825	40,384,836
Total current assets			
		165,321,569	165,493,193
TOTAL ASSETS			

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		834,250	834,250
Perpetual capital instruments		3,488,929	2,991,002
Reserves		27,359,758	27,557,155
		31,682,937	31,382,407
Perpetual capital instruments		3,785,377	2,485,377
Non-controlling interests		20,287,315	20,265,691
		24,072,692	22,751,068
TOTAL EQUITY		55,755,629	54,133,475
Non-current liabilities:			
Other payables and accruals	12	692,300	691,828
Bank and other borrowings		46,680,128	49,907,792
Corporate bonds		10,975,714	11,970,977
Lease liabilities		145,264	174,294
Provision for major overhauls		628,403	524,374
Deferred income		900,344	914,014
Deferred tax liabilities		4,670,419	4,677,768
Total non-current liabilities		64,692,572	68,861,047
Current liabilities:			
Trade payables	13	19,269,307	20,716,853
Other payables and accruals	12	8,069,927	8,056,499
Income tax payables		1,281,639	1,294,636
Bank and other borrowings		13,200,389	10,366,940
Corporate bonds		2,996,903	1,998,952
Lease liabilities		55,203	64,791
Total current liabilities		44,873,368	42,498,671
TOTAL LIABILITIES		109,565,940	111,359,718
TOTAL EQUITY AND LIABILITIES		165,321,569	165,493,193

NOTES:

1.1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. During the six months ended 30 June 2024, the Group was involved in the following principal activities:

- construction of sewage and reclaimed water treatment plants and seawater desalination 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 services in Chinese Mainland, the Republic of Singapore (“Singapore”), the Portuguese Republic (“Portugal”), Australia and New Zealand;
- distribution and sale of piped water in Chinese Mainland, Portugal and Australia;
- 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.

1.2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s interim financial information, as further detailed in note 1.3 below.

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

Change of presentation currency

The Company's presentation currency for its consolidated financial statements has been changed from Hong Kong dollars ("HK\$") to Renminbi ("RMB") from 1 January 2023. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the consolidated financial statements are presented as if RMB had always been the presentation currency of the consolidated financial statements. The condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023, and certain explanatory notes have been restated to conform with the current period presentation.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

2. 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 profits and losses of certain joint ventures and associates, as well as head office and corporate income and expenses are excluded from such measurement.

For the six months ended 30 June 2024

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

For the six months ended 30 June 2023

	Sewage and reclaimed water treatment and construction services (Unaudited) (restated) RMB'000	Water distribution services (Unaudited) (restated) RMB'000	Technical and consultancy services and sales of machineries (Unaudited) (restated) RMB'000	Urban resources services (Unaudited) (restated) RMB'000	Total (Unaudited) (restated) RMB'000
Segment revenue (note 3)	7,428,456	1,366,849	1,051,580	2,236,208	12,083,093
Cost of sales	<u>(4,519,771)</u>	<u>(767,248)</u>	<u>(644,095)</u>	<u>(1,721,450)</u>	<u>(7,652,564)</u>
Gross profit	<u>2,908,685</u>	<u>599,601</u>	<u>407,485</u>	<u>514,758</u>	<u>4,430,529</u>
Segment results:					
The Group	3,017,654	520,771	245,084	321,391	4,104,900
Share of profits and losses of:					
Joint ventures	197,291	85,796	(8,394)	(992)	273,701
Associates	<u>7,526</u>	<u>110</u>	<u>(2,072)</u>	<u>–</u>	<u>5,564</u>
	<u>3,222,471</u>	<u>606,677</u>	<u>234,618</u>	<u>320,399</u>	<u>4,384,165</u>
Corporate and other unallocated income and expenses, net					(390,496)
Share of profits of joint ventures and associates					58,443
Finance costs					<u>(1,542,598)</u>
Profit before tax					2,509,514
Income tax expense					<u>(551,867)</u>
Profit for the period					<u>1,957,647</u>
Profit for the period attributable to shareholders of the Company:					
Operating segments	<u>2,630,434</u>	<u>449,330</u>	<u>188,982</u>	<u>69,872</u>	<u>3,338,618</u>
Corporate and other unallocated items					<u>(1,968,864)</u>
					<u>1,369,754</u>

Geographical information

	For the six months ended 30 June	
	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) (restated) <i>RMB'000</i>
Revenue from external customers:		
Chinese Mainland	10,656,369	11,450,794
Elsewhere	652,442	632,299
	<u>11,308,811</u>	<u>12,083,093</u>

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

Information about major customers

During the period ended 30 June 2024, the Group had no transaction with any single external customer which contributed over 10% of the Group's total revenue for the period (six months ended 30 June 2023: Nil).

3. REVENUE

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

	For the six months ended 30 June	
	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) (restated) <i>RMB'000</i>
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	4,384,504	4,200,741
Construction services	1,641,703	3,227,715
Water distribution services	1,443,451	1,366,849
Technical and consultancy services and sales of machineries	1,151,384	1,051,580
Urban services	2,402,168	1,906,811
Hazardous waste treatment services and sale of recycling and reuse products	285,601	329,397
	<u>11,308,811</u>	<u>12,083,093</u>

Imputed interest income under service concession arrangements amounting to RMB1,475,886,000 (six months ended 30 June 2023: RMB1,522,676,000) is included in the above revenue.

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(restated)
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sewage and reclaimed water treatment services rendered	1,655,375	1,696,318
Cost of construction services	1,353,574	2,640,208
Cost of water distribution services	774,466	725,938
Cost of technical and consultancy services rendered and machineries sold	806,839	644,095
Cost of urban services	1,833,700	1,452,354
Cost of hazardous waste treatment services and sale of recycling and reuse products	265,645	269,096
Depreciation of property, plant and equipment	491,209	389,484
Depreciation of right-of-use assets	36,840	36,502
Amortisation of operating concessions*	325,697	224,555
Amortisation of other intangible assets*	29,466	26,255

* *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.*

5. FINANCE COSTS

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) (restated) RMB'000
Interest on bank and other loans	1,394,959	1,314,085
Interest on corporate bonds	239,921	307,409
Interest on lease liabilities	4,173	4,445
Total interest expense	1,639,053	1,625,939
Increase in discounted amounts of provision for major overhauls arising from the passage of time	25,985	23,718
Total finance costs	1,665,038	1,649,657
Less: Interest included in cost of construction services	(99,394)	(107,059)
	<u>1,565,644</u>	<u>1,542,598</u>

6. 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 2024 (six months ended 30 June 2023: 16.5%).

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.

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(restated)
	RMB'000	RMB'000
Current – Hong Kong	3,701	3,138
Current – Chinese Mainland	409,250	355,909
Current – Elsewhere	18,389	15,406
Deferred	11,696	177,414
	<hr/>	<hr/>
Total tax expense for the period	443,036	551,867
	<hr/>	<hr/>

7. INTERIM DIVIDEND

On 28 August 2024, the Board declared an interim cash dividend of HK7.0 cents (six months ended 30 June 2023: HK7.0 cents) per ordinary share amounting to a total of approximately RMB642,942,000 (six months ended 30 June 2023: RMB632,936,000).

8. 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 2024, and the weighted average number of 10,046,609,871 (six months ended 30 June 2023: 10,046,609,871) ordinary shares in issue less the weighted average number of 18,499,494 (six months ended 30 June 2023: 48,757,534) ordinary shares held under the share award scheme of the Company during the period.

The calculation of the diluted 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 and a dilutive effect of share options of an associate. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share amounts are based on the following data:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
		(restated)
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to shareholders of the Company	1,122,088	1,369,754
Distribution related to the perpetual capital instruments	(52,947)	(22,707)
	<hr/>	<hr/>
Profit used in the basic earnings per share calculation	1,069,141	1,347,047
Effect of dilution on earnings in respect of share options of an associate	(354)	(502)
	<hr/>	<hr/>
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	1,068,787	1,346,545
	<hr/>	<hr/>
	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic earnings per share calculation	10,028,110,377	9,997,852,337
Effect of dilution on weighted average number of ordinary shares – Share awards which have dilutive effect	–	16,996,322
	<hr/>	<hr/>
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	10,028,110,377	10,014,848,659
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9. 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 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Billed:		
Within 3 months	2,490,095	2,638,151
4 to 6 months	1,899,246	2,346,299
7 to 12 months	2,785,498	1,357,422
Over 1 year	1,691,778	1,625,319
	8,866,617	7,967,191
Unbilled:		
Non-current portion*	51,704,020	51,069,854
Total	60,570,637	59,037,045

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

10. 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 4.8% to 15.0% (31 December 2023: 4.8% 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 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Billed:		
Within 3 months	3,463,981	4,045,725
4 to 6 months	1,281,031	1,068,346
7 to 12 months	2,031,952	1,552,285
Over 1 year	3,563,299	3,133,823
Balance with extended credit period	29,682	29,682
	10,369,945	9,829,861
Unbilled*	11,417,285	11,501,949
	21,787,230	21,331,810
Portion classified as current assets	(10,340,263)	(9,800,179)
Non-current portion	11,446,967	11,531,631

* *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.*

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Prepayments	577,655	398,346
Deposits and other debtors	4,869,071	5,385,383
Advances to subcontractors and suppliers	2,637,480	2,262,504
Due from joint ventures	1,479,279	1,489,744
Due from associates	14,020	16,184
Due from non-controlling equity holders	215,114	215,114
Due from other related parties	191,128	214,642
	<u>9,983,747</u>	<u>9,981,917</u>
Impairment	(799,964)	(799,079)
	<u>9,183,783</u>	<u>9,182,838</u>
Portion classified as current assets	(7,990,168)	(7,985,547)
	<u>1,193,615</u>	<u>1,197,291</u>

12. OTHER PAYABLES AND ACCRUALS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Accruals	831,047	1,262,070
Other liabilities	4,134,053	3,497,253
Contract liabilities	1,192,316	1,224,344
Due to subcontractors	611,454	723,556
Due to joint ventures	888,704	901,361
Due to associates	33,261	143,225
Due to other related parties	225,457	206,592
Other taxes payables	845,935	789,926
	<u>8,762,227</u>	<u>8,748,327</u>
Portion classified as current liabilities	(8,069,927)	(8,056,499)
	<u>692,300</u>	<u>691,828</u>

13. 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 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	7,368,437	8,353,419
4 to 6 months	1,724,959	1,611,522
7 months to 1 year	1,884,845	1,461,783
Over 1 year	8,159,518	9,155,098
Balance with extended credit period	131,548	135,031
	<u>19,269,307</u>	<u>20,716,853</u>

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.

14. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 30 June 2024 amounted to RMB4,873,543,000 (unaudited) (31 December 2023: RMB2,113,835,000) and RMB120,448,201,000 (unaudited) (31 December 2023: RMB122,994,522,000), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period attributable to shareholders of the Company decreased by 18% to RMB1,122.1 million. Revenue decreased by 6% to RMB11,308.8 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	4,176.7	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%

	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 profit 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 profits of joint ventures and associates of RMB54.9 million.

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	3,999.1	33%	57%	1,796.0	54%
– Joint ventures and associates				133.9	4%
				1,929.9	58%
Overseas					
– Subsidiaries	201.7	2%	16%	14.9	–
	4,200.8	35%		1,944.8	58%
Water distribution services					
China					
– Subsidiaries	1,126.7	9%	47%	320.9	10%
– Joint ventures				70.0	2%
				390.9	12%
Overseas					
– Subsidiaries	240.1	2%	27%	42.5	1%
– Joint ventures				15.9	–
				58.4	1%
	1,366.8	11%		449.3	13%
Subtotal	5,567.6	46%		2,394.1	71%

	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% [§]	323.8	3%	17%	118.7	4%	
– Interest income	–	–	–	192.3	6%	
	323.8	3%	17%	311.0	10%	
Construction of BOT water projects	2,903.9	24%	18%	374.6	11%	
Subtotal	<u>3,227.7</u>	<u>27%</u>		<u>685.6</u>	<u>21%</u>	
3. Technical services and sale of machineries	1,051.6	9%	39%	189.0	6%	
4. Urban resources services	<u>2,236.2</u>	<u>18%</u>	23%	<u>69.9</u>	<u>2%</u>	
Business results	<u>12,083.1</u>	<u>100%</u>		<u>3,338.6</u>	<u>100%</u>	
Others[#]				<u>(1,968.8)</u>		
Total				<u>1,369.8</u>		

[#] Others included head office expense and other cost, net, of RMB438.7 million, share of profit of joint ventures and associates of RMB58.4 million, finance costs of RMB1,542.6 million and profit attributable to holders of perpetual capital instruments of RMB45.9 million. Others represented items that cannot be allocated to the operating segments.

[§] Profit attributable to shareholders of the Company included share of profits of joint ventures and associates of RMB71.4 million.

The comparison of the Group's financial results for the six months ended 30 June 2024 and 2023 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June		Increase/(Decrease) RMB'M	%	For the six months ended 30 June		Increase/(Decrease) RMB'M	%
	2024 RMB'M	2023 RMB'M			2024 RMB'M	2023 RMB'M		
1. Water treatment services								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	4,176.7	3,999.1	177.6	4%	1,950.1	1,796.0	154.1	9%
– Joint ventures and associates					141.6	133.9	7.7	6%
					2,091.7	1,929.9	161.8	8%
GP ratio	59%	57%		2%				
Overseas								
– Subsidiaries	207.8	201.7	6.1	3%	19.7	14.9	4.8	32%
GP ratio	19%	16%		3%				
	4,384.5	4,200.8	183.7	4%	2,111.4	1,944.8	166.6	9%
Water distribution services								
China								
– Subsidiaries	1,209.5	1,126.7	82.8	7%	323.0	320.9	2.1	1%
– Joint ventures					102.3	70.0	32.3	46%
					425.3	390.9	34.4	9%
GP ratio	43%	47%		(4%)				
Overseas								
– Subsidiaries	233.9	240.1	(6.2)	(3%)	46.0	42.5	3.5	8%
– Joint ventures					14.3	15.9	(1.6)	(10%)
					60.3	58.4	1.9	3%
GP ratio	32%	27%		5%				
	1,443.4	1,366.8	76.6	6%	485.6	449.3	36.3	8%
Subtotal	5,827.9	5,567.6	260.3	5%	2,597.0	2,394.1	202.9	8%
2. Construction services for the water environmental renovation								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	384.1	323.8	60.3	19%	80.3	118.7	(38.4)	(32%)
– Interest income	–	–	–	–	177.4	192.3	(14.9)	(8%)
	384.1	323.8	60.3	19%	257.7	311.0	(53.3)	(17%)
GP ratio	16%	17%		(1%)				
Construction of BOT water projects								
– China	1,257.6	2,903.9	(1,646.3)	(57%)	159.2	374.6	(215.4)	(58%)
GP ratio	18%	18%		–				
Subtotal	1,641.7	3,227.7	(1,586.0)	(49%)	416.9	685.6	(268.7)	(39%)
3. Technical services and sale of machineries	1,151.4	1,051.6	99.8	9%	108.7	189.0	(80.3)	(42%)
GP ratio	30%	39%		(9%)				
4. Urban resources services	2,687.8	2,236.2	451.6	20%	52.3	69.9	(17.6)	(25%)
GP ratio	21%	23%		(2%)				
Business results	11,308.8	12,083.1	(774.3)	(6%)	3,174.9	3,338.6	(163.7)	(5%)
Others					(2,052.8)	(1,968.8)	(84.0)	4%
Total					1,122.1	1,369.8	(247.7)	(18%)

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 2024, the Group entered into service concession arrangements and entrustment agreements for a total of 1,457 water plants and town-size sewage treatment facilities including 1,217 sewage treatment plants and town-size sewage treatment facilities, 167 water distribution plants, 72 reclaimed water treatment plants and a seawater desalination plant. Total daily design capacity for new projects secured for the period was 510,350 tons including Build-Operate-Transfer ("BOT") projects of 90,000 tons, Transfer-Operate-Transfer ("TOT") projects of 10,000 tons, and entrustment operation projects of 410,350 tons.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 473,300 tons during the period. As at 30 June 2024, total daily design capacity was 44,000,174 tons.

During the period, the Group entered into two service concession arrangements for town-size sewage treatment projects with aggregate daily capacity of 24,500 tons.

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	19,446,666	2,156,450	10,141,137	–	31,744,253
Not yet commenced operation/ Not yet transferred	<u>5,158,650</u>	<u>2,093,300</u>	<u>3,137,377</u>	<u>–</u>	<u>10,389,327</u>
Subtotal	<u>24,605,316</u>	<u>4,249,750</u>	<u>13,278,514</u>	<u>–</u>	<u>42,133,580</u>
Overseas					
In operation	236,524	267,350	1,062,720	300,000	1,866,594
Not yet commenced operation/ Not yet transferred	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Subtotal	<u>236,524</u>	<u>267,350</u>	<u>1,062,720</u>	<u>300,000</u>	<u>1,866,594</u>
Total	<u>24,841,840</u>	<u>4,517,100</u>	<u>14,341,234</u>	<u>300,000</u>	<u>44,000,174</u>
<i>(Number of water plants and town-size sewage treatment facilities)</i>					
China					
In operation	942	41	121	–	1,104
Not yet commenced operation/ Not yet transferred	<u>222</u>	<u>26</u>	<u>15</u>	<u>–</u>	<u>263</u>
Subtotal	<u>1,164</u>	<u>67</u>	<u>136</u>	<u>–</u>	<u>1,367</u>
Overseas					
In operation	53	5	31	1	90
Not yet commenced operation/ Not yet transferred	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Subtotal	<u>53</u>	<u>5</u>	<u>31</u>	<u>1</u>	<u>90</u>
Total	<u>1,217</u>	<u>72</u>	<u>167</u>	<u>1</u>	<u>1,457</u>

	Number of plants and town-size sewage treatment facilities	Design capacity (Tons/Day)	Actual processing volume during the period* (Tons (M))	Revenue (RMB'M)	Profit attributable to shareholders of the Company (RMB'M)
Sewage and reclaimed water treatment services:					
Chinese Mainland:					
– Southern China	334	4,605,005	706.2	870.8	402.5
– Western China	323	2,844,810	399.4	783.6	350.8
– Shandong	60	2,698,000	428.9	638.5	339.2
– Eastern China	137	5,886,876	820.1	974.8	447.9
– Northern China	129	5,568,425	638.2	909.0	551.3
	983	21,603,116	2,992.8	4,176.7	2,091.7
Overseas	58	503,874	51.9	207.8	19.7
Subtotal	1,041	22,106,990	3,044.7	4,384.5	2,111.4
Water distribution services:					
Chinese Mainland	121	10,141,137	1,080.2	1,209.5	425.3
Overseas [§]	32	1,362,720	73.2	233.9	60.3
Subtotal	153	11,503,857	1,153.4	1,443.4	485.6
Total	1,194	33,610,847	4,198.1	5,827.9	2,597.0

* Excluded entrustment operation contracts with fixed service fee

§ Included a seawater desalination plant

2.1.1 Sewage and reclaimed water treatment services

2.1.1a Chinese Mainland:

As at 30 June 2024, the Group had 942 sewage treatment plants and town-size sewage treatment facilities and 41 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 19,446,666 tons (31 December 2023: 19,292,466 tons) and 2,156,450 tons (31 December 2023: 2,183,800 tons), respectively. The average daily processing volume is 16,496,651 tons* and average daily treatment rate is 79%*. The actual average contracted tariff charge of water treatment was approximately RMB1.51 per ton (31 December 2023: RMB1.49 per ton) for water plants. The actual aggregate processing volume for the period was 2,992.8 million tons, of which 2,739.4 million tons was contributed by subsidiaries and 253.4 million tons was contributed by joint ventures and associates. Total revenue for the period was RMB4,176.7 million. Net profit attributable to shareholders of the Company was RMB2,091.7 million, of which RMB1,950.1 million was contributed by subsidiaries and RMB141.6 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 2024, there were 334 plants and town-size sewage treatment facilities with total daily design capacity of 4,605,005 tons, representing an increase of 59,450 tons as compared with last year. The actual aggregate processing volume for the period amounted to 706.2 million tons. The operating revenue and profit attributable to shareholders of the Company were RMB870.8 million and RMB402.5 million respectively during the period.

* Excluded entrustments operation contracts with fixed service fee

Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 30 June 2024, there were 323 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,844,810 tons, representing an increase of 115,400 tons per day or 4% as compared with last year. The actual processing volume for the period was 399.4 million tons. The operating revenue of RMB783.6 million was recorded during the period. Profit attributable to shareholders of the Company amounted to RMB350.8 million.

Shandong

There were 60 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,698,000 tons, representing an decrease of 19,000 tons per day as compared with last year. The actual processing volume for the period was 428.9 million tons contributing operating revenue of RMB638.5 million during the period. Profit attributable to shareholders of the Company was RMB339.2 million.

Eastern China

There were 137 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 2024, the total daily design capacity of Eastern China had increased by 26,000 tons to 5,886,876 tons as compared with last year. The actual processing volume for the period amounted to 820.1 million tons and operating revenue was RMB974.8 million during the period. Profit attributable to shareholders of the Company was RMB447.9 million.

Northern China

Currently, the Group has 129 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 had decreased by 55,000 tons to 5,568,425 tons as compared with last year. The projects achieved actual processing volume of 638.2 million tons for the period. The operating revenue was RMB909.0 million during the period. Profit attributable to shareholders of the Company was RMB551.3 million.

2.1.1b Overseas:

As at 30 June 2024, the Group had 53 sewage treatment plants and 5 reclaimed water plants in Portugal, Singapore, Australia and New Zealand. Total daily design capacity in operation was 503,874 tons. The actual processing volume for the period is 51.9 million tons. Total revenue for the period was RMB207.8 million. Profit attributable to shareholders of the Company was RMB19.7 million.

2.1.2 Water distribution services

2.1.2a Chinese Mainland:

As at 30 June 2024, the Group had 121 water distribution plants in operation. Total daily design capacity in operation was 10,141,137 tons (31 December 2023: 10,130,237 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 charge of water distribution is approximately RMB2.16 per ton (31 December 2023: RMB2.15 per ton). The aggregate actual processing volume is 1,080.2 million tons, of which 630.2 million tons was contributed by subsidiaries, which recorded revenue of RMB1,209.5 million and 450.0 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was RMB425.3 million, of which profit of RMB323.0 million was contributed by subsidiaries and a profit of RMB102.3 million in aggregate was contributed by joint ventures.

2.1.2b Overseas:

As at 30 June 2024, the Group had 31 water distribution plants and a sea desalination plant which supplies drinking water in Portugal and Australia. Total daily design capacity in operation was 1,362,720 tons. The actual processing volume for the period is 73.2 million tons of which 37.8 million tons was contributed by subsidiaries and 35.4 million tons was contributed by joint ventures. Total revenue for the period was RMB233.9 million. Profit attributable to shareholders of the Company was RMB60.3 million.

2.2 Construction services for the water renovation

2.2.1 Construction services for comprehensive renovation projects

The Group had 10 comprehensive renovation projects under construction during the period. The projects mainly located in Inner Mongolia. Last period, the Group had 15 comprehensive renovation projects under construction mainly located in Inner Mongolia.

Revenue from comprehensive renovation projects increased by RMB60.3 million from last period of RMB323.8 million to RMB384.1 million this period.

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 RMB177.4 million for this period (six months ended 30 June 2023: RMB192.3 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects decreased by RMB53.3 million from last period of RMB311.0 million to RMB257.7 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 Qingdao, Changsha, Guangxi, Kunming provinces and Beijing. Total revenue for construction of BOT water projects was RMB1,257.6 million (six months ended 30 June 2023: RMB2,903.9 million) and profit attributable to shareholders of the Company was RMB159.2 million (six months ended 30 June 2023: RMB374.6 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 RMB1,151.4 million (six months ended 30 June 2023: RMB1,051.6 million), representing 10% of the Group's total revenue. Profit attributable to shareholders of the Company was RMB108.7 million (six months ended 30 June 2023: RMB189.0 million). During this period, the portion of revenue with low margin increased. As such, there was an increase in revenue but a decrease in profit attributable to shareholders of the Company during the period.

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 2024, BEURG had 224 urban services projects, 11 hazardous waste treatment projects in operation and 2 revenue-generating waste electrical and electronic equipment treatment projects. For the six months ended 30 June 2024, BEURG’s revenue was RMB2,687.8 million (six months ended 30 June 2023: RMB2,236.2 million) and the net profit attributable to the Group was RMB52.3 million (six months ended 30 June 2023: RMB 69.9 million).

3. Financial analysis

3.1 Revenue

During the period, the Group recorded revenue of RMB11,308.8 million (six months ended 30 June 2023: RMB12,083.1 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 RMB7,015.3 million, compared to last period of RMB7,652.6 million. Cost of sales mainly included operating costs of water plants of RMB2,724.0 million and cost of urban resources services of RMB2,130.9 million. The decrease was mainly due to decrease in cost of construction services rendered of RMB1,286.6 million. The construction costs mainly consisted of subcontracting charges. The operating costs of water plants, mainly included electricity charges of RMB588.8 million, staff costs of RMB617.1 million and major overhaul charges of RMB115.5 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 37% to 38%. 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.

Gross margin for sewage and reclaimed water treatment services:

Gross margin for sewage and reclaimed water treatment services in Chinese Mainland was increased to 59% (last period: 57%) The increase in gross margin was mainly due to decrement in cost of raw materials (e.g. chemicals) and electricity charges during this period. Gross margin for sewage and reclaimed water treatment services in Overseas was 19% (last period: 16%). Gross margin in Overseas increased which was mainly due to decrease in electricity charges in Singapore and tariff update in Portugal during the period.

Gross margin for water distribution services:

Gross margin for water distribution services in Chinese Mainland was 43% (last period: 47%). The decrease in gross margin was mainly due to increment in amortisation of assets under service concession arrangements since more construction and renovation of pipelines were completed during the period. Gross margin for water distribution services in Overseas was 32% (last period: 27%). Gross margin in Overseas increased which was mainly due to the issue of algal bloom in South Australia has been solved and therefore lower the cost of chemical for water treatment.

Gross margin for construction services for comprehensive renovation projects:

Gross margin for construction services for comprehensive renovation projects was 16% (last period: 17%).

Gross margin for construction of BOT water projects:

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

Gross margin for technical services and sale of machineries:

Gross margin for the technical services and sale of machineries was 30% (last period: 39%). Gross margin decreased was mainly due to the change in mix of revenue during this period. The proportion of revenue contribution from technical services decreased as compared with the sale of machineries. The gross margin of technical services is comparatively higher than the sale of machineries.

Gross margin for urban resources services:

Gross margin for urban resources services was 21% (last period: 23%). The decrease in gross margin was mainly due to decrease in gross margin from hazardous waste treatment business and urban services.

3.4 Other income and gains, net

The Group recorded other income and gains, net of RMB321.8 million during the period, compared to last period of RMB443.9 million. The amount for this period mainly included sludge treatment income of RMB71.4 million, pipeline installation income of RMB50.4 million, and government grant and subsidies of RMB41.0 million.

3.5 Administrative expenses

Administrative expenses for the period decreased to RMB1,251.7 million, compared to last period of RMB1,288.3 million which slightly decreased by 3%, implying that the related cost control was effective.

3.6 Other operating expenses, net

Other operating expenses, net for the period increased to RMB363.5 million, compared to last period of RMB304.1 million. The increase was mainly due to increase in impairment losses recognised in current period.

3.7 Finance costs

Interests on bank and other borrowings increased to RMB1,395.0 million compared to last period of RMB1,314.1 million. The increase was mainly due to slightly increase in average interest rate during the six months ended 30 June 2024 compared with last period. Interests on corporate bonds of RMB239.9 million (six months ended 30 June 2023: RMB307.4 million).

3.8 Share of profits of joint ventures

Share of profits of joint ventures increased to RMB308.0 million, compared to last period of RMB274.8 million. The increase was mainly due to increase in share of profits of the joint ventures which engaged in water treatment services.

3.9 Share of profits of associates

Share of profits of associates decreased to RMB16.8 million, compared to last period of RMB62.9 million. The decrease was mainly due to decrease in share of profits of Shandong Hi-Speed New Energy Group Limited and an associate which engaged in technical services and sale of machineries compared with last period.

3.10 Income tax expense

Income tax expense for the period included the current PRC income tax of RMB409.3 million. The effective tax rate for the PRC operation was about 15% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax charge for the period was RMB12.0 million.

3.11 Profit attributable to holders of perpetual capital instruments

Amount represented the coupon payments of perpetual bonds with an aggregate principal amount of RMB2,500 million which were issued in Year 2021, and RMB1,300 million which were issued during the period.

3.12 Investment properties

Investment properties represented portions of buildings located in Beijing which the Group held to earn rental income during the period. The investment properties were stated at fair value.

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 RMB107,730.0 million (31 December 2023: RMB106,662.2 million) included:

By accounting nature:

	30 June 2024			31 December 2023		
	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	22,103.5	3,268.6	25,372.1	22,465.2	3,828.2	26,293.4
(ii) Receivables under service concession arrangements	51,704.0	8,866.6	60,570.6	51,069.8	7,967.2	59,037.0
(iii) Trade receivables	11,447.0	10,340.3	21,787.3	11,531.6	9,800.2	21,331.8
Total	85,254.5	22,475.5	107,730.0	85,066.6	21,595.6	106,662.2

- (i) Amounts due from contract customers of RMB25,372.1 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 RMB921.3 million (non-current portion decreased by RMB361.7 million and current portion decreased by RMB559.6 million), which was mainly due to reclassification to receivables under service concession arrangement as a result of operation commencement of certain BOT projects during the period;
- (ii) Receivables under service concession arrangements of RMB60,570.6 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 RMB1,533.6 million (non-current portion increased by RMB634.2 million and current portion increased by RMB899.4 million) was mainly due to reclassification from amounts due from contract customers as a result of operation commencement of certain BOT projects; and

(iii) Trade receivables of RMB21,787.3 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services and sewage treatment equipment trading. The balance increased by RMB455.5 million (non-current portion decreased by RMB84.6 million and current portion increased by RMB540.1 million) was mainly due to increase in trade receivables of BEURG.

By business nature:

	30 June 2024	31 December 2023
	<i>RMB'M</i>	<i>RMB'M</i>
Water treatment services by BOT and TOT projects	77,639.1	75,350.7
Construction services of comprehensive renovation projects	23,999.6	25,744.0
Technical and consultancy services and other businesses	2,507.3	2,471.5
Urban services and hazardous waste treatment businesses	3,584.0	3,096.0
Total	<u>107,730.0</u>	<u>106,662.2</u>

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 RMB77,639.1 million (31 December 2023: RMB75,350.7 million). Total receivables for the construction service of comprehensive renovation projects were RMB23,999.6 million (31 December 2023: RMB25,744.0 million). Total receivables for technical and consultancy services and other businesses were RMB2,507.3 million (31 December 2023: RMB2,471.5 million). Urban services and hazardous waste treatment businesses were RMB3,584.0 million (31 December 2023: RMB3,096.0 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 RMB216.0 million, mainly due to share of profits of certain joint ventures during the period.

3.16 Investments in associates

Investments in associates decreased by RMB81.2 million, mainly due to share of translation reserve of certain associates during the period.

3.17 Cash and cash equivalents

Cash and cash equivalents decreased by RMB1,261.4 million which was mainly utilised for construction of various water projects in the PRC during the period.

3.18 Other payables and accruals

Other payables and accruals increased by RMB13.9 million. The increase was mainly due to the increase in other liabilities during the period.

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

Perpetual capital instruments were issued by the Company on 12 May 2020, 23 May 2023, 11 August 2023 and 18 April 2024 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. The increase was mainly due to issuance of RMB500 million perpetual capital instrument during the period.

3.20 Perpetual capital instruments

Perpetual capital instruments were issued by a wholly-owned subsidiary of the Company on 30 August 2021, 25 October 2021, 25 and 30 January 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. The increase was mainly due to issuance of RMB1,300 million perpetual capital instruments during the period.

3.21 Non-controlling interests

Non-controlling interests increased by RMB21.6 million. Increase was mainly due to net effects of share of profits and dividend paid to non-controlling interests during the period.

3.22 Bank and other borrowings

Bank and other borrowings decreased by RMB394.2 million which was mainly due to repayment of bank loans during the period.

3.23 Trade payables

The decrease in trade payables by RMB1,447.5 million was mainly due to decrease in trade payables to subcontractors for certain construction projects during the period.

3.24 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.

3.25 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 Hong Kong dollars and RMB. Surplus cash is generally placed in short term deposits denominated in Hong Kong dollars and RMB.

As at 30 June 2024, the Group's cash and cash equivalents amounted to RMB8,953.7 million (31 December 2023: RMB10,215.2 million).

The Group's total borrowings amounted to RMB73,853.1 million (31 December 2023: RMB74,244.7 million) comprised bank and other borrowings of RMB59,880.5 million (31 December 2023: RMB60,274.8 million) and corporate bonds of RMB13,972.6 million (31 December 2023: RMB13,969.9 million). All the corporate bonds bear interest at fixed rates. Over 90% of bank and other borrowings bear interest at floating rates.

As at 30 June 2024, the Group had banking facilities amounting to RMB61.7 billion, of which RMB33.4 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to RMB55,755.6 million (31 December 2023: RMB54,133.5 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 1.16 as at 30 June 2024 (31 December 2023: 1.18). The decrease in the gearing ratio as at 30 June 2024 was mainly due to the decrease in bank and other borrowings and the increase in total equity during the period.

3.26 Capital expenditures

During the period, the Group's total capital expenditures were RMB1,573.3 million (six month ended 30 June 2023: RMB3,617.6 million), of which RMB378.1 million was paid for the acquisition of property, plant and equipment, right-of-use assets and intangible assets; RMB1,174.7 million represented the construction and acquisition of water plants; and RMB20.5 million represented the consideration for acquisition of equity interests in a subsidiary and equity investments and capital injections in associates.

4. Future Outlook

4.1 Sustainable development

The Group embeds the concept of sustainability into its medium-term and long-term development strategies, and lays the solid foundations for BEWG's high quality and sustainable development by building up the fundamentals of corporate sustainability in multiple dimensions, such as technology, products, digital and organisational talent sustainability.

In terms of technological innovation, at the beginning of the year, BEWG has built two asset-light transitioning vehicles namely, BE Water Future Technology Co., Ltd. ("**BE Water Technology**") and Hangzhou Beishui Cloud Service Technology Co., Ltd. ("**Beishui Cloud**"), both have boosted the transformation of asset-light models by way of technology productization and product marketization. While BE Water Technology is a vehicle for technology products which enables corporates more professional by investing more into and continuously acquiring technologies. Beishui Cloud is a vehicle for service products. Subject to the demands from water plants, services products puts in place by way of transmitting demands to the professional corporates through digital ecological platform.

Integration of finance and business has been the core goal of BEWG so as to promote the transition into digitalisation. We have opened up the logic of evaluation of business and finance in a systematic way. The Group completed the demands design of various business and finance systems so as to support the data analytical system from top-level decisions to front-line refined management and enhance the distribution of product differentiation and quantitative value management that serves for the transitioning into asset-light model.

In order to serve for the transitioning into asset-light model, the Group has made adjustments in its business models, adapted to organization responsibility positioning, strengthened position capability construction, and built a talent development system for the future. In terms of positioning in headquarters, we have set new rules for management allocation, formed a refined and efficient management team, and promoted the standardisation of roles and intensity of personnel, thus realising the regional sharing of manpower. We have also investigated into and implemented a salary reformation proposal with the principles of "work more gain more" and "high value high incentive".

4.2 Future prospect

In the year of 2024, BEWG will uphold its strategic confidence, focus on asset-light transition, implement its core initiatives with a solid base, and continuously enhance our innovation, environmental efforts and value. We will also adhere to our original strategic aspiration, put theory into practice, and move toward our goal as a "trustworthy and world-leading water environmental service provider".

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 82,766* employees. Total staff cost for the six months ended 30 June 2024 was RMB2,772,488,000 (six months ended 30 June 2023: RMB2,504,587,000). 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, share options and share awards are awarded to certain employees according to the assessment of individual performance. On 24 April 2013, the Company had granted 400,000,000 share options at an exercise price of HKD2.244 per share under a share option scheme adopted on 28 June 2011 for the Group's directors and employees (the "Scheme"). The 400,000,000 share options were lapsed on 24 April 2023. On 28 March 2014, the Company had granted the then independent non-executive director of the Company 2,000,000 share options at an exercise price of HKD5.180 per share under the Scheme. The Scheme was expired on 27 June 2021. During the six months ended 30 June 2024, the 2,000,000 share options were lapsed. Other than disclosed above, no share option was exercised, lapsed or cancelled under the Scheme. As at 30 June 2024, the Company had no share options outstanding. 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. During the six months ended 30 June 2024, the Company did not grant any awarded share under the Share Award Scheme.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the six months ended 30 June 2024, 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, the corporate bonds and bill facilities of the Group as at 30 June 2024 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;

* Included 63,396 employees under BEURG as at 30 June 2024

- (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 2024, 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 Group currently does not have a foreign currency hedging policy. However, 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.

CONTINGENT LIABILITIES

As at 30 June 2024, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of RMB1,503,265,000 (31 December 2023: RMB1,503,465,000) were outstanding and corporate guarantees of RMB1,891,501,000 (31 December 2023: RMB1,973,394,000) 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 2024, the Group did not have any significant contingent liabilities.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Repurchases of ordinary shares of BEURG

During the six months ended 30 June 2024, BEURG, a subsidiary of the Company repurchased a total of 39,700,000 ordinary shares of BEURG on the Stock Exchange at an aggregate consideration of HK\$22,569,180 (before expense). All the repurchased shares were cancelled by BEURG as at the date of this announcement. Details of repurchases of such ordinary shares were as follows:

Month/Year	Number of ordinary shares repurchased	Price per Share		Aggregate Consideration Paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	39,700,000	0.60	0.51	22,569,180

Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024.

Redemption of RMB1,000,000,000 3.27% Bonds Due 2026 after the reporting period

Subsequent to the end of the reporting period and up to the date of this announcement, upon the bond holders had exercised their right to sell back the bonds to the Company, the Company should redeem on 14 July 2024 (being a non-trading day, i.e. postponed to 15 July 2024), two years prior to the maturity date, all the outstanding principal amount of RMB1,000,000,000 3.27% bonds due 2026 issued by the Company (the "2026 Bonds") at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

Subsequent to the redemption of the 2026 Bonds, they were cancelled and delisted from the official list of Shanghai Stock Exchange.

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare an interim dividend of HK7.0 cents per share (equivalent to RMB0.063996 per share at the exchange rate of HKD1.0:RMB0.914228, 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 28 August 2024) for the six month ended 30 June 2024, payable on Monday, 28 October 2024 to shareholders whose names appear on the register of members of the Company on Thursday, 12 September 2024.

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 RMB0.063996 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 2024 as soon as practicable after the record date of 12 September 2024 to determine shareholders’ entitlement to the interim dividend, and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 7 October 2024.

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, 28 October 2024 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, 7 October 2024, 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, 28 October 2024.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 11 September 2024 to Thursday, 12 September 2024 (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 Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2024.

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 Listing Rules.

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 2024, 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 2024 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.bewg.net) and the website of the Stock Exchange (www.hkexnews.hk). The 2024 interim report will be dispatched to shareholders of the Company and will be published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all the Group's employees for their continuous support and dedicated services.

By Order of the Board
Beijing Enterprises Water Group Limited
Xiong Bin
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the Board comprises eight executive directors, namely Mr. Xiong Bin (Chairman), Mr. Jiang Xinhao, Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Ms. Sha Ning, Mr. Zhang Wenjiang, Mr. Tung Woon Cheung Eric and Mr. Li Li, one non-executive director, namely Mr. Li Tianzhi and five independent non-executive directors, namely, Mr. Shea Chun Lok Quadrant, Mr. Guo Rui, Mr. Chau On Ta Yuen, Mr. Dai Xiaohu and Ms. Chan Siu Chee Sophia.