



北控水務集團有限公司

BEIJING ENTERPRISES WATER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 371)



2024

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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
Mr. Li Li

Non-executive Director

Mr. Li Tianzhi

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. Guo Rui
Mr. Shea Chun Lok Quadrant

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

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

STOCK CODE

371

WEBSITE

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Bermuda

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Wanchai
Hong Kong
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Fax: (852) 2796 9972

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

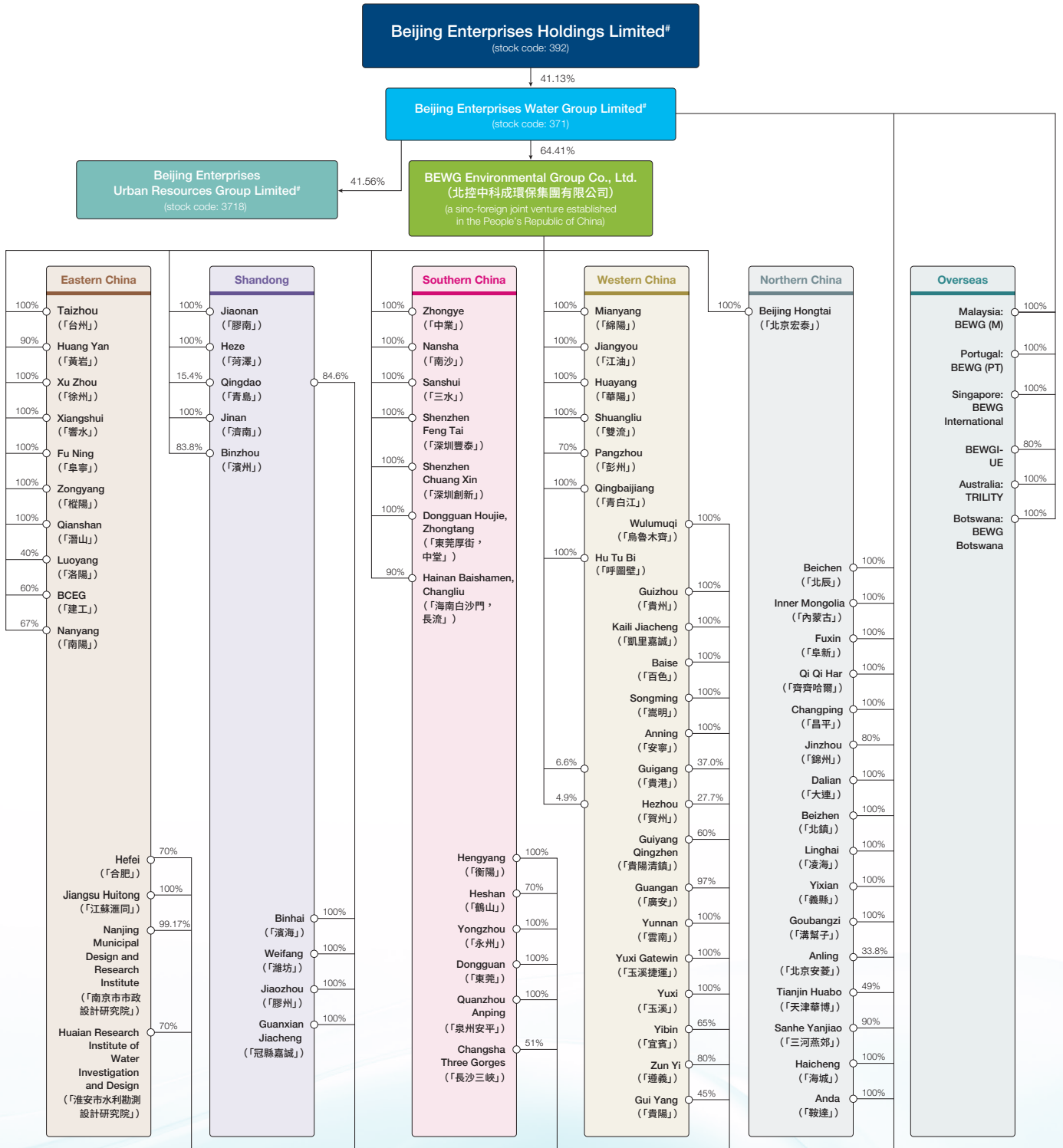
PRINCIPAL BANKERS

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

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
Postal Savings Bank of China
The Export-Import Bank of China

GROUP STRUCTURE

30 June 2024



[#] 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,

The year of 2024 is the 75th anniversary of the establishment of the People's Republic of China. It is a pivotal year for the implementation of the 14th Five-Year Plan, which has its important significance and influence for China's economy and global political and economic landscape. During the year, Beijing Enterprises Water Group Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group" or "BEWG") will integrate the "Scientific and Technological Advancement Platform" into its "Platform-based Strategy", steer its transformation towards an asset-light model with scientific and technological advancements, and usher in an era of asset-light operations. The Group will firmly build strategic self-confidence and secure the implementation of core initiatives, as well as to create professional corporates through technological innovation while operating its existing projects and enhancing its asset efficiency, thus shaping asset-light operation capabilities, continuously enhancing corporate core competitiveness and steadily achieving high-quality and sustainable development.

PERFORMANCE REVIEW

Performance Overview

The Group achieved the total daily design capacity for new projects of 510,350 tons for the six months ended 30 June 2024, with total daily design capacity of 44,000,174 tons. Revenue was RMB11,308,811,000, which decreased by 6% as compared with corresponding period last year. Total profit attributable to shareholders of the Company was RMB1,122,088,000, which decreased by 18% as compared with corresponding period last year. In recognition of the continuous support of the shareholders to the Company, the board of directors of the Company (the "Board") resolved to distribute an interim cash dividend of HK7.0 cents per share to the shareholders.

In March 2024, the State Council of the People's Republic of China promulgated the "Regulations on Water Conservation" which shall strengthen the rigid constraints on water resources, promote water-saving technologies and equipment, and raise the awareness of water conservation in the whole society. The price of reclaimed water and seawater desalination water will be determined after the negotiation between the supply and demand sides, which is under the coordination of the local people's governments. The promulgation of the regulation is beneficial to the development of reclaimed water business of the Group, which achieves the users' requirements for the quality of reclaimed water by reducing the pollutants of sewage in towns and cities. It also accelerates the recycling of water resources and contributes to sustainable recycling water resources in the society as well as the ecosystem through replacing natural water sources. In the first half of 2024, the Group acquired new asset-light projects of approximately 410,000 tons per day, which includes the sale and entrustment operation of reclaimed water.

In the first half of 2024, various cities such as Guangzhou and Changsha initiated hearings on residential water prices, proposing an upward adjustment of water prices in order to reflect the actual cost of water resources supply. It encourages the improvement of water supply quality and promotes water conservation. The Group has established a mechanism for the management of adjustments regarding water supply prices, strengthening its capacity building in price adjustments. It has also provided trainings on the management system for the adjustments of water supply prices, guided water service companies to focus on the key aspects of price adjustments and implemented price adjustment plans, thus supporting the orderly commencement of price adjustments by the water service companies.

CHAIRMAN'S STATEMENT

PERFORMANCE REVIEW *(Continued)*

Performance Overview *(Continued)*

With the catalyst of the carbon peak and carbon neutrality policies and the promotion of the construction of a beautiful China, the standards of ecological environment management and urban environment management will be further raised, while the turnover of the environmental hygiene services market in the first half of the year reached a new high, with more multi-million dollar bids emerging. In response to the diversified demand for high quality services from local governments, Beijing Enterprises Urban Resources Group Limited (“BEURG”, stock code: 3718), a subsidiary of the Group, has implemented the two engines of “regional exploration” and “coordinated development”, leveraging on its competitive advantages in digital intelligence. In the first half of the year, 10 urban service projects with an estimated annual contract revenue of approximately RMB405 million were obtained through public tenders. Shiny Glory Services Limited, an environmental sanitation services provider in Hong Kong, was also acquired in the first half of the year that brought in 38 urban service projects with an annual contract revenue of approximately RMB752 million, thereby marking a new era of BEURG's strategic layout in the Hong Kong market.

In the first half of 2024, with its excellent international reputation and professionalism, the Group was able to acquire the operation and maintenance projects in the Sindalah Island, Saudi Arabia, which is the second asset-light operation and maintenance project in Saudi Arabia after the Red Sea project. This has further consolidated BEWG's leading position in the market of Saudi Arabia, which enhanced the Group's regional fame and influence.

CORPORATE MANAGEMENT AND CONTROL

In 2024, the Group focused on an asset-light transformation and promoted the reformation of organization and management. Its three-layer core structure of “headquarters – major region – district” clarifies the position of organization, makes clear the obligation line, optimizes the deployment of resources and reduces the cost.

In the first half of 2024, the Group conducted systematic review on regional intensive checkpoints, effectively improving the specific planning of regional intensification and boosting the reformation of regional intensification for 18 districts. It also laid a solid foundation for the upgrade of the operational paradigm of “cloud-chain-terminal”, and helped BEWG to develop distinctive water asset operation capabilities.

On the business side, the standardized construction of plants are completed with digital tools including Internet of Things (IoT) data acquisition, the “Smart Execution of Drainage (SED) of wastewater treatment plants digital platform” and “one plant one plan”, that achieves streamlined manpower or unmanned management. It continued to optimize the cost baseline by implementing Product 2.0, and achieved an enhancement in efficiency in the product end. On the function side, staffing has been adjusted and the structure has been upgraded in accordance to the change in the operation mode, thus realizing enhancement in efficiency.

In 2024, the environmental industry is undergoing a drastic change. With years of good brand reputation and excellent water utility asset quality, the Group seized the window of declining domestic interest rate, proactively replaced its loans, in which the interest rate of the 3-year medium-term panda bonds has hit record low as compared to the interest rate offered to the Group among the other bonds financings, so as to lower finance cost and maintain high liquidity.

CHAIRMAN'S STATEMENT

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 transformation 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 put 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 transformation 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 transformation into asset-light model.

In order to serve for the transformation 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".

FUTURE PROSPECT

"Stay tenacious and never relax", "remain easy in trouble". In the year of 2024, BEWG will uphold its strategic confidence, focus on asset-light transformation, 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".

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

28 August 2024

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%

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% [§]	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.

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	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%

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% [§]	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	3,227.7	27%		685.6	21%
3. Technical services and sale of machineries	1,051.6	9%	39%	189.0	6%
4. Urban resources services	2,236.2	18%	23%	69.9	2%
Business results	12,083.1	100%		3,338.6	100%
Others[#]				(1,968.8)	
Total				1,369.8	

[#] 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.

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

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)		For the six months ended 30 June		Increase/(Decrease)	
	2024 RMB'M	2023 RMB'M	RMB'M	%	2024 RMB'M	2023 RMB'M	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%

MANAGEMENT DISCUSSION AND ANALYSIS

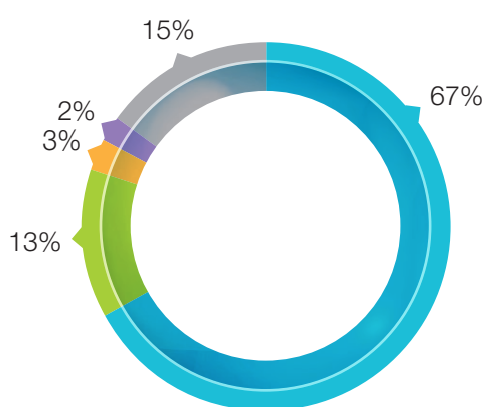
1. FINANCIAL HIGHLIGHTS *(Continued)*

The comparison of the Group's financial results for the six months ended 30 June 2024 and 2023 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)	
	2024 RMB'M	2023 RMB'M	RMB'M	%	2024 RMB'M	2023 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	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%		–				
<i>Subtotal</i>	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%)

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*



Profit attributable to shareholders of the Company (Six months ended 30 June 2024)

- Sewage and reclaimed water treatment services
- Construction services for the water renovation
- Technical services and sale of machineries
- Urban resources services
- Water distribution services

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.

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	19,446,666	2,156,450	10,141,137	–	31,744,253
Not yet commenced operation/ Not yet transferred	5,158,650	2,093,300	3,137,377	–	10,389,327
Subtotal	24,605,316	4,249,750	13,278,514	–	42,133,580
Overseas					
In operation	236,524	267,350	1,062,720	300,000	1,866,594
Not yet commenced operation/ Not yet transferred	–	–	–	–	–
Subtotal	236,524	267,350	1,062,720	300,000	1,866,594
Total	24,841,840	4,517,100	14,341,234	300,000	44,000,174
<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	222	26	15	–	263
Subtotal	1,164	67	136	–	1,367
Overseas					
In operation	53	5	31	1	90
Not yet commenced operation/ Not yet transferred	–	–	–	–	–
Subtotal	53	5	31	1	90
Total	1,217	72	167	1	1,457

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	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

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 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

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)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

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

2.1.1b 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.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

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.

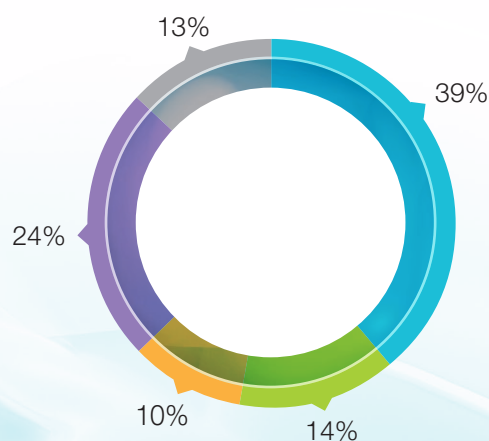
2.4 Urban resources services

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.



Revenue

(Six months ended 30 June 2024)

- Sewage and reclaimed water treatment services
- Construction services for the water renovation
- Technical services and sale of machineries
- Urban resources services
- Water distribution services

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

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%).

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.3 Gross profit margin *(Continued)*

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).

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

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.

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 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.

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 business nature:

	30 June 2024 RMB'M	31 December 2023 RMB'M
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	107,730.0	106,662.2

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.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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;
- (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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) (restated) RMB'000
REVENUE	3	11,308,811	12,083,093
Cost of sales		(7,015,296)	(7,652,564)
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		(363,510)	(304,103)
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		16,767	62,915
PROFIT BEFORE TAX		2,210,823	2,509,514
Income tax expense	6	(443,036)	(551,867)
PROFIT FOR THE PERIOD		1,767,787	1,957,647
ATTRIBUTABLE TO:			
Shareholders of the Company		1,122,088	1,369,754
Holders of perpetual capital instruments		68,151	45,951
Non-controlling interests		577,548	541,942
		1,767,787	1,957,647
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic		RMB10.66 cents	RMB13.47 cents
– Diluted		RMB10.66 cents	RMB13.45 cents

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	(652,241)	(2,038,180)
<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	11,374	(30,935)
	145,545	276,642
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	(506,696)	(1,761,538)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,261,091	196,109
ATTRIBUTABLE TO:		
Shareholders of the Company	648,670	(361,999)
Holders of perpetual capital instruments	68,151	45,951
Non-controlling interests	544,270	512,157
	1,261,091	196,109

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
ASSETS			
Non-current assets:			
Property, plant and equipment	9	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	10	51,704,020	51,069,854
Trade receivables	11	11,446,967	11,531,631
Prepayments, deposits and other receivables	12	1,193,615	1,197,291
Deferred tax assets		368,247	388,254
Total non-current assets		125,321,744	125,108,357
Current assets:			
Inventories		339,803	355,319
Amounts due from contract customers		3,268,550	3,828,172
Receivables under service concession arrangements	10	8,866,617	7,967,191
Trade receivables	11	10,340,263	9,800,179
Prepayments, deposits and other receivables	12	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
Total current assets		39,999,825	40,384,836
TOTAL ASSETS		165,321,569	165,493,193

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital	13	834,250	834,250
Perpetual capital instrument		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	14	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	15	19,269,307	20,716,853
Other payables and accruals	14	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to shareholders of the Company																
	Issued capital (unaudited)	Share premium account (unaudited)	Contributed surplus (unaudited)	Share held under share award scheme (unaudited)	Share option and share award reserve (unaudited)	Capital reserve (unaudited)	Property revaluation reserve (unaudited)	Fair value reserve (unaudited)	Defined benefit plan reserve (unaudited)	Exchange fluctuation reserve (unaudited)	PRC reserve funds (unaudited)	Retained profits (unaudited)	Perpetual capital instruments (unaudited)	Total (unaudited)	Perpetual capital instruments (unaudited)	Non-controlling interests (unaudited)	Total equity (unaudited)
At 1 January 2024	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	54,133,475
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,069,141	52,947	1,122,088	68,151	577,548	1,767,787
Other comprehensive income/(loss) for the period:																	
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	-	(618,963)	-	-	-	(618,963)	-	(33,278)	(652,241)
Exchange differences related to the Company	-	-	-	-	-	-	-	-	-	130,332	-	-	-	130,332	-	-	130,332
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	-	3,839	-	-	-	-	3,839	-	-	3,839
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	11,374	-	-	-	-	-	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	1,261,091
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)	-	(121,098)	
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	497,927	497,927	1,300,000	-	1,797,927	
Final 2023 cash dividend declared	-	-	-	-	-	-	-	-	-	-	-	(793,925)	-	(793,925)	-	(793,925)	
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	136,582	(136,582)	-	-	-	-	
At 30 June 2024	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	55,755,629

* These reserve accounts comprise the consolidated reserves of RMB27,359,758,000 (unaudited) (31 December 2023: RMB27,557,155,000) in the condensed consolidated statement of financial position as at 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to shareholders of the Company																
	Issued capital (restated) RMB'000	Share premium account (restated) RMB'000	Contributed surplus (restated) RMB'000	Share held under share award scheme (restated) RMB'000	Share option and share award reserve (restated) RMB'000	Capital reserve (restated) RMB'000	Property revaluation reserve (restated) RMB'000	Fair value reserve (restated) RMB'000	Defined benefit plan reserve (restated) RMB'000	Exchange fluctuation reserve (restated) RMB'000	PRC reserve funds (restated) RMB'000	Retained profits (restated) RMB'000	Perpetual capital instruments (restated) RMB'000	Total (restated) RMB'000	Perpetual capital instruments (restated) RMB'000	Non-controlling interests (restated) RMB'000	Total equity (restated) RMB'000
At 1 January 2023	834,250	2,323,393	3,028,266	(137,231)	141,508	(1,532,547)	104,285	(481,643)	(44,662)	(1,918,173)	3,237,968	23,293,648	997,361	29,846,423	2,485,377	19,875,500	52,207,300
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,347,047	22,707	1,369,754	45,951	541,942	1,957,647
Other comprehensive income/(loss) for the period:																	
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	-	(2,008,395)	-	-	-	(2,008,395)	-	(29,785)	(2,038,180)
Exchange differences related to the Company	-	-	-	-	-	-	-	-	-	307,479	-	-	-	307,479	-	-	307,479
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	-	98	-	-	-	-	98	-	-	98
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	(30,935)	-	-	-	-	-	(30,935)	-	-	(30,935)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(30,935)	98	(1,700,916)	-	1,347,047	22,707	(361,999)	45,951	512,157	196,109	
Exercise of share awards	-	-	-	55,797	(32,787)	-	-	-	-	-	-	(23,010)	-	-	-	-	-
Lapse of share option	-	-	-	-	(95,241)	-	-	-	-	-	-	95,241	-	-	-	-	-
Share of reserves of associates	-	-	-	-	161	(113)	-	-	-	-	-	-	-	48	-	-	48
Dividends paid to non-controlling equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(117,996)	(117,996)	
Distributions declared to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	(22,707)	(22,707)	(45,951)	-	(68,658)	
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	1,112,891	1,112,891	-	-	1,112,891	
Final 2022 cash dividend paid	-	-	-	-	-	-	-	-	-	-	(769,168)	-	(769,168)	-	-	(769,168)	
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	310,550	(310,550)	-	-	-	-	
At 30 June 2023	834,250	2,323,393	3,028,266	(81,434)	13,641	(1,532,660)	104,285	(512,578)	(44,564)	(3,619,089)	3,548,518	23,633,208	2,110,252	29,805,488	2,485,377	20,269,661	52,560,526

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) (restated) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated/(used in) from operations	689,328	(4,694)
Hong Kong profit tax paid	(399)	–
Chinese Mainland corporate income tax paid	(418,860)	(362,901)
Overseas taxes paid	(18,174)	(20,713)
Net cash flows from/(used in) operating activities	251,895	(388,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(346,668)	(575,981)
Additions of operating concession	(143,071)	(637,672)
Additions of other intangible assets	(57,061)	(22,024)
Acquisition of a subsidiary	21,395	–
Disposal of subsidiaries	59,742	43,093
Proceeds from disposal of items of property, plant and equipment	25,600	3,370
Increase in investments in joint ventures	(7,537)	(401)
Increase in investments in associates	(6,848)	(800)
Decrease/(increase) in time deposits with maturity of more than three months when acquired	14,255	(28,886)
Decrease in restricted cash and pledged deposits	3,502	231,162
Bank interest received	152,092	101,272
Other investing cash flows, net	69,291	138,959
Net cash flows used in investing activities	(215,308)	(747,908)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) (restated) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of perpetual capital instruments	1,797,927	973,627
Issuance of corporate bonds	997,763	2,390,644
Repayment of corporate bonds	(1,000,000)	(4,587,100)
New bank and other borrowings	12,002,500	14,000,800
Repayment of bank and other borrowings	(12,799,954)	(8,268,115)
Principal portion of lease payments	(63,379)	(63,162)
Interest paid	(1,645,148)	(1,399,158)
Dividends paid	–	(769,168)
Dividends paid to non-controlling equity holders	(413,020)	(117,996)
Other financing cash flows, net	(121,098)	(68,683)
Net cash flows (used in)/from financing activities	(1,244,409)	2,091,689
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	10,200,706	11,542,595
Effect of foreign exchange rate changes, net	(39,345)	(131,273)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,953,539	12,366,795
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	8,953,739	12,440,484
Less: Time deposits with maturity of more than three months when acquired	(200)	(73,689)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	8,953,539	12,366,795

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1.1 CORPORATE INFORMATION

Beijing Enterprises Water Group Limited (the “Company” or “BEWG”) is a limited liability company incorporated in Bermuda. During the six months ended 30 June 2024, the Company and its subsidiaries (collectively 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1.2 BASIS OF PREPARATION *(Continued)*

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 the 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

2. OPERATING SEGMENT INFORMATION *(Continued)*

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 sale 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	(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 profits and losses 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 profits 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 2024

2. OPERATING SEGMENT INFORMATION *(Continued)*

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 sale 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	(4,519,771)	(767,248)	(644,095)	(1,721,450)	(7,652,564)
Gross profit	2,908,685	599,601	407,485	514,758	4,430,529
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	7,526	110	(2,072)	–	5,564
	3,222,471	606,677	234,618	320,399	4,384,165
Corporate and other unallocated income and expenses, net					(390,496)
Share of profits of joint ventures and associates					58,443
Finance costs					(1,542,598)
Profit before tax					2,509,514
Income tax expense					(551,867)
Profit for the period					1,957,647
Profit for the period attributable to shareholders of the Company:					
Operating segments	2,630,434	449,330	188,982	69,872	3,338,618
Corporate and other unallocated items					(1,968,864)
					1,369,754

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

2. OPERATING SEGMENT INFORMATION *(Continued)*

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

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 assets:					
Operating segments	106,470,712	22,873,646	9,811,086	8,744,742	147,900,186
Corporate and other unallocated items					17,421,383
					165,321,569

31 December 2023

	Sewage and reclaimed water treatment and construction services (Audited) RMB'000	Water distribution services (Audited) RMB'000	Technical and consultancy services and sales of machineries (Audited) RMB'000	Urban resources services (Audited) RMB'000	Total (Audited) RMB'000
Segment assets:					
Operating segments	107,125,572	23,013,698	10,783,670	7,931,139	148,854,079
Corporate and other unallocated items					16,639,114
					165,493,193

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

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

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

Information about major customers

During the six months 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)	2023 (Unaudited) (restated)
	RMB'000	RMB'000
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
	11,308,811	12,083,093

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. 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.

Please refer to note 2 to the financial information for the disclosure on disaggregated revenue for details.

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)
	RMB'000	RMB'000
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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

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)
	1,565,644	1,542,598

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

6. INCOME TAX EXPENSE *(Continued)*

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) (restated) 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
Total tax expense for the period	443,036	551,867

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(Continued)

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 (Unaudited) RMB'000	2023 (Unaudited) (restated) 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)
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)
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	1,068,787	1,346,545
	For the six months ended 30 June	
	2024 (Unaudited)	2023 (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
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	10,028,110,377	10,014,848,659

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group's additions of property, plant and equipment amounted to RMB465,596,000 (six months ended 30 June 2023: RMB453,223,000). There were disposals of property, plant and equipment with an aggregate carrying amount of RMB24,967,000 (six months ended 30 June 2023: RMB3,387,000) during the six months ended 30 June 2024.

10. 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 consideration have yet to be unconditional.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

11. 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)
	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 services agreements entered into between the Group and the contract customers.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

12. 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
	9,983,747	9,981,917
Impairment	(799,964)	(799,079)
	9,183,783	9,182,838
Portion classified as current assets	(7,990,168)	(7,985,547)
	1,193,615	1,197,291

13. SHARE CAPITAL

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<i>Issued and fully paid:</i>		
10,046,609,871 ordinary shares of HK\$0.10 each	834,250	834,250

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

13. SHARE CAPITAL *(Continued)*

A summary of the movements in the Company's issued share capital during the six months ended 30 June 2024 is as follows:

	Number of ordinary shares in issue (Unaudited)	Issued capital (Unaudited) RMB'000	Share premium account (Unaudited) RMB'000	Total (Unaudited) RMB'000
At 1 January 2024 and 30 June 2024	10,046,609,871	834,250	2,323,393	3,157,643

14. 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 related parties	225,457	206,592
Other taxes payables	845,935	789,926
	8,762,227	8,748,327
Portion classified as current liabilities	(8,069,927)	(8,056,499)
Non-current portion	692,300	691,828

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

15. 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
	19,269,307	20,716,853

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.

16. CONTINGENT LIABILITIES

Guarantees

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.

17. LEASE

The Group as lessor

The Group leases its investment properties consisting of certain floors and portion of its office building and a commercial building in the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

17. LEASE *(Continued)*

The Group as lessor *(Continued)*

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within one year	10,084	10,567
In the second to fifth years, inclusive	9,160	10,853
Beyond 5 years	1,567	3,091
	20,811	24,511

18. CAPITAL COMMITMENTS

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted, but not provided for:		
New service concession arrangements on:		
Transfer-Operate-Transfer basis	107,479	156,440
Build-Operate-Transfer basis	7,064,683	7,048,667
Build-Own-Operate basis	67,723	116,398
Construction in progress	22,323	36,253
Plant and equipment and motor vehicles	11,945	72,920
	7,274,153	7,430,678

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

18. CAPITAL COMMITMENTS *(Continued)*

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 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted, but not provided for:		
Capital contribution to joint ventures	1,320,827	1,633,491
Capital contribution	9,010,411	9,010,411
	10,331,238	10,643,902

Save as disclosed above, at 30 June 2024, the Group did not have any significant commitments.

19. RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024:

- (i) Included in the trade receivables of the Group as at 30 June 2024 was an aggregate amount of RMB2,392,000 (31 December 2023: RMB2,392,000) due from 北京北控環保工程技術有限公司, a wholly-owned subsidiary of Beijing Enterprises Holdings Limited ("BEHL"), which is a substantial beneficial shareholder of the Company, arising from the sewage treatment equipment trading carried out in the ordinary course of business of the Group. The balances is unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.
- (ii) A loan and related interest receivables of RMB54,138,000 (31 December 2023: 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.
- (iii) Included in the amounts due to related parties of the Group as at 30 June 2024 was an advance from a related party of SGD17,128,000 (equivalent to RMB90,152,000) (31 December 2023: SGD15,224,000 (equivalent to RMB81,303,000)). The amount is unsecured, bears interest at a fixed rate of 2.5% per annum and is repayable by quarterly instalments. Interest expense of RMB1,005,000 (six months ended 30 June 2023: RMB921,000) was recognised in profit or loss during the six months ended 30 June 2024.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

- (a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024: *(Continued)*
- (iv) The Group had provided management services and sales of goods to joint ventures of the Group for RMB11,472,000 (six months ended 30 June 2023: RMB11,103,000) and the fee was charged based on terms mutually agreed between the Group and the joint ventures during the six months ended 30 June 2024.
 - (v) The Group had leased certain office premises to an associate of the Group for RMB920,000 (six months ended 30 June 2023: RMB2,597,000) which were charged based on terms mutually agreed between the Group and the associate during the six months ended 30 June 2024.
 - (vi) For the period ended 30 June 2023, the Group had engaged a related company of the Group to provide water treatment engineering services for a water supply plant located in Malaysia at a service fee of RMB697,000 (MYR451,000) which was charged according to the published prices and conditions offered by the related company to its major customer. There was no such transaction during the period ended 30 June 2024.
 - (vii) The Group had provided construction services for comprehensive renovation projects located in Fuzhou City in the PRC to joint ventures of the Group for an aggregate amount of nil (six months ended 30 June 2023: RMB18,910,000) during the six months ended 30 June 2024 and the fees were charged based on terms mutually agreed between the Group and the joint ventures during the period ended 30 June 2024.
 - (viii) 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. 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.

On 20 December 2023, the Company and BG Finance entered into a 2024 deposit services master agreement (the “2024 Deposit Agreement”) whereby the Company and BG Finance continue to carry out the transactions of similar nature 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.

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 and 2024 Deposit Agreement shall not exceed HK\$1,520,000,000 and RMB710,000,000 respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024: *(Continued)*

(viii) *(Continued)*

The deposits placed by the Group with BG Finance as at the end of the reporting period amounted to RMB631,186,000 (2023: RMB557,699,000). 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.

Loans borrowed from BG Finance by the Group as at the end of the reporting period amounted to RMB4,080,189,000 (2023: RMB4,414,330,000) and bear interest at floating rates ranging from 2.85% to 4.65% per annum (2023: from 3.05% to 4.65% per annum). The related interest expenses recognised in profit or loss during the six months ended 30 June 2024 and 2023 were not significant to the Group.

(ix) 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) (“Bei Kong Guangxi”) (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.

The deposits placed by the Group with ABC Group as at 30 June 2024 amounted to RMB526,351,000 (31 December 2023: RMB124,022,000). The related interest income recognised in profit or loss during the six months ended 30 June 2024 and 2023 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.

Loans borrowed from ABC by the Group as at the end of the reporting period amounted to RMB3,607,997,000 (2023: RMB3,073,597,000) and bear interest at floating and fixed rates ranging from 3.05% to 4.45% per annum (2023: from 3.10% to 5.39% per annum). Interest expenses recognised in profit or loss during the six months ended 30 June 2024 and 2023 were not significant to the Group.

* For identification purpose only

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024: *(Continued)*

- (x) On 22 March 2023, Anshan City Beishui Anda Water Development Co., Ltd.* (鞍山市北水鞍達水務發展有限公司) (“Beishui Anda”), a wholly-owned subsidiary of the Group, as borrower, entered into loan agreement with ABC, Anshan Tiedong sub-branch, as lender, pursuant to which ABC, Anshan Tiedong sub-branch agreed to grant the loan facility in a principal amount of RMB363,880,000 to Beishui Anda for a term of twenty 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 0.9%.

The loan facility shall be secured by the pledge of earnings right under concession agreement of Anshan City urban sewage treatment phase I project given by Beishui Anda under pledge agreement in favour of ABC, Anshan Tiedong sub-branch.

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

- (xi) On 17 May 2023, Juye Beikong Chengbei Beishui Water Co., Ltd. * (巨野北控城北水務有限公司) (“Juye Beikong”), a non-wholly owned subsidiary of the Group, as borrower, entered into loan agreement with ABC, Juye sub-branch, as lender, pursuant to which ABC, Juye sub-branch agreed to grant the loan facility in a principal amount of RMB258,000,000 to Juye Beikong for a term of fifteen 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 0.75%.

The loan facility shall be secured by the pledge of accounts receivable from Juye Province sewage treatment construction project (Chengbei) Public Private Partnership project given by Juye Beikong under pledge agreement in favour of ABC, Juye sub-branch.

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

* *For identification purpose only*

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024: *(Continued)*

- (xii) On 18 May 2023, Beikong (Hangzhou) Environmental Engineering Co. Ltd.* (北控(杭州)環境工程有限公司) (“Beikong Hangzhou”), a non-wholly owned subsidiary of the Group, as borrower, entered into loan agreement with BG Finance, as lender, pursuant to which BG Finance agreed to grant the loan facility in a principal amount of RMB140,000,000 to Beikong Hangzhou for a term of fifteen 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 0.8%.

The loan facility shall be secured by the pledge of the earning right for equipment installation project for the construction of the second stage of the fourth phase of Yuhang project, given by Beikong Hangzhou under pledge agreement in favour of BG Finance.

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

- (xiii) On 23 August 2023, Qingdao West Coast Water Co., Ltd.* (青島西海岸北控水務有限公司) (“Qingdao West Coast”), a non-wholly owned subsidiary of the Group, as borrower, entered into loan agreement with ABC, Qingdao Huangdao sub-branch* (中國農業銀行股份有限公司青島黃島支行), Beijing Nanlishi Road sub-branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司北京南禮士路支行) and Qingdao branch of China Minsheng Banking Corp., Ltd.* (中國民生銀行股份有限公司青島分行), as lenders, pursuant to which all lenders agreed to grant the syndicated loan facility in an aggregate principal amount of not more than RMB1,253,000,000, of which ABC, Qingdao Huangdao sub-branch agreed to grant RMB550,000,000, to Qingdao West Coast for a term of twenty 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 1.10%.

The syndicated loan facility shall be secured by the pledge of earning rights for sewage treatment under the concession agreement for the building, operation and transfer of the Fenghe Wetland Park Project in favour of ABC, Qingdao Huangdao sub-branch.

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

* For identification purpose only

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024: *(Continued)*

- (xiv) On 23 August 2023, Zaozhuang Beikong Zhixin Water Co., Ltd. * (棗莊北控智信水務有限公司) (“Zaozhuang Zhixin”), a non-wholly owned subsidiary of the Group, as borrower, entered into loan agreement with ABC, Zaozhuang Xincheng sub-branch* (中國農業銀行股份有限公司棗莊新城支行), as lender, pursuant to which ABC, Zaozhuang Xincheng sub-branch agreed to grant the loan facility in a principal amount of RMB134,000,000, to Zaozhuang Zhixin for a term of twelve years from the date of drawdown based on a fixed 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 date of the loan agreement minus 0.65%.

The loan facility shall be secured by the pledge of earning rights for supplying water of Zaozhuang Zhixin in favour of ABC, Zaozhuang Xincheng sub-branch.

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

- (xv) On 17 May 2024, Heze Beikong Zhongkecheng Wastewater Treatment Co., Ltd.* (菏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 with ABC, Heze Mudan sub-branch, 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 above related party transaction also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

* For identification purpose only

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2024 and outstanding balances with related parties as at 30 June 2024: *(Continued)*

- (xvi) On 26 June 2024, 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 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 above related party transaction also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

(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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Short term employee benefits	7,568	8,811
Pension scheme contributions	70	115
Total compensation paid to key management personnel	7,638	8,926

Save as disclosed above, at 30 June 2024, 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 2024

20. 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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
At 30 June 2024 (Unaudited)				
Investment properties	–	–	462,193	462,193
Equity investments designated at fair value through other comprehensive income	107,954	56,674	586,833	751,461
Financial assets at fair value through profit or loss	–	–	10,105	10,105
Total	107,954	56,674	1,059,131	1,223,759
At 31 December 2023 (Audited)				
Investment properties	–	–	462,193	462,193
Equity investments designated at fair value through other comprehensive income	99,573	56,051	584,969	740,593
Financial assets at fair value through profit or loss	–	–	10,105	10,105
Total	99,573	56,051	1,057,267	1,212,891

During the 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 2023: Nil).

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

21. 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.

22. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment.

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 28 August 2024.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 June 2024, 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	3.692371%
Mr. Li Haifeng	Beneficial Owner	1,740	0.000017%
Mr. Tung Woon Cheung Eric	Beneficial Owner	590,404	0.005877%
Mr. Li Li	Beneficial Owner	253,708	0.002525%

(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 Securities and Futures Ordinance) 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 2024. 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 2024 of 10,046,609,871 Shares.
3. Mr. Zhou Min was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 2,439,980,777 ordinary shares of BEURG of HK\$0.10 each ("BEURG Shares") as at 30 June 2024. 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 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 which entered into an acting in concert agreement (the "AIC Agreement") with Star Colour (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 2024, 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 Securities and Futures Ordinance) to be interested in 2,439,980,777 BEURG Shares as at 30 June 2024. 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 the Company, BHL, Star Colour, Long March Holdings Limited, Zhihua Investments Limited, Mr. Zhou Chen and ZGC International Holding Limited which entered into the AIC Agreement with Mr. Li Haifeng and MIL 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 2024, 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 2024 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 share options of the Company

The interests of the Directors in the share options of the Company are separately disclosed in the section "Share Option Scheme" below.

(iv) 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 2024, 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", "Share Option Scheme" 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 19 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 2024, 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	4,173,339,070 <i>(Note 4)</i>	41.54%
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 corporation	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 owned 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 owned 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 41,232,000 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 owned 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 owned 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 owned 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 40.68% by CTG, 3.60% by China Three Gorges Construction Engineering Corporation, a direct wholly-owned subsidiary of CTG and 10.62% by concert parties of CTG; (ii) 200,422,000 Shares owned by China Yangtze Power International (Hongkong) Co., Ltd., a direct wholly-owned subsidiary of CYP; and (iii) 872,121,436 Shares owned 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 2024 of 10,046,609,871 Shares.

Save as disclosed above, as at 30 June 2024, 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 OPTION SCHEME

On 28 June 2011, a new share option scheme (the “Scheme”) was adopted by the shareholders at the special general meeting of the Company and terminated the old share option scheme adopted by the Company on 20 March 2002. The purpose of the Scheme was to provide incentives to the eligible participants to use their best endeavours in assisting the growth and the development of the Group and continue to attract human resources that were valuable to the growth and the development of the Group as a whole. The Scheme became effective on 28 June 2011 and was effected for 10 years from that date. The Scheme was expired on 27 June 2021. No further share options would be granted under the Scheme but in respect of all share options which remain exercisable on such date, the provisions of the Scheme shall remain in full force and effect.

The total number of shares available for issue under the Scheme was 2,000,000 Shares in respect of all outstanding share options which remain exercisable, representing approximately 0.02% of the ordinary Shares of the Company in issue as at 1 January 2024. The 2,000,000 share option were lapsed on 28 March 2024. No outstanding share option remained exercisable as at 30 June 2024.

During the six months ended 30 June 2024, no options were granted under the Scheme, the movements in the share options of the Company during the period are set out as follows:

	Number of Share Options					As at 30 June 2024	Grant Date	Exercisable Period	Exercise Price HK\$	Weighted Average Closing price per Share HK\$
	As at 1 January 2024	Granted	Exercised	Lapsed	Cancelled					
Directors	-	-	-	-	-	-	-	-	-	-
Eligible Participants										
In aggregate	2,000,000	-	-	(2,000,000)	-	-	28/3/2014	1/6/2016 – 27/3/2024	5.180	-
Total	2,000,000	-	-	(2,000,000)	-	-				

DISCLOSEABLE INFORMATION

SHARE OPTION SCHEME *(Continued)*

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled under the Scheme during the six months ended 30 June 2024. The number of Shares that may be issued in respect of share options granted under the Scheme during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue during the six months ended 30 June 2024 was therefore not applicable.

The Company recognised the fair value of the share options, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. Upon the exercise of share options, the resulting Shares issued are recorded by the Company as additional share capital at the nominal value of the Shares, and the excess of the exercise price per Share over the nominal value of the Shares is recorded by the Company in the share premium account. In addition, at the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to the share premium account. When the share options are forfeited/lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits as a movement in reserves. For further details, please refer to the “Material Accounting Policies” in the 2023 annual report of the Company (the “Annual Report 2023”).

As at 30 June 2024, no share options were outstanding under the Scheme.

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 report, the remaining life of the Share Award Scheme is approximately four years and three months.

DISCLOSEABLE INFORMATION

SHARE AWARD SCHEME *(Continued)*

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. As at 28 August 2024, 18,499,494 Shares, representing approximately 0.18% of the ordinary Shares of the Company in issue as at the date of this report, 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 28 August 2024 was 182,432,703 Shares, representing approximately 1.82% of the ordinary Shares of the Company in issue as at the date of this 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.

The number of awarded Shares to be available for grant are both 200,932,197 Shares as at 1 January 2024 and 30 June 2024, respectively.

During the six months ended 30 June 2024, 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 2024 divided by the weighted average number of Shares in issue during the six months ended 30 June 2024 was therefore not applicable.

DISCLOSEABLE INFORMATION

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:

- Mr. Ke Jian resigned as an executive director of the Company on 6 February 2024.
- Mr. Zhang Wenjiang was appointed as an executive director of the Company on 6 February 2024.
- Mr. Wang Dianchang resigned as a non-executive director of the Company on 27 June 2024.
- Mr. Li Tianzhi was appointed as a non-executive director of the Company on 27 June 2024.

Changes in information of directors since the date of the Annual Report 2023 and up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- Mr. Chau On Ta Yuen, an independent non-executive director of the Company, resigned as an independent non-executive director of Come Sure Group (Holdings) Limited (stock code: 794) with effect from 8 July 2024.

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

Save as disclosed above, since the issue date of the Annual Report 2023, 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	<i>Note 1</i>
12 May 2020	Issuance of medium-term notes	RMB1,000	5+N years <i>Note 3</i>	<i>Note 1</i>
20 January 2022	Issuance of medium-term notes	RMB1,000	January 2027 <i>Note 4</i>	<i>Note 5</i>
20 January 2022	Issuance of medium-term notes	RMB1,000	January 2027	<i>Note 5</i>
16 December 2022	Green loan facilities with a bank	HK\$4,000	December 2027	<i>Note 2</i>
23 March 2023	Issuance of medium-term notes	RMB500	March 2028 <i>Note 4</i>	<i>Note 5</i>
23 March 2023	Issuance of medium-term notes	RMB1,000	March 2028	<i>Note 5</i>
24 May 2023	Issuance of medium-term notes	RMB1,000	2+N years <i>Note 6</i>	<i>Note 5</i>
2 June 2023	Issuance of medium-term notes	RMB1,000	June 2028 <i>Note 4</i>	<i>Note 5</i>
11 August 2023	Issuance of medium-term notes	RMB500	2+N years <i>Note 6</i>	<i>Note 5</i>
11 August 2023	Issuance of medium-term notes	RMB500	3+N years <i>Note 7</i>	<i>Note 5</i>

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
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	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

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 and/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 date 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.

* For identification purpose only

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Notes: *(Continued)*

- 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.

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 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 report. 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.

DISCLOSEABLE INFORMATION

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

(Continued)

Redemption of RMB1,000,000,000 3.27% Bonds Due 2026 subsequent to the end of the period under review and up to the date of this report

Subsequent to the end of the period under review and up to the date of this report, 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 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 RMB0.063996 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.

DISCLOSEABLE INFORMATION

INTERIM DIVIDEND *(Continued)*

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.

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, 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

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 "Listing Rules") during the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules 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.

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 Group's assets. 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 center in place. Among them, the risk management center 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 center 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 Group's internal audit function as well as those relating to the Group's ESG performance and reporting.

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 2024. No significant areas of concern that may affect the financial, operational and compliance control functions of the Group have been identified.