北控城市資源集團有限公司
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3718

REGIONAL EXPLORATION
COORDINATED DEVELOPMENT

2024
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
Mr. Zhou Min *(Chairman)*
Mr. Zhao Kexi *(Chief Executive Officer)*
Mr. Li Haifeng
Mr. Li Li
Mr. Zhou Chen

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wu Tak Kong
Dr. Du Huanzheng
Ms. Judith Yu

AUDIT COMMITTEE

Mr. Wu Tak Kong *(Chairman)*
Dr. Du Huanzheng
Ms. Judith Yu

NOMINATION COMMITTEE

Mr. Zhou Min *(Chairman)*
Mr. Wu Tak Kong
Ms. Judith Yu

REMUNERATION COMMITTEE

Dr. Du Huanzheng *(Chairman)*
Mr. Zhao Kexi (Resigned on 5 June 2024)
Mr. Wu Tak Kong
Mr. Li Haifeng (Appointed on 5 June 2024)

SUSTAINABILITY COMMITTEE

Mr. Zhao Kexi *(Chairman)*
Mr. Zhou Chen
Mr. Wu Tak Kong

COMPANY SECRETARY

Mr. Zhang Xiangyu

STOCK CODE

3718

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CORPORATE INFORMATION

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
DBS Bank (Hong Kong) Limited

In Mainland China:
Bank of Communications Co., Ltd
Industrial and Commercial Bank of China

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

During the first half of 2024, the economy was in generally stable operation with progress made amidst stability, witnessing a fluctuating but still positive trend. Meanwhile, the external environment became more complex and uncertain, suffering many new challenges such as weak economic growth momentum, tightening local finances and climate change. In the face of the complex and severe market environment, Beijing Enterprises Urban Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") maintained their strategic stability, continued to improve the quality of development, and promoted the continuous and healthy development of the Company's operations by all staff's working together to overcome difficulties, striving to "become a reliable, industry-leading and comprehensive service provider for digital and intelligent urban operation".

BUSINESS REVIEW

For the six months ended 30 June 2024 (the "Reporting Period"), the Group recorded a revenue of approximately RMB2,687.8 million, representing an increase of approximately 20.2% as compared with the corresponding period last year. Profit for the period attributable to shareholders of the Company was approximately RMB128.5 million, representing a decrease of approximately 24.5% as compared with the corresponding period last year. An interim dividend of HK1.2 cents per share was declared. Interim dividend payout ratio was approximately 30.2%.

The Third Plenary Session of the 20th CPC Central Committee clearly pointed out that deepening reform in ecological conservation systems should focus on improving the people's quality of life and building a beautiful China and include three measures of "improving the basic systems for ecological conservation", "improving environmental governance systems" and "improving the mechanisms for green and low-carbon development" for the purpose of moving faster to improve the institutions and mechanisms for applying the principle that lucid waters and lush mountains are invaluable assets, thus further improving the policy system for green transformation. Relevant urban renewal policies have also been released one after another, so the urban butler integrated service scope such as upgrading and transforming of stock resources, ecological restoration, and improvement of urban functions has become a new blueprint for the expansion of the industry. The Group actively grasped the policy direction, improved the level of mechanization and digital intelligence, and proactively adapted to the requirements of the development of new urbanization and the needs of the people's production and life. Guided by the scientific, refined, intelligent and modernized urban management standard, the Group rationalized its management system, enhanced its operation efficiency, improved its service quality, horizontally expanded its business boundaries, and built a new mode of "management + service + operation" for urban management, so as to accelerate the construction of "waste-free city" and improve urban and rural living environment. The Group strived to promote the realization of sustainable, comprehensive and fundamental transformation in ecological environment, in order to show a new pattern of higher-level reform and opening-up with a brighter urban outlook.

CHAIRMAN'S STATEMENT

In the first half of 2024, the turnover of the urban services industry reached a new high. With multiple players entering the market, the industry witnessed intensifying competition and emerging investment models and combinations. At the same time, as the specifications and requirements for urban management continued to rise from the perspective of policies, and improving the operational efficiency of urban management, improving the efficiency of financial fund utilization, and reducing the cost of public services became the core demands of the competent authorities, the industry faced both opportunities and challenges. The Group adhered to stable development, promoted differentiated competition and professional and standardized services, and actively carried out water and sanitation coordinated development to establish a brand-new channel distribution system. During the reporting period, the Group added 48 winning bids and successfully acquired Shiny Glory Services Limited (丞美服務有限公司) ("Shiny Glory") to enter the urban service market in Hong Kong and further expand its urban service business. As of 30 June 2024, the Group had 224 urban service projects. The Group had 8 urban butler projects in operation, with an annual service fee amounting to approximately RMB1.2 billion, ranking first among urban butlers in the industry.

During the reporting period, the Group established an iron triangle management model for integrated management of "customer-production-safety and environmental protection", formed a standardized process and mechanism for access management and created a mechanism of administration for the full lifecycle of customers by laying a good foundation, strictly abiding by the red line and focusing on customers. By laying a more scientific and pragmatic basic data management and monitoring and feedback system, the Group promoted scientific and digital and intelligent transformation in decision-making, and realized in-depth research and utilization of the value of operation and management. By flexibly using vehicle equipment, optimizing the vehicle efficiency analysis model, adjusting the vehicle operation process, optimizing the operation road section, and improving the efficiency of vehicle operation, the Group established a mechanical operation standardization pilot, gradually promoted it, built an optimized closed-loop control mode of operation quality, realized refined operation and standardization, and strengthened the foundation of high-quality development of the business.

The hazardous waste treatment industry continued to be in a grim downward trend and was still in the trough of oscillating adjustment of overcapacity, insufficient incoming materials, fierce competition and low profits, witnessing shrinking raw material market sources, record-low capacity utilization rate of the upstream industry, increasing pressure on industry chain funds, serious homogenization competition in the industry and insufficient core competitiveness. During the reporting period, the Group adhered to business standardization and quality operation, insisted on the customer-oriented principle to actively expand and keep high-quality customers, used technical means to realize high-quality cost reduction, and streamlined the structure to improve the operational efficiency and strengthen the improvement of the efficiency of inefficient asset enterprises. The Group sought for the breakthrough point of the business development in many ways, continued to plan the direction of breakthrough, explored in-depth path of improvement, and made efforts to seek for survival in the face of adversity. At the same time, the Group consolidated and never slacken the bottom line of safety and environmental protection, and intensified supervision to protect the safe and smooth operation of the business.

CHAIRMAN'S STATEMENT

COMPANY CONTROL

During the reporting period, the Group practiced its business development positioning, carried out reform of organizational and governance system, and strengthened "regional exploration" and "coordinated development" as two engines for performance growth. Based on the governance system of "standardized management + supportive services + localized governance", the Group strengthened its three-level governance structure and actively improved the governance of inefficient units in an effort to achieve sustainable and high-quality development.

In terms of authorization management system, in order to promote the implementation of the strategy of "regional exploration", improve the Group's internal governance system and operation system, and establish the management structure of "headquarters in charge of overall management, operating segments in charge of construction, and regional organization in charge of implementation", the Group upgraded its multi-level authorization management system, released the "Group Multi-level Authorization Manual" 《集團分權手冊》, optimized the management module and OA approval process, optimized the regional management mechanism and performance evaluation system, strengthened the supervision of key matters, and improved the agility of the organization in order to positively respond to the changing market environment.

The Group actively promoted the direction of digital and intelligent development to drive business growth with technology and enhance core competitiveness. The realization of standardization and automation of multi-level authorization management processes and the enhancement of decision-making efficiency provided a strong guarantee for the realization of refined operation and management. During the reporting period, the Group completed the establishment of the urban operation and management service platform in Banan region, realizing "one network for unified management, one screen for overview, one key for connection, one terminal for service and one cloud for information". Through the combination of the butler operation mode and the intelligent system, the Group was committed to becoming a professional operator to meet the needs of cities for refined management and intelligent construction.

The Group continuously adhered to the concept of safety and environmental quality management, continuously strengthened safety risk management and control, and enhanced safety and environmental awareness through various forms of training, so as to strengthen professional management capabilities. The Group improved the safety and environmental dual-control system of risk grading and control and hazard investigation and management, carried out special enhancement actions of traffic safety, and further implemented and improved the quality supervision mechanism. The Group conducted many on-site safety and environmental inspections and supervisions to discover and remove hidden dangers, thus strengthening the safety and environmental management and control throughout the whole process. During the reporting period, the Group maintained generally stable in the safety and environmental situation, effectively ensuring the safe and stable operation of the business.

SUSTAINABLE DEVELOPMENT

The Group actively practiced the principle that lucid waters and lush mountains are invaluable assets, shouldered the corporate mission of "making living environment better", established and improved the environmental, social and governance management system, and promoted the sustainable development of the Group. In compliance with the requirements of the policy on electrification of vehicles in public areas, the Group increased the use of new energy vehicles, improved the efficiency for utilizing vehicles and various resources, promoted waste sorting and equipment improvement, and actively contributed to promoting the construction of ecological conservation and improving the civilization of the whole society. The Group gradually carried out the construction of intelligent sanitation system, implemented technological innovation and digital and intelligent transformation, and built an excellent operation system in line with the concept of future urban governance.

During the reporting period, the Group strengthened the construction of its talent team, implemented a number of training programs, and promoted the construction of the manpower information system to realize the digital control of manpower accounting and management. The Group promoted the standardized and normative management of the organization and positions, improved personnel effectiveness, and attached importance to the protection of occupational health and safety, which provided a strong guarantee for the realization of refined operation and management.

The Group continuously strengthened risk control and standardized management, improved the investment measurement and evaluation mechanism, enhanced risk management capabilities, actively established a green supply chain, and built a strong information security barrier. The Group strengthened anti-fraud audit, supervision and inspection to cultivate integrity culture, investigated compliance risks to promote the improvement of the Group's legal compliance management system, and deepened scientific governance, thus providing guarantee for the long-term sustainable development of the Company.

FUTURE OUTLOOK

Notwithstanding the fact that the macroeconomy lacks momentum and the end demand is still weak, which put great pressure on the development of the industry, the ongoing macro policies issued by various departments around the country will continue to form policy synergies and provide favourable policy conditions for the stable operation of the economy. China has unveiled the "Opinions on Accelerating the Comprehensive Green Transition of Economic and Social Development" as a state-level guideline on the comprehensive green transition across the nation's economy and society, which calls for a substantial increase in the use of new energy, the promotion of reform of household waste disposal charging and the establishment of an urban household waste classification and reduction incentive mechanism to pave the way to long-term and high-quality development of the industry. With the enhancement of the overall core management capacity of local governments, the standards of ecological environment management and urban environment management will be further improved, and the urban service industry will transit from cleaning service to integrated services and urban housekeeper services, which will put forward higher requirements for the improvement of business operation and the exploration of industry value.

CHAIRMAN'S STATEMENT

In the second half of 2024, the Group will follow the direction of policy deployment, continue to focus on its strategic planning, consolidate business foundation and strengthen the operation of existing projects to safeguard the fundamentals of corporate development step-by-step and in a steadfast manner, thereby enhancing its overall capacity for sustainable development. Focusing on high-quality operation and customer management, the Group will promote lean operations, strengthen management and control of operation risks to gain a core competitive edge. In respect of the urban service business, the Group strives to create continuous value for its customers by strengthening service quality control, promoting the standardised and refined management pilot model, improving operation and management efficiency, enhancing manpower and vehicle efficiency, and improving the customer management system and business support system. In respect of the hazardous waste business, the Group will proactively expand the revenue stream and explore innovative ideas and initiatives for hazardous waste management.

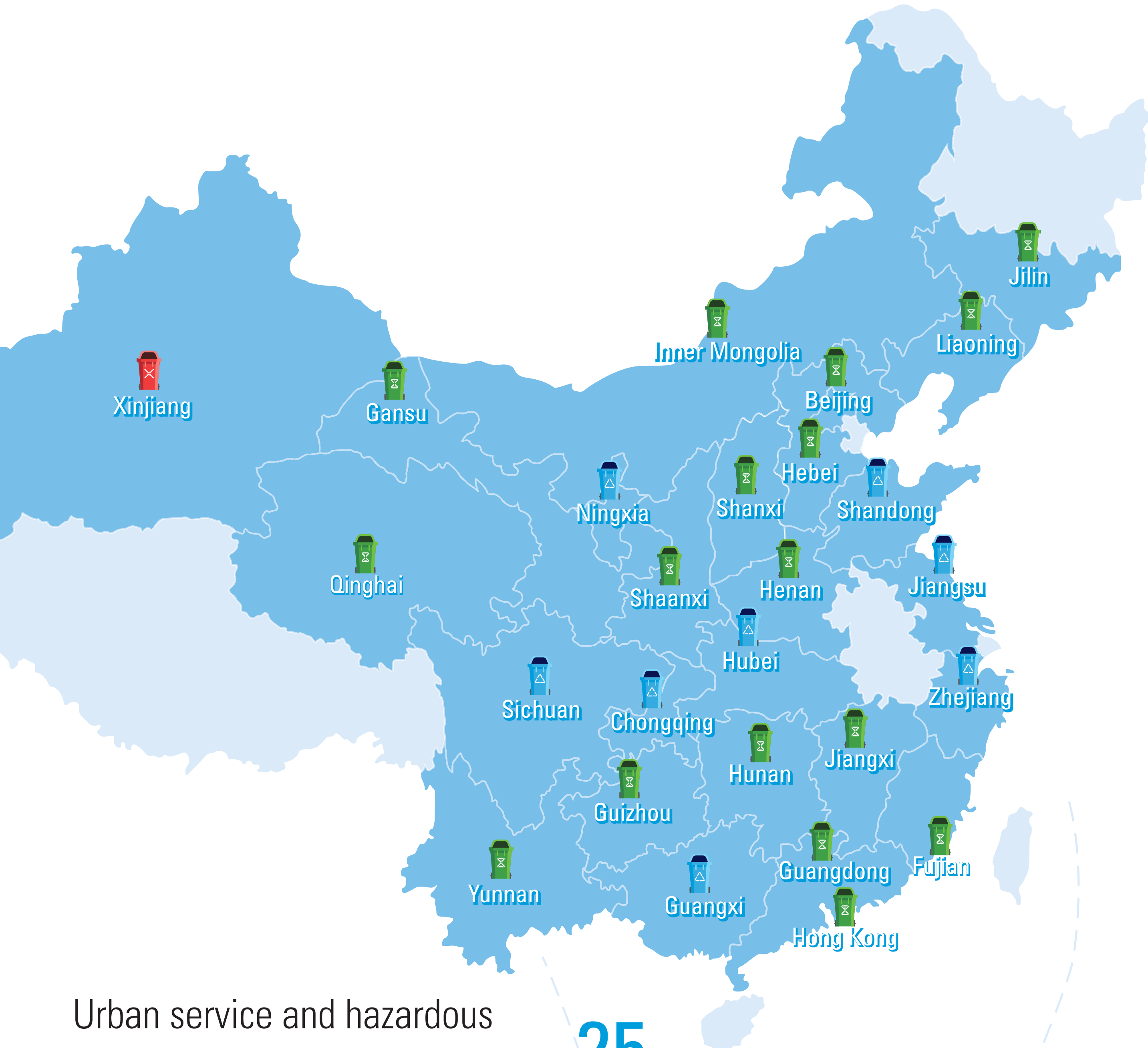
Adhering to the development strategy of "One Body, Two Engines" and powered by "regional exploration" and "coordinated development" as two engines for performance growth, the Group will focus on customer service and improve its sales management system and professional competencies in a bid to achieve the goal of sustainable and high-quality development. Efforts will be continued to develop the Group's regional capacity by strengthening regional organisations, establishing a multi-level authorisation system and forming a comprehensive evaluation and inspection system. Meanwhile, on the basis of a comprehensive and scientific market analysis, the Group will give priority to key regions, accelerate the transformation of business opportunities, continue to establish a scientific and diversified marketing system, strengthen the training of marketing personnel in marketing capabilities and build a comprehensive professional business team. Committed to the coordinated development of water and sanitation services, the Group will focus on advantageous regions, strengthen the consciousness of business layout, coordinate, integrate and promote project expansion, establish a brand-new channel distribution system, diversify the mode of project cooperation, further release synergistic potentials and improve the momentum for development. With all the above, the Group is confident and well-positioned to further explore business potential, increase operation efficiency and create success with concerted efforts, enabling it to continue to move forward on the path of high-quality development.

Finally, on behalf of the Board, I would like to express my sincere gratitude to the shareholders, customers, suppliers and partners for their active support to the Group and to all employees for their hard work for the development of the Group.

Zhou Min
Chairman of the Board

27 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS



Urban service and hazardous waste treatment projects cover **25** provinces, municipalities, autonomous regions and **1** special administrative region

224 urban service projects contracted under the Group's management

- Region where we have hazardous waste treatment business
- Regions where we have both urban service and hazardous waste treatment business
- Regions where we have urban service business

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

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

	Revenue			Gross profit margin			Profit/(loss) attributable to shareholders of the Company		
	2024	2023	Change	**2024**	2023	Change	**2024**	2023	Change
	RMB'000	*RMB'000*	*%*	***%***	*%*	*%*	***RMB'000***	*RMB'000*	*%*
Urban services									
– Urban Environment Governance Services	**2,392,808**	1,906,811	25.5%	**22.4%**	23.8%	(1.4)%			
– Construction Services	**9,360**	–	N/A	**8.0%**	N/A	N/A			
Subtotal	**2,402,168**	1,906,811	26.0%	**22.4%**	23.8%	(1.4)%	**202,121**	188,938	7.0%
Hazardous waste treatment business									
– Hazard-free waste disposal projects	**171,606**	155,805	10.1%	**4.4%**	19.7%	(15.3)%	**(30,611)**	6,466	N/A
– Recycling and reuse projects	**57,350**	113,883	(49.6)%	**4.8%**	21.1%	(16.3)%	**(2,517)**	7,112	N/A
Subtotal	**228,956**	269,688	(15.1)%	**4.5%**	20.3%	(15.8)%	**(33,128)**	13,578	N/A
Others	**56,645**	59,709	(5.1)%	**17.1%**	9.5%	7.6%	**4,142**	5,719	(27.6)%
Business results	**2,687,769**	2,236,208	20.2%	**20.7%**	23.0%	(2.3)%	**173,135**	208,235	(16.9)%
Corporate and other unallocated income and expenses, net							**(44,636)**	(38,082)	17.2%
Total							**128,499**	170,153	(24.5)%

BUSINESS REVIEW

The Group is principally engaged in urban services, hazardous waste treatment business and waste electrical and electronic equipment treatment business.

The coverage of the Group's businesses have extended to 19 provinces, 4 autonomous regions, 2 municipalities and 1 special administrative region all across Greater China.

URBAN SERVICES

Urban Services refer to services in relation to environmental hygiene maintenance and management, such as road cleaning, garbage collection and transportation, garbage transportation station management, public toilet management and other services. Generally, the Group utilises existing public facilities, including garbage transportation stations and public toilets, to provide comprehensive urban services. The Group's urban services primarily cover comprehensive road cleaning, garbage sorting, garbage collection and transportation, garbage transportation station management, public toilet management, manure collection and transportation, greenway maintenance, river cleaning services and property management services (the "Urban environmental governance services").

As at 30 June 2024, the Group had 224 urban service projects, the movements of which, during the six months ended 30 June 2024, were as follow:

	Chinese Mainland projects	Hong Kong projects	Total number of projects
As at 1 January 2024	186	–	186
Newly added	10	–	10
Terminated to operate	(10)	–	(10)
Acquisition of a subsidiary *(note)*	–	38	38
As at 30 June 2024	186	38	224

Note:

Since Shiny Glory was acquired on 25 June 2024, no material financial performance was accounted for in consolidated profit or loss of the Group for the six months ended 30 June 2024.

The Group operates its urban service projects under the following models:

Operating Models	Chinese Mainland projects	Hong Kong projects	Total number of projects
Operation & Maintenance ("O&M")			
• Urban Butler Integrated Service Project	8	–	8
• Comprehensive Cleaning Project	83	2	85
• Traditional Environmental Hygiene Service Project	88	36	124
Public-Private-Partnership ("PPP")			
• Build-Transfer-Operate ("BOT")	3	–	3
• Transfer-Operate-Transfer	4	–	4
Total	186	38	224

MANAGEMENT DISCUSSION AND ANALYSIS

Under the O&M model, the Group acts as a third-party professional municipal operator for operation and maintenance for its customers, i.e., the local government, which usually outsource the municipal projects whose construction has been completed or nearly completed to the Group. With the rising specifications and requirements for urban governance stipulated by the policies in the PRC, improving the operational efficiency of urban management, enhancing the efficiency of the utilization of financial funds and reducing the cost of public services have become the core demands of the government competent authorities. Based on traditional environmental hygiene services, the Group has expanded its business boundary horizontally to strengthen its urban service capabilities on all fronts. Through the integration of its industrial chain, the Group has effectively integrated government services such as full regional sweeping and cleaning, garbage sorting, resource utilization, municipal maintenance, greening management and maintenance, garbage sorting and transportation, cityscape management and control, and digital urban management, thereby building a new urban management mode of "management + service + operation". The Group has developed an independent smart urban management platform to create the smart urban butler integrated service.

As of 30 June 2024, the Group had a total of 8 urban butler projects in operation, with an annual service fee amounting to approximately RMB1.2 billion and a total contract value exceeding RMB8 billion, which demonstrated the Group's "leading position" as an urban butler in the industry. In the future, the Group will continue to focus on urban butler projects and expand the depth and breadth of such business.

Under the PPP model, the Group enters into operating concession arrangements with the local governments which regulate the scope and price of services that the Group provides by utilising the assets, and also set out the treatment of any significant residual interests in the assets at the end of the term of the arrangements.

During the six months ended 30 June 2024, the Group successfully won a total of 10 urban service projects through public tenders with total contract value and estimated annual revenue amounting to approximately RMB2.9 billion and RMB405.1 million, respectively. During the six months ended 30 June 2024, the Group had recorded a total amount of approximately RMB32.6 million as revenue in respect of these projects.

On 25 June 2024, the Group completed the acquisition of Shiny Glory at a total consideration of HK$44,171,000. Shiny Glory became a subsidiary of the Company and the financial results of which shall be consolidated into financial statements of the Group since then. Shiny Glory is a well-established service provider for urban services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services in Hong Kong. As at 30 June 2024, Shiny Glory had a total of 38 urban service projects with total contract value and estimated annual revenue amounting to approximately RMB2.0 billion and RMB752.0 million, respectively. The Directors consider that the acquisition of Shiny Glory will enable the Group to achieve rapid growth of environmental sanitation services in the Hong Kong market and accelerate our accumulation of service operation experience in similar projects overseas, thus being an important initiative for the Group to achieve leapfrog development.

HAZARDOUS WASTE TREATMENT BUSINESS

Hazardous waste treatment business comprises the provision of hazard-free waste disposal services and sale of recycling and reuse products.

Disposal is mainly used for waste on which no other proper treatment methods are available. Hazard-free waste disposal aims to eliminate or minimize negative effect that hazardous waste may have on the environment. Landfill and incineration are two of the most common treatment methods for solid hazardous waste. For liquid hazardous waste, common treatment methods include flocculation and purification. Before being disposed of, hazardous waste needs to undergo certain pretreatment methods based on its nature. Common pretreatment methods include physical-chemical and solidification or stabilization.

Under the hazard-free waste disposal services, the Group processes and safely disposes of hazardous waste for industrial companies and medical institutions and charge them waste treatment fees. The Group's business mainly cover collection, transportation, storage and disposal of wastes such as medical waste and industrial solid waste.

By recycling waste methanol and mixed alcohol acquired by the Group, through its advanced recycling and reuse technology, the Group is able to produce related products such as methanol, ethanol, propanol and butanol and generates revenue from sales of these products. In addition, the reutilization technology also covers the storage, transportation, treatment, dehydration and product separation systems of silicon copper slag and etching solution wastewater, deodorization facilities and related auxiliary facilities. The wet disposal process is used to separate and recycle silicon copper slag, which becomes a useful supplement to the hazard-free business.

As at 30 June 2024, the Group had 11 hazardous waste treatment projects in operation (31 December 2023: 11 projects). As of 30 June 2024, the total design treatment capacity of treatment facilities that engaged in hazard-free disposal is 423,366 tons per annum (31 December 2023: 423,366 tons) and total design treatment capacity of treatment facilities that engaged in recycling and reuse is 270,000 tons per annum (31 December 2023: 270,000 tons).

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER BUSINESS

Other business represents waste electrical and electronic equipment treatment business. As of 30 June 2024, the Group had 2 revenue-generating waste electrical and electronic equipment treatment projects.

The Group procures waste electrical and electronic appliances mainly from local waste electrical and electronic appliances recycling stations. Types of dismantled equipment include computers, refrigerators, television sets, washing machines and air conditioners.

For the six months ended 30 June 2024, revenue from our waste electrical and electronic equipment treatment business amounted to approximately RMB56.6 million (six months ended 30 June 2023: RMB59.7 million), representing approximately 2.1% (six months ended 30 June 2023: 2.7%) of the Group's total revenue.

FINANCIAL PERFORMANCE

REVENUE AND GROSS PROFIT MARGIN

The Group's total revenue increased by approximately 20.2% from approximately RMB2,236.2 million for the six months ended 30 June 2023 to approximately RMB2,687.8 million for the six months ended 30 June 2024, primarily due to increase in revenue from the Group's urban services.

The Group's gross profit margin decreased from 23.0% for the six months ended 30 June 2023 to 20.7% for the six months ended 30 June 2024, primarily due to decrease in gross profit margin from hazardous waste treatment business and urban services.

Urban services

During the six months ended 30 June 2024, the Group recorded a total revenue of RMB2,402.2 million (six months ended 30 June 2023: RMB1,906.8 million). As at 30 June 2024, the Group had a total of 224 urban service projects (30 June 2023: 152).

The gross profit margin of the Group's urban services decreased from 23.8% for the six months ended 30 June 2023 to 22.4% for the six months ended 30 June 2024.

The following table sets forth an analysis of the gross profit margin of the Group's urban services:

	Urban environmental governance services			Construction services			Total		
	2024	2023	Change	**2024**	2023	Change	**2024**	2023	Change
Revenue *(RMB'000)*	**2,392,808**	1,906,811	25.5%	**9,360**	–	N/A	**2,402,168**	1,906,811	26.0%
Gross profit margin	**22.4%**	23.8%	(1.4)%	**8.0%**	–	N/A	**22.4%**	23.8%	(1.4)%

- Urban Environmental Governance Services

  During the six months ended 30 June 2024, the Group recorded a total revenue of approximately RMB2,392.8 million (six months ended 30 June 2023: RMB1,906.8 million) from its urban services projects. The increase was mainly attributable to the greater number of urban services projects successfully won through public tenders.

  The Group commenced operations of several urban service projects obtained in the second half of 2023. These projects were currently in the early operational stage, incurring high preliminary costs, such as temporary motor vehicle rentals, temporary workers and consumables. Accordingly, the gross profit margin of the Group's urban services decreased from 23.8% for the six months ended 30 June 2023 to 22.4% for the six months ended 30 June 2024.

- Construction services

  During the six months ended 30 June 2024, the Group had 2 service concession contracts on a BOT basis in respect of its urban services. These urban services facilities under construction were located in Shandong Province and Hebei Province, respectively. During the six months ended 30 June 2024, the Group recorded a total revenue of approximately RMB9.4 million (six months ended 30 June 2023: Nil) from its construction services for urban services projects.

  The gross profit margin of construction services was approximately 8.0% (six months ended 30 June 2023: Nil). 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. Construction revenue is recognised overtime, using an input method.

MANAGEMENT DISCUSSION AND ANALYSIS

Hazardous waste treatment services

During the six months ended 30 June 2024, the Group recorded a total revenue of RMB229.0 million (six months ended 30 June 2023: RMB269.7 million) from its hazardous waste treatment services projects.

The Group's gross profit margin of its hazardous waste treatment services projects decreased from 20.3% for the six months ended 30 June 2023 to 4.5% for the six months ended 30 June 2024.

The following table sets forth an analysis of the actual treatment or sales volume and the sales price of the Group's hazardous waste treatment service projects:

	Hazard-free waste disposal projects			**Recycling and reuse projects**			**Total**		
	Six months ended 30 June		Change	**Six months ended 30 June**		Change	**Six months ended 30 June**		Change
	2024	2023		**2024**	2023		**2024**	2023	
Revenue *(RMB'000)*	**171,606**	155,805	10.1%	**57,350**	113,883	(49.6)%	**228,956**	269,688	(15.1)%
Actual treatment/sale volume *(tons)*	**136,683**	102,249	33.7%	**19,074**	25,730	(25.9)%	**155,757**	127,979	21.7%
Average sales price *(RMB/ton)*	**1,256**	1,524	(17.6)%	**3,007**	4,426	(32.1)%	**1,470**	2,107	(30.2)%

- Hazard-free waste disposal projects

  As at 30 June 2024, the Group has 8 hazard-free waste disposal projects in operation. The plants were mainly located in Shandong Province, Sichuan Province and Jiangsu Province.

  The actual treatment volume of the Group's hazard-free waste disposal projects increased from 102,249 tons for the six months ended 30 June 2023 to 136,683 tons for the six months ended 30 June 2024. The increase was mainly attributable to the increase in actual treatment volume treated by the Group's Industrial Hazardous Waste Treatment Project in Zigong City, Sichuan Province* (自貢市工業危險廢物處置項目), and Suining Hazardous Waste Treatment Project in Xuzhou City, Jiangsu Province* (江蘇省徐州市睢寧危險廢物處置項目), both of which commenced operations in the second half of 2023.

* *For identification purpose only*

The average sales price of the Group's hazard-free waste disposal projects decreased from RMB1,524 per ton for the six months ended 30 June 2023 to RMB1,256 per ton for the six months ended 30 June 2024. The decrease was primarily due to (i) more competitors entering the hazard-free waste disposal business; and (ii) reduced production by upstream industrial enterprises, leading to decrease in demand for hazard-free waste treatment services.

The gross profit margin of the Group's hazard-free waste disposal projects decreased to 4.4% for the six months ended 30 June 2024 (six months ended 30 June 2023: 19.7%). The decrease was mainly attributable to (i) decrease in average sales price from RMB1,524 per ton for the six months ended 30 June 2023 to RMB1,256 per ton for the six months ended 30 June 2024; and (ii) decrease in utilisation rate of treatment capacities of the Group's hazard-free waste disposal projects.

- Recycling and reuse projects

  As at 30 June 2024, the Group had 3 recycling and reuse projects in operation. The plants were mainly located in Ningxia Province and Hubei Province.

  The sales volume of the Group's recycling project decreased from 25,730 tons for the six months ended 30 June 2023 to 19,074 tons for the six months ended 30 June 2024. The decrease was mainly attributable to (i) lower demand for copper scrap recycling as a result of reduced production by upstream industrial enterprises; and (ii) temporary suspension of butanol refining production due to the technical modification of the butanol tower of the plant located in Ningxia Province.

  The average sales price of the Group's recycling and reuse projects decreased from RMB4,426 per ton for the six months ended 30 June 2023 to RMB3,007 per ton for the six months ended 30 June 2024 mainly due to (i) changes in sales mix, and (ii) a decrease in the market price of ethanol during the period. Accordingly, the gross profit margin of the Group's recycling and reuse products decreased from 21.1% for the six months ended 30 June 2023 to 4.8% for the six months ended 30 June 2024.

Other income and gains, net

Other income and gains, net for the six months ended 30 June 2024 decreased to RMB26.4 million, as compared to corresponding period of last year of RMB39.8 million. The decrease was mainly due to decrease in interest income and VAT super deduction.

Administrative expenses

Administrative expenses for the six months ended 30 June 2024 increased to RMB282.2 million, as compared to the corresponding period in 2023 of RMB211.5 million. The increase was mainly due to the increase in salaries, wages and welfare and office expenses, as a result of continuous business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses, net

Other expenses, net for the six months ended 30 June 2024 increased to RMB22.1 million, as compared to the corresponding period of last year of RMB8.5 million. The increase was mainly due to increase in impairment losses of trade receivables and write-down of inventories to net realisable value.

Finance costs

Finance costs mainly comprised of interests on bank borrowings. The slight increase in finance costs was mainly due to the net effects of (i) increase in bank borrowings; and (ii) decrease in average interest rates charged to the Group resulting from decrease in proportion of bank borrowings denominated in Hong Kong dollars.

Income tax expense

The income tax expense decreased from RMB67.2 million for the six months ended 30 June 2023 to RMB58.5 million for the six months ended 30 June 2024, mainly because of the decrease in the operating taxable profits of the Group.

Property, plant and equipment

Property, plant and equipment consist of buildings, plant and machinery, furniture, fixtures and equipment, motor vehicles and construction in progress. The increase in property, plant and equipment was mainly due to continuous business expansion in urban services during the six months ended 30 June 2024.

Right-of-use-assets

Right-of-use assets consist of buildings, motor vehicles and prepaid land lease premium. Decrease in right-of-use assets was mainly due to depreciation provided during the six months ended 30 June 2024.

Goodwill

Goodwill mainly represented the goodwill arose from the acquisition of subsidiaries and the increase was mainly due to the acquisition of Shiny Glory during the period.

Service concession arrangements

Service concession arrangements represented arrangements involving the Group as a provider of urban services on behalf of the relevant government agencies for a period of 15 to 28 years. The decrease was mainly due to net effects of (i) addition of 2 urban services projects under service concession arrangements and (ii) amortisation provided during the six months ended 30 June 2024.

Trade and bills receivables

Increase in trade and bills receivables was mainly due to continuous business expansion in urban services.

Environmental decommissioning fees receivable

Environmental decommissioning fees receivable represented government subsidies receivable from the PRC central government for the Group's waste electrical and electronic equipment treatment services projects.

Prepayments, deposits and other receivables

Increase in prepayments, deposits and other receivables was mainly due to (i) the increase in prepayments for acquisition of property, plant and equipment; (ii) the increase in guarantee deposits; and (iii) the increase in prepayment for purchase of inventories.

Cash and cash equivalents

Cash and cash equivalents increased by RMB152.8 million which was mainly due to increase in bank borrowings and decrease in payment of items of property, plant and equipment during the period.

Trade and bills payables

Trade and bills payables mainly represented payables due to third parties for the procurement of raw materials used for Group's hazardous waste treatment business and fuel used by Group's mechanised vehicles and other consumables used for urban services. The increase was mainly due to continuous business expansion in urban services.

Other payables and accruals

Other payables and accruals mainly represented payables for acquisition of property, plant and equipment, accruals for the Group's expenses, dividend payable, lease liabilities and payables to related parties and non-controlling shareholders. The increase was mainly due to (i) consolidation of Shiny Glory; (ii) increase in dividend payable; and (iii) increase in payables for acquisition of property, plant and equipment.

Interest-bearing bank borrowings

Increase in bank borrowings was mainly due to drawdown of bank borrowings during the period for the purposes of development in the Group's urban services.

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 denominated in HK$ and RMB. Surplus cash is generally placed in short-term deposits denominated in HK$ and RMB.

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB1,233.6 million (31 December 2023: approximately RMB1,080.7 million).

As at 30 June 2024, the Group's bank borrowings amounted to RMB2,861.9 million (31 December 2023: RMB2,562.1 million).

The net gearing ratio (defined as bank borrowings, net of cash and cash equivalents (the "Net Debt Amounts"), divided by the total equity) was 41.5% as at 30 June 2024 (31 December 2023: 38.5%). The increase in net gearing ratio was mainly due to increase in the Net Debt Amounts during the period.

Capital expenditures

During the six months ended 30 June 2024, the Group's total capital expenditures were RMB310.3 million (six months ended 30 June 2023: RMB302.6 million), out of which RMB286.3 million, RMB11.5 million, RMB11.4 million and RMB1.1 million (six months ended 30 June 2023: RMB257.5 million, RMB45.0 million, RMB0.1 million and nil) were the additions of property, plant and equipment, right-of-use assets, other intangible assets and operating concession, respectively.

CHARGES ON THE GROUP'S ASSETS

The secured bank borrowings of the Group as at 30 June 2024 are secured by:

(i) pledges over the Group's equity interest in subsidiaries and a non-controlling shareholder's equity interest in a subsidiary as at 30 June 2024 and 31 December 2023; and

(ii) pledges over certain of the Group's property, plant and equipment, right-of-use assets, and service concession arrangements as at 30 June 2024 and 31 December 2023.

Save as disclosed above, as at 30 June 2024, the Group did not have any charges on the Group's assets.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Certain of the subsidiaries of the Group have their assets and liabilities denominated in HK$. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If HK$ appreciates/depreciates against RMB, the Group would record a(n) decrease/increase in the Group's net asset value. During the six months ended 30 June 2024, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 63,396 employees (30 June 2023: 52,713 employees) with total staff cost of approximately RMB1,582.4 million incurred for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB1,144.9 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 24 June 2024 (after trading hours), Global Start Development Limited (the "Global Start") (寰始發展有限公司), an indirect subsidiary of the Company owned as to 85% by Beijing Enterprises Urban Services Group Limited (北控城市服務集團有限公司) and 15% by Mr. Xiong Jianrui, entered into the sale and purchase agreement with Mr. Tam Wai Tong, pursuant to which Global Start has agreed to purchase and Mr. Tam Wai Tong has agreed to sell the non-interest bearing exchangeable bond in the principal amount of HK$20,000,000 issued by Lapco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8472), which entitles the bondholder to exchange for all the issued share capital of Shiny Glory at the consideration of HK$29,500,000. On 25 June 2024, as all of the conditions precedent under the sale and purchase agreement has been fully satisfied, the completion has taken place in accordance with the terms of the sale and purchase agreement. Upon completion, Global Start became the holder of the exchangeable bond and has exercised the exchange right to exchange all the outstanding principal amount of the exchangeable bond for the entire issued share capital of Shiny Glory. Accordingly, the Shiny Glory has become an indirect non-wholly owned subsidiary of the Company, and the financial results of which will be consolidated into the financial statements of the Group.

Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2024.

IMPORTANT EVENT AFFECTING THE GROUP AFTER THE REVIEW PERIOD

There was no other important event affecting the Group since 30 June 2024 and up to the date of this report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	**2024** ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited) (Restated)
REVENUE	*3*	**2,687,769**	2,236,208
Cost of sales		**(2,130,923)**	(1,721,450)
Gross profit		**556,846**	514,758
Other income and gains, net	*3*	**26,407**	39,838
Administrative expenses		**(282,230)**	(211,521)
Selling and distribution expenses		**(12,080)**	(13,146)
Other expenses, net		**(22,087)**	(8,536)
Finance costs	*5*	**(55,846)**	(55,671)
Share of losses of joint ventures		**(1,104)**	(992)
PROFIT BEFORE TAX	*4*	**209,906**	264,730
Income tax expense	*6*	**(58,485)**	(67,232)
PROFIT FOR THE PERIOD		**151,421**	197,498
Attributable to:			
Owners of the parent		**128,499**	170,153
Non-controlling interests		**22,922**	27,345
		151,421	197,498
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
– Translation of foreign operations		**(6,234)**	(82,942)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
– Translation of the Company		**5,289**	67,688
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX		**(945)**	(15,254)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**150,476**	182,244
Attributable to:			
Owners of the parent		**127,554**	154,899
Non-controlling interests		**22,922**	27,345
		150,476	182,244
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	*7*	**RMB3.61 cents**	RMB4.73 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**2,659,602**	2,609,776
Right-of-use assets		**298,922**	309,073
Goodwill		**254,387**	247,954
Service concession arrangements		**459,979**	482,197
Other intangible assets		**25,437**	15,962
Prepayments, deposits and other receivables		**104,997**	69,527
Investments in joint ventures		**42,249**	35,816
Equity investment designated at fair value through other comprehensive income		**5,000**	5,000
Deferred tax assets		**87,640**	66,228
Total non-current assets		**3,938,213**	3,841,533
CURRENT ASSETS			
Inventories		**92,386**	54,117
Trade and bills receivables	*10*	**2,955,751**	2,494,426
Environmental decommissioning fees receivable	*11*	**385,827**	367,497
Other tax recoverable		**135,209**	150,413
Prepayments, deposits and other receivables		**194,870**	125,989
Restricted cash and pledged deposits		**11,486**	12,068
Cash and cash equivalents		**1,233,561**	1,080,749
Total current assets		**5,009,090**	4,285,259
TOTAL ASSETS		**8,947,303**	8,126,792

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2024

	Notes	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	**593,951**	447,062
Other payables and accruals		**1,096,559**	809,990
Other taxes payable		**31,306**	33,340
Income tax payable		**51,890**	33,439
Interest-bearing bank borrowings	13	**1,445,198**	1,270,109
Total current liabilities		**3,218,904**	2,593,940
NET CURRENT ASSETS		**1,790,186**	1,691,319
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,728,399**	5,532,852
NON-CURRENT LIABILITIES			
Deferred income		**154,381**	160,092
Other payables and accruals		**54,336**	62,960
Deferred tax liabilities		**57,059**	42,190
Interest-bearing bank borrowings	13	**1,416,695**	1,292,030
Provision for major overhauls		**126,041**	123,532
Total non-current liabilities		**1,808,512**	1,680,804
Net assets		**3,919,887**	3,852,048
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	**313,584**	317,405
Reserves		**2,906,456**	2,844,375
		3,220,040	3,161,780
Non-controlling interests		**699,847**	690,268
Total equity		**3,919,887**	3,852,048

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent										
	Issued capital *RMB'000*	Share premium *RMB'000*	Treasury shares *RMB'000*	Capital reserve *RMB'000*	Merger reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	PRC reserve funds *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2022 (audited)	317,405	317,468	–	854,699	(1,910)	(27,813)	236,389	1,258,766	2,955,004	615,401	3,570,405
Effect of adoption of amendments to HKAS 12 (audited)	–	–	–	–	–	–	–	2,756	2,756	–	2,756
At 1 January 2023 (audited) (restated)	317,405	317,468	–	854,699	(1,910)	(27,813)	236,389	1,261,522	2,957,760	615,401	3,573,161
Profit for the period (unaudited) (restated)	–	–	–	–	–	–	–	170,153	170,153	27,345	197,498
Other comprehensive profit/(loss) for the period:											
Exchange differences on translation of foreign operations (unaudited)	–	–	–	–	–	(82,942)	–	–	(82,942)	–	(82,942)
Exchange differences on translation of the Company (unaudited)	–	–	–	–	–	67,688	–	–	67,688	–	67,688
Total comprehensive income/(loss) for the period (unaudited) (restated)	–	–	–	–	–	(15,254)	–	170,153	154,899	27,345	182,244
Final 2022 dividend declared (unaudited)	–	(31,680)		–	–	–	–	–	(31,680)	–	(31,680)
Dividends declared to non- controlling shareholders (unaudited)	–	–	–	–	–	–	–	–	–	(7,112)	(7,112)
Transfer between reserves (unaudited)	–	–	–	–	–	–	42,430	(42,430)	–	–	–
At 30 June 2023 (unaudited) (restated)	317,405	285,788	–	854,699	(1,910)	(43,067)	278,819	1,389,245	3,080,979	635,634	3,716,613
At 1 January 2024 (audited)	**317,405**	**246,044**	**(1,456)**	**854,699**	**(1,910)**	**(35,647)**	**352,418**	**1,430,227**	**3,161,780**	**690,268**	**3,852,048**
Profit for the period (unaudited)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**128,499**	**128,499**	**22,922**	**151,421**
Other comprehensive profit/(loss) for the period:											
Exchange differences on translation of foreign operations (unaudited)	**-**	**-**	**-**	**-**	**-**	**(6,234)**	**-**	**-**	**(6,234)**	**-**	**(6,234)**
Exchange differences on translation of the Company (unaudited)	**-**	**-**	**-**	**-**	**-**	**5,289**	**-**	**-**	**5,289**	**-**	**5,289**
Total comprehensive income/(loss) for the period (unaudited)	**-**	**-**	**-**	**-**	**-**	**(945)**	**-**	**128,499**	**127,554**	**22,922**	**150,476**
Shares repurchased and cancelled (unaudited)	**(3,821)**	**(18,381)**	**1,456**	**-**	**-**	**-**	**-**	**-**	**(20,746)**	**-**	**(20,746)**
Final 2023 dividend declared (unaudited)	**-**	**(48,548)**	**-**	**-**	**-**	**-**	**-**	**-**	**(48,548)**	**-**	**(48,548)**
Dividend declared to non- controlling shareholders (unaudited)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,343)**	**(13,343)**
Transfer between reserves (unaudited)	**-**	**-**	**-**	**-**	**-**	**-**	**36,576**	**(36,576)**	**-**	**-**	**-**
At 30 June 2024 (unaudited)	**313,584**	**179,115***	**-***	**854,699***	**(1,910)***	**(36,592)***	**388,994***	**1,522,150***	**3,220,040**	**699,847**	**3,919,887**

* These reserve accounts comprise the consolidated reserves of RMB2,906,456,000 (31 December 2023: RMB2,844,375,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 *RMB'000* (Unaudited)	2023 *RMB'000* (Unaudited) (Restated)
OPERATING ACTIVITIES		
Cash generated from operations	**168,802**	314,157
Corporate income tax paid in the People's Republic of China (the "PRC" or "Chinese Mainland")	**(31,499)**	(79,277)
Net cash flows from operating activities	**137,303**	234,880
INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(190,395)**	(340,080)
Proceeds from disposal of items of property, plant and equipment	**5,966**	831
Additions of right-of-use assets	**(1,226)**	(1,155)
Capital injection to a joint venture	**(7,537)**	–
Acquisition of a subsidiary	**21,395**	–
Decrease/(increase) in restricted cash and pledged deposits	**11,502**	(246)
Interest received	**3,809**	7,763
Net cash flows used in investing activities	**(156,486)**	(332,887)
FINANCING ACTIVITIES		
New bank borrowings	**1,285,636**	541,281
Repayments of bank borrowings	**(1,014,188)**	(577,128)
Principal portion of lease payments	**(20,195)**	(36,777)
Repurchase of shares	**(20,746)**	–
Interest paid	**(53,769)**	(53,238)
Dividend paid to non-controlling shareholders	**(4,907)**	(6,802)
Net cash flows from/(used in) financing activities	**171,831**	(132,664)
Net increase/(decrease) in cash and cash equivalents	**152,648**	(230,671)
Cash and cash equivalents at beginning of period	**1,080,749**	1,408,854
Effect of foreign exchange rate changes, net	**164**	1,421
Cash and cash equivalents at end of period	**1,233,561**	1,179,604

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1.1 CORPORATE INFORMATION

Beijing Enterprises Urban Resources Group Limited is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Beijing Enterprises Water Group Limited (the "BEWG"), which is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of the Stock Exchange, is the ultimate and immediate holding company of the Company.

The Company is an investment holding company. During the year, the Group was involved in the following principal activities:

- provision of urban services
- provision of hazardous waste treatment services
- provision of waste electrical, electronic equipment treatment services and sale of dismantled products

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 and compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It is unaudited but has been reviewed by the audit committee of the Company (the "Audit Committee").

The unaudited interim condensed consolidated 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.

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 and other 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 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 adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarity 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 instruments would the terms of 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.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(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 flow 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 is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the urban services segment provides urban environmental governance services and construction services;

(b) the hazardous waste treatment segment provides hazardous waste treatment services; and

(c) the "others" segment comprise, principally, the waste electrical and electronic equipment treatment services and the sale of dismantled products.

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, which is a measure of adjusted profit for the period attributable to owners of the parent. The adjusted profit for the period attributable to owners of the parent is measured consistently with the Group's profit for the period attributable to owners of the parent except that corporate and other unallocated income and expenses are excluded from such measurement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

2. OPERATING SEGMENT INFORMATION (CONTINUED)

	Urban services for the six months ended 30 June		Hazardous waste treatment for the six months ended 30 June		Others for the six months ended 30 June		Total for the six months ended 30 June	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)
Segment revenue *(Note 3)*	**2,402,168**	1,906,811	**228,956**	269,688	**56,645**	59,709	**2,687,769**	2,236,208
Cost of sales	**(1,865,278)**	(1,452,354)	**(218,691)**	(215,054)	**(46,954)**	(54,042)	**(2,130,923)**	(1,721,450)
Gross profit	**536,890**	454,457	**10,265**	54,634	**9,691**	5,667	**556,846**	514,758
Segment results	**291,962**	281,572	**(43,996)**	11,949	**6,576**	9,291	**254,542**	302,812
Corporate and other unallocated income and expenses, net:								
– Interest income							**142**	883
– Other corporate gains							**270**	836
– Finance costs							**(29,367)**	(27,748)
– Corporate and other unallocated expenses							**(15,681)**	(12,053)
							(44,636)	(38,082)
Profit before tax							**209,906**	264,730
Income tax expense							**(58,485)**	(67,232)
Profit for the period							**151,421**	197,498
Segmental profit for the period	**233,281**	219,890	**(43,800)**	6,403	**6,576**	9,287	**196,057**	235,580
Non-controlling interests	**(31,160)**	(30,952)	**10,672**	7,175	**(2,434)**	(3,568)	**(22,922)**	(27,345)
Owners of the parent	**202,121**	188,938	**(33,128)**	13,578	**4,142**	5,719	**173,135**	208,235
Corporate and other unallocated income and expenses, net							**(44,636)**	(38,082)
							128,499	170,153
Other segment information:								
Share of profit/(loss) of joint ventures	**264**	(40)	**(1,368)**	(952)	**–**	–	**(1,104)**	(992)
Impairment losses and write-down of inventory to net realisable value recognised in the condensed consolidated statement of profit or loss, net	**4,362**	2,500	**6,955**	2,161	**–**	–	**11,317**	4,661
Depreciation and amortisation	**211,970**	206,933	**71,854**	55,343	**1,975**	2,860	**285,799**	265,136
Capital expenditure*	**242,501**	186,389	**67,403**	116,001	**441**	194	**310,345**	302,584

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, service concession arrangements and other intangible assets.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

2. OPERATING SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

(a) All of the Group's revenue from external customers was derived from the Group's operations in the PRC during the period.

(b) Over 90% of the Group's non-current assets were derived from the Group's operations in the PRC during the period.

INFORMATION ABOUT MAJOR CUSTOMERS

During the six months ended 30 June 2024 and 2023, no revenue from transactions with a single external customer contributed over 10% of the total revenue of the Group.

3. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

	Notes	**For the six months ended 30 June 2024 *RMB'000* (Unaudited)**	For the six months ended 30 June 2023 *RMB'000* (Unaudited) (Restated)
Revenue from contracts with customers			
Urban services			
– Urban environmental governance services	*(a)*	**2,392,808**	1,906,811
– Construction services	*(a)*	**9,360**	–
		2,402,168	1,906,811
Hazardous waste treatment businesses			
– Hazard-free waste disposal services	*(a)*	**171,606**	155,805
– Sale of recycling and reuse products	*(a)*	**57,350**	113,883
		228,956	269,688
Sale of dismantled products	*(a)*	**37,513**	38,444
		2,668,637	2,214,943
Revenue from other source			
Environmental decommissioning fees income		**19,132**	21,265
		2,687,769	2,236,208
Other income and gains, net			
Interest income		**3,809**	7,763
Government grants	*(b)*	**9,914**	8,510
VAT refunds	*(c)*	**1,993**	3,383
VAT super deduction	*(d)*	**1,131**	10,885
Consultancy services provided	*(a)*	**3,851**	–
Sale of scarp materials		**633**	2,614
Others		**5,076**	6,683
		26,407	39,838

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

3. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

Notes:

(a) Disaggregated revenue information

Revenue from urban environmental governance services, construction services and consultancy services is recognised over time. Revenue from hazard-free waste disposal services, sale of recycling and reuse products and sale of dismantled products is recognised at a point in time.

(b) The government grants recognised during the period represented grants received from certain government authorities. There are no unfulfilled conditions or contingencies relating to these grants.

(c) Certain subsidiaries are entitled to a refund of 50% to 70% of the net VAT paid/payable under the Catalogue of Products and Services related to Recycling Businesses Qualified for Value-Added Tax (VAT) Preferential Treatment (Caishui [2015] No. 78) jointly issued by the PRC State Administration of Taxation and the Ministry of Finance.

(d) Certain subsidiaries are also entitled to additional VAT super deductions ranging from 5% to 15% of the input VAT under the rules issued by the PRC State Administration of Taxation, the Ministry of Finance and the General Administration of Customs China.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Cost of inventories sold*	**127,334**	175,134
Cost of services provided*	**1,972,011**	1,522,145
Depreciation of property, plant and equipment	**230,691**	222,216
Depreciation of right-of-use assets	**21,580**	18,220
Amortisation of service concession arrangements*	**31,578**	24,171
Amortisation of intangible assets	**1,950**	529
Impairment losses of trade receivables, net#	**6,028**	3,000
Write-down of inventories to net realisable value#	**5,289**	1,661
(Gain)/loss on disposal of items of property, plant and equipment#	**(147)**	304
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Salaries and benefits in kind	**1,417,324**	1,014,244
Pension scheme contributions	**165,051**	130,646
	1,582,375	1,144,890

* Included in "Cost of sales" in the condensed consolidated statement of profit or loss.

Included in "Other expenses, net" in the condensed consolidated statement of profit or loss.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

5. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on bank borrowings	**57,456**	55,550
Interest on lease liabilities	**1,817**	2,211
Total interest on bank borrowings	**59,273**	57,761
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**2,077**	2,433
Total finance costs	**61,350**	60,194
Less: Interest capitalised	**(5,504)**	(4,523)
	55,846	55,671

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made during the six months ended 30 June 2024 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2023: Nil).

The income tax provisions in respect of operations in Chinese Mainland 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, by reasons that (1) these companies are engaged in the operations of environmental protection, energy and water conservation; and/or (2) they have operations in the Western region 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 PRC.

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current – Chinese Mainland	**65,042**	70,476
Deferred	**(6,557)**	(3,244)
Total tax charge for the period	**58,485**	67,232

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

7. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the six months ended 30 June 2024 attributable to shareholders of the Company and the weighted average number of ordinary shares of 3,559,637,495 in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: 3,600,000,000).

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

The calculation of the basic and diluted earnings per share amounts is based on the following:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**128,499**	170,153
Number of ordinary shares		
Weighted average number of ordinary shares in issue, used in the basic and diluted earnings per share calculation	**3,559,637,495**	3,600,000,000

8. DIVIDENDS

On 27 August 2024, the Board declared an interim dividend of HK1.2 cents (six months ended 30 June 2023: HK1.2 cents) per ordinary share amounting to a total of approximately HK$42,680,000 (equivalent to RMB38,838,000) (six months ended 30 June 2023: HK$43,200,000 (equivalent to RMB39,744,000)).

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group's additions of property, plant and equipment amounted to RMB286,336,000 (six months ended 30 June 2023: RMB257,471,000). There were disposals of property, plant and equipment with an aggregate carrying amount of RMB5,819,000 (six months ended 30 June 2023: RMB1,135,000) during the six months ended 30 June 2024.

10. TRADE AND BILLS RECEIVABLES

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Trade receivables	**3,005,114**	2,536,528
Less: Impairment	**(61,702)**	(55,674)
	2,943,412	2,480,854
Bills receivable	**12,339**	13,572
Total	**2,955,751**	2,494,426

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. 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 or revenue recognition date (when the invoices had yet been issued by then) and net of loss allowance, is as follows:

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Within 3 months	**1,140,360**	1,130,234
4 to 6 months	**629,518**	507,607
7 to 12 months	**716,277**	536,089
Over 1 year	**457,257**	306,924
Total	**2,943,412**	2,480,854

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

11. ENVIRONMENTAL DECOMMISSIONING FEES RECEIVABLE

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Environmental decommissioning fees receivable	**385,827**	367,497

The balance represented government subsidies receivable from the Central Government of the PRC (the "Central Government") for the waste electrical and electronic equipment treatment services. The Group submits the quantities and products dismantled to the government online system on a weekly basis. The Central Government would appoint independent auditors to perform fieldwork audit quarterly or semi-annually, depending on the province practice, to verify the submitted details in the online system posted by the dismantling entities. Audit report would be issued by the independent auditors and submitted to the Central Government for the quantities confirmation results. Subject to the internal procedures for processing the auditor reports, the Central Government would publish online confirmation notices on its website the quantities of appliances being dismantling appliance and an environmental decommissioning fee would be paid to the entities after the online publication. The whole confirmation process from performing the waste electrical and electronic equipment treatment services until the cash receipt from Central Government ranged from 4 to 5 years.

The Group does not hold any collateral over these balances.

12. TRADE AND BILLS PAYABLES

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Trade payables	**583,951**	437,062
Bills payable	**10,000**	10,000
Total	**593,951**	447,062

12. TRADE AND BILLS PAYABLES (CONTINUED)

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 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Within 1 month	**330,625**	107,088
1 to 2 months	**33,061**	55,379
2 to 3 months	**29,590**	51,362
Over 3 months	**190,675**	223,233
Total	**583,951**	437,062

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

13. INTEREST-BEARING BANK BORROWINGS

	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Secured bank loans	**819,923**	794,870
Unsecured bank loans	**2,041,970**	1,767,269
Total bank borrowings	**2,861,893**	2,562,139
Portion classified as current liabilities	**(1,445,198)**	(1,270,109)
Non-current portion	**1,416,695**	1,292,030

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

14. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each	Nominal value of ordinary shares *HK$'000*
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	**30,000,000,000**	3,000,000

During the period, the movement in the share capital account of the Company was summarised as follows:

	Number of shares in issue of HK$0.1 each	Share capital *RMB'000*
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024	**3,600,000,000**	317,405
Shares repurchased and cancelled *(Note 2)*	**(43,336,000)**	(3,821)
At 30 June 2024	**3,556,664,000**	313,584

Note1: During the six months ended of 30 June 2024, the Company repurchased its own ordinary shares of 39,700,000 on the Stock Exchange at an aggregate consideration of approximately HK$22,569,000 (equivalent to RMB20,746,000) (before expenses).

Note2: A total of 43,336,000 ordinary shares repurchased were cancelled during the six months ended 30 June 2024 (2023: Nil).

15. BUSINESS COMBINATION

On 25 June 2024, Global Start Development Limited, a 85%-owned subsidiary, acquired the entire equity interest in Shiny Glory, which is principally engaged in provision of urban services in Hong Kong.

The fair values of the identifiable assets and liabilities of Shiny Glory as at the date of acquisition (determined on a provisional basis) were as follows:

	Fair value recognised on acquisition ***RMB'000*** **(Unaudited)**
Property, plant and equipment	**203**
Trade receivables	**105,731**
Prepayments, deposits and other receivables	**13,562**
Pledged deposits	**10,920**
Cash and cash equivalents	**34,745**
Trade payables	**(7,324)**
Other payables and accruals	**(101,640)**
Interest-bearing bank borrowings	**(21,986)**
Income tax payable	**(435)**
Deferred tax liabilities	**(14)**
Total identifiable net assets at fair value	**33,762**
Goodwill on acquisition	**6,433**
	40,195
Satisfied by:	
Cash	**13,350**
Consideration payable included in other payables and accruals	**26,845**
	40,195

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

15. BUSINESS COMBINATION (CONTINUED)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	30 June 2024 ***RMB'000*** **(Unaudited)**
Cash consideration	**(13,350)**
Cash and cash equivalents acquired	**34,745**
Net inflow of cash and cash equivalents included in cash flows from investment activities	**21,395**
Transaction costs of the acquisition included in cash flows from operating activities	**(748)**
Total net cash inflow	**20,647**

The fair values of the trade receivables, deposits and other receivables as at the date of acquisition amounted to RMB105,731,000 and RMB12,543,000, respectively. The gross contractual amounts of trade receivables, deposits and other receivables were RMB105,731,000 and RMB12,543,000, respectively.

The Group incurred transaction costs of RMB1,223,000 for this acquisition. These transaction costs have been expensed and are included in other expenses, net in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Had the above business combination taken place at the beginning of the six months ended 30 June 2024, the Group's profit for the six months ended 30 June 2024 would have been RMB156,489,000 and the Group's revenue would have been RMB3,031,670,000.

Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

16. CONTINGENT LIABILITIES

As at 30 June 2024, guarantees given by banks and an insurance company in favour of local government in lieu of deposits for project performances of RMB111,373,000 (31 December 2023: Nil) were outstanding.

17. COMMITMENTS

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

	30 June 2024 ***RMB'000*** **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Construction in progress	**12,949**	10,493
Plant and equipment and motor vehicles	**21,319**	22,879
Service concession arrangements	**149,475**	157,639
Total	**183,743**	191,011

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the periods:

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Related companies			
Entrusted operation service income#	*(i)*	**8,562**	7,403
Sale of electric trike vehicles and consumables#	*(ii)*	**911**	409
Motor vehicles and equipment leasing expenses#	*(iii)*	**775**	1,081
Market consultancy fee*	*(iv)*	**1,773**	–

These related party transactions also constitute continuing connected transactions that are subject to the announcement, reporting and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* This related party transaction also constitutes a connected transaction that is exempted from the announcement, reporting and annual review requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Notes:

(i) The Group entered into an arrangement with a subsidiary of BEWG to provide entrusted operation services for this subsidiary of BEWG.

(ii) The amount represented the income generated from the sale of electric trike vehicles and consumables for the provision of urban services to a subsidiary of BEWG.

(iii) The amount represented the leasing cost of motor vehicles and equipment to a subsidiary of BEWG.

(iv) The amount represented the market consultancy fee paid to a subsidiary of BEWG.

(v) The Group leased two office buildings from subsidiaries of BEWG with lease terms ranging from 2 to 3 years. The rental fees were RMB160,000 and HK$60,400 per month throughout the contract periods. The financial impact of the leases was included in right-of-use assets and lease liabilities in the financial statements for the year/period ended 31 December 2023 and 30 June 2024.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

18. RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "Other SOEs"). During the period, the Group had transactions with the Other SOEs including, but not limited to, 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. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions is material related party transaction that would require separate disclosure.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Short term employee benefits	**4,707**	4,243
Post-employment benefits	**99**	92
Total compensation paid to key management personnel	**4,806**	4,335

Save as disclosed above, as at 30 June 2024, the Group had no other material transactions and outstanding balances with related parties.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the carrying amounts of current 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.

For 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.

20. COMPARATIVE AMOUNTS

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

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information were approved and authorised for issue by the Board on 27 August 2024.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES (THE "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 and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of 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 pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules, were as follows:

LONG POSITIONS IN THE SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Interests pursuant to the AIC Agreement as under section 317 of the SFO *(Note 6)*	Total	Approximate percentage of the Company's Issued Share Capital *(Note 1)*
Mr. Zhou Min	–	–	490,476,000 *(Note 2)*	–	1,949,504,777	2,439,980,777	68.60%
Mr. Zhao Kexi	–	–	39,920,000 *(Note 3)*	–	2,400,060,777	2,439,980,777	68.60%
Mr. Li Haifeng	1,840,000	–	48,960,000 *(Note 4)*	–	2,389,180,777	2,439,980,777	68.60%
Mr. Zhou Chen	71,140,000	–	110,440,000 *(Note 5)*	–	2,258,400,777	2,439,980,777	68.60%

Notes:

1. The approximate percentage was calculated on the basis of 3,556,664,000 Shares in issue as at the date of this report.

2. 490,476,000 Shares were held by Star Colour Investments Limited ("Star Colour"), a company wholly-owned by Mr. Zhou Min. Accordingly, Mr. Zhou Min is deemed to be interested in the Shares of the Company held and deemed to be held by Star Colour under the SFO.

3. 39,920,000 Shares were held by Long March Holdings Limited ("Long March"), a company wholly-owned by Mr. Zhao Kexi. Accordingly, Mr. Zhao Kexi is deemed to be interested in the Shares of the Company held and deemed to be held by Long March under the SFO.

4. 48,960,000 Shares were held by Maolin Investments Limited ("MIL"), a company wholly-owned by Mr. Li Haifeng. Accordingly, Mr. Li Haifeng is deemed to be interested in the Shares of the Company held and deemed to be held by MIL under the SFO.

5. 110,440,000 Shares were held by Faith Access Holdings Limited ("Faith Access"), a company wholly-owned by Mr. Zhou Chen. Accordingly, Mr. Zhou Chen is deemed to be interested in the Shares of the Company held and deemed to be held by Faith Access under the SFO.

6. On 10 May 2022, BEWG, Beijing Holdings Limited ("BHL"), Star Colour, Long March, Zhihua Investments Limited ("Zhihua"), MIL, Mr. Li Haifeng, Mr. Zhou Chen and ZGC International Holding Limited ("ZGC International") (together referred to as the "Concert Parties") entered into an acting in concert agreement (the "AIC Agreement"). Pursuant to the AIC Agreement, the Concert Parties are acting in concert in respect of their interests in the Company 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, the Concert Parties were interested in an aggregate of 2,439,980,777 Shares of the Company, representing approximately 68.60% of the issued Share capital of the Company. Details of the AIC Agreement are set out in the announcement of the Company dated 10 May 2022.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under 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' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2024 were rights to acquire benefits by means of the acquisition of Shares or Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 18 to the condensed consolidated financial information, no Directors nor a connected entity of a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2024.

DISCLOSEABLE INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) 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 POSITION IN THE SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued Share capital *(Note 1)*
BEWG	Beneficial owner	1,478,312,777	41.56%
	Interests pursuant to the AIC Agreement	961,668,000	27.04%
	Total	2,439,980,777	68.60%
Beijing Enterprises Environmental Construction Limited ("BE Environmental") *(Note 2)*	Interest of controlled corporation	2,439,980,777	68.60%
Beijing Enterprises Holdings Limited ("BEHL") *(Note 3)*	Interest of controlled corporation	2,439,980,777	68.60%
Modern Orient Limited ("MOL") *(Note 4)*	Interest of controlled corporation	2,439,980,777	68.60%
Beijing Enterprises Investments Limited ("BEIL") *(Note 4)*	Interest of controlled corporation	2,439,980,777	68.60%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)") *(Note 5)*	Interest of controlled corporation	2,439,980,777	68.60%
BHL *(Note 6)*	Beneficial owner	40,000,000	1.12%
	Interests pursuant to the AIC Agreement	2,399,980,777	67.48%
	Total	2,439,980,777	68.60%

DISCLOSEABLE INFORMATION

Name of shareholder	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued Share capital *(Note 1)*
Beijing Enterprises Group Company Limited ("BEGCL") *(Note 7)*	Interest of controlled corporation	2,439,980,777	68.60%
Star Colour *(Note 8)*	Beneficial owner	490,476,000	13.79%
	Interests pursuant to the AIC Agreement	1,949,504,777	54.81%
	Total	2,439,980,777	68.60%
Long March *(Note 9)*	Beneficial owner	39,920,000	1.12%
	Interests pursuant to the AIC Agreement	2,400,060,777	67.48%
	Total	2,439,980,777	68.60%
MIL *(Note 10)*	Beneficial owner	48,960,000	1.38%
	Interests pursuant to the AIC Agreement	2,391,020,777	67.22%
	Total	2,439,980,777	68.60%
Zhihua *(Note 11)*	Beneficial owner	97,920,000	2.75%
	Interests pursuant to the AIC Agreement	2,342,060,777	65.85%
	Total	2,439,980,777	68.60%
Hu Xiaoyong *(Note 11)*	Interest of controlled corporation	2,439,980,777	68.60%
ZGC International *(Note 12)*	Beneficial owner	60,972,000	1.71%
	Interests pursuant to the AIC Agreement	2,379,008,777	66.89%
	Total	2,439,980,777	68.60%
Zhongguancun Development Group Co., Ltd. ("ZGCDG") *(Note 12)*	Interest of controlled corporation	2,439,980,777	68.60%

Notes:

1. The approximate percentage was calculated on the basis of 3,556,664,000 Shares in issue as at the date of this report. Certain percentage figures included in this table have been subject to rounding adjustments.

2. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG. BEWG is directly held as to approximately 41.03% by BE Environmental. Accordingly, BE Environmental is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG under the SFO.

3. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BE Environmental as detailed in Note 2 above. BE Environmental is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BE Environmental) under the SFO.

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4. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BEHL as detailed in Note 3 above. MOL, a wholly-owned subsidiary of BEIL, and BEIL are the immediate shareholders of BEHL and collectively hold approximately 20.97% of the issued share capital of BEHL. Each of MOL and BEIL is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BEHL) under the SFO.

5. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BEHL, BEIL and MOL as detailed in Notes 3 and 4 above. 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 of the Company held or deemed to be held by BEWG (through BEIL, MOL and BEHL) under the SFO.

6. 40,000,000 Shares were held by BHL. Pursuant to the AIC Agreement, BHL, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. BHL is wholly-owned by BEGCL.

7. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BE Group (BVI) and BHL as detailed in Notes 5 and 6 above. Both BE Group (BVI) and BHL are wholly-owned subsidiaries of BEGCL. Accordingly, BEGCL is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BE Group (BVI) and BHL) under the SFO.

8. 490,476,000 Shares were held by Star Colour. Pursuant to the AIC Agreement, Star Colour, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. Star Colour is wholly-owned by Mr. Zhou Min, an executive Director of the Company. Accordingly, Mr. Zhou Min is deemed to be interested in the Shares of the Company held or deemed to be held by Star Colour under the SFO.

9. 39,920,000 Shares were held by Long March. Pursuant to the AIC Agreement, Long March, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. Long March is wholly-owned by Mr. Zhao Kexi, an executive Director of the Company. Accordingly, Mr. Zhao Kexi is deemed to be interested in the Shares of the Company held or deemed to be held by Long March under the SFO.

10. 48,960,000 Shares were held by MIL. Pursuant to the AIC Agreement, MIL, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. MIL is wholly-owned by Mr. Li Haifeng, an executive Director of the Company. Accordingly, Mr. Li Haifeng is deemed to be interested in the Shares of the Company held or deemed to be held by MIL under the SFO.

11. 97,920,000 Shares were held by Zhihua. Pursuant to the AIC Agreement, Zhihua, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. Zhihua is wholly-owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to be interested in the Shares of Company held or deemed to be held by Zhihua under the SFO.

12. 60,972,000 Shares were held by ZGC International. Pursuant to the AIC Agreement, ZGC International, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. ZGC International is a wholly-owned subsidiary of ZGCDG. Accordingly, ZGCDG is deemed to be interested in the Shares of the Company held or deemed to be held by ZGC International under the SFO.

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 executive 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.

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, Board changes of the Company are as follows:

– Mr. Li Haifeng was appointed as a member of the remuneration committee and Mr. Zhao Kexi resigned as a member of the remuneration committee on 5 June 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of the Facility Agreement(s)	**Nature of the Facility Agreement(s)**	**Aggregate amount** *(RMB' million)*	**Final Maturity**	**Specific Performance Obligations**
22 September 2022	Term loan facility with a bank	270	21 September 2025	(i), (ii), (iii), (iv)
23 November 2023	Term loan facility with a bank	370	22 November 2024	(i), (ii), (iii), (iv)
29 April 2024	Term loan facility with a bank	450	28 April 2027	(i), (ii), (iii), (iv)

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According to the respective terms and conditions of the Facility Agreement(s), breach of one of the following specific performance obligations will constitute an event of default:

(i) BEGCL is effectively wholly-owned, supervised and/or controlled by The People's Government of Beijing Municipality* (北京市人民政府);

(ii) BEGCL (and/or as may be through its subsidiary or subsidiaries) collectively is BEHL's indirect single largest shareholder with at least 40% effective interest in BEHL's issued ordinary share capital;

(iii) BEHL (and/or as may be through its subsidiary or subsidiaries) collectively is BEWG's indirect single largest shareholder with at least 35% effective interest in BEWG's issued ordinary share capital; and

(iv) BEWG (and/or as may be through its subsidiary or subsidiaries) collectively is the Company's indirect single largest shareholder with at least 30% effective interest in the Company's issued ordinary share capital.

If any of the above events of default occur, the bank(s) may, by notice to the Company, cancel the Facility Agreement(s), and/or declare all outstanding amounts together with interest and all others amounts accrued to be immediately due and payable and/or payable on demand.

* *For identification purposes only*

INTERIM DIVIDEND

The Board declared an interim dividend of HK1.2 cents per ordinary share for the six months ended 30 June 2024, payable to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 13 September 2024.

CLOSURES OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 11 September 2024 to Friday, 13 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 Investor Services Limited, 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. The interim dividend is expected to be paid on or around Monday, 7 October 2024.

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

The Company repurchased a total of 39,700,000 ordinary shares of the Company on the Stock Exchange during the period at an aggregate consideration of HK$22,569,180 (before expense). All the repurchased shares were cancelled by the Company as at the date of this report. Details of repurchase of such ordinary shares were as follows:

Month/Year	Number of ordinary shares repurchased	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		(HK$)	*(HK$)*	*(HK$)*
January 2024	39,700,000	0.60	0.51	22,569,180
Total:	39,700,000			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 period.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Company strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. For further details of corporate governance practices of the Company, please refer to the "Corporate Governance Report" section contained in the Company's 2023 annual report.

During the six months ended 30 June 2024, the Company has applied the principles of good corporate governance and complied with all code provisions set out in the Corporate Governance Code (Appendix C1 of the Listing Rules of the Stock Exchange).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all the Directors, all the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors namely Mr. Wu Tak Kong (the chairman of the Audit Committee), Dr. Du Huanzheng and Ms. Judith Yu. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control of the Company. The interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.