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(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

- Profit attributable to shareholders of the Company increased by 124% to HK\$1,556.5 million for the six months ended 30 June 2023 as compared to HK\$694.0 million for the last period.
- EBITDA amounted to HK\$5,373.8 million, representing an increase of 41% as compared with that of HK\$3,811.8 million for the last period.
- Basic and diluted earnings per share for the period were HK15.31 cents and HK15.28 cents respectively.
- Interim dividend of HK7.0 cents per share is proposed for the six months ended 30 June 2023, the dividend payout ratio is 46%.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Water Group Limited (the “Company” or “BEWG”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2023 with comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
REVENUE	3	13,730,787	10,645,939
Cost of sales		<u>(8,696,095)</u>	<u>(6,038,227)</u>
Gross profit		5,034,692	4,607,712
Interest income		491,314	564,237
Other income and gains, net		504,470	821,760
Administrative expenses		(1,463,991)	(1,326,146)
Other operating expenses, net		<u>(345,572)</u>	<u>(1,800,948)</u>
PROFIT FROM OPERATING ACTIVITIES	4	4,220,913	2,866,615
Finance costs	5	(1,752,952)	(1,423,358)
Share of profits and losses of:			
Joint ventures		312,265	357,360
Associates		<u>71,494</u>	<u>142,870</u>
PROFIT BEFORE TAX		2,851,720	1,943,487
Income tax expense	6	<u>(627,122)</u>	<u>(535,408)</u>
PROFIT FOR THE PERIOD		<u>2,224,598</u>	<u>1,408,079</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		1,556,538	694,029
Holders of perpetual capital instruments		52,217	55,355
Non-controlling interests		<u>615,843</u>	<u>658,695</u>
		<u>2,224,598</u>	<u>1,408,079</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic		<u>HK15.31 cents</u>	<u>HK6.64 cents</u>
– Diluted		<u>HK15.28 cents</u>	<u>HK6.61 cents</u>

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	2,224,598	1,408,079
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
– Translation of foreign operations	(4,544,148)	(3,671,924)
– Release upon disposal of subsidiaries	5,346	(157)
– Release upon deemed disposal of partial interest in an associate	–	(9,918)
	<u>(4,538,802)</u>	<u>(3,681,999)</u>
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
– Share of other comprehensive income of a joint venture	111	2,678
– Changes in fair value of equity investments designated at fair value through other comprehensive income	(35,154)	14,562
	<u>(35,043)</u>	<u>17,240</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	<u>(4,573,845)</u>	<u>(3,664,759)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(2,349,247)</u></u>	<u><u>(2,256,680)</u></u>
ATTRIBUTABLE TO:		
Shareholders of the Company	(1,689,294)	(2,124,469)
Holder of perpetual capital instruments	(70,578)	(55,071)
Non-controlling interests	(589,375)	(77,140)
	<u><u>(2,349,247)</u></u>	<u><u>(2,256,680)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets:			
Property, plant and equipment		8,417,617	8,905,370
Right-of-use assets		889,536	953,159
Investment properties		674,972	701,651
Goodwill		4,161,483	4,212,037
Operating concessions		11,380,985	10,806,143
Other intangible assets		431,031	457,331
Investments in joint ventures		10,321,376	10,610,306
Investments in associates		3,560,747	3,782,687
Equity investments designated at fair value through other comprehensive income		835,282	900,874
Financial assets at fair value through profit or loss		12,271	–
Amounts due from contract customers		26,692,976	22,700,825
Receivables under service concession arrangements	9	55,219,116	58,470,512
Trade receivables	10	12,006,108	12,848,693
Prepayments, deposits and other receivables	11	1,370,365	1,574,914
Deferred tax assets		398,771	435,374
Total non-current assets		<u>136,372,636</u>	<u>137,359,876</u>
Current assets:			
Inventories		436,309	390,288
Amounts due from contract customers		2,477,689	4,391,268
Receivables under service concession arrangements	9	8,620,285	7,788,022
Trade receivables	10	10,941,465	11,015,424
Prepayments, deposits and other receivables	11	9,177,004	9,273,417
Restricted cash and pledged deposits		300,868	563,552
Cash and cash equivalents		13,522,265	13,163,864
Total current assets		<u>45,475,885</u>	<u>46,585,835</u>
TOTAL ASSETS		<u><u>181,848,521</u></u>	<u><u>183,945,711</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023

		30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		1,004,661	1,004,661
Perpetual capital instrument		2,293,752	1,187,358
Reserves		29,098,854	31,687,981
		32,397,267	33,880,000
Perpetual capital instruments		2,701,497	2,824,292
Non-controlling interests		22,032,241	22,759,209
		24,733,738	25,583,501
TOTAL EQUITY		57,131,005	59,463,501
Non-current liabilities:			
Other payables and accruals	12	717,457	775,586
Bank and other borrowings		61,318,402	55,270,466
Corporate bonds		11,940,543	10,817,388
Lease liabilities		185,923	220,565
Provision for major overhauls		496,471	415,532
Deferred income		1,010,296	1,206,712
Deferred tax liabilities		4,939,752	5,034,803
		80,608,844	73,741,052
Current liabilities:			
Trade payables	13	22,559,881	22,638,089
Other payables and accruals	12	9,230,820	10,570,256
Income tax payables		1,323,241	1,432,226
Bank and other borrowings		7,674,771	8,554,871
Corporate bonds		3,259,822	7,452,619
Lease liabilities		60,137	93,097
		44,108,672	50,741,158
TOTAL LIABILITIES		124,717,516	124,482,210
TOTAL EQUITY AND LIABILITIES		181,848,521	183,945,711

NOTES:

1.1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. During the six months ended 30 June 2023, the Group was involved in the following principal activities:

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

1.2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s interim financial information, as further detailed in note 1.3 below.

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

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised HKFRSs for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 12 *Deferred Tax* related to *Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The adoption of the amendments has had no significant impact on the Group's unaudited interim condensed consolidated financial information.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2. OPERATING SEGMENT INFORMATION

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit for the period attributable to shareholders of the Company. The profit for the period attributable to shareholders of the Company is measured consistently with the Group's profit attributable to shareholders of the Company, except interest income on loans to joint ventures and an associate, loss on deemed disposal of partial interest in an associate, gain on bargain purchase of subsidiaries, finance costs, share of profits and losses of certain joint ventures and associates, as well as head office and corporate income and expenses are excluded from such measurement.

For the six months ended 30 June 2023

	Sewage and reclaimed water treatment and construction services (Unaudited) <i>HK\$'000</i>	Water distribution services (Unaudited) <i>HK\$'000</i>	Technical and consultancy services and sales of machineries (Unaudited) <i>HK\$'000</i>	Urban resources services (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue (<i>note 3</i>)	8,441,429	1,553,237	1,194,977	2,541,144	13,730,787
Cost of sales	<u>(5,136,103)</u>	<u>(871,873)</u>	<u>(731,926)</u>	<u>(1,956,193)</u>	<u>(8,696,095)</u>
Gross profit	<u>3,305,326</u>	<u>681,364</u>	<u>463,051</u>	<u>584,951</u>	<u>5,034,692</u>
Segment results:					
The Group	3,429,152	591,785	278,505	365,217	4,664,659
Share of profits and losses of:					
Joint ventures	224,194	97,496	(9,539)	(1,127)	311,024
Associates	<u>8,552</u>	<u>125</u>	<u>(2,355)</u>	<u>-</u>	<u>6,322</u>
	<u>3,661,898</u>	<u>689,406</u>	<u>266,611</u>	<u>364,090</u>	4,982,005
Corporate and other unallocated income and expenses, net					(443,746)
Share of profits of joint ventures and associates					66,413
Finance costs					<u>(1,752,952)</u>
Profit before tax					2,851,720
Income tax expense					<u>(627,122)</u>
Profit for the period					<u>2,224,598</u>
Profit for the period attributable to shareholders of the Company:					
Operating segments	<u>2,989,130</u>	<u>510,602</u>	<u>214,752</u>	<u>79,400</u>	3,793,884
Corporate and other unallocated items					<u>(2,237,346)</u>
					<u>1,556,538</u>

For the six months ended 30 June 2022

	Sewage and reclaimed water treatment and construction services (Unaudited) <i>HK\$'000</i>	Water distribution services (Unaudited) <i>HK\$'000</i>	Technical and consultancy services and sales of machineries (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue (note 3)	7,994,152	1,561,979	1,089,808	10,645,939
Cost of sales	<u>(4,542,630)</u>	<u>(836,522)</u>	<u>(659,075)</u>	<u>(6,038,227)</u>
Gross profit	<u>3,451,522</u>	<u>725,457</u>	<u>430,733</u>	<u>4,607,712</u>
Segment results:				
The Group	3,585,058	666,382	219,256	4,470,696
Share of profits and losses of:				
Joint ventures	249,737	111,299	(3,454)	357,582
Associates	<u>14,861</u>	<u>2,524</u>	<u>(16,054)</u>	<u>1,331</u>
	<u>3,849,656</u>	<u>780,205</u>	<u>199,748</u>	4,829,609
Corporate and other unallocated income and expenses, net				(1,604,081)
Share of profits of joint ventures and associates				141,317
Finance costs				<u>(1,423,358)</u>
Profit before tax				1,943,487
Income tax expense				<u>(535,408)</u>
Profit for the period				<u>1,408,079</u>
Profit for the period attributable to shareholders of the Company:				
Operating segments	<u>3,074,667</u>	<u>590,373</u>	<u>143,757</u>	3,808,797
Corporate and other unallocated items				<u>(3,114,768)</u>
				<u>694,029</u>

Geographical information

	For the six months ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Revenue from external customers:		
Mainland China	13,012,265	9,926,751
Elsewhere	718,522	719,188
	<u>13,730,787</u>	<u>10,645,939</u>

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

Information about major customers

During the period ended 30 June 2023, the Group had no transaction with any single external customer which contributed over 10% of the Group's total revenue for the period (six months ended 30 June 2022: Nil).

3. REVENUE

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	4,773,570	4,942,237
Construction services	3,667,859	3,051,915
Water distribution services	1,553,237	1,561,979
Technical and consultancy services and sales of machineries	1,194,977	1,089,808
Environmental hygiene services	2,166,830	–
Hazardous waste treatment services and sale of refined chemical and other products	374,314	–
	<u>13,730,787</u>	<u>10,645,939</u>

Imputed interest income under service concession arrangements amounting to HK\$1,730,314,000 (six months ended 30 June 2022: HK\$1,614,279,000) is included in the above revenue.

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Cost of sewage and reclaimed water treatment services rendered	1,927,634	1,905,121
Cost of construction services	3,000,236	2,477,525
Cost of water distribution services	824,930	776,782
Cost of technical and consultancy services rendered and machineries sold	731,926	659,075
Cost of environmental hygiene services	1,650,402	–
Cost of hazardous waste treatment services and sale of refined chemical and other products	305,791	–
Depreciation of property, plant and equipment	442,595	178,845
Depreciation of right-of-use assets	41,480	22,562
Amortisation of operating concessions*	255,176	219,724
Amortisation of other intangible assets*	29,835	23,853

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other loans	1,493,278	1,010,506
Interest on corporate bonds	349,329	392,325
Interest on notes payable	–	73,893
Interest on lease liabilities	5,051	2,666
Total interest expense	1,847,658	1,479,390
Increase in discounted amounts of provision for major overhauls arising from the passage of time	26,952	21,021
Total finance costs	1,874,610	1,500,411
Less: Interest included in cost of construction services	(121,658)	(77,053)
	<u>1,752,952</u>	<u>1,423,358</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%).

The income tax provisions in respect of operations in Mainland China and other countries are calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (1) these companies are engaged in the operations of environmental protection, energy and water conservation; and/or (2) they have operations in the Western regions of Mainland China 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 Mainland China.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong	3,566	4,706
Current – Mainland China	404,441	318,819
Current – Elsewhere	17,507	19,613
Deferred	201,608	192,270
	<hr/>	<hr/>
Total tax expense for the period	627,122	535,408
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7. INTERIM DIVIDEND

On 29 August 2023, the Board declared an interim cash dividend of HK7.0 cents (six months ended 30 June 2022: HK7.0 cents) per ordinary share amounting to a total of approximately HK\$703,263,000 (six months ended 30 June 2022: HK\$708,706,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the distribution related to the perpetual capital instrument, for the six months ended 30 June 2023, and the weighted average number of 10,046,609,871 (six months ended 30 June 2022: 10,135,821,871) ordinary shares in issue less the weighted average number of 48,757,534 (six months ended 30 June 2022: 33,551,979) ordinary shares held under the share award scheme of the Company during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the distribution related to the perpetual capital instrument and a dilutive effect of share options of an associate. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Earnings		
Profit for the period attributable to shareholders of the Company	1,556,538	694,029
Distribution related to the perpetual capital instrument	(25,832)	(23,479)
	<hr/>	<hr/>
Profit used in the basic earnings per share calculation	1,530,706	670,550
Effect of dilution on earnings in respect of share options of an associate	(571)	(877)
	<hr/>	<hr/>
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u>1,530,135</u>	<u>669,673</u>

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic earnings per share calculation	9,997,852,337	10,102,269,892
Effect of dilution on weighted average number of ordinary shares		
– Share options which have dilutive effect	–	25,476,267
– Share awards which have dilutive effect	16,996,322	69,293
	<hr/>	<hr/>
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	<u>10,014,848,659</u>	<u>10,127,815,452</u>

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

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

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Billed:		
Within 3 months	3,279,034	3,255,421
4 to 6 months	1,441,525	2,055,861
7 to 12 months	2,625,420	1,134,759
Over 1 year	<u>1,274,306</u>	<u>1,341,981</u>
	8,620,285	7,788,022
Unbilled:		
Non-current portion*	<u>55,219,116</u>	<u>58,470,512</u>
Total	<u>63,839,401</u>	<u>66,258,534</u>

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

10. TRADE RECEIVABLES

The Group's trade receivables arise from the provision of construction services for comprehensive renovation projects, water distribution services on the Build-Own-Operate basis, technical and consultancy services, urban resources services and sale of machineries. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months, except for customers of the construction services for comprehensive renovation projects, who will settle the amounts owed to the Group in a number of specified instalments covering periods ranging from 1 year to 25 years. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Apart from the trade receivables of certain construction services for comprehensive renovation projects which bear interest at rates ranging from 4.8% to 15.0% (31 December 2022: 4.8% to 15.0%) per annum, all other trade receivables are non-interest-bearing.

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

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Billed:		
Within 3 months	4,063,787	3,846,268
4 to 6 months	1,545,038	1,825,015
7 to 12 months	2,106,852	2,260,847
Over 1 year	3,225,788	3,083,294
Balance with extended credit period	32,263	33,729
	10,973,728	11,049,153
Unbilled*	11,973,845	12,814,964
	22,947,573	23,864,117
Portion classified as current assets	(10,941,465)	(11,015,424)
Non-current portion	12,006,108	12,848,693

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Prepayments	634,223	748,404
Deposits and other debtors	5,765,331	5,676,277
Advances to subcontractors and suppliers	3,319,249	3,465,091
Due from joint ventures	1,244,429	1,327,191
Due from associates	48,211	143,461
Due from non-controlling equity holders	241,773	244,448
Due from other related parties	276,068	270,804
	<u>11,529,284</u>	<u>11,875,676</u>
Impairment	(981,915)	(1,027,345)
	<u>10,547,369</u>	<u>10,848,331</u>
Portion classified as current assets	(9,177,004)	(9,273,417)
	<u>1,370,365</u>	<u>1,574,914</u>

12. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Accruals	1,132,643	1,352,584
Other liabilities	3,976,683	5,138,846
Contract liabilities	1,486,120	1,482,489
Due to subcontractors	821,669	899,682
Due to joint ventures	1,394,028	1,327,332
Due to associates	51,516	70,262
Due to related parties	249,938	225,826
Other taxes payables	835,680	848,821
	<u>9,948,277</u>	<u>11,345,842</u>
Portion classified as current liabilities	(9,230,820)	(10,570,256)
	<u>717,457</u>	<u>775,586</u>

13. TRADE PAYABLES

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

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Within 3 months	8,500,680	9,413,357
4 to 6 months	1,399,331	1,665,679
7 months to 1 year	1,551,089	1,609,412
1 to 2 years	4,317,551	5,412,642
2 to 3 years	3,307,600	1,858,937
Over 3 years	3,336,857	2,524,601
Balance with extended credit period	146,773	153,461
	<u>22,559,881</u>	<u>22,638,089</u>

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

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2023 amounted to HK\$1,367,213,000 (unaudited) (31 December 2022: net current liabilities of HK\$4,155,323,000) and HK\$137,739,849,000 (unaudited) (31 December 2022: HK\$133,204,553,000), respectively.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period attributable to shareholders of the Company increased by 124% to HK\$1,556.5 million. Revenue increased by 29% to HK\$13,730.8 million as a result of increase in revenue contribution from construction services for the BOT water projects and consolidation of Beijing Enterprises Urban Resources Group Limited (“BEURG”) since the second half of last year.

1. Financial highlights

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	HK\$'M	%		HK\$'M	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,544.4	33%	57%	2,040.9	54%
– Joint ventures and associates				152.2	4%
				2,193.1	58%
Overseas					
– Subsidiaries	229.2	2%	16%	16.9	–
	4,773.6	35%		2,210.0	58%
Water distribution services					
China					
– Subsidiaries	1,280.3	9%	47%	364.7	10%
– Joint ventures				79.5	2%
				444.2	12%
Overseas					
– Subsidiaries	272.9	2%	27%	48.3	1%
– Joint ventures				18.1	–
				66.4	1%
	1,553.2	11%		510.6	13%
Subtotal	6,326.8	46%		2,720.6	71%

	Revenue		GP ratio		Profit attributable to shareholders of the Company	
	HK\$'M	%		%	HK\$'M	%
2. Construction services for the water environmental renovation						
Construction services for comprehensive renovation projects						
– Projects with completion rate more than 10% [§]	368.0	3%	17%	134.9	4%	
– Interest income	–	–	–	218.5	6%	
	368.0	3%	17%	353.4	10%	
Construction of BOT water projects	3,299.9	24%	18%	425.7	11%	
Subtotal	<u>3,667.9</u>	<u>27%</u>		<u>779.1</u>	<u>21%</u>	
3. Technical services and sale of machineries for the water environmental renovation	1,195.0	9%	39%	214.8	6%	
4. Urban resources services	<u>2,541.1</u>	<u>18%</u>	23%	<u>79.4</u>	<u>2%</u>	
Business results	<u><u>13,730.8</u></u>	<u><u>100%</u></u>		<u><u>3,793.9</u></u>	<u><u>100%</u></u>	
Others[#]				<u>(2,237.4)</u>		
Total				<u><u>1,556.5</u></u>		

[#] Others included head office expense and other cost, net, of HK\$498.6 million, share of profit of joint ventures and associates of HK\$66.4 million, finance costs of HK\$1,753.0 million and profit attributable to holders of perpetual capital instruments of HK\$52.2 million. Others represented items that cannot be allocated to the operating segments.

[§] Profit attributable to shareholders of the Company included share of profits of joint ventures and associates of HK\$81.1 million.

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	HK\$'M	%		HK\$'M	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,704.0	44%	60%	2,177.2	57%
– Joint ventures and associates				146.8	4%
				2,324.0	61%
Overseas					
– Subsidiaries	238.3	2%	23%	32.2	1%
	4,942.3	46%		2,356.2	62%
Water distribution services					
China					
– Subsidiaries	1,299.0	12%	50%	419.2	11%
– Joint ventures				99.6	3%
				518.8	14%
Overseas					
– Subsidiaries	262.9	3%	30%	57.3	1%
– Joint ventures				14.2	–
				71.5	1%
	1,561.9	15%		590.3	15%
Subtotal	6,504.2	61%		2,946.5	77%

	Revenue		GP ratio		Profit attributable to shareholders of the Company	
	HK\$'M	%		%	HK\$'M	%
2. Construction services for the water environmental renovation						
Construction services for comprehensive renovation projects						
– Projects with completion rate more than 10% [§]	819.3	8%	17%	208.0	5%	
– Interest income	–	–	–	221.9	6%	
	819.3	8%	17%	429.9	11%	
Construction of BOT water projects	2,232.6	21%	19%	288.5	8%	
Subtotal	3,051.9	29%		718.4	19%	
3. Technical services and sale of machineries for the water environmental renovation	1,089.8	10%	40%	143.8	4%	
Business results	<u>10,645.9</u>	<u>100%</u>		<u>3,808.7</u>	<u>100%</u>	
Others[#]				<u>(3,114.7)</u>		
Total				<u>694.0</u>		

[#] Others included head office expense and other cost, net, of HK\$686.2 million, loss on deemed disposal of an associate of HK\$1,091.0 million, share of profit of joint ventures and associates of HK\$141.3 million, finance costs of HK\$1,423.4 million and profit attributable to holders of perpetual capital instruments of HK\$55.4 million. Others represented items that cannot be allocated to the operating segments.

[§] Profit attributable to shareholders of the Company included share of profits of joint ventures and associates of HK\$112.7 million.

The comparison of the Group's financial results for the six months ended 30 June 2023 and 2022 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June		Increase/(Decrease)		For the six months ended 30 June		Increase/(Decrease)	
	2023 HK\$'M	2022 HK\$'M	HK\$'M	%	2023 HK\$'M	2022 HK\$'M	HK\$'M	%
1. Water treatment services								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	4,544.4	4,704.0	(159.6)	(3%)	2,040.9	2,177.2	(136.3)	(6%)
– Joint ventures and associates					152.2	146.8	5.4	4%
					2,193.1	2,324.0	(130.9)	(6%)
GP ratio	57%	60%		(3%)				
Overseas								
– Subsidiaries	229.2	238.3	(9.1)	(4%)	16.9	32.2	(15.3)	(48%)
GP ratio	16%	23%		(7%)				
	4,773.6	4,942.3	(168.7)	(3%)	2,210.0	2,356.2	(146.2)	(6%)
Water distribution services								
China								
– Subsidiaries	1,280.3	1,299.0	(18.7)	(1%)	364.7	419.2	(54.5)	(13%)
– Joint ventures					79.5	99.6	(20.1)	(20%)
					444.2	518.8	(74.6)	(14%)
GP ratio	47%	50%		(3%)				
Overseas								
– Subsidiaries	272.9	262.9	10.0	4%	48.3	57.3	(9.0)	(16%)
– Joint ventures					18.1	14.2	3.9	27%
					66.4	71.5	(5.1)	(7%)
GP ratio	27%	30%		(3%)				
	1,553.2	1,561.9	(8.7)	(1%)	510.6	590.3	(79.7)	(14%)
Subtotal	6,326.8	6,504.2	(177.4)	(3%)	2,720.6	2,946.5	(225.9)	(8%)
2. Construction services for the water environmental renovation								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	368.0	819.3	(451.3)	(55%)	134.9	208.0	(73.1)	(35%)
– Interest income	–	–	–	–	218.5	221.9	(3.4)	(2%)
	368.0	819.3	(451.3)	(55%)	353.4	429.9	(76.5)	(18%)
GP ratio	17%	17%		–				
Construction of BOT water projects								
– China	3,299.9	2,232.6	1,067.3	48%	425.7	288.5	137.2	48%
GP ratio	18%	19%		(1%)				
Subtotal	3,667.9	3,051.9	616.0	20%	779.1	718.4	60.7	8%
3. Technical services and sale of machineries for the water environmental renovation								
GP ratio	1,195.0	1,089.8	105.2	10%	214.8	143.8	71.0	49%
	39%	40%		(1%)				
4. Urban resources services	2,541.1	–	2,541.1	–	79.4	–	79.4	–
GP ratio	23%	–		–				
Business results	13,730.8	10,645.9	3,084.9	29%	3,793.9	3,808.7	(14.8)	–
Others					(2,237.4)	(3,114.7)	877.3	(28%)
Total					1,556.5	694.0	862.5	124%

2. Business review

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

2.1 Water treatment services

As at 30 June 2023, the Group entered into service concession arrangements and entrustment agreements for a total of 1,447 water plants and town-size sewage treatment facilities including 1,203 sewage treatment plants and town-size sewage treatment facilities, 174 water distribution plants, 69 reclaimed water treatment plants and a seawater desalination plant. Total daily design capacity for new projects secured for the period was 534,672 tons including Build-Operate-Transfer (“BOT”) projects of 29,795 tons, Transfer-Operate-Transfer (“TOT”) projects of 95,000 tons, Build-Own-Operate (“BOO”) projects of 62,877 tons, entrustment operation projects of 292,000 tons and 55,000 tons through mergers and acquisitions.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 1,011,380 tons during the period. As at 30 June 2023, total daily design capacity was 43,810,385 tons.

During the period, the Group entered into a service concession arrangement for town-size sewage treatment projects with aggregate daily capacity of 13,000 tons.

Analysis of projects on hand is as follows:

	Sewage treatment	Reclaimed water treatment	Water distribution	Seawater desalination	Total
<i>(Tons/Day)</i>					
China					
In operation	18,752,465	1,937,088	10,040,237	–	30,729,790
Not yet commenced operation/Not yet transferred	<u>5,531,150</u>	<u>2,249,000</u>	<u>3,448,377</u>	–	<u>11,228,527</u>
Subtotal	<u>24,283,615</u>	<u>4,186,088</u>	<u>13,488,614</u>	–	<u>41,958,317</u>
Overseas					
In operation	217,518	267,350	1,067,200	300,000	1,852,068
Not yet commenced operation/Not yet transferred	–	–	–	–	–
Subtotal	<u>217,518</u>	<u>267,350</u>	<u>1,067,200</u>	<u>300,000</u>	<u>1,852,068</u>
Total	<u>24,501,133</u>	<u>4,453,438</u>	<u>14,555,814</u>	<u>300,000</u>	<u>43,810,385</u>
<i>(Number of water plants and town-size sewage treatment facilities)</i>					
China					
In operation	928	40	122	–	1,090
Not yet commenced operation/Not yet transferred	<u>228</u>	<u>24</u>	<u>18</u>	–	<u>270</u>
Subtotal	<u>1,156</u>	<u>64</u>	<u>140</u>	–	<u>1,360</u>
Overseas					
In operation	47	5	34	1	87
Not yet commenced operation/Not yet transferred	–	–	–	–	–
Subtotal	<u>47</u>	<u>5</u>	<u>34</u>	<u>1</u>	<u>87</u>
Total	<u>1,203</u>	<u>69</u>	<u>174</u>	<u>1</u>	<u>1,447</u>

	Number of plants and town-size sewage treatment facilities	Design capacity (Tons/Day)	Actual processing volume during the period* (Tons (M))	Revenue (HK\$'M)	Profit attributable to shareholders of the Company (HK\$'M)
Sewage and reclaimed water treatment services:					
Mainland China:					
– Southern China	332	4,365,555	675.9	989.5	375.7
– Western China	319	2,604,410	358.6	911.3	458.5
– Shandong	55	2,607,000	376.5	649.7	365.8
– Eastern China	133	5,745,876	787.4	1,015.0	396.5
– Northern China	129	5,366,712	610.4	978.9	596.6
	968	20,689,553	2,808.8	4,544.4	2,193.1
Overseas	52	484,868	51.8	229.2	16.9
Subtotal	1,020	21,174,421	2,860.6	4,773.6	2,210.0
Water distribution services:					
Mainland China	122	10,040,237	1,042.6	1,280.3	444.2
Overseas [§]	35	1,367,200	72.2	272.9	66.4
Subtotal	157	11,407,437	1,114.8	1,553.2	510.6
Total	1,177	32,581,858	3,975.4	6,326.8	2,720.6

* Excluded entrustment operation contracts with fixed service fee

§ Included a seawater desalination plant

2.1.1 Sewage and reclaimed water treatment services

2.1.1a Mainland China:

As at 30 June 2023, the Group had 928 sewage treatment plants and town-size sewage treatment facilities and 40 reclaimed water plants in operation in Mainland China. Total daily design capacity in operation of sewage treatment plants and town-size sewage treatment facilities and reclaimed water plants reached to 18,752,465 tons (31 December 2022: 18,517,545 tons) and 1,937,088 tons (31 December 2022: 2,193,488 tons), respectively. The average daily processing volume is 15,726,560 tons* and average daily treatment rate is 79%*. The actual average contracted tariff charge of water treatment was approximately RMB1.48 per ton (31 December 2022: RMB1.47 per ton) for water plants. The actual aggregate processing volume for the period was 2,808.8 million tons, of which 2,549.9 million tons was contributed by subsidiaries and 258.9 million tons was contributed by joint ventures and associates. Total revenue for the period was HK\$4,544.4 million. Net profit attributable to shareholders of the Company was HK\$2,193.1 million, of which HK\$2,040.9 million was contributed by subsidiaries and HK\$152.2 million was contributed by joint ventures and associates. The information of sewage and reclaimed water treatment services in Mainland China is as follows:

Southern China

Plants in Southern China were mainly located in Guangdong Province, Hunan Province, Fujian Province and Shaanxi Province. As at 30 June 2023, there were 332 plants and town-size sewage treatment facilities with total daily design capacity of 4,365,555 tons, representing an increase of 45,000 tons or 1% as compared with last year. The actual aggregate processing volume for the period amounted to 675.9 million tons. The operating revenue and profit attributable to shareholders of the Company were HK\$989.5 million and HK\$375.7 million respectively during the period.

* *Excluded entrustments operation contracts with fixed service fee*

Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 30 June 2023, there were 319 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,604,410 tons, representing an decrease of 13,580 tons per day as compared with last year. The actual processing volume for the period was 358.6 million tons. The operating revenue of HK\$911.3 million was recorded during the period. Profit attributable to shareholders of the Company amounted to HK\$458.5 million.

Shandong

There were 55 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,607,000 tons, representing an increase of 50,000 tons per day or 2% as compared with last year. The actual processing volume for the period was 376.5 million tons contributing operating revenue of HK\$649.7 million during the period. Profit attributable to shareholders of the Company was HK\$365.8 million.

Eastern China

There were 133 water plants and town-size sewage treatment facilities in Eastern China which were mainly located in Zhejiang Province, Jiangsu Province, Henan Province and Anhui Province. As at 30 June 2023, the total daily design capacity of Eastern China had decreased by 299,200 tons to 5,745,876 tons or 5% as compared with last year. The actual processing volume for the period amounted to 787.4 million tons and operating revenue was HK\$1,015.0 million during the period. Profit attributable to shareholders of the Company was HK\$396.5 million.

Northern China

Currently, the Group has 129 plants and town-size sewage treatment facilities under operation in Northern China. They are mainly located in Liaoning Province and Beijing. The daily design capacity of Northern China had increased by 196,300 tons to 5,366,712 tons or 4% as compared with last year. The projects achieved actual processing volume of 610.4 million tons for the period. The operating revenue was HK\$978.9 million during the period. Profit attributable to shareholders of the Company was HK\$596.6 million.

2.1.1b Overseas:

As at 30 June 2023, the Group had 47 sewage treatment plants and 5 reclaimed water plants in Portugal, Singapore, Australia and New Zealand. Total daily design capacity in operation was 484,868 tons. The actual processing volume for the period is 51.8 million tons. Total revenue for the period was HK\$229.2 million. Profit attributable to shareholders of the Company was HK\$16.9 million.

2.1.2 Water distribution services

2.1.2a Mainland China:

As at 30 June 2023, the Group had 122 water distribution plants in operation. Total daily design capacity in operation was 10,040,237 tons (31 December 2022: 9,708,442 tons). The plants were located in Guizhou Province, Fujian Province, Guangdong Province, Hunan Province, Hebei Province, Shandong Province, Henan Province, Guangxi Province and Inner Mongolia Autonomous Region. The actual average contracted tariff charge of water distribution is approximately RMB2.16 per ton (31 December 2022: RMB2.13 per ton). The aggregate actual processing volume is 1,042.6 million tons, of which 590.6 million tons was contributed by subsidiaries, which recorded revenue of HK\$1,280.3 million and 452.0 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was HK\$444.2 million, of which profit of HK\$364.7 million was contributed by subsidiaries and a profit of HK\$79.5 million in aggregate was contributed by joint ventures.

2.1.2b Overseas:

As at 30 June 2023, the Group had 34 water distribution plants and a sea desalination plant which supplies drinking water in Portugal and Australia. Total daily design capacity in operation was 1,367,200 tons. The actual processing volume for the period is 72.2 million tons of which 40.0 million tons was contributed by subsidiaries and 32.2 million tons was contributed by joint ventures. Total revenue for the period was HK\$272.9 million. Profit attributable to shareholders of the Company was HK\$66.4 million.

2.2 Construction services for the water environmental renovation

2.2.1 Construction services for comprehensive renovation projects

The Group had 15 comprehensive renovation projects under construction during the period. The projects mainly located in Inner Mongolia. Last period, the Group had 18 comprehensive renovation projects under construction in Inner Mongolia, Henan Luoyang and Guangdong Foshan.

Revenue from comprehensive renovation projects decreased by HK\$451.3 million from last period of HK\$819.3 million to HK\$368.0 million this period.

According to the construction contracts, the Group charges an interest on the trade receivables from the customers with reference to certain mark-up on The People's Bank of China's lending rate for the period from the completion of the construction to time of the receipt of the trade receivables. Interest income from water environmental renovation projects attributable to shareholders of the Company was HK\$218.5 million for this period (six months ended 30 June 2022: HK\$221.9 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects decreased by HK\$76.5 million from last period of HK\$429.9 million to HK\$353.4 million this period.

The Group had already stopped investing in water environmental comprehensive renovation projects. With the gradual completion of the construction of water environmental renovation projects in hand or entering into the final stage of construction works, thus, there was a decrease in the construction revenue contributed by these projects. As such, there is a decrease in profit attributable to shareholders of the Company from construction services for the water environmental renovation.

2.2.2 Construction of BOT water projects

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

During the period, water plants under construction were mainly located in Guangdong, Henan, Hunan, Shanxi and Yunnan provinces. Total revenue for construction of BOT water projects was HK\$3,299.9 million (six months ended 30 June 2022: HK\$2,232.6 million) and profit attributable to shareholders of the Company was HK\$425.7 million (six months ended 30 June 2022: HK\$288.5 million). During the period, construction works in all construction sites resumed full operation after the pandemic. As such, there was an increase in revenue and profit attributable to shareholders of the Company during the period.

2.3 Technical services and sales of machineries for the water environmental renovation

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

Revenue from the provision of technical services and sales of machineries was HK\$1,195.0 million (six months ended 30 June 2022: HK\$1,089.8 million), representing 9% of the Group's total revenue. Profit attributable to shareholders of the Company was HK\$214.8 million (six months ended 30 June 2022: HK\$143.8 million). During this period, the business development of technical services project is resumed after the pandemic. As such, there was an increase in revenue and profit attributable to shareholders of the Company during the period.

2.4 Urban resources services

From 30 June 2022 onwards, the Group consolidated the results of BEURG. BEURG is principally engaged in environmental hygiene services, hazardous waste treatment business and waste electrical and electronic equipment treatment business. As at 30 June 2023, BEURG had 152 environmental hygiene services projects, 9 hazardous waste treatment projects in operation and 2 revenue-generating waste electrical and electronic equipment treatment projects. For the six months ended 30 June 2023, BEURG's revenue was HK\$2,541.1 million and the profit attributable to the Group was HK\$79.4 million. From 1 January 2022 to the commencement date of consolidation in last period, the share of profit of BEURG was HK\$43.1 million which was recognized under the share of profit of associates.

3. Financial analysis

3.1 Revenue

During the period, the Group recorded revenue of HK\$13,730.8 million (six months ended 30 June 2022: HK\$10,645.9 million). The increase was mainly due to the increase in revenue from construction services for the BOT water projects and consolidation of BEURG.

3.2 Cost of sales

Cost of sales for the period amounted to HK\$8,696.1 million, compared to last period of HK\$6,038.2 million. The increase was mainly due to increase in cost of construction services rendered of HK\$522.7 million and consolidation of BEURG which resulted in increase in cost of sales of HK\$1,956.2 million. Cost of sales mainly included construction costs of HK\$3,000.2 million and operating costs of water plants of HK\$3,007.7 million. The construction costs mainly consisted of subcontracting charges. The operating costs of water plants, mainly included electricity charges of HK\$733.8 million, staff costs of HK\$761.9 million and major overhaul charges of HK\$162.2 million. Major overhaul charges were the estimated expenditure to be incurred for the restoration of water plants before they are handed over to the grantor at the end of service arrangements. The amount was estimated based on discounted future cash outlays on major overhauls during the service concession periods. The amount was charged to profit or loss based on amortisation method during the service concession periods.

3.3 Gross profit margin

During the period, gross profit margin decreased from last period of 43% to 37%. Gross margin decreased as there is a change in mix of revenue during this period. The proportion of revenue contribution from water treatment services decreased as a result of consolidation of BEURG. The gross margin of water treatment services is comparatively higher than the urban resources services.

Gross margin for sewage and reclaimed water treatment services:

Gross margin for sewage and reclaimed water treatment services in Mainland China was decreased to 57% (last period: 60%) The decrease in gross margin was mainly due to increment in cost of raw materials (e.g. chemicals) and electricity charges during this period. Gross margin for sewage and reclaimed water treatment services in Overseas was 16% (last period: 23%). Gross margin in Overseas decreased which was mainly due to increase in electricity charges in Singapore during the period.

Gross margin for water distribution services:

Gross margin for water distribution services in Mainland China was 47% (last period: 50%). The decrease in gross margin was mainly due to increment in electricity charges during this period. Gross margin for water distribution services in Overseas was 27% (last period: 30%). Gross margin in Overseas decreased which was mainly due to a flooding in certain part of Australia which affected the water quality and therefore increased the cost of chemical for water treatment.

Gross margin for construction services for comprehensive renovation projects:

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

Gross margin for construction of BOT water projects:

Gross margin for construction of BOT water projects was 18% (last period: 19%).

Gross margin for technical services and sale of machineries for the water environmental renovation:

Gross margin for the technical services and sale of machineries for the water environmental renovation was 39% (last period: 40%).

Gross margin for urban resources services:

Gross margin for urban resources services was 23%.

3.4 Other income and gains, net

The Group recorded other income and gains, net of HK\$504.5 million during the period, compared to last period of HK\$821.8 million. The amount for this period mainly included sludge treatment income of HK\$47.0 million, pipeline installation income of HK\$95.7 million and exchange gains of HK\$59.7 million, and government grant and subsidies of HK\$55.0 million.

3.5 Administrative expenses

Administrative expenses for the period increased to HK\$1,464.0 million, compared to last period of HK\$1,326.1 million. The increase was mainly due to consolidation of BEURG which resulted an increase in administrative expenses of HK\$240.4 million.

3.6 Other operating expenses, net

Other operating expenses for the period decreased to HK\$345.6 million, compared to last period of HK\$1,800.9 million. The other operating expenses for last period included (1) loss on deemed disposal of an associate, Shandong Hi-Speed New Energy Group Limited (“SDHS New Energy”) (formerly known as Beijing Enterprises Clean Energy Group Limited), amounted to HK\$1,091.0 million; and (2) loss on remeasurement of an associate, BEURG, amounted to HK\$173.0 million. There was no such items during this period.

3.7 Finance costs

Interests on bank and other borrowings increased to HK\$1,493.3 million compared to last period of HK\$1,010.5 million. The increase was mainly due to an increase in both of the average borrowings balance and average interest rate during the six months ended 30 June 2023 compared with last period. Interests on corporate bonds and notes payable of HK\$349.3 million (six months ended 30 June 2022: HK\$466.2 million).

3.8 Share of profits of joint ventures

Share of profits of joint ventures decreased to HK\$312.3 million, compared to last period of HK\$357.4 million. The decrease was mainly due to decrease in share of profits of the joint ventures which engaged in water treatment services and construction services for comprehensive renovation projects.

3.9 Share of profits of associates

Share of profits of associates decreased to HK\$71.5 million, compared to last period of HK\$142.9 million. The decrease was mainly due to decrease in share of profits of SDHS New Energy and no share of profit of BEURG as an associate after the consolidation of BEURG since the second half of last year.

3.10 Income tax expense

Income tax expense for the period included the current PRC income tax of HK\$404.4 million. The effective tax rate for the PRC operation was about 17% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax charge for the period was HK\$201.6 million.

3.11 Profit attributable to holders of perpetual capital instruments

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

3.12 Property, plant and equipment

Property, plant and equipment decreased by HK\$487.8 million which was mainly due to depreciation of RMB during the period.

3.13 Right-of-use assets

Right-of-use assets decreased by HK\$63.6 million which was mainly due to depreciation of RMB during the period.

3.14 Investment properties

Investment property mainly represented a portion of a building located in Beijing which the Group held to earn rental income during the period. The investment property was stated at fair value.

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

The Group's total amounts due from contract customers, receivables under service concession arrangements and trade receivables of HK\$115,957.6 million (31 December 2022: HK\$117,214.7 million) included:

By accounting nature:

	30 June 2023			31 December 2022		
	Non-current HK\$'M	Current HK\$'M	Total HK\$'M	Non-current HK\$'M	Current HK\$'M	Total HK\$'M
(i) Amounts due from contract customers	26,692.9	2,477.7	29,170.6	22,700.8	4,391.2	27,092.0
(ii) Receivables under service concession arrangements	55,219.1	8,620.3	63,839.4	58,470.5	7,788.0	66,258.5
(iii) Trade receivables	12,006.1	10,941.5	22,947.6	12,848.7	11,015.5	23,864.2
Total	93,918.1	22,039.5	115,957.6	94,020.0	23,194.7	117,214.7

(i) Amounts due from contract customers of HK\$29,170.6 million represent the balances of accumulated construction costs incurred to date plus recognised accumulated gross profits exceeding progress billings arising from BOT projects and comprehensive renovation projects during the phase of construction. Total balance increased by HK\$2,078.6 million (non-current portion increased by HK\$3,992.1 million and current portion decreased by HK\$1,913.5 million), which was mainly due to recognition of construction revenue during the period;

(ii) Receivables under service concession arrangements of HK\$63,839.4 million represent the fair value of the specified amount that the grantor contractually guarantees to pay under service concession contracts arising from BOT and TOT projects. The decrease in balance by HK\$2,419.1 million (non-current portion decreased by HK\$3,251.4 million and current portion increased by HK\$832.3 million) was mainly due to depreciation of RMB during this period; and

(iii) Trade receivables of HK\$22,947.6 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services, sewage treatment equipment trading and environmental hygiene services and hazardous waste treatment services. The balance decreased by HK\$916.6 million (non-current portion decreased by HK\$842.6 million and current portion decreased by HK\$74.0 million) was mainly due to depreciation of RMB during the period.

By business nature:

	30 June 2023 HK\$'M	31 December 2022 HK\$'M
Water treatment services by BOT and TOT projects	85,093.0	84,229.7
Construction services of comprehensive renovation projects	25,364.2	27,926.9
Technical and consultancy services and other businesses	2,612.4	2,247.4
Environmental hygiene services and hazardous waste treatment businesses	2,888.0	2,810.7
Total	<u>115,957.6</u>	<u>117,214.7</u>

Total receivables, which relates to the BOT and TOT projects, recognised under the service concession agreements in accordance with the HK(IFRIC)-Int 12 Service *Concession Arrangements* were HK\$85,093.0 million (31 December 2022: HK\$84,229.7 million). Total receivables for the construction service of comprehensive renovation projects were HK\$25,364.2 million (31 December 2022: HK\$27,926.9 million). Total receivables for technical and consultancy services and other businesses were HK\$2,612.4 million (31 December 2022: HK\$2,247.4 million). Environmental hygiene services and hazardous waste treatment businesses were HK\$2,888.0 million (31 December 2022: HK\$2,810.7 million).

3.16 Operating concessions

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

3.17 Investments in joint ventures

Investments in joint ventures decreased by HK\$288.9 million, mainly due to depreciation of RMB during the period.

3.18 Investments in associates

Investments in associates decreased by HK\$221.9 million, mainly due to depreciation of RMB during the period.

3.19 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables decreased by HK\$301.0 million (non-current portion decreased by HK\$204.6 million and current portion decreased by HK\$96.4 million), mainly due to the decrease in advances to subcontractors and suppliers and due from associates during the period.

3.20 Cash and cash equivalents

Cash and cash equivalents increased by HK\$358.4 million which was mainly due to increase in bank and other borrowings during the period.

3.21 Other payables and accruals

Other payables and accruals decreased by HK\$1,397.6 million. The decrease was mainly due to the decrease in accruals and other liabilities during the period.

3.22 Perpetual capital instruments under the equity attributable to shareholders of the Company

The Company issued perpetual capital instruments with an aggregate principal amount of RMB1,000 million and RMB1,000 million on 12 May 2020 and 23 May 2023 respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.23 Perpetual capital instruments

Perpetual capital instruments with principal amount of RMB1,000 million and RMB1,500 million were issued by a wholly-owned subsidiary of the Company on 30 August 2021 and 25 October 2021, respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Group subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.24 Non-controlling interests

Non-controlling interests decreased by HK\$727.0 million. Decrease was mainly due to depreciation of RMB during the period.

3.25 Bank and other borrowings

Bank and other borrowings increased by HK\$5,167.8 million. Increase in bank and other borrowings was mainly due to new bank loans utilised to repay corporate bonds and finance for the acquisition and construction of various water projects in the PRC during the period.

3.26 Corporate bonds

Corporate bonds decreased by HK\$3,069.6 million mainly due to the net effect of issuance of new corporate bonds of principal amount of RMB2,500 million, repayment of corporate bonds with principal amount of RMB1,000 million and USD500 million and the depreciation of RMB during the period.

3.27 Trade payables

The decrease in trade payables by HK\$78.2 million was mainly due to depreciation of RMB during the period.

3.28 Deferred Income

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

3.29 Liquidity and financial resources

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

As at 30 June 2023, the Group's cash and cash equivalents amounted to HK\$13,522.3 million (31 December 2022: HK\$13,163.9 million).

The Group's total borrowings amounted to HK\$84,193.6 million (31 December 2022: HK\$82,095.3 million) comprised bank and other borrowings of HK\$68,993.2 million (31 December 2022: HK\$63,825.3 million) and corporate bonds of HK\$15,200.4 million (31 December 2022: HK\$18,270.0 million). All the corporate bonds bear interest at fixed rates. Over 90% of bank and other borrowings bear interest at floating rates.

As at 30 June 2023, the Group had banking facilities amounting to HK\$73.2 billion, of which HK\$37.7 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to 57,131.0 million (31 December 2022: HK\$59,463.5 million). Total equity decreased was mainly due to the depreciation of RMB.

The gearing ratio as defined as sum of bank and other borrowings and corporate bonds, net of cash and cash equivalents, divided by the total equity was 1.24 as at 30 June 2023 (31 December 2022: 1.16). The increase in the gearing ratio as at 30 June 2023 was mainly due to the increase in bank and other borrowings and the decrease in total equity during the period.

3.30 Capital expenditures

During the period, the Group's total capital expenditures were HK\$4,110.9 million (six months ended 30 June 2022: HK\$3,387.9 million), of which HK\$690.3 million was paid for the acquisition of property, plant and equipment, right-of-use assets and intangible assets; HK\$3,418.4 million represented the construction and acquisition of water plants; and HK\$2.2 million represented the consideration for acquisition of equity interests in equity investments and capital injections in joint venture.

4. Future Outlook

4.1 Sustainable Development

The Group embeds the concept of sustainability into its medium-term and long-term development strategies, and lays the solid foundations for BEWG's high-quality and sustainable development by building up corporate sustainability in multiple aspects, such as sustainable innovation, sustainable data, sustainable clients and brands as well as sustainable organisation and human resources.

Being an industry leader focusing on water recycling and water-related environmental protection, the Group first introduced the "New Water Services for the Future" development plan as its major strategic initiative in collaboration with renowned experts in the industry. It aims at providing adequate, healthy and sustainable water resources and promoting sustainable economic, social and environmental development through technological innovation, management reform and engagement with all stakeholders.

Guided by its innovation strategy, the Group persistently builds up the core competitive strength of its products and forges new growth engines in the fields of water, soil and ecosystem with its scientific and business model innovations. With continuous breakthroughs and innovations in in-house biochemical technique and technology, Sludge Double Recirculation – Anaerobic/Oxic/Anoxic (AOA) ("BEAOA") and Anaerobic Ammonium Oxidation ("BEAMX") were successfully tested, a mobile version of "BESWIFT" was applied to an industrial water treatment scenario for the first time, and the Group's core technology portfolio continued to expand and crystallise during the year.

The Group improved its corporate operational efficiency through digitalisation in conjunction with the reform, consolidation and implementation of business procedures in key areas. It also optimised its “1+N” cluster mode and upgraded its centralised regional management system by systematically enforcing its operation standards through Smart Execution of Drainage (“SED”) digitalisation.

The Group always cares about the expectations of all stakeholders. Adhering to its “customer-oriented” operation philosophy, the Group implemented pilot contextual marketing projects and improved customer relations in a comprehensive manner. It upgraded its supplier management structure and system in order to optimise service provision. It also continuously strengthened its corporate human capital and secured human resources for its high-quality and sustainable development during its transformation by commencing nurturing programmes for key talent, optimising and enhancing its management team, and establishing a talent training base, namely the “Upgrading Learning Academy”.

4.2 Future Prospect

In 2023, the economic and social development in China has entered a new phase of high-quality growth that speeds up green and low-carbon developments. At the National Ecosystem and Environmental Protection Conference (全國生態環境保護大會), General Secretary Xi Jinping stated that the construction of a beautiful China will become the focus in building a strong country and realising national rejuvenation in the next five years. Paying heed to its original aspirations, the Group will focus on environmental protection, uphold its core concept of green and sustainable development, continue to acquire and manage large-scale assets, and enhance its corporate operational efficiency and materialise sustainable corporate growth by forging new growth engines with its scientific and business model innovations. Being loyal to its mission of “Vitalising your life with our new water services”, it will pursue its vision of “Becoming the world-class provider of reliable and leading water services and environmental services” at full steam.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 72,974* employees. Total staff cost for the six months ended 30 June 2023 was HK\$2,846,122,000 (six months ended 30 June 2022: HK\$1,623,328,000#). The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses, share options and share awards are awarded to certain employees according to the assessment of individual performance. On 24 April 2013, the Company had granted 400,000,000 share options at an exercise price of HK\$2.244 per share under a share option scheme adopted on 28 June 2011 for the Group's directors and employees (the "Scheme"). On 28 March 2014, the Company had granted the then independent non-executive director of the Company 2,000,000 share options at an exercise price of HK\$5.18 per share under the Scheme. The Scheme was expired on 27 June 2021. During the six months ended 30 June 2023, 140,500,000 share options were lapsed. Other than disclosed above, no share option was exercised, lapsed or cancelled. As at 30 June 2023, the Company had 2,000,000 share options outstanding which were granted on 28 March 2014. The total outstanding share options represented approximately 0.02% of the Company's ordinary shares in issue as at 30 June 2023. On 26 September 2019, 1 November 2021 and 2 December 2022, the Company had granted 15,374,599 awarded shares, 12,471,409 awarded shares and 21,664,326 awarded shares respectively pursuant to the share award scheme adopted on 17 December 2018 (the "Share Award Scheme"). All the awarded shares were vested or lapsed. During the six months ended 30 June 2023, the Company did not grant any awarded share under the Share Award Scheme.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the six months ended 30 June 2023, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

CHARGES ON THE GROUP'S ASSETS

The secured bank and other borrowings, the corporate bonds and bill facilities of the Group as at 30 June 2023 were secured by:

- (i) mortgages over certain concession rights (comprising operating concessions and receivables under service concession arrangements) which are under the management of the Group pursuant to the relevant service concession agreements signed with the grantors;
- (ii) mortgages over certain land use rights and buildings and investment properties of the Group;
- (iii) guarantees given by the Company and/or its subsidiaries;

* *Included 52,713 employees under BEURG as at 30 June 2023*

Excluded total staff cost of BEURG for the six months period ended 30 June 2022 as the date of consolidation of BEURG was 30 June 2022

- (iv) pledges over certain of the Group's property, plant and equipment and right-of-use assets;
- (v) pledges over the Group's equity interests in certain subsidiaries;
- (vi) pledges over certain of the Group's bank balances; and/or
- (vii) pledges over certain of the Group's trade receivables.

Save as disclosed above, at 30 June 2023, the Group did not have any charges on the Group's assets.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operates in the PRC with most of its transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidation accounts. If RMB appreciates/depreciates against Hong Kong dollar, the Group would record a(n) increase/decrease in the Group's net asset value. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

CONTINGENT LIABILITIES

As at 30 June 2023, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of HK\$1,840,445,000 (31 December 2022: HK\$1,832,133,000) were outstanding and corporate guarantees of HK\$2,275,548,000 (31 December 2022: HK\$2,593,904,000) were given to banks and/or institutional investors in connection with facilities granted to certain associates, joint ventures and bonds issued by joint ventures.

Save as disclosed above, at 30 June 2023, the Group did not have any significant contingent liabilities.

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

Redemption of USD500,000,000 4.95% Bonds Due 2023

For the six months ended 30 June 2023, the Group redeemed on the maturity date all the outstanding principal amount of USD500,000,000 4.95% bonds due 2023 issued by a wholly-owned subsidiary of the Company ("2023 Bonds") at the redemption amount of USD500,000,000 plus accrued interest which was paid.

Subsequent to the redemption of 2023 Bonds, they were cancelled and delisted from the Stock Exchange.

Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Directors of the Company have resolved to pay an interim cash dividend of HK7.0 cents per ordinary share for the six months ended 30 June 2023, payable on or before Thursday, 19 October 2023 to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 4 October 2023 for their continuous supports to the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 29 September 2023 to Wednesday, 4 October 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 September 2023.

CORPORATE GOVERNANCE

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that during the six months ended 30 June 2023, all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The audit committee of the Company (“Audit Committee”) currently comprises two independent non-executive directors of the Company, namely Mr. Shea Chun Lok Quadrant (the chairman of the Audit Committee) and Mr. Guo Rui. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management and internal controls of the Company. The unaudited interim results for the six months ended 30 June 2023 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company’s website (www.bewg.net) and the website of the Stock Exchange (www.hkexnews.hk). The 2023 interim report will be dispatched to shareholders of the Company and will be published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

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

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

Hong Kong, 29 August 2023

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Xiong Bin (chairman), Mr. Jiang Xinhao, Mr. Zhou Min (chief executive officer), Mr. Li Haifeng, Mr. Ke Jian, Ms. Sha Ning, Mr. Tung Woon Cheung Eric and Mr. Li Li, one non-executive director, namely, Mr. Wang Dianchang and four independent non-executive directors, namely, Mr. Shea Chun Lok Quadrant, Mr. Guo Rui, Mr. Chau On Ta Yuen and Mr. Dai Xiaohu.