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)
(於開曼群島註冊成立之有限公司)

Stock code 股份代號 : 3718

2023
INTERIM REPORT
中期報告

CONTENTS

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. Orr Ka Yeung, Kevin *(retired on 7 June 2023)*
Mr. Wu Tak Kong
Dr. Du Huanzheng
Ms. Judith Yu *(appointed on 7 June 2023)*

AUDIT COMMITTEE

Mr. Wu Tak Kong *(Chairman)*
Mr. Orr Ka Yeung, Kevin *(retired on 7 June 2023)*
Dr. Du Huanzheng
Ms. Judith Yu *(appointed on 7 June 2023)*

NOMINATION COMMITTEE

Mr. Zhou Min *(Chairman)*
Mr. Orr Ka Yeung, Kevin *(retired on 7 June 2023)*
Mr. Wu Tak Kong
Ms. Judith Yu *(appointed on 7 June 2023)*

REMUNERATION COMMITTEE

Dr. Du Huanzheng *(Chairman)*
Mr. Zhao Kexi
Mr. Wu Tak Kong

SUSTAINABILITY COMMITTEE

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

COMPANY SECRETARY

Mr. Zhang Xiangyu

STOCK CODE

3718

WEBSITES

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Beijing
PRC

PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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979 King's Road
Quarry Bay, Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
DBS Bank (Hong Kong) Limited
China Minsheng Banking Corp., Ltd Hong Kong Branch

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

CHAIRMAN'S STATEMENT

Dear Shareholders:

In the first half of 2023, the economy and society fully resumed normal operation, the macro policies led the overall economic recovery and the industrial structure is being continuously optimized. However, the external environment have become more complicated and fluctuated, the momentum of the overall economic recovery was still weak and the challenges of climate change emerged. Facing the complex and volatile industry competition situation and market development pattern, Beijing Enterprises Urban Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in an environment full of severe challenges, have always adhered to the development concepts of making progress amidst stability and being proactive in responding to changes, and focused on the Group's strategic planning, adhering to the customer-centric approach, improving professional service quality and operations, and committing itself to "being a reliable, industry-leading and comprehensive service provider for digital and intelligent urban operation".

BUSINESS REVIEW

For the six months ended 30 June 2023 (the "Reporting Period"), the Group recorded a revenue of approximately HK$2,541.1 million, representing an increase of approximately 6.1% as compared with the corresponding period last year. Profit for the period attributable to shareholders of the Company was approximately HK$193.4 million, representing an increase of approximately 20.5% as compared with the corresponding period last year. An interim dividend of HK1.2 cent per share is proposed to be declared. Dividend payout ratio is approximately 22.3%.

The 2023 Government Work Report proposed to continuously improve environmental protection and pursued green and low-carbon development, strengthened pollution control and ecological protection and restoration, and promote the harmonious coexistence of mankind and nature. The relevant departments further issued policies to confirm the basic directions of upgrade urban-rural environmental infrastructure, solidly promoting the improvement of the living environment, as well as the garbage classification and resource utilisation, and launching a pilot scheme for the full-scale electrification of public sector vehicles. The Group actively responded to the national call for the ecological civilization development, follow up on the direction of the policy development, promoting the iterative adjustment of its organisational system, enhanced its operational efficiency, built a support service system, initiated research in business areas and innovative applications, met the demand for customised and high-standard services, and continued to improve the quality of its services.

During the first half of 2023, the environmental hygiene services industry grew in overall business scale, business standards were further standardised and upgraded, the market participants demonstrate pluralism, and competition in the expanding market was intense. During the Reporting Period, the Group maintained steady and orderly development and won tenders on 16 new projects. As of 30 June 2023, the Group had 152 environmental hygiene service projects. During the Reporting Period, the Group embarked on a strategic decoding exercise to build an consensus of concepts on its philosophy. Taking "customer-oriented" as the starting point, the Group comprehensively enhanced its customer operation capability, established a customer lifecycle management system, standardised the customer management process, and establish a public affairs centre to strengthen industry exchanges. By improving the organisational mechanism and enhancing digitalized solutions and operation management capabilities, the Group will strengthen the foundation for high-quality development of its business and promote the development of its business towards the goals of intelligentization, specialisation, integration and professionalism.

The development environment of hazardous waste treatment industry is still grim, and its high-priced era of rapid development relying on market gap and policy dividend has passed, and the hazard-free waste disposal services business is still in a difficult development stage due to the lack of recovery of upstream industrial corporates. During the Reporting Period, due to the generally sluggish of the terminal prices of traditional bulk products, the profit margin of resource-based business still has not improved significantly. The Group has withstood the market pressure, changed from "business-oriented" to "customer-oriented", enhanced its internal effective synergy, exerted its maximum synergy, created value for customers, further strengthened its refined management and energy-saving technology research and development, and fully supported the first-line production to improve quality and efficiency on the basis of building a solid safety and environmental protection bottom line.

COMPANY CONTROL

During the Reporting Period, the Group further adjusted its organizational structure and authorization system, improved its organizational management mechanism and project management and control process, filled in the shortcomings of business and intelligence through detailed division of labor and process management at the transaction level, regional level and front and back office level, coordinated the management of new projects, improved the site management of construction projects, formed a new idea of regional integration of industry and finance, and established a standardized service and empowerment system for business.

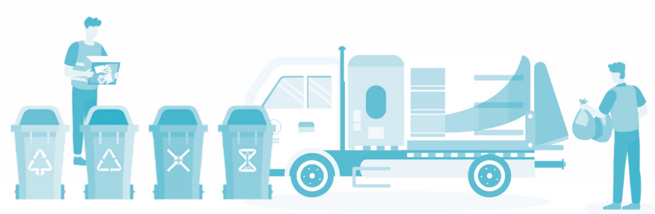
During the Reporting Period, the Group systematically improved brand management, actively cooperated and communicated with the businesses of shareholder units, strengthened internal and external cooperation, broadened the online promotion methods of business, enhanced brand awareness, and simultaneously improved the CRM management system to establish a high-quality brand and professional image.

The Group actively promotes the intelligent construction, embraces the era of big data, leads business growth with technology, and enhances its core competitiveness. During the Reporting Period, the Group carried out the collection of operational data of management projects, developed and piloted the statistical system tools of operational data for the front line, improved the application efficiency of office systems, and promoted refined and intelligent operational management. At the same time, we will build digital solutions that are close to the market demand, promote the construction of a regional "unified management through one network" intelligent comprehensive system, and strive to become a professional operator to meet the refined management and intelligent construction of cities.

The Group continued to adhere to the concept of Healthy, Safe and Environmental quality management, revised and applied a number of safety management systems, established a regional long-term reporting and exchange mechanism, built a quality supervision mechanism, and improved the Healthy, Safe and Environmental management system. Promote all employees to participate in the work of "I'm in charge of my environment", promote the classified management of different enterprises, and effectively ensure the safe and stable operation of business.

SUSTAINABLE DEVELOPMENT

The Group firmly establishes and implements the concept of "lucid waters and lush mountains are invaluable assets" and adheres to the corporate mission of "making living environment better", so as to bring the unique capabilities of its business into full play, thereby contributing to the establishment of high-quality ecological environment. During the Reporting Period, the Group has established the Sustainability Committee to monitor and report to the Board on the implementation and effectiveness of the environmental, social and governance ("ESG") management so as to further improve its environmental, social and governance system. The Group proactively conforms to pilot policy of vehicle electrification in the public sector and increase the usage of new energy vehicles, in order to enhance the efficiency of resource use. Through the research and development as well as application of technology and leveraging on existing business infrastructure, the Group promotes non-hazardous disposal of hazardous wastes and comprehensive utilization of resources and optimizes raw materials configuration and processing procedures, so as to conserve energy and improve efficiency, achieve healthy and sustainable development of the enterprise and contribute to the construction of waste-free cities, the enhancement of environment quality and transition to green and low-carbon development.



During the Reporting Period, the Group improved its Supply Chain Management System, phase one of the establishment of NCC system of supply chains has passed the acceptance inspection and such system has been fully launched, which achieved supplier management and full-process approval online and improve procurement and settlement efficiency significantly. Meanwhile, the Group strengthened its supplier management, established unified standards and assessment processes of materials of the Group and built a long-term cooperation mechanism, so as to endeavour to establish sustainable supply chains, form a uniform philosophy of sustainable supply chain management gradually and prevent relevant risks.

During the Reporting Period, the Group strengthened its building of talent team, planned to upgrade its talent academy, implemented various training programs and improved its talent cultivation system. The Group regulates the management of staff relationship, promotes the construction of information system for human resources, follows market development to adjust incentive plans proactively, protects the rights and interests of staff actively, pays attention to occupational health and safety protection, implements corporate culture and strengthens corporate cohesion.

The Group continues to strengthen its risk management, improves investment evaluation standards, strengthens standardized management construction and operates in strict compliance with laws and regulations. The Group also focuses on city butler projects, carries out various types of audits for energy conservation and efficiency improvement, strengthens supervision and inspection on anti-corruption audits and identifies compliance risks, so as to push forward the improvement of the Group's compliance management system, enhance corporate management level and guarantees the sustainability of the Group in the long run.

OUTLOOK

The National Conference on Ecological and Environmental Protection held this year stressed that the coming five years will be critical to the building of a beautiful China, which supports high-quality development with a high-quality ecological environment and accelerates the advancement of modernization featuring harmony between humanity and nature. It is expected that national environmental policies will bring positive and long-term favorable impacts to the Group's business. The Group will seize development opportunities in the future and adjust development strategies proactively, so as to achieve long-term and sustainable stable development of the business.

In the second half of 2023, the foundation of continuous recovery and development of domestic economy remains unstable and the competitive landscape of the industry is still severe, thus our business development still face huge challenges. The Group will continue to focus on its strategic planning, insist on revolving around high-quality operation management and the protection of customer satisfaction, further dig into the potentials of existing business and vigorously explore new business models, so as to establish a reasonable, regulatory and effective ecological partnership mechanism as well as diverse cooperation channels, so as to bring the core advantages of sharing resources of the Group into full play, coordinate partners to promote the expansion and operation of regional projects effectively and strengthen the support of incentive mechanisms, thereby further enhancing the growth momentum and intensifying internal and external development vitality.

The Group adheres to a customer-oriented approach. Through sound customer management system and business support system, the Group will strengthen service quality control, enhance the efficiency of operation management, reinforce standardized, regulatory and refined project operation systems and improve professional service capabilities, so as to create values for customers continuously.

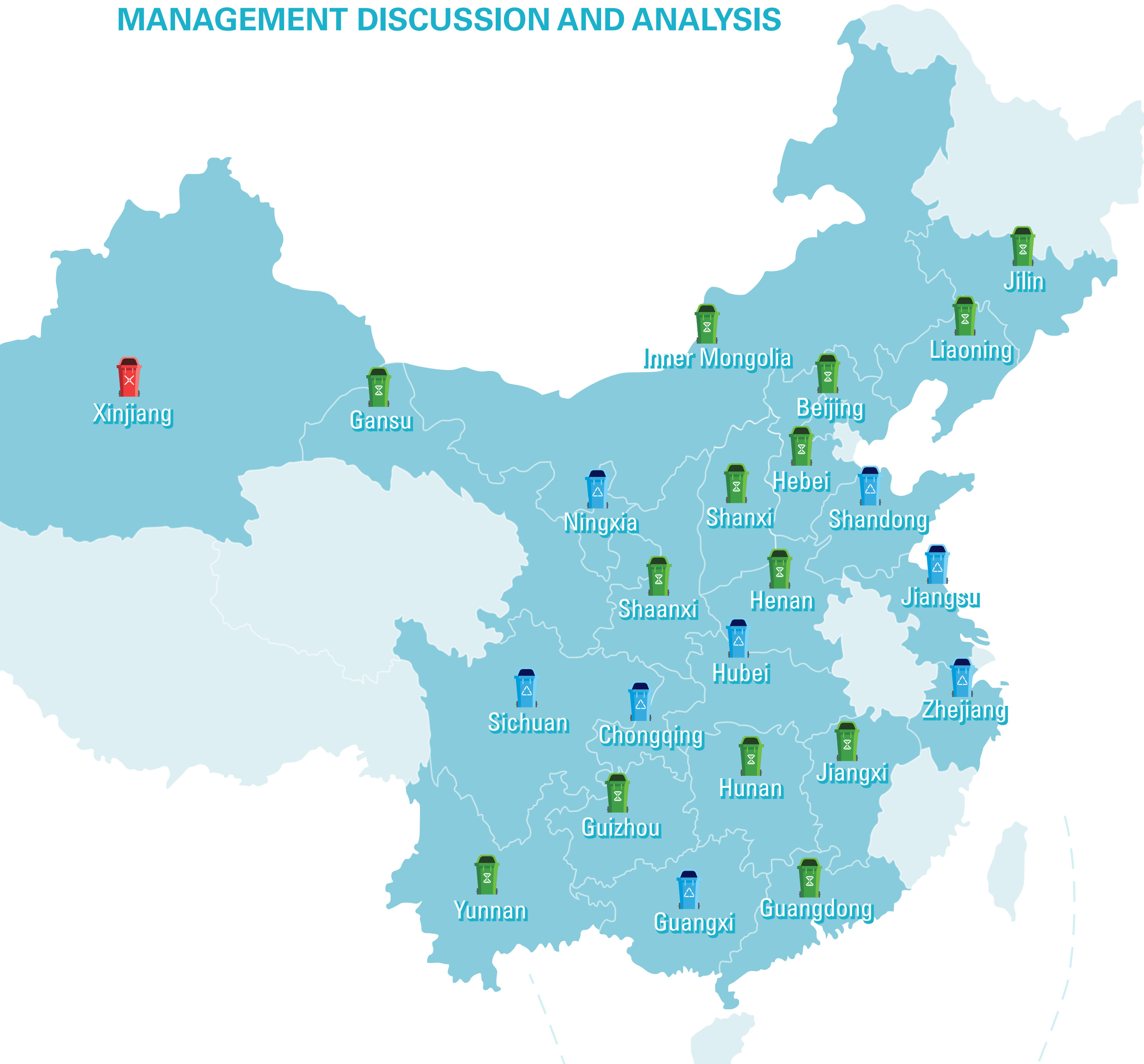
CHAIRMAN'S STATEMENT (CONTINUED)

The Group upholds its digital-intelligent development principle and continues to promote the construction and application of digital system, with the aim of providing assistance for the construction and application of the "unified management through one network" system proactively. The Group will strengthen the studies on macro industrial policies and market trends, push forward technology research and development as well as the improvement on implementation capabilities, commence emerging businesses, equip with studies on recognition and innovative application and stabilize and strengthen the existing businesses. The Group will also extend its businesses to boost synergy and efficiency, further improve talent cultivation mechanism, continues to pay attention to safe and environmental management and control, so as to make efforts in advancing the Group's business to achieve effective improvement in quality and reasonable growth in quantity, thereby achieving green and high-quality development of the enterprise.

Finally, I would like to express my heartfelt gratitude to the shareholders, customers, employees and partners who always give strong support to the Group.

Zhou Min
Chairman of the Board

25 August 2023



Environmental hygiene service and hazardous waste treatment projects cover **23** provinces, cities and autonomous regions

152 environmental hygiene service projects contracted under the Group's management

Region where we have hazardous waste treatment business

Regions where we have both environmental hygiene service and hazardous waste treatment business

Regions where we have environmental hygiene services business

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL HIGHLIGHTS

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

	Revenue			Gross profit margin			Profit attributable to shareholders of the Company		
	2023	2022	Change	**2023**	2022	Change	**2023**	2022	Change
	HK$'000	*HK$'000*	*%*	***%***	*%*	*%*	***HK$'000***	*HK$'000*	*%*
Environmental hygiene services	**2,166,830**	1,922,785	12.7%	**23.8%**	21.7%	2.1%	**214,702**	156,948	36.8%
Hazardous waste treatment business									
– Hazard-free waste disposal projects	**177,051**	182,282	(2.9)%	**19.7%**	18.1%	1.6%	**7,348**	10,881	(32.5)%
– Recycling and reuse projects	**129,412**	119,852	8.0%	**21.1%**	15.3%	5.8%	**8,081**	5,313	52.1%
Subtotal	**306,463**	302,134	1.4%	**20.3%**	17.0%	3.3%	**15,429**	16,194	(4.7)%
Others	**67,851**	169,964	(60.1)%	**9.5%**	12.2%	(2.7)%	**6,499**	8,150	(20.3)%
Business results	**2,541,144**	2,394,883	6.1%	**23.0%**	20.4%	2.6%	**236,630**	181,292	30.5%
Corporate and other unallocated income and expenses, net							**(43,275)**	(20,809)	108.0%
Total							**193,355**	160,483	20.5%

BUSINESS REVIEW

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

Environmental hygiene services

Environmental hygiene 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 environmental hygiene services. The Group's environmental hygiene 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.

As at 30 June 2023, the Group had 152 environmental hygiene service projects, the movements of which, during the six months ended 30 June 2023, were as follow:

	Number of projects
As at 1 January 2023	**152**
Newly added	**16**
Terminated to operate	**(16)**
As at 30 June 2023	**152**

The Group operates its environmental hygiene service projects under the following models:

Operating Models	Number of projects
Operation & Maintenance ("O&M")	**146**
Public-Private-Partnership ("PPP")	
• Build-Transfer-Operate	**2**
• Transfer-Operate-Transfer	**4**
Total	**152**

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. 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 2023, the Group successfully won a total of 16 environmental hygiene service projects through public tenders with total contract value and estimated annual revenue amounting to approximately HK$1.4 billion and HK$281.0 million, respectively. During the six months ended 30 June 2023, the Group had recorded a total amount of approximately HK$47.8 million as revenue in respect of these 16 projects.

As at 30 June 2023, the Group had a total contracted area of approximately 248.6 million sq.m. (31 December 2022: 241.8 million sq.m.) with its environmental hygiene service projects, which created an average revenue of approximately HK$7.4 per sq.m. (six months ended 30 June 2022: HK$6.3 per sq.m.).

Hazardous waste treatment business

Hazardous waste treatment business comprises the provision of hazard-free waste disposal services and recycling and reuse of materials from industrial waste services.

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.

The Group's recycling and reuse of materials from industrial waste services mainly dedicated to provide waste methanol and mixed alcohol recycling service. By recycling waste methanol and mixed alcohol acquired by the Group, through its advanced recycling and reuse technology, the Group is able to produce recycled alcohol 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 2023, the Group had 9 hazardous waste treatment projects in operation. As of 30 June 2023, the total design treatment capacity of treatment facilities that engaged in hazard-free disposal is 351,016 tons per annum (31 December 2022: 351,016 tons). On the same day, the total design treatment capacity of treatment facilities that engaged in recycling and reuse was 270,000 tons per annum (31 December 2022: 270,000 tons). As of 30 June 2023, the Group also has 3 projects under construction, including the technical process of recycling copper-containing waste to obtain sponge copper products for sale and extracting iodine to prepare crude iodine. It is expected that the relevant formal operation qualification will be obtained or approved this year.

The Group expects that after these projects are officially put into operation, they will combine the local characteristics of hazard-free waste, expand the recycling business and stabilize the hazard-free business at the same time. In addition, the Group's hazardous waste sector will continue to learn from the projects in operation with advanced experience, and plan to explore and develop the projects of saving and increasing resources, improve the efficiency of recycling projects, save energy and reduce consumption, and contribute to the construction of local ecological civilisation.

Other business

Other business represents waste electrical and electronic equipment treatment business. As of 30 June 2023, the Group had two 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 2023, revenue from our waste electrical and electronic equipment treatment business amounted to approximately HK$67.9 million (six months ended 30 June 2022: HK$170.0 million), representing approximately 2.7% (six months ended 30 June 2022: 7.1%) of the Group's total revenue.

FINANCIAL PERFORMANCE

Revenue and gross profit margin

The Group's total revenue increased by approximately 6.1% from approximately HK$2,394.9 million for the six months ended 30 June 2022 to approximately HK$2,541.1 million for the six months ended 30 June 2023, primarily due to increase in revenue from the Group's environmental hygiene services.

The Group's gross profit margin increased from 20.4% for the six months ended 30 June 2022 to 23.0% for the six months ended 30 June 2023, primarily due to increase in gross profit margin from the Group's environmental hygiene services and hazardous waste treatment services.

Environmental hygiene services

During the six months ended 30 June 2023, the Group recorded a total revenue of HK$2,166.8 million (six months ended 30 June 2022: HK$1,922.8 million) from its environmental hygiene service projects. As at 30 June 2023, the Group had a total of 152 environmental hygiene service projects (30 June 2022: 134).

The gross profit margin of the Group's environmental hygiene services increased from 21.7% for the six months ended 30 June 2022 to 23.8% for the six months ended 30 June 2023, primarily due to (i) improvements in the Group's operating efficiency; and (ii) a decrease in the prices of major direct costs.

The Group continuously focuses on enhancing operational efficiency and has incorporated advanced technology into the business processes. The Group requires municipal workers to wear smart devices with GPS trackers and installed remote fuel monitors on cleaning vehicles. This allows the Group to track real-time working progress of municipal workers as well as the cleaning vehicles' fuel usage. The data gathered through these devices is transmitted to the Group's cloud platform, where the integrated management platform conducts real-time surveillance and evaluation based on the data.

In addition, the Group won a number of environmental hygiene project tenders in South China region. The Group strategically allocated cleaning vehicles, labour and other resources to each project and executed centralised management in South China region to improve operational efficiencies.

All these measures and factors have facilitated the Group's efforts in enhancing operational efficiencies, resulting in an increase in the profit margin of the Group's environmental hygiene services.

During the six months ended 30 June 2023, the average prices of gasoline and diesel fuel decreased by approximately 9% and 11%, respectively, compared to the corresponding period of last year. Furthermore, there was no significant changes in the minimum wages of certain cities or provinces that the Group operated its environmental hygiene services projects during the six months ended 30 June 2023. As labour cost, gasoline and diesel fuel account for a major part of the direct costs of the Group's environmental hygiene services projects, the gross profit margin of the Group's environmental hygiene services projects increased accordingly.

Hazardous waste treatment services

During the six months ended 30 June 2023, the Group recorded a total revenue of HK$306.5 million (six months ended 30 June 2022: HK$302.1 million) from its hazardous waste treatment services projects.

The Group's gross profit margin of its hazardous waste treatment services projects increased from 17.0% for the six months ended 30 June 2022 to 20.3% for the six months ended 30 June 2023.

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 Six months ended 30 June		Change	Recycling and reuse projects Six months ended 30 June		Change	Total Six months ended 30 June		Change
	2023	2022		**2023**	2022		**2023**	2022	
Revenue *(HK$'000)*	**177,051**	182,282	(2.9)%	**129,412**	119,852	8.0%	**306,463**	302,134	1.4%
Actual treatment/sale volume *(tons)*	**102,249**	85,024	20.3%	**25,730**	20,749	24.0%	**127,979**	105,773	21.0%
Average sales price *(HK$/ton)*	**1,732**	2,144	(19.2)%	**5,030**	5,776	(12.9)%	**2,395**	2,856	(16.1)%
Average sales price# *(equivalent to RMB/ton)*	**1,524**	1,780	(14.4)%	**4,426**	4,794	(7.7)%	**2,108**	2,370	(11.1)%

For illustration purpose only

As at 30 June 2022, the Group has 6 hazard-free waste disposal projects in operation. The plants were mainly located in Shandong Province, Hubei Province and Sichuan Province. Due to the recovery of economy in China, customers had resumed to operate their factories gradually during the six months ended 30 June 2023. Accordingly, the actual treatment volume of the Group's hazard-free waste disposal projects increased from 85,024 tons for the six months ended 30 June 2022 to 102,249 tons for the six months ended 30 June 2023. The increase was mainly attributable to the increase in actual treatment volume provided by the Group's Industrial Solid Waste Disposal Center Project in Shandong Province* (山東省工業固體廢物處置中心項目), Yaojiagang Industrial Waste Treatment Project in Yichang City* (宜昌市姚家港工業廢物處理項目) and Weifang Beijing Enterprises Environmental Technical Limited* (濰坊北控環境技術有限公司) by 4,609 tons, 2,428 tons and 12,657 tons, respectively.

Since more rivals entered into hazard-free waste disposal business, the average sales price of the Group's hazard-free waste disposal projects decreased from HK$2,144 per ton for the six months ended 30 June 2022 to HK$1,732 per ton for the six months ended 30 June 2023.

The gross profit margin of the Group's hazard-free waste disposal projects increased to 19.7% for the six months ended 30 June 2023 (six months ended 30 June 2022: 18.1%). The increase was mainly attributable to (i) decrease in purchase prices of direct costs such as sodium hydroxide and other consumables; and (ii) increase in utilisation of treatment capacities of the Group's hazard-free waste disposal projects.

The Group's recycling and reuse products mainly consist of recycled methanol, ethanol and sponge copper. The average sales price of the Group's recycling and reuse projects decreased from HK$5,776 per ton for the six months ended 30 June 2022 to HK$5,030 per ton for the six months ended 30 June 2023, mainly due to (i) changes in sales mix and (ii) a decrease in the market price of methanol and butanol during the period.

The gross profit margin of the Group's recycling and reuse products increased from 15.3% for the six months ended 30 June 2022 to 21.1% for the six months ended 30 June 2023. Since the second half of 2022, the Group has provided waste copper recycling service. The gross profit margin of sales of sponge copper was relatively higher than that of the existing recycling and reuse products. Hence, the gross profit margin of the Group's recycling and reuse products increase accordingly.

Administrative expenses

Administrative expenses for the six months ended 30 June 2023 increased to HK$240.4 million, as compared to the corresponding period in 2022 of HK$220.0 million. The increase was mainly due to the increase in salaries, wages and welfare and office expenses, as a result of continuous business expansion.

Finance costs

Finance costs mainly comprised of interests on bank and other borrowings. The increase in finance costs was mainly due to the increase in the market interest rates during the six months ended 30 June 2023.

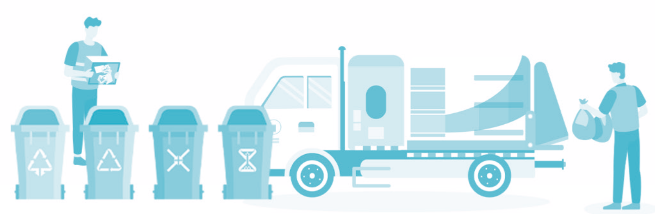
Income tax expense

The income tax expense increased from HK$62.1 million for the six months ended 30 June 2022 to HK$76.4 million for the six months ended 30 June 2023, mainly because of the increase 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 decrease in property, plant and equipment during the six months ended 30 June 2022 was mainly due to depreciation provided during the six months ended 30 June 2023 and Renminbi ("RMB") depreciation.

* *For identification purpose only*



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 2023 and RMB depreciation.

Goodwill

Goodwill mainly represented the goodwill arose from the acquisition of subsidiaries in 2018 or before and the decrease was mainly due to RMB depreciation.

Operating concessions

Operating concessions represented arrangements involving the Group as a provider of environmental hygiene services on behalf of the relevant government agencies. Decrease in operating concessions was mainly due to amortisation provided during the six months ended 30 June 2023.

Receivables under service concession arrangements

The Group's receivables under service concession arrangements are recognised from the environmental hygiene services operated under PPP projects with guaranteed environmental hygiene services revenue.

Trade and bills receivables

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

The following table sets forth the turnover days of the Group's trade receivables:

	30 June 2023	31 December 2022
Average trade and bills receivable turnover days *(days)*	**165**	142

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

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

Cash and cash equivalents

Cash and cash equivalents decreased by HK$318.8 million which was mainly due to repayments of bank and other borrowings and settlements of payables for acquisition 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 environmental hygiene services. The decrease was mainly due to the settlements of procurement of raw materials and RMB depreciation.

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 decrease was mainly due to decrease in payables for acquisition of property, plant and equipment and lease liabilities.

Interest-bearing bank and other borrowings

Decrease in bank and other borrowings was mainly due to repayments of bank borrowings during the six months ended 30 June 2023.

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 Hong Kong dollars ("HK$") and RMB. Surplus cash is generally placed in short-term deposits denominated in HK$ and RMB.

As at 30 June 2023, the Group's cash and cash equivalents amounted to approximately HK$1,282.2 million (31 December 2022: approximately HK$1,601.0 million).

As at 30 June 2023, the Group's bank and other borrowings amounted to HK$2,695.2 million (31 December 2022: HK$2,807.9 million).

The net gearing ratio (defined as bank and other borrowings, net of cash and cash equivalents (the "Net Debt Amounts"), divided by the total equity) was 35.0% as at 30 June 2023 (31 December 2022: 29.7%). The increase in net gearing ratio was mainly due to increase in the Net Debt Amounts and decrease in total equity during the period.

Capital expenditures

During the six months ended 30 June 2023, the Group's total capital expenditures were HK$343.8 million (six months ended 30 June 2022: HK$542.8 million), out of which HK$292.5 million, HK$51.2 million and HK$0.1 million (six months ended 30 June 2022: HK$514.1 million, HK$25.1 million and HK$3.6 million) were paid for the additions of property, plant and equipment, right-of-use assets and other intangible assets, respectively.

CHARGES ON THE GROUP'S ASSETS

The secured bank and other borrowings of the Group as at 30 June 2023 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 2023 and 31 December 2022; and

(ii) pledges over certain of the Group's property, plant and equipment, right-of-use assets, operating concessions and receivables under service concession arrangements as at 30 June 2023 and 31 December 2022.

Save as disclosed above, as 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 operate in the PRC with most of the 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 consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2023, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 52,713 employees (30 June 2022: 50,436 employees) with total staff cost of approximately HK$1,301.0 million incurred for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK$1,040.7 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

There were no significant investments, material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2023.

IMPORTANT EVENT AFFECTING THE GROUP AFTER THE REVIEW PERIOD

There was no other important event affecting the Group since 30 June 2023 and up to the date of this report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023	2022
		HK$'000	*HK$'000*
		(Unaudited)	*(Unaudited)*
REVENUE	*3*	**2,541,144**	2,394,883
Cost of sales		**(1,956,193)**	(1,905,236)
Gross profit		**584,951**	489,647
Other income and gains, net	*3*	**45,270**	35,747
Administrative expenses		**(240,365)**	(220,045)
Selling and distribution expenses		**(14,939)**	(10,154)
Other expenses		**(9,700)**	(12,599)
Finance costs	*5*	**(63,262)**	(45,877)
Share of profits and losses of joint ventures		**(1,127)**	2,289
PROFIT BEFORE TAX	*4*	**300,828**	239,008
Income tax expense	*6*	**(76,399)**	(62,099)
PROFIT FOR THE PERIOD		**224,429**	176,909
Attributable to:			
Owners of the parent		**193,355**	160,483
Non-controlling interests		**31,074**	16,426
		224,429	176,909
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	*7*	**HK5.37 cents**	HK4.46 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
PROFIT FOR THE PERIOD	**224,429**	176,909
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(197,672)**	(184,899)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**26,757**	(7,990)
Attributable to:		
Owners of the parent	**23,887**	1,404
Non-controlling interests	**2,870**	(9,394)
	26,757	(7,990)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023 HK$'000 (Unaudited)**	31 December 2022 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**2,816,247**	2,911,294
Right-of-use assets		**339,178**	387,775
Goodwill		**270,877**	282,620
Operating concessions		**174,603**	178,862
Other intangible assets		**8,011**	8,951
Prepayments, deposits and other receivables		**65,391**	71,133
Investments in joint ventures		**37,520**	39,239
Equity investment designated at fair value through other comprehensive income		**5,433**	5,682
Receivables under service concession arrangements	*10*	**97,729**	107,971
Trade receivables	*11*	**28,003**	29,276
Contract assets		**15,011**	15,694
Deferred tax assets		**54,914**	62,209
Total non-current assets		**3,912,917**	4,100,706
CURRENT ASSETS			
Inventories		**63,516**	57,982
Receivables under service concession arrangements	*10*	**19,030**	19,895
Trade and bills receivables	*11*	**2,317,186**	2,235,409
Environmental decommissioning fees receivable	*12*	**411,038**	402,444
Other tax recoverable		**122,452**	129,304
Prepayments, deposits and other receivables		**161,976**	174,780
Restricted cash and pledged deposits		**21,362**	22,053
Cash and cash equivalents		**1,282,178**	1,600,971
Total current assets		**4,398,738**	4,642,838
TOTAL ASSETS		**8,311,655**	8,743,544

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023

	Notes	**30 June 2023 HK$'000 (Unaudited)**	31 December 2022 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*13*	**344,578**	388,132
Other payables and accruals		**808,505**	1,010,076
Other taxes payable		**14,243**	27,261
Income tax payable		**46,184**	58,284
Interest-bearing bank and other borrowings	*14*	**684,427**	871,281
Total current liabilities		**1,897,937**	2,355,034
NET CURRENT ASSETS		**2,500,801**	2,287,804
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,413,718**	6,388,510
NON-CURRENT LIABILITIES			
Deferred income		**192,325**	201,267
Other payables and accruals		**78,644**	112,735
Deferred tax liabilities		**33,811**	36,670
Interest-bearing bank and other borrowings	*14*	**2,010,782**	1,936,581
Provision for major overhauls		**56,996**	43,124
Total non-current liabilities		**2,372,558**	2,330,377
NET ASSETS		**4,041,160**	4,058,133
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**360,000**	360,000
Reserves		**2,995,839**	3,007,952
		3,355,839	3,367,952
Non-controlling interests		**685,321**	690,181
TOTAL EQUITY		**4,041,160**	4,058,133

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent									
	Issued capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Merger reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	PRC reserve funds *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2022 *(audited)*	360,000	497,436	966,555	(2,170)	224,839	223,407	1,228,170	3,498,237	722,458	4,220,695
Profit for the period *(unaudited)*	–	–	–	–	–	–	160,483	160,483	16,426	176,909
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations *(unaudited)*	–	–	–	–	(159,079)	–	–	(159,079)	(25,820)	(184,899)
Total comprehensive income/(loss) for the period *(unaudited)*	–	–	–	–	(159,079)	–	160,483	1,404	(9,394)	(7,990)
Capital contributions from non-controlling shareholders *(unaudited)*	–	–	–	–	–	–	–	–	359	359
Final 2021 dividend declared *(unaudited)*	–	(108,000)	–	–	–	–	–	(108,000)	–	(108,000)
Dividend paid to non-controlling shareholders *(unaudited)*	–	–	–	–	–	–	–	–	(5,475)	(5,475)
Transfer between reserves *(unaudited)*	–	–	–	–	–	18,377	(18,377)	–	–	–
At 30 June 2022 *(unaudited)*	360,000	389,436	966,555	(2,170)	65,760	241,784	1,370,276	3,391,641	707,948	4,099,589
At 1 January 2023 *(audited)*	**360,000**	**353,436**	**966,555**	**(2,170)**	**(39,152)**	**276,002**	**1,453,281**	**3,367,952**	**690,181**	**4,058,133**
Profit for the period *(unaudited)*	**–**	**–**	**–**	**–**	**–**	**–**	**193,355**	**193,355**	**31,074**	**224,429**
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations *(unaudited)*	**–**	**–**	**–**	**–**	**(169,468)**	**–**	**–**	**(169,468)**	**(28,204)**	**(197,672)**
Total comprehensive income/(loss) for the period *(unaudited)*	**–**	**–**	**–**	**–**	**(169,468)**	**–**	**193,355**	**23,887**	**2,870**	**26,757**
Final 2022 dividend declared *(unaudited)*	**–**	**(36,000)**	**–**	**–**	**–**	**–**	**–**	**(36,000)**	**–**	**(36,000)**
Dividend paid to non-controlling shareholders *(unaudited)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,730)**	**(7,730)**
Transfer between reserves *(unaudited)*	**–**	**–**	**–**	**–**	**–**	**46,120**	**(46,120)**	**–**	**–**	**–**
At 30 June 2023 *(unaudited)*	**360,000**	**317,436***	**966,555***	**(2,170)***	**(208,620)***	**322,122***	**1,600,516***	**3,355,839**	**685,321**	**4,041,160**

* *These reserve accounts comprise the consolidated reserves of HK$2,995,839,000 (unaudited) (31 December 2022: HK$3,007,952,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2023.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
OPERATING ACTIVITIES		
Cash generated from operations	**378,478**	320,121
Corporate income tax paid in the People's Republic of China (the "PRC" or "Mainland China")	**(90,088)**	(47,816)
Net cash flows from operating activities	**288,390**	272,305
INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(386,455)**	(341,810)
Proceeds from disposal items of property, plant and equipment	**944**	10,174
Additions to other intangible assets	**–**	(3,606)
Additions of right-of-use assets	**(1,313)**	–
Advances or repayments to related companies and non-controlling shareholders, net	**(326)**	(18,088)
(Increase)/decrease in restricted cash and pledged deposits	**(280)**	27,784
Interest received	**8,822**	6,297
Net cash flows used in investing activities	**(378,608)**	(319,249)
FINANCING ACTIVITIES		
Capital contributions from non-controlling shareholders	**–**	359
New bank and other borrowings	**615,092**	158,812
Repayments of bank and other borrowings	**(655,827)**	(139,668)
Principal portion of lease payments	**(44,304)**	(22,068)
Advances or repayments from related companies and non-controlling shareholders, net	**(21,155)**	6,959
Interest paid	**(57,985)**	(41,083)
Dividend paid to non-controlling shareholders	**(7,730)**	(5,475)
Net cash flows used in financing activities	**(171,909)**	(42,164)
Net decrease in cash and cash equivalents	**(262,127)**	(89,108)
Cash and cash equivalents at beginning of period	**1,600,971**	1,688,903
Effect of foreign exchange rate changes, net	**(56,666)**	(52,298)
Cash and cash equivalents at end of period	**1,282,178**	1,547,497

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1.1 CORPORATE INFORMATION

The Company 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").

On 13 June 2022, Beijing Enterprises Water Group Limited ("BEWG"), which is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of the Stock Exchange, and parties acting in concert with it, acquired additional issued shares in the Company and becomes the immediate holding company of the Company. The ultimate holding company is Beijing Enterprises Group Company Limited ("BEGCL") (北京控股集團有限公司) which is a state-owned enterprise established in the PRC and wholly owned by the People's Government of Beijing Municipality.

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

- provision of environmental hygiene 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

This unaudited interim condensed consolidated financial information of the Group 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 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

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 unaudited 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.

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

(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.

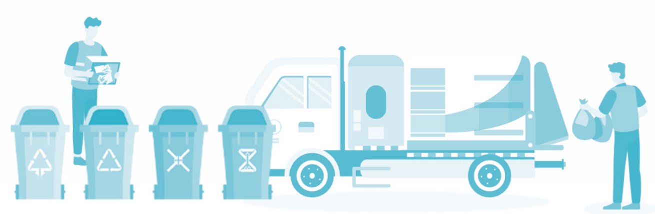
2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the environmental hygiene services segment provides city cleaning and public hygiene 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.



2. OPERATING SEGMENT INFORMATION *(Continued)*

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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that corporate and other unallocated income and expenses are excluded from such measurement.

	Environmental hygiene 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	
	2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)	**2023 HK$'000 (Unaudited)**	2022 HK$'000 (Unaudited)	**2023 HK$'000 (Unaudited)**	2022 HK$'000 (Unaudited)	**2023 HK$'000 (Unaudited)**	2022 HK$'000 (Unaudited)
Segment revenue *(Note 3)*	**2,166,830**	1,922,785	**306,463**	302,134	**67,851**	169,964	**2,541,144**	2,394,883
Cost of sales	**(1,650,402)**	(1,505,278)	**(244,380)**	(250,800)	**(61,411)**	(149,158)	**(1,956,193)**	(1,905,236)
Gross profit	**516,428**	417,507	**62,083**	51,334	**6,440**	20,806	**584,951**	489,647
Segment results	**319,968**	238,720	**13,578**	5,011	**10,557**	16,086	**344,103**	259,817
Corporate and other unallocated income and expenses, net:								
– Interest income							**1,003**	188
– Other corporate gains							**950**	811
– Finance costs							**(31,532)**	(12,207)
– Corporate and other unallocated expenses							**(13,696)**	(9,601)
							(43,275)	(20,809)
Profit before tax							**300,828**	239,008
Income tax expense							**(76,399)**	(62,099)
Profit for the period							**224,429**	176,909
Segmental profit for the period	**249,875**	180,694	**7,276**	1,298	**10,553**	15,726	**267,704**	197,718
Non-controlling interests	**(35,173)**	(23,746)	**8,153**	14,896	**(4,054)**	(7,576)	**(31,074)**	(16,426)
Owners of the parent	**214,702**	156,948	**15,429**	16,194	**6,499**	8,150	**236,630**	181,292
Corporate and other unallocated income and expenses, net							**(43,275)**	(20,809)
							193,355	160,483
Other segment information:								
Share of profits and losses of joint ventures	**(45)**	–	**(1,082)**	2,289	**–**	–	**(1,127)**	2,289
Impairment losses and write-down of inventory to net realisable value recognised in the condensed consolidated statement of profit or loss, net	**2,841**	2,799	**2,455**	6,207	**–**	–	**5,296**	9,006
Depreciation and amortisation	**235,149**	160,149	**62,890**	62,307	**3,252**	3,543	**301,291**	225,999
Capital expenditures*	**211,806**	386,790	**131,819**	154,448	**220**	1,606	**343,845**	542,844

* *Capital expenditures consist of additions to property, plant and equipment, right-of-use assets and other intangible assets.*

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 2023 and 2022, 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:

		For the six months ended 30 June	
		2023	2022
		HK$'000	*HK$'000*
	Notes	***(Unaudited)***	*(Unaudited)*
Revenue from contracts with customers			
Environmental hygiene services businesses			
– Environmental hygiene services	*(a)*	**2,166,830**	1,922,785
Hazardous waste treatment businesses			
– Hazardous waste treatment services	*(a)*	**177,051**	182,282
– Sale of refined chemical and other products	*(a)*	**129,412**	119,852
		306,463	302,134
Sale of dismantled products	*(a)*	**43,686**	118,906
		2,516,979	2,343,825
Revenue from other source			
Environmental decommissioning fees income		**24,165**	51,058
		2,541,144	2,394,883
Other income and gains, net			
Interest income		**8,822**	6,297
Government grants	*(b)*	**9,671**	9,774
VAT refunds	*(c)*	**3,844**	11,918
VAT super deduction	*(d)*	**12,369**	4,053
Sale of scarp materials		**2,971**	1,949
Others		**7,593**	1,756
		45,270	35,747

3. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Notes:

(a) *Disaggregated revenue information*

Environmental hygiene services are recognised over time. Revenue from hazardous waste treatment services, the sale of refined chemical and other products, and the sale of dismantled products are 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 an additional VAT super deduction of 10% 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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold*	**199,016**	288,825
Cost of services provided*	**1,729,710**	1,588,690
Depreciation of property, plant and equipment	**252,518**	178,030
Depreciation of right-of-use assets	**20,705**	19,748
Amortisation of intangible assets	**601**	500
Amortisation of operating concessions*	**27,467**	27,721
Impairment losses of trade receivables, net#	**3,409**	3,614
Write-down of inventories to net realisable value#	**1,887**	5,392
Loss/(gain) on disposal of items of property, plant and equipment#@	**346**	(221)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Salaries and benefits in kind	**1,152,550**	906,908
Pension scheme contributions	**148,461**	133,754
	1,301,011	1,040,662

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

\# *Included in "Other expenses" in the condensed consolidated statement of profit or loss.*

@ *Included in "Other income and gains, net" in the condensed consolidated statement of profit or loss.*

5. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest on bank borrowings	**63,125**	44,577
Interest on lease liabilities	**2,512**	3,866
Total interest expense	**65,637**	48,443
Increase in discounted amounts of provision for major overhaul arising from the passage of time	**2,765**	927
Total finance costs	**68,402**	49,370
Less: Interest capitalised	**(5,140)**	(3,493)
	63,262	45,877

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made during the six months ended 30 June 2023 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2022: Nil).

The income tax provisions in respect of operations in Mainland China 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, 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 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 PRC.

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current – Mainland China charge for the period	**80,085**	71,981
Deferred	**(3,686)**	(9,882)
Total tax charge for the period	**76,399**	62,099

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 2023 attributable to shareholders of the Company and the weighted average number of ordinary shares of 3,600,000,000 in issue during the six months ended 30 June 2023 and 2022.

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

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

	For the six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculations	**193,355**	160,483
Number of ordinary shares		
Weighted average number of ordinary shares, used in the basic and diluted earnings per share calculations	**3,600,000,000**	3,600,000,000

8. DIVIDENDS

On 25 August 2023, the board (the "Board") declared an interim dividend of HK1.2 cents (six months ended 30 June 2022: HK1 cent) per ordinary share amounting to a total of HK$43,200,000 (six months ended 30 June 2022: HK$36,000,000).

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group's additions of property, plant and equipment amounted to HK$292,581,000 (six months ended 30 June 2022: HK$514,134,000). There were disposals of property, plant and equipment with an aggregate carrying amount of HK$1,290,000 (six months ended 30 June 2022: HK$9,953,000) during the six months ended 30 June 2023.

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction and system installation service provided and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements.

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 impairment, is as follows:

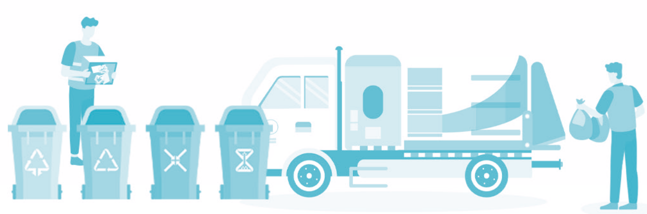
	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Billed:		
Within 3 months	**2,219**	2,320
4 to 6 months	**7,411**	7,748
7 to 12 months	**9,400**	9,827
	19,030	19,895
Unbilled:		
Non-current portion*	**97,729**	107,971
Total	**116,759**	127,866

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

11. TRADE AND BILLS RECEIVABLES

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables	**2,384,426**	2,294,746
Less: impairment	**(51,820)**	(50,766)
	2,332,606	2,243,980
Bills receivables	**12,583**	20,705
	2,345,189	2,264,685
Portion classified as current assets	**(2,317,186)**	(2,235,409)
Non-current portion	**28,003**	29,276

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.



11. TRADE AND BILLS RECEIVABLES *(Continued)*

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 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Within 3 month	**928,777**	1,085,770
4 to 6 months	**574,269**	660,172
7 to 12 months	**516,356**	246,381
Over 1 year	**285,201**	222,381
	2,304,603	2,214,704
Unbilled	**28,003**	29,276
	2,332,606	2,243,980

12. ENVIRONMENTAL DECOMMISSIONING FEES RECEIVABLE

	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Environmental decommissioning fees receivable	**411,038**	402,444

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 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 3 to 4 years.

The Group does not hold any collateral over these balances.

13. TRADE AND BILLS PAYABLES

	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Trade payables	**320,664**	359,326
Bills payable	**23,914**	28,806
	344,578	388,132

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 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Within 1 month	**34,929**	92,435
1 to 2 months	**52,681**	47,980
2 to 3 months	**46,410**	39,243
Over 3 months	**186,644**	179,668
	320,664	359,326

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Secured bank loans	**916,674**	852,655
Unsecured bank loans	**1,778,535**	1,955,207
Total bank and other borrowings	**2,695,209**	2,807,862
Portion classified as current liabilities	**(684,427)**	(871,281)
Non-current portion	**2,010,782**	1,936,581

15. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each	Nominal value of ordinary shares *HK$'000*
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	30,000,000,000	3,000,000

	Number of shares in issue of HK$0.1 each	Share capital *HK$'000*
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	3,600,000,000	360,000

16. CONTINGENT LIABILITIES

Guarantees

As at 30 June 2023, bank guarantees in favour of local governments in lieu of deposits for project performances of HK$197,174,000 (31 December 2022: HK$210,597,000) were outstanding.

17. COMMITMENTS

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

	30 June 2023 ***HK$'000*** ***(Unaudited)***	31 December 2022 *HK$'000* *(Audited)*
Contracted, but not provided for:		
Construction in progress	**75,368**	55,054
Plant and machinery and motor vehicles	**40,459**	84,914
	115,827	139,968

18. RELATED PARTY TRANSACTIONS

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

	Notes	For the six months ended 30 June **2023** ***HK$'000*** ***(Unaudited)***	 2022 *HK$'000* *(Unaudited)*
Cost of technical services	*(i)*	**–**	1,808
Service income	*(ii)*	**8,412**	9,334
Sale of uniforms, machineries, and consumables	*(iii)*	**465**	1,829
Motor vehicles and equipment leasing expenses	*(iv)*	**1,228**	1,064

The above related party transactions also constitute continuing connected transactions that are exempted from the reporting, announcement and independent shareholders' approval requirement as defined in Chapter 14A of the Listing Rules.

Notes:

(i) The Group engaged an associate of BEWG to provide the technical services relating to waste treatments, based on terms mutually agreed between the Group and the related party.

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

(iii) The amount represented income generated from the sale of uniforms, machineries and consumables for the provision of environmental hygiene services to a subsidiary of BEWG.

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

(v) The Group leased two office buildings from subsidiaries of BEWG and lease terms ranging from 2 to 3 years. The rental fee were RMB160,000 and HK$88,385 per month throughout the contract period. The financial impact of the lease was included in right-of-use assets and lease liabilities in the financial statements for the year/period ended 31 December 2022 and 30 June 2023.

18. RELATED PARTY TRANSACTIONS *(Continued)*

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

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	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Short term employee benefits	**4,822**	6,264
Post-employment benefits	**105**	99
Total compensation paid to key management personnel	**4,927**	6,363

Save as disclosed above, as at 30 June 2023, 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 restated to conform with the current period's presentation and disclosures.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

These interim condensed consolidated financial information were approved and authorised for issue by the Board on 25 August 2023.

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 2023, 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 10 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	67.78%
Mr. Zhao Kexi	–	–	39,920,000 *(Note 3)*	–	2,400,060,777	2,439,980,777	67.78%
Mr. Li Haifeng	1,840,000	–	48,960,000 *(Note 4)*	–	2,389,180,777	2,439,980,777	67.78%
Mr. Zhou Chen	71,140,000	–	110,440,000 *(Note 5)*	–	2,258,400,777	2,439,980,777	67.78%

Notes:

1. *The approximate percentage was calculated on the basis of 3,600,000,000 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.*

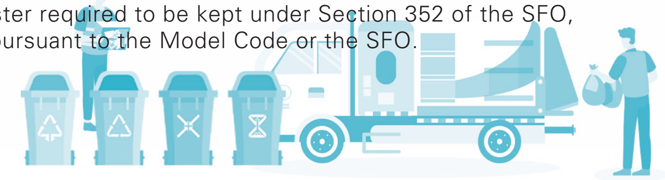
3. *39,920,000 Shares were held by Long March Holdings Limited ("Long March"), a company wholly-owned by Mr. Zhao Kexi. Accordingly, Mr. Zhao Kexi is deemed to be interested in the Shares of the Company held and deemed to be held by Long March under the SFO.*

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 2023, the Concert Parties were interested in an aggregate of 2,439,980,777 Shares of the Company, representing approximately 67.78% 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 2023, 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 2023 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 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, 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	41.06%
	Interests pursuant to the AIC Agreement	961,668,000	26.71%
	Total	2,439,980,777	67.78%
Beijing Enterprises Environmental Construction Limited ("BE Environmental") *(Note 2)*	Interest of controlled corporation	2,439,980,777	67.78%
Beijing Enterprises Holdings Limited ("BEHL") *(Note 3)*	Interest of controlled corporation	2,439,980,777	67.78%
Modern Orient Limited ("MOL") *(Note 4)*	Interest of controlled corporation	2,439,980,777	67.78%
Beijing Enterprises Investments Limited ("BEIL") *(Note 4)*	Interest of controlled corporation	2,439,980,777	67.78%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)") *(Note 5)*	Interest of controlled corporation	2,439,980,777	67.78%

DISCLOSEABLE INFORMATION (CONTINUED)

Name of shareholder	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued Share capital *(Note 1)*
BHL *(Note 6)*	Beneficial owner	40,000,000	1.11%
	Interests pursuant to the AIC Agreement	2,399,980,777	66.67%
	Total	2,439,980,777	67.78%
Beijing Enterprises Group Company Limited ("BEGCL") *(Note 7)*	Interest of controlled corporation	2,439,980,777	67.78%
Star Colour *(Note 8)*	Beneficial owner	490,476,000	13.624%
	Interests pursuant to the AIC Agreement	1,949,504,777	54.153%
	Total	2,439,980,777	67.78%
Long March *(Note 9)*	Beneficial owner	39,920,000	1.11%
	Interests pursuant to the AIC Agreement	2,400,060,777	66.67%
	Total	2,439,980,777	67.78%
MIL *(Note 10)*	Beneficial owner	48,960,000	1.36%
	Interests pursuant to the AIC Agreement	2,391,020,777	66.42%
	Total	2,439,980,777	67.78%
Zhihua *(Note 11)*	Beneficial owner	97,920,000	2.72%
	Interests pursuant to the AIC Agreement	2,342,060,777	65.06%
	Total	2,439,980,777	67.78%
Hu Xiaoyong *(Note 11)*	Interest of controlled corporation	2,439,980,777	67.78%
ZGC International *(Note 12)*	Beneficial owner	60,972,000	1.70%
	Interests pursuant to the AIC Agreement	2,379,008,777	66.08%
	Total	2,439,980,777	67.78%
Zhongguancun Development Group Co., Ltd. ("ZGCDG") *(Note 12)*	Interest of controlled corporation	2,439,980,777	67.78%

Notes:

1. *The approximate percentage was calculated on the basis of 3,600,000,000 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.*

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 20.93% 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 41.12% 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 2023, 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. Orr Ka Yeung, Kevin retired as an independent non-executive Director on 7 June 2023; and

– Ms. Judith Yu was appointed as an independent non-executive Director on 7 June 2023.

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 *(HK$' million)*	Final Maturity	Specific performance obligation
16 June 2021	Term loan facility with a bank	300	15 June 2024	*(i), (ii), (iii), (iv)*
2 September 2021	Term loan facility with a bank	200	1 September 2024	*(i), (ii), (iii), (iv)*
22 September 2022	Term loan facility with a bank	300	21 September 2025	*(i), (ii), (iii), (v)*

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;*

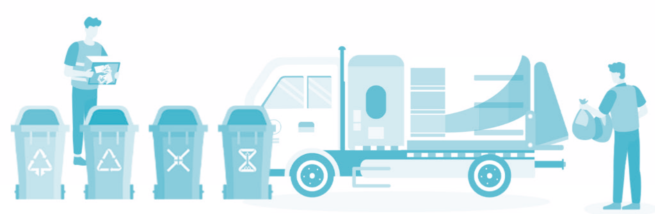
(iii) *BEHL (and/or as may be through its subsidiary or subsidiaries) collectively is the Company's indirect single largest shareholder with at least 35% effective interest in BEWG's issued ordinary share capital;*

(iv) *BEWG (and/or as may be through its subsidiary or subsidiaries) collectively is the Company's indirect single largest shareholder with at least 25% effective interest in the Company's issued ordinary Share capital; and*

(v) *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 2023, payable to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 15 September 2023.

CLOSURES OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 13 September 2023 to Friday, 15 September 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 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, 12 September 2023. The interim dividend is expected to be paid on or around Friday, 6 October 2023.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the six months ended 30 June 2023.

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 2022 annual report.

During the six months ended 30 June 2023, the Company has applied the principles of good corporate governance and complied with all code provisions set out in the Corporate Governance Code (Appendix 14 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 10 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 2023.

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 2023 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.

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