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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 371)**

## **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

### **PERFORMANCE HIGHLIGHTS**

- Profit attributable to shareholders of the Company decreased by 11.5% to RMB1,677.6 million for the year ended 31 December 2024 as compared to RMB1,895.7 million for the last year.
- EBITDA amounted to RMB8,525.3 million, representing a decrease of 4.5% as compared with that of RMB8,931.3 million for the last year.
- Basic and diluted earnings per share for the year were RMB15.63 cents and RMB15.63 cents respectively.
- Final dividend of HK9.1 cents per share is proposed for the year ended 31 December 2024. Full-year dividend are HK16.1 cents.

### **BUSINESS HIGHLIGHTS**

- Ranked first in the Top 10 Influential Enterprises in China's Water Industry for 14 consecutive years
- Selected for S&P Global Sustainability Yearbook (China) 2024
- Achieved stable growth in revenue and profit from sewage treatment operations as a result of the continuous efforts in implementing the new operational paradigm of "cloud-chain-end" on the basis of digitalisation and intelligentisation
- Sustained reduction in administrative expenses and finance costs
- Achieved positive free cash flow for three consecutive years
- Enlarged proportion of the asset-light entrustment operation projects with the enhancement of operational service capabilities
- Continue to advance the research and development iteration, equipment integration, and productisation of AOA and other process technologies, applying them to enhance water plant performance and enable in-situ capacity expansion

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Water Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 and the consolidated statement of financial position of the Group as at 31 December 2024, with comparative figures for the year ended 31 December 2023, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	3	24,270,499	24,519,374
Cost of sales		(15,281,401)	(15,518,621)
Gross profit		8,989,098	9,000,753
Interest income		793,043	878,085
Other income		834,008	960,914
Other operating expenses, net		(1,281,335)	(656,015)
Administrative expenses		(3,070,481)	(3,317,384)
Other gains and losses, net		(28,217)	(222,089)
PROFIT FROM OPERATING ACTIVITIES	4	6,236,116	6,644,264
Finance costs	5	(3,090,387)	(3,260,857)
Share of results of:			
Joint ventures		525,099	561,184
Associates		48,152	83,848
PROFIT BEFORE TAX		3,718,980	4,028,439
Income tax expense	6	(812,083)	(964,112)
PROFIT FOR THE YEAR		<u>2,906,897</u>	<u>3,064,327</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		1,677,600	1,895,681
Holders of perpetual capital instruments		133,785	92,656
Non-controlling interests		1,095,512	1,075,990
		<u>2,906,897</u>	<u>3,064,327</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic		<u>RMB15.63 cents</u>	<u>RMB18.24 cents</u>
– Diluted		<u>RMB15.63 cents</u>	<u>RMB18.21 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2024*

	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	<b>2,906,897</b>	3,064,327
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(1,079,650)	(1,142,737)
Fair value change on derivative financial instruments	28,923	–
Gain reclassified to profit or loss on hedged items	(10,801)	–
	<b>(1,061,528)</b>	(1,142,737)
<i>Items that will not be reclassified to profit or loss:</i>		
– Exchange differences on translation of the Company from functional currency to presentation currency	259,878	193,937
– Share of other comprehensive (expense)/income of a joint venture	(8,863)	7,677
– Changes in fair value of equity investments designated at fair value through other comprehensive income	(69,632)	(50,928)
	<b>181,383</b>	150,686
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF INCOME TAX	<b>(880,145)</b>	(992,051)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>2,026,752</b>	2,072,276
ATTRIBUTABLE TO:		
Shareholders of the Company	841,317	927,899
Holders of perpetual capital instruments	133,785	92,656
Non-controlling interests	1,051,650	1,051,721
	<b>2,026,752</b>	2,072,276

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		As at 31 December 2024	As at 31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
Non-current assets:			
Property, plant and equipment		9,246,157	8,360,005
Right-of-use assets		805,904	814,364
Investment properties		459,320	462,193
Goodwill		3,635,579	3,617,399
Operating concessions		11,203,736	10,498,688
Other intangible assets		427,129	426,354
Investments in joint ventures		10,517,236	10,212,105
Investments in associates		3,327,057	3,314,331
Equity investments designated at fair value through other comprehensive income		690,903	740,593
Financial assets at fair value through profit or loss		10,105	10,105
Amounts due from contract customers		16,884,707	22,465,190
Receivables under service concession arrangements	<i>9</i>	55,750,341	51,069,854
Trade receivables	<i>10</i>	11,020,336	11,531,631
Prepayments, deposits and other receivables	<i>11</i>	653,992	1,197,291
Deferred tax assets		555,444	388,254
Derivative financial instruments		11,762	–
Total non-current assets		<u>125,199,708</u>	<u>125,108,357</u>
Current assets:			
Inventories		359,487	355,319
Amounts due from contract customers		3,186,867	3,828,172
Receivables under service concession arrangements	<i>9</i>	9,447,741	7,967,191
Trade receivables	<i>10</i>	11,375,905	9,800,179
Prepayments, deposits and other receivables	<i>11</i>	7,759,427	7,985,547
Derivative financial instruments		17,161	–
Restricted cash and pledged deposits		216,336	233,267
Cash and cash equivalents		9,008,971	10,215,161
Total current assets		<u>41,371,895</u>	<u>40,384,836</u>
<b>TOTAL ASSETS</b>		<u><u>166,571,603</u></u>	<u><u>165,493,193</u></u>

		As at 31 December 2024	As at 31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital		834,250	834,250
Perpetual capital instruments		3,488,929	2,991,002
Reserves		26,847,916	27,557,155
		<u>31,171,095</u>	<u>31,382,407</u>
<b>Perpetual capital instruments</b>		<b>4,235,019</b>	<b>2,485,377</b>
<b>Non-controlling interests</b>		<b>20,556,316</b>	<b>20,265,691</b>
		<u>24,791,335</u>	<u>22,751,068</u>
<b>TOTAL EQUITY</b>		<b><u>55,962,430</u></b>	<b><u>54,133,475</u></b>
<b>Non-current liabilities:</b>			
Other payables and accruals	12	766,476	691,828
Bank and other borrowings		47,785,821	49,907,792
Corporate bonds		12,573,666	11,970,977
Lease liabilities		145,598	174,294
Provision for major overhauls		644,880	524,374
Deferred income		577,224	914,014
Deferred tax liabilities		4,846,702	4,677,768
		<u>67,340,367</u>	<u>68,861,047</u>
<b>Current liabilities:</b>			
Trade payables	13	19,049,467	20,716,853
Other payables and accruals	12	7,631,530	8,056,499
Income tax payables		1,402,863	1,294,636
Bank and other borrowings		13,145,188	10,366,940
Corporate bonds		1,997,543	1,998,952
Lease liabilities		42,215	64,791
		<u>43,268,806</u>	<u>42,498,671</u>
<b>TOTAL LIABILITIES</b>		<b><u>110,609,173</u></b>	<b><u>111,359,718</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>166,571,603</u></b>	<b><u>165,493,193</u></b>

## NOTES:

### 1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance. Prior year disclosures have been represented to conform with current year presentation for certain line items.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group despite that the Group had net current liabilities of RMB1.9 billion and capital commitments of approximately RMB16.9 billion (comprising the Group’s capital commitments and the Group’s share of joint ventures own capital commitment) in aggregate as at 31 December 2024, the directors consider that the Group will have adequate funds available to enable it to operate as a going concern, based on the Group’s cash flow projection which, inter alia, has taken into account the historical operating performance of the Group and the following:

- (a) the existing banking facilities available to the Group as at 31 December 2024 and on the assumption that such facilities will continue to be available from the Group’s principal bankers;
- (b) certain of the above-mentioned total capital commitments are expected to be fulfilled by the Group after 2024 with reference to the terms of the respective agreements and the current status of the respective projects; and
- (c) the Company will consider equity financing when necessary.

Accordingly, these financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

During the current year, the functional currency of the Company was changed from Hong Kong dollars to Renminbi (“RMB”). The directors of the Company have determined that RMB better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in the PRC and the source of finance is mainly RMB.

## 1.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Impacts on application of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)**

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

## **2. OPERATING SEGMENT INFORMATION**

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

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



**Year ended 31 December 2024**

	Sewage and reclaimed water treatment and construction services <i>RMB'000</i>	Water distribution services <i>RMB'000</i>	Technical and consultancy services and sale of machineries <i>RMB'000</i>	Urban resources services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 3)	12,622,214	3,071,217	2,549,372	6,027,696	24,270,499
Cost of sales	<u>(7,030,267)</u>	<u>(1,898,291)</u>	<u>(1,473,982)</u>	<u>(4,878,861)</u>	<u>(15,281,401)</u>
Gross profit	<u>5,591,947</u>	<u>1,172,926</u>	<u>1,075,390</u>	<u>1,148,835</u>	<u>8,989,098</u>
Segment results:					
The Group	5,281,375	1,054,418	646,318	546,186	7,528,297
Share of profits and losses of:					
Joint ventures	383,717	182,611	7,223	(930)	572,621
Associates	<u>12,320</u>	<u>(151)</u>	<u>(8,446)</u>	<u>–</u>	<u>3,723</u>
	<u>5,677,412</u>	<u>1,236,878</u>	<u>645,095</u>	<u>545,256</u>	8,104,641
Corporate and other unallocated income and expenses, net					(1,292,181)
Share of profits of joint ventures and associates					(3,093)
Finance costs					<u>(3,090,387)</u>
Profit before tax					3,718,980
Income tax expense					<u>(812,083)</u>
Profit for the year					<u>2,906,897</u>
Profit for the year attributable to shareholders of the Company:					
Operating segments	<u>4,692,215</u>	<u>945,753</u>	<u>499,714</u>	<u>108,461</u>	6,246,143
Corporate and other unallocated items					<u>(4,568,543)</u>
					<u>1,677,600</u>

Year ended 31 December 2023

	Sewage and reclaimed water treatment and construction services <i>RMB'000</i>	Water distribution services <i>RMB'000</i>	Technical and consultancy services and sale of machineries <i>RMB'000</i>	Urban resources services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 3)	14,023,872	2,978,747	2,459,142	5,057,613	24,519,374
Cost of sales	(8,363,649)	(1,730,151)	(1,390,030)	(4,034,791)	(15,518,621)
Gross profit	<u>5,660,223</u>	<u>1,248,596</u>	<u>1,069,112</u>	<u>1,022,822</u>	<u>9,000,753</u>
Segment results:					
The Group	5,524,926	1,114,256	663,528	538,922	7,841,632
Share of profits and losses of:					
Joint ventures	390,344	179,937	(9,336)	441	561,386
Associates	<u>12,043</u>	<u>(109)</u>	<u>3,411</u>	<u>–</u>	<u>15,345</u>
	<u>5,927,313</u>	<u>1,294,084</u>	<u>657,603</u>	<u>539,363</u>	8,418,363
Corporate and other unallocated income and expenses, net					(1,197,368)
Share of profits of joint ventures and associates					68,301
Finance costs					<u>(3,260,857)</u>
Profit before tax					4,028,439
Income tax expense					<u>(964,112)</u>
Profit for the year					<u>3,064,327</u>
Profit for the year attributable to shareholders of the Company:					
Operating segments	<u>4,869,326</u>	<u>985,812</u>	<u>515,925</u>	<u>116,705</u>	6,487,768
Corporate and other unallocated items					<u>(4,592,087)</u>
					<u>1,895,681</u>

## Geographical information

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers:		
Chinese Mainland	22,475,399	23,159,277
Elsewhere	<u>1,795,100</u>	<u>1,360,097</u>
	<u><u>24,270,499</u></u>	<u><u>24,519,374</u></u>

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

## Information about major customers

During the year ended 31 December 2024, the Group had no transaction with any single external customer which contributed over 10% of the Group's total revenue for the year (2023: Nil).

### 3. REVENUE

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
Sewage and reclaimed water treatment services	9,178,030	8,643,409
Construction services	3,444,184	5,380,463
Water distribution services	3,071,217	2,978,747
Technical and consultancy services and sales of machineries	2,549,372	2,459,142
Urban services	5,310,493	4,343,559
Hazardous waste treatment services and sale of recycling and reuse products	<u>717,203</u>	<u>714,054</u>
	<u><u>24,270,499</u></u>	<u><u>24,519,374</u></u>

Imputed interest income under service concession arrangements amounting to RMB3,100,665,000 (2023: RMB3,023,301,000) is included in the above revenue.

#### 4. PROFIT FROM OPERATING ACTIVITIES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of sewage and reclaimed water treatment services rendered	3,760,086	3,640,887
Cost of construction services	2,875,385	4,320,675
Cost of water distribution services	1,714,235	1,529,349
Cost of technical and consultancy services rendered and machineries sold	1,473,982	1,390,030
Cost of urban services	4,135,143	3,326,969
Cost of hazardous waste treatment services and sale of recycling and reuse products	670,722	605,970
Depreciation of property, plant and equipment	931,076	806,542
Depreciation of right-of-use assets	74,757	79,404
Amortisation of operating concessions*	651,848	704,741
Amortisation of other intangible assets*	58,259	51,344
Employee benefit expenses	<u>5,615,717</u>	<u>5,330,504</u>

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

#### 5. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank and other loans	2,732,605	2,813,854
Interest on corporate bonds	481,318	550,653
Interest on lease liabilities	<u>15,462</u>	<u>10,541</u>
Total interest expense	3,229,385	3,375,048
Increase in discounted amounts of provision for major overhauls arising from the passage of time	<u>55,020</u>	<u>37,732</u>
Total finance costs	3,284,405	3,412,780
Less: Interest included in cost of construction services	<u>(194,018)</u>	<u>(151,923)</u>
	<u><u>3,090,387</u></u>	<u><u>3,260,857</u></u>

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2024 (2023: 16.5%).

The income tax provisions in respect of operations in Chinese Mainland and other countries are calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Chinese Mainland, a number of the Company's subsidiaries enjoy income tax exemptions and reductions, by reasons that (1) these companies are engaged in the operations of environmental protection, energy and water conservation; and/or (2) they have operations in the Western region of Chinese Mainland that are qualified for a 15% concessionary corporate income tax rate for a prescribed period of time pursuant to the "Circular of the State Council on Policies and Measures Concerning the Large-scale Development of China's Western Regions" (Guo Fa [2000] No. 33) issued by the State Council of Chinese Mainland.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Hong Kong	6,108	7,040
Current – Chinese Mainland	748,257	624,582
Current – Elsewhere	60,675	62,019
Overprovision in prior years	(10,039)	–
Deferred	7,082	270,471
	<u>812,083</u>	<u>964,112</u>
Total tax charge for the year	<u>812,083</u>	<u>964,112</u>

## 7. DIVIDEND

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interim – HK7.0 cents (2023: HK7.0 cents) per ordinary share	642,942*	632,936
Proposed final – HK9.1 cents (2023: HK8.7 cents) per ordinary share	831,960	792,417*
	<u>1,474,902</u>	<u>1,425,353</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

\* *Dividends for ordinary share recognised as distribution during the year amounted to RMB1,435,359,000 (2023: RMB1,419,586,000) in aggregate.*

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company, adjusted to reflect the distribution related to the perpetual capital instrument, for the year ended 31 December 2024, and the weighted average number of 10,046,609,871 (2023: 10,046,609,871) ordinary shares in issue less the weighted average number of 18,499,494 (2023: 37,791,710) ordinary shares held under the share award scheme of the Company during the year.

The calculation of the basic and diluted earnings per share attributable to shareholder of the Company's based on the following data:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Earnings figures are calculated as follow:</b>		
Profit for the year attributable to shareholders of the Company	<b>1,677,600</b>	1,895,681
<i>Less:</i> Distribution related to the perpetual capital instrument	<u><b>(109,906)</b></u>	<u>(70,284)</u>
Earnings for the purpose of basic earnings per share calculation	<b>1,567,694</b>	1,825,397
Effect of dilution on earnings in respect of share options of an associate	<u><b>(373)</b></u>	<u>(598)</u>
Earnings for the purpose of diluted earnings per share calculation	<u><b>1,567,321</b></u>	<u>1,824,799</u>

2024

2023

**Number of ordinary shares**

Weighted average number of ordinary shares

for the purpose of basic earnings per share (*note a*)**10,028,110,377**

10,008,818,161

Effect of dilution on weighted average number of ordinary shares

– Share awards which have dilutive effect

–

12,279,855

Weighted average number of ordinary shares,

for the purpose of diluted earnings per share

**10,028,110,377****10,021,098,016***Notes:*

- (a) The weighted average number of ordinary shares has been calculated taking into account the shares held under share award scheme.
- (b) The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2024 and 2023.

**9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS**

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

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

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Billed:		
Within 3 months	<b>2,760,315</b>	2,638,151
4 to 6 months	<b>2,601,815</b>	2,346,299
7 to 12 months	<b>1,796,738</b>	1,357,422
Over 1 year	<b>2,288,873</b>	1,625,319
	<b>9,447,741</b>	7,967,191
Unbilled:		
Non-current portion*	<b>55,750,341</b>	51,069,854
Total	<b>65,198,082</b>	59,037,045

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

## 10. TRADE RECEIVABLES

The Group's trade receivables arise from the provision of construction services for comprehensive renovation projects, water distribution services on the Build-Own-Operate basis, technical and consultancy services, urban resources services and sale of machineries. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months, except for customers of the construction services for comprehensive renovation projects, which will settle the amounts owed to the Group in a number of specified instalments covering periods ranging from 1 year to 25 years. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Apart from the trade receivables of certain construction services for comprehensive renovation projects which bear interest at rates ranging from 3.8% to 15.0% (2023: 4.8% to 15.0%) per annum, all other trade receivables are non-interest-bearing.



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

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Billed:		
Within 3 months	<b>4,180,228</b>	4,045,725
4 to 6 months	<b>1,410,248</b>	1,068,346
7 to 12 months	<b>1,831,795</b>	1,552,285
Over 1 year	<b>3,953,634</b>	3,133,823
Balance with extended credit period	<b>29,682</b>	29,682
	<b>11,405,587</b>	9,829,861
Unbilled*	<b>10,990,654</b>	11,501,949
	<b>22,396,241</b>	21,331,810
Portion classified as current assets	<b>(11,375,905)</b>	(9,800,179)
Non-current portion	<b>11,020,336</b>	11,531,631

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

**11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Prepayments	331,493	398,346
Deposits and other debtors	4,176,881	4,905,907
Advances to subcontractors and suppliers	1,962,156	2,262,504
Due from joint ventures	2,411,898	1,867,141
Due from associates	84,023	178,568
Due from non-controlling equity holders	234,321	215,114
Due from other related parties	71,917	154,337
	<u>9,272,689</u>	<u>9,981,917</u>
Impairment	(859,270)	(799,079)
	<u>8,413,419</u>	<u>9,182,838</u>
Portion classified as current assets	<u>(7,759,427)</u>	<u>(7,985,547)</u>
Non-current portion	<u><u>653,992</u></u>	<u><u>1,197,291</u></u>

**12. OTHER PAYABLES AND ACCRUALS**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Accruals	1,240,763	1,262,070
Other liabilities	3,405,926	3,356,405
Contract liabilities	1,407,505	1,224,344
Due to subcontractors	185,606	723,556
Due to joint ventures	1,040,999	1,065,347
Due to associates	127,073	130,209
Due to other related parties	196,263	196,470
Other taxes payables	793,871	789,926
	<u>8,398,006</u>	<u>8,748,327</u>
Portion classified as current liabilities	<u>(7,631,530)</u>	<u>(8,056,499)</u>
Non-current portion	<u><u>766,476</u></u>	<u><u>691,828</u></u>

### 13. TRADE PAYABLES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	8,916,730	8,353,419
4 to 6 months	1,133,729	1,611,522
7 months to 1 year	1,018,773	1,461,783
Over 1 year	7,912,791	9,155,098
Balance with extended credit period	<u>67,444</u>	<u>135,031</u>
	<u><b>19,049,467</b></u>	<u><b>20,716,853</b></u>

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

### 14. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 31 December 2024 amounted to RMB1,896,911,000 (2023: RMB2,113,835,000) and RMB123,302,797,000 (2023: RMB122,994,522,000), respectively.

### 15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation for certain line items.

## MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year attributable to shareholders of the Company decreased by 12% to RMB1,677.6 million. Revenue decreased by 1% to RMB24,270.5 million as a result of decrease in revenue contribution from construction services of the BOT water projects.

### 1. Financial highlights

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%		RMB'M	%
<b>1. Water treatment services</b>					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	8,748.8	36%	57%	3,605.2	58%
– Joint ventures and associates				268.0	4%
				3,873.2	62%
Overseas					
– Subsidiaries	429.2	2%	15%	42.2	1%
	9,178.0	38%		3,915.4	63%
Water distribution services					
China					
– Subsidiaries	2,527.4	10%	40%	655.8	11%
– Joint ventures				150.5	2%
				806.3	13%
Overseas					
– Subsidiaries	543.8	2%	28%	107.5	2%
– Joint ventures				32.0	–
				139.5	2%
	3,071.2	12%		945.8	15%
Subtotal	12,249.2	50%		4,861.2	78%

	Revenue		GP ratio		Profit attributable to shareholders of the Company	
	RMB'M	%		%	RMB'M	%
<b>2. Construction services for the water renovation</b>						
Construction services for comprehensive renovation projects						
– Projects with completion rate more than 10% <sup>§</sup>	828.2	3%	16%	170.5	3%	
– Interest income	–	–	–	319.5	5%	
	828.2	3%		490.0	8%	
Construction of BOT water projects	2,616.0	11%	17%	286.8	4%	
Subtotal	3,444.2	14%		776.8	12%	
<b>3. Technical services and sale of machineries</b>	2,549.4	11%	42%	499.7	8%	
<b>4. Urban resources services</b>	6,027.7	25%	19%	108.5	2%	
<b>Business results</b>	<u>24,270.5</u>	<u>100%</u>		6,246.2	<u>100%</u>	
<b>Others<sup>#</sup></b>				(4,568.6)		
<b>Total</b>				<u>1,677.6</u>		

<sup>#</sup> Others included head office expense and other cost, net, of RMB1,341.3 million, share of loss of joint ventures and associates of RMB3.1 million, finance costs of RMB3,090.4 million and profit attributable to holders of perpetual capital instruments of RMB133.8 million. Others represented items that cannot be allocated to the operating segments.

<sup>§</sup> Profit attributable to shareholders of the Company included share of profits of joint ventures and associates of RMB134.4 million.

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%		RMB'M	%
<b>1. Water treatment services</b>					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	8,204.6	33%	55%	3,386.4	52%
– Joint ventures and associates				257.3	4%
				3,643.7	56%
Overseas					
– Subsidiaries	438.8	2%	19%	42.6	1%
	8,643.4	35%		3,686.3	57%
Water distribution services					
China					
– Subsidiaries	2,480.1	10%	45%	708.5	11%
– Joint ventures				151.8	2%
				860.3	13%
Overseas					
– Subsidiaries	498.7	2%	29%	97.5	2%
– Joint ventures				28.1	–
				125.6	2%
	2,978.8	12%		985.9	15%
Subtotal	11,622.2	47%		4,672.2	72%

	Revenue		GP ratio		Profit attributable to shareholders of the Company	
	RMB'M	%		%	RMB'M	%
<b>2. Construction services for the water renovation</b>						
Construction services for comprehensive renovation projects						
– Projects with completion rate more than 10% <sup>§</sup>	839.9	3%	26%	213.8	3%	
– Interest income	–	–	–	392.9	6%	
	839.9	3%		606.7	9%	
Construction of BOT water projects	4,540.6	19%	18%	576.3	9%	
Subtotal	5,380.5	22%		1,183.0	18%	
<b>3. Technical services and sale of machineries</b>	2,459.1	10%	43%	515.9	8%	
<b>4. Urban resources services</b>	5,057.6	21%	20%	116.7	2%	
<b>Business results</b>	<u>24,519.4</u>	<u>100%</u>		<u>6,487.8</u>	<u>100%</u>	
<b>Others<sup>#</sup></b>				(4,592.1)		
<b>Total</b>				<u>1,895.7</u>		

<sup>#</sup> Others included head office expense and other cost, net, of RMB1,284.1 million, share of profit of joint ventures and associates of RMB68.3 million, share award expenses of RMB22.7 million, finance costs of RMB3,260.9 million and profit attributable to holders of perpetual capital instruments of RMB92.7 million. Others represented items that cannot be allocated to the operating segments.

<sup>§</sup> Profit attributable to shareholders of the Company included share of profits of joint ventures and associates of RMB145.7 million.

The comparison of the Group's financial results for the year ended 31 December 2024 and 2023 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	2024 RMB'M	2023 RMB'M	Increase/(Decrease) RMB'M	%	2024 RMB'M	2023 RMB'M	Increase/(Decrease) RMB'M	%
<b>1. Water treatment services</b>								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	8,748.8	8,204.6	544.2	7%	3,605.2	3,386.4	218.8	6%
– Joint ventures and associates					268.0	257.3	10.7	4%
					3,873.2	3,643.7	229.5	6%
GP ratio	57%	55%		2%				
Overseas								
– Subsidiaries	429.2	438.8	(9.6)	(2%)	42.2	42.6	(0.4)	(1%)
GP ratio	15%	19%		(4%)				
	9,178.0	8,643.4	534.6	6%	3,915.4	3,686.3	229.1	6%
Water distribution services								
China								
– Subsidiaries	2,527.4	2,480.1	47.3	2%	655.8	708.5	(52.7)	(7%)
– Joint ventures					150.5	151.8	(1.3)	(1%)
					806.3	860.3	(54.0)	(6%)
GP ratio	40%	45%		(5%)				
Overseas								
– Subsidiaries	543.8	498.7	45.1	9%	107.5	97.5	10.0	10%
– Joint ventures					32.0	28.1	3.9	14%
					139.5	125.6	13.9	11%
GP ratio	28%	29%		(1%)				
	3,071.2	2,978.8	92.4	3%	945.8	985.9	(40.1)	(4%)
Subtotal	12,249.2	11,622.2	627.0	5%	4,861.2	4,672.2	189.0	4%
<b>2. Construction services for the water renovation</b>								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	828.2	839.9	(11.7)	(1%)	170.5	213.8	(43.3)	(20%)
– Interest income	–	–	–	–	319.5	392.9	(73.4)	(19%)
	828.2	839.9	(11.7)	(1%)	490.0	606.7	(116.7)	(19%)
GP ratio	16%	26%		(10%)				
Construction of BOT water projects								
– China	2,616.0	4,540.6	(1,924.6)	(42%)	286.8	576.3	(289.5)	(50%)
GP ratio	17%	18%		(1%)				
Subtotal	3,444.2	5,380.5	(1,936.3)	(36%)	776.8	1,183.0	(406.2)	(34%)
<b>3. Technical services and sale of machineries</b>	2,549.4	2,459.1	90.3	4%	499.7	515.9	(16.2)	(3%)
GP ratio	42%	43%		(1%)				
<b>4. Urban resources services</b>	6,027.7	5,057.6	970.1	19%	108.5	116.7	(8.2)	(7%)
GP ratio	19%	20%		(1%)				
<b>Business results</b>	<u>24,270.5</u>	<u>24,519.4</u>	(248.9)	(1%)	<u>6,246.2</u>	<u>6,487.8</u>	(241.6)	(4%)
<b>Others</b>					(4,568.6)	(4,592.1)	23.5	(1%)
<b>Total</b>	<u><u>1,677.6</u></u>	<u><u>1,895.7</u></u>			<u><u>1,677.6</u></u>	<u><u>1,895.7</u></u>	(218.1)	(12%)



## **2. Business review**

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

### ***2.1 Water treatment services***

As at 31 December 2024, the Group entered into service concession arrangements and entrustment agreements for a total of 1,472 water plants and town-size sewage treatment facilities including 1,224 sewage treatment plants and town-size sewage treatment facilities, 174 water distribution plants, 73 reclaimed water treatment plants and a seawater desalination plant. Total daily design capacity for new projects secured for the year was 908,274 tons including Build-Operate-Transfer (“BOT”) projects of 90,000 tons, Transfer-Operate-Transfer (“TOT”) projects of 10,000 tons, and entrustment operation projects of 808,274 tons.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 1,136,300 tons during the year. As at 31 December 2024, total daily design capacity was 43,735,098 tons.

During the year, the Group entered into three service concession arrangements for town-size sewage treatment projects with aggregate daily capacity of 24,800 tons.

Analysis of projects on hand is as follows:

	Sewage treatment	Reclaimed water treatment	Water distribution	Seawater desalination	Total
<i>(Tons)</i>					
<b>China</b>					
In operation	19,647,006	2,087,450	10,241,137	–	31,975,593
Not yet commenced operation/Not yet transferred	<u>4,784,710</u>	<u>2,050,800</u>	<u>3,037,377</u>	–	<u>9,872,887</u>
Subtotal	<u><u>24,431,716</u></u>	<u><u>4,138,250</u></u>	<u><u>13,278,514</u></u>	–	<u><u>41,848,480</u></u>
<b>Overseas</b>					
In operation	255,260	268,450	1,062,908	300,000	1,886,618
Not yet commenced operation/Not yet transferred	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Subtotal	<u><u>255,260</u></u>	<u><u>268,450</u></u>	<u><u>1,062,908</u></u>	<u><u>300,000</u></u>	<u><u>1,886,618</u></u>
Total	<u><u><u>24,686,976</u></u></u>	<u><u><u>4,406,700</u></u></u>	<u><u><u>14,341,422</u></u></u>	<u><u><u>300,000</u></u></u>	<u><u><u>43,735,098</u></u></u>
<i>(Number of water plants and town-size sewage treatment facilities)</i>					
<b>China</b>					
In operation	988	42	121	–	1,151
Not yet commenced operation/Not yet transferred	<u>174</u>	<u>25</u>	<u>14</u>	–	<u>213</u>
Subtotal	<u><u>1,162</u></u>	<u><u>67</u></u>	<u><u>135</u></u>	–	<u><u>1,364</u></u>
<b>Overseas</b>					
In operation	62	6	39	1	108
Not yet commenced operation/Not yet transferred	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Subtotal	<u><u>62</u></u>	<u><u>6</u></u>	<u><u>39</u></u>	<u><u>1</u></u>	<u><u>108</u></u>
Total	<u><u><u>1,224</u></u></u>	<u><u><u>73</u></u></u>	<u><u><u>174</u></u></u>	<u><u><u>1</u></u></u>	<u><u><u>1,472</u></u></u>

	<b>Number of plants and town-size sewage treatment facilities</b>	<b>Design capacity (Tons/Day)</b>	<b>Actual processing volume during the year* (Tons (M))</b>	<b>Revenue (RMB'M)</b>	<b>Profit attributable to shareholders of the Company (RMB'M)</b>
<b>Sewage and reclaimed water treatment services:</b>					
Chinese Mainland:					
– Southern China	332	4,633,605	1,471.7	1,833.8	729.9
– Western China	326	2,867,410	820.3	1,481.1	623.8
– Shandong	63	2,793,350	933.6	1,326.7	629.2
– Eastern China	179	5,930,016	1,636.2	2,086.7	805.0
– Northern China	130	5,510,075	1,368.2	2,020.5	1,085.3
	1,030	21,734,456	6,230.0	8,748.8	3,873.2
Overseas	68	523,710	109.6	429.2	42.2
Subtotal	1,098	22,258,166	6,339.6	9,178.0	3,915.4
<b>Water distribution services:</b>					
Chinese Mainland	121	10,241,137	2,212.5	2,527.4	806.3
Overseas <sup>§</sup>	40	1,362,908	154.0	543.8	139.5
Subtotal	161	11,604,045	2,366.5	3,071.2	945.8
Total	1,259	33,862,211	8,706.1	12,249.2	4,861.2

\* Excluded entrustment operation contracts with fixed service fee

§ Included a seawater desalination plant

### *2.1.1 Sewage and reclaimed water treatment services*

#### 2.1.1a Chinese Mainland:

As at 31 December 2024, the Group had 988 sewage treatment plants and town-size sewage treatment facilities and 42 reclaimed water plants in operation in Chinese Mainland. Total daily design capacity in operation of sewage treatment plants and town-size sewage treatment facilities and reclaimed water plants reached to 19,647,006 tons (31 December 2023: 19,292,466 tons) and 2,087,450 tons (31 December 2023: 2,183,800 tons), respectively. The average daily processing volume is 17,099,118 tons\* and average daily treatment rate is 81%\*. The actual average contracted tariff charge of water treatment was approximately RMB1.54 per ton (31 December 2023: RMB1.49 per ton) for water plants. The actual aggregate processing volume for the year was 6,230.0 million tons, of which 5,680.5 million tons was contributed by subsidiaries and 549.5 million tons was contributed by joint ventures and associates. Total revenue for the year was RMB8,748.8 million. Net profit attributable to shareholders of the Company was RMB3,873.2 million, of which RMB3,605.2 million was contributed by subsidiaries and RMB268.0 million was contributed by joint ventures and associates. The information of sewage and reclaimed water treatment services in Chinese Mainland is as follows:

#### Southern China

Plants in Southern China were mainly located in Guangdong Province, Hunan Province, Fujian Province and Shaanxi Province. As at 31 December 2024, there were 332 plants and town-size sewage treatment facilities with total daily design capacity of 4,633,605 tons, representing an increase of 88,050 tons as compared with last year. The actual aggregate processing volume for the year amounted to 1,471.7 million tons. The operating revenue and profit attributable to shareholders of the Company were RMB1,833.8 million and RMB729.9 million respectively during the year.

\* *Excluded entrustments operation contracts with fixed service fee*

### Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 31 December 2024, there were 326 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,867,410 tons, representing an increase of 138,000 tons per day or 5% as compared with last year. The actual processing volume for the year was 820.3 million tons. The operating revenue of RMB1,481.1 million was recorded during the year. Profit attributable to shareholders of the Company amounted to RMB623.8 million.

### Shandong

There were 63 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,793,350 tons, representing an increase of 76,350 tons per day or 3% as compared with last year. The actual processing volume for the year was 933.6 million tons contributing operating revenue of RMB1,326.7 million during the year. Profit attributable to shareholders of the Company was RMB629.2 million.

### Eastern China

There were 179 water plants and town-size sewage treatment facilities in Eastern China which were mainly located in Zhejiang Province, Jiangsu Province, Henan Province and Anhui Province. As at 31 December 2024, the total daily design capacity of Eastern China had increased by 69,140 tons to 5,930,016 tons as compared with last year. The actual processing volume for the year amounted to 1,636.2 million tons and operating revenue was RMB2,086.7 million during the year. Profit attributable to shareholders of the Company was RMB805.0 million.

### Northern China

Currently, the Group has 130 plants and town-size sewage treatment facilities under operation in Northern China. They are mainly located in Liaoning Province and Beijing. The daily design capacity of Northern China had decreased by 113,350 tons to 5,510,075 tons as compared with last year. The projects achieved actual processing volume of 1,368.2 million tons for the year. The operating revenue was RMB2,020.5 million during the year. Profit attributable to shareholders of the Company was RMB1,085.3 million.

#### 2.1.1b Overseas:

As at 31 December 2024, the Group had 62 sewage treatment plants and 6 reclaimed water plants in Portugal, Singapore, Australia, New Zealand and Saudi Arabia. Total daily design capacity in operation was 523,710 tons. The actual processing volume for the year was 109.6 million tons. Total revenue for the year was RMB429.2 million. Profit attributable to shareholders of the Company was RMB42.2 million.

### *2.1.2 Water distribution services*

#### 2.1.2a Chinese Mainland:

As at 31 December 2024, the Group had 121 water distribution plants in operation. Total daily design capacity in operation was 10,241,137 tons (31 December 2023: 10,130,237 tons). The plants were located in Guizhou Province, Fujian Province, Guangdong Province, Hunan Province, Hebei Province, Shandong Province, Henan Province, Guangxi Province and Inner Mongolia Autonomous Region. The actual average contracted tariff charge of water distribution is approximately RMB2.15 per ton (31 December 2023: RMB2.15 per ton). The aggregate actual processing volume is 2,212.5 million tons, of which 1,312.6 million tons was contributed by subsidiaries, which recorded revenue of RMB2,527.4 million and 899.9 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was RMB806.3 million, of which profit of RMB655.8 million was contributed by subsidiaries and a profit of RMB150.5 million in aggregate was contributed by joint ventures.

#### 2.1.2b Overseas:

As at 31 December 2024, the Group had 39 water distribution plants and a sea desalination plant which supplies drinking water in Portugal, Australia and Saudi Arabia. Total daily design capacity in operation was 1,362,908 tons. The actual processing volume for the year was 154.0 million tons of which 81.6 million tons was contributed by subsidiaries and 72.4 million tons was contributed by joint ventures. Total revenue for the year was RMB543.8 million. Profit attributable to shareholders of the Company was RMB139.5 million.

## **2.2 Construction services for the water renovation**

### *2.2.1 Construction services for comprehensive renovation projects*

The Group had 11 comprehensive renovation projects under construction during the year. The projects mainly located in Inner Mongolia. Last year, the Group had 15 comprehensive renovation projects under construction mainly located in Inner Mongolia.

Revenue from comprehensive renovation projects slightly decreased by RMB11.7 million from last year of RMB839.9 million to RMB828.2 million this year.

According to the construction contracts, the Group charges an interest on the trade receivables from the customers with reference to certain mark-up on The People's Bank of China's lending rate for the year from the completion of the construction to time of the receipt of the trade receivables. Interest income from water environmental renovation projects attributable to shareholders of the Company was RMB319.5 million for this year (31 December 2023: RMB392.9 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects decreased by RMB116.7 million from last year of RMB606.7 million to RMB490.0 million this year. The decrease was mainly due to decrease in gross profit margin during this year.

### *2.2.2 Construction of BOT water projects*

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

During the year, water plants under construction were mainly located in Shandong, Heilongjiang, Henan, Jiangsu and Liaoning provinces. Total revenue for construction of BOT water projects was RMB2,616.0 million (31 December 2023: RMB4,540.6 million ) and profit attributable to shareholders of the Company was RMB286.8 million (31 December 2023: RMB576.3 million). During the year, the Group focus on asset-light projects and decreased in investing in construction of BOT water projects. As such, there was a decrease in revenue and profit attributable to shareholders of the Company during the year.

### **2.3 Technical services and sales of machineries**

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

Revenue from the provision of technical services and sales of machineries was RMB2,549.4 million (31 December 2023: RMB2,459.1 million), representing 11% of the Group's total revenue. Profit attributable to shareholders of the Company was RMB499.7 million (31 December 2023: RMB515.9 million).



## **2.4 Urban resources services**

Beijing Enterprises Urban Resources Group Limited (“BEURG”) is principally engaged in urban services, hazardous waste treatment business and sale of recycling and reuse products. As 31 December 2024, BEURG had 231 urban services projects, 10 hazardous waste treatment projects in operation and 2 revenue-generating waste electrical and electronic equipment treatment projects. For the year ended 31 December 2024, BEURG’s revenue was RMB6,027.7 million (31 December 2023: RMB5,057.6 million) and the net profit attributable to the Group was RMB108.5 million (31 December 2023: RMB116.7 million).

## **3. Financial analysis**

### **3.1 Revenue**

During the year, the Group recorded revenue of RMB24,270.5 million (31 December 2023: RMB24,519.4 million ). The decrease was mainly due to the decrease in revenue contribution from construction services of the BOT water projects.

### **3.2 Cost of sales**

Cost of sales for the year amounted to RMB15,281.4 million, compared to last year of RMB15,518.6 million. Cost of sales mainly included operating costs of water plants of RMB5,474.3 million and cost of urban resources services of RMB4,805.9 million. The decrease was mainly due to decrease in cost of construction services rendered of RMB1,445.3 million. The construction costs mainly consisted of subcontracting charges. The operating costs mainly included electricity charges of RMB1,433.2 million, staff costs of RMB3,958.2 million and major overhaul charges of RMB316.3 million. Major overhaul charges were the estimated expenditure to be incurred for the restoration of water plants before they are handed over to the grantor at the end of service arrangements. The amount was estimated based on discounted future cash outlays on major overhauls during the service concession periods. The amount was charged to profit or loss based on amortisation method during the service concession periods.

### **3.3 Gross profit margin**

During the year, gross profit margin remain constant at 37%.

Gross margin for sewage and reclaimed water treatment services:

Gross margin for sewage and reclaimed water treatment services in Chinese Mainland was increased to 57% (last year: 55%). The increase in gross margin was mainly due to decrement in operating cost with more effective operation management and cost control. Gross margin for sewage and reclaimed water treatment services in Overseas was decreased to 15% (last year: 19%). Gross margin in Overseas decreased which was mainly due to expiration of an entrustment operation project with high margin and increase in labour cost in Portugal during the year.

*Gross margin for water distribution services:*

Gross margin for water distribution services in Chinese Mainland was decreased to 40% (last year: 45%). The decrease in gross margin was mainly due to increment in amortisation of assets under service concession arrangements since more construction and renovation of pipelines were completed during the year. Gross margin for water distribution services in Overseas was 28% (last year: 29%).

*Gross margin for construction services for comprehensive renovation projects:*

Gross margin for construction services for comprehensive renovation projects was decreased to 16% (last year: 26%). The decrease was mainly due to the major comprehensive renovation projects for the year have relatively lower average gross margin.

*Gross margin for construction of BOT water projects:*

Gross margin for construction of BOT water projects was 17% (last year: 18%).

*Gross margin for technical services and sale of machineries:*

Gross margin for the technical services and sale of machineries was 42% (last year: 43%).

*Gross margin for urban resources services:*

Gross margin for urban resources services was 19% (last year: 20%).

### **3.4 Other income**

The Group recorded other income of RMB834.0 million during the year, compared to last year of RMB960.9 million. The amount for this year mainly included sludge treatment income of RMB148.7 million, pipeline installation income of RMB150.8 million, and government grant and subsidies of RMB127.1 million.

### **3.5 Other operating expenses, net**

Other operating expenses, net for the year increased to RMB1,281.3 million, compared to last year of RMB656.0 million. The increase was mainly due to increase in impairment losses recognised in current year.

### **3.6 Administrative expenses**

Administrative expenses for the year decreased to RMB3,070.5 million, compared to RMB3,317.4 million last year, reflecting a 7% reduction. This indicates that the related cost control measures were effective.

### **3.7 Other gains and losses, net**

The Group recorded other losses, net of RMB28.2 million (last year: other losses, net RMB 222.1 million). The decrease in losses, net was mainly due to decrease in loss on disposal of operating concession and loss on disposal of subsidiaries.

### **3.8 Finance costs**

Interests on bank and other borrowings decreased to RMB2,732.6 million compared to last year of RMB2,813.9 million. The decrease was mainly due to decrease in average interest rate during the year compared with last year. Interests on corporate bonds was RMB481.3 million (31 December 2023: RMB550.7 million).

### ***3.9 Share of results of joint ventures***

Share of results of joint ventures decreased to RMB525.1 million, compared to last year of RMB561.2 million. The decrease was mainly due to decrease in share of results of the joint ventures which engaged in construction services for the water renovation.

### ***3.10 Share of results of associates***

Share of results of associates decreased to RMB48.2 million, compared to last year of RMB83.8 million. The decrease was mainly due to decrease in share of results of Shandong Hi-Speed New Energy Group Limited and an associate which engaged in technical services and sale of machineries compared with last year.

### ***3.11 Income tax expense***

Income tax expense for the year included the current PRC income tax of RMB748.3 million. The effective tax rate for the PRC operation was about 15% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax charge for the year was RMB7.1 million.

### ***3.12 Profit attributable to holders of perpetual capital instruments***

Amount represented the coupon payments of perpetual bonds with an aggregate principal amount of RMB4,240 million which were issued during the year.

### ***3.13 Investment properties***

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

### ***3.14 Property, plant and equipment***

Property, plant and equipment increased by RMB886.2 million which was mainly due to new addition during the year.

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

The Group's total amounts due from contract customers, receivables under service concession arrangements and trade receivables of RMB107,665.9 million (2023: RMB106,662.2 million) included:

By accounting nature:

	Non-current <i>RMB'M</i>	2024 Current <i>RMB'M</i>	Total <i>RMB'M</i>	Non-current <i>RMB'M</i>	2023 Current <i>RMB'M</i>	Total <i>RMB'M</i>
(i) Amounts due from contract customers	16,884.7	3,186.9	20,071.6	22,465.2	3,828.2	26,293.4
(ii) Receivables under service concession arrangements	55,750.4	9,447.7	65,198.1	51,069.8	7,967.2	59,037.0
(iii) Trade receivables	11,020.3	11,375.9	22,396.2	11,531.6	9,800.2	21,331.8
<b>Total</b>	<b>83,655.4</b>	<b>24,010.5</b>	<b>107,665.9</b>	<b>85,066.6</b>	<b>21,595.6</b>	<b>106,662.2</b>

- (i) Amounts due from contract customers of RMB20,071.6 million represent the balances of accumulated construction costs incurred to date plus recognised accumulated gross profits exceeding progress billings arising from BOT projects and comprehensive renovation projects during the phase of construction. Total balance decreased by RMB6,221.8 million (non-current portion decreased by RMB5,580.5 million and current portion decreased by RMB641.3 million), which was mainly due to reclassification to receivables under service concession arrangement as a result of operation commencement of certain BOT projects during the year;
- (ii) Receivables under service concession arrangements of RMB65,198.1 million represent the fair value of the specified amount that the grantor contractually guarantees to pay under service concession contracts arising from BOT and TOT projects. The increase in balance by RMB6,161.1 million (non-current portion increased by RMB4,680.6 million and current portion increased by RMB1,480.5 million) was mainly due to reclassification from amounts due from contract customers as a result of operation commencement of certain BOT projects; and

(iii) Trade receivables of RMB22,396.2 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services and sewage treatment equipment trading. The balance increased by RMB1,064.4 million (non-current portion decreased by RMB511.3 million and current portion increased by RMB1,575.7 million) was mainly due to increase in trade receivables of BEURG.

By business nature:

	<b>2024</b>	2023
	<b><i>RMB'M</i></b>	<i>RMB'M</i>
Water treatment services by BOT and TOT projects	<b>77,889.1</b>	75,350.7
Construction services of comprehensive renovation projects	<b>23,511.5</b>	25,744.0
Technical and consultancy services and other businesses	<b>2,276.6</b>	2,471.5
Urban services and hazardous waste treatment businesses	<b>3,988.7</b>	3,096.0
<b>Total</b>	<b><u>107,665.9</u></b>	<u>106,662.2</u>

Total receivables, which relates to the BOT and TOT projects, recognised under the service concession agreements in accordance with the HK(IFRIC)-Int 12 *Service Concession Arrangements* were RMB77,889.1 million (31 December 2023: RMB75,350.7 million). Total receivables for the construction service of comprehensive renovation projects were RMB23,511.5 million (31 December 2023: RMB25,744.0 million). Total receivables for technical and consultancy services and other businesses were RMB2,276.6 million (31 December 2023: RMB2,471.5 million). Urban services and hazardous waste treatment businesses were RMB3,988.7 million (31 December 2023: RMB3,096.0 million).

### ***3.16 Operating concessions***

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

### ***3.17 Investments in joint ventures***

Investments in joint ventures increased by RMB305.1 million, mainly due to share of profits of certain joint ventures during the year.

### ***3.18 Prepayments, deposits and other receivables***

Prepayments, deposits and other receivables decreased by RMB769.4 million (non-current portion decreased by RMB543.3 million and current portion decreased by RMB226.1 million), mainly due to decrease in deposit and other debtors during the year.

### ***3.19 Cash and cash equivalents***

Cash and cash equivalents decreased by RMB1,206.2 million which was mainly utilised for construction of various water projects in the PRC during the year.

### ***3.20 Other payables and accruals***

Other payables and accruals decreased by RMB350.3 million. The decrease was mainly due to the decrease in due to subcontractors during the year.

### ***3.21 Perpetual capital instrument under the equity attributable to shareholders of the Company***

Perpetual capital instruments were issued by the Company on 12 May 2020, 23 May 2023, 11 August 2023 and 18 April 2024 respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The perpetual capital instruments are classified as equity instruments. The increase was mainly due to issuance of RMB500 million perpetual capital instrument.

### ***3.22 Perpetual capital instruments***

Perpetual capital instruments were issued by a wholly-owned subsidiary of the Company on 25 and 30 January 2024, 22 August 2024, 10 September 2024 and 27 November 2024 respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Group subject to certain conditions. The perpetual capital instruments are classified as equity instruments. The increase was the net effect of issuance of RMB4,240 million and repayment of RMB2,500 million perpetual capital instruments during the year.

### ***3.23 Non-controlling interests***

Non-controlling interests increased by RMB290.6 million. Increase was mainly due to net effects of share of profits and dividend paid to non-controlling interests during the year.

### ***3.24 Bank and other borrowings***

Bank and other borrowings increased by RMB656.3 million which was mainly due to new bank loans utilised to finance for construction of various water projects in PRC during the year.

### ***3.25 Corporate Bonds***

Corporate bonds increased by RMB601.3 million mainly due to the net effect of issuance of new corporate bonds of principal amount of RMB2,600 million and repayment of corporate bonds with principal amount of RMB2,000 million during the year.

### ***3.26 Trade payables***

The decrease in trade payables by RMB1,667.4 million was mainly due to decrease in trade payables to subcontractors for certain construction projects during the year.

### ***3.27 Deferred Income***

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



### ***3.28 Liquidity and financial resources***

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

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB9,009.0 million (31 December 2023: RMB10,215.2 million).

The Group's total borrowings amounted to RMB75,502.2 million (31 December 2023: RMB74,244.7 million) comprised bank and other borrowings of RMB60,931.0 million (31 December 2023: RMB60,274.8 million) and corporate bonds of RMB14,571.2 million (31 December 2023: RMB13,969.9 million). All the corporate bonds bear interest at fixed rates. As at 31 December 2024, over 50% of bank and other borrowings bear interest at floating rates.

As at 31 December 2024, the Group had banking facilities amounting to RMB66.0 billion, of which RMB33.9 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to RMB55,962.4 million (31 December 2023: RMB54,133.5 million).

The gearing ratio as defined as sum of bank and other borrowings and corporate bonds, net of cash and cash equivalents, divided by the total equity was 1.19 as at 31 December 2024 (31 December 2023: 1.18). The increase in the gearing ratio as at 31 December 2024 was mainly due to the increase in bank and other borrowings and corporate bonds during the year.

### ***3.29 Capital expenditures***

During the year, the Group's total capital expenditures were RMB4,105.0 million (31 December 2023: RMB6,990.0 million), of which RMB1,693.6 million was incurred for the acquisition of property, plant and equipment, right-of-use assets and intangible assets; RMB2,349.6 million represented the construction and acquisition of water plants; and RMB61.8 million represented the consideration for acquisition of subsidiary, equity investments and capital injections in joint ventures and associates.

## 4. Future outlook

### 4.1 Sustainable Development

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

At the beginning of the year, BEWG established two asset-light technology platform companies, namely Hangzhou Beishui Future Technology Co., Ltd. (“Beishui Technology”) and Hangzhou Beishui Cloud Service Technology Co., Ltd. (“Beishui Cloud”), in Beijing. Based on the experience in technology and commercialisation accumulated over the years by the Group, Beishui Technology completed the development of 14 core products and has formulated a comprehensive innovation and incubation system that encompasses “the need for research and development – technology acquisition – application in products – demonstration of application – business incubation” in order to provide strong impetus for the Group and the water service industry to build up new quality productive forces.

Beishui Cloud focuses on developing technologies and products, including Zhongchongwang (a cloud platform for the sewage treatment industry), BE-Think (an online technological modeling platform) and BE-EMR (an engineering management robot), under a new “Cloud – Chain – End” operational paradigm. The applications of these products in key projects facilitate the scientific allocation and intelligent deployment of essential resources, such as manpower, capital and socialised services. They also save energy, reduce carbon emissions, improve quality and enhance efficiency while ensuring the stable, efficient and lean operation of water infrastructure. By improving the management of water assets, they turned the page in the digitalisation and green high-quality development of the water service industry.

In 2024, BEWG pursued the goal of integrating finance and business, and designed its digital transformation and upgrade project in a systematic way in order to focus on improving a number of scenarios, such as improving the efficiency of shared operation and data analysis. This project integrates business and financial procedures, connects business and financial data, reconciles business and financial rules, and supports end-to-end business and financial audits as well as the application of various management analytical scenarios, thus completing the comprehensive digital transformation and upgrade of the business and financial management systems of the Group.

The Group remained steadfast in improving the efficiency of its human resources. To optimise its human resource system in a systematic way, it has established digitalised human resource management and human efficiency management systems. At the headquarters level, the management team was streamlined and efficiency has been increased. At the regional level, reserves of operational talent were being established. Teams of industrial workers have been reformed in respect of operating projects. A database was also established for regions to share talent and human resources, thereby effectively supporting regional intensification and asset-light transformation and continuously increasing the amount of strategic human resources.

BEWG always cares about the expectations of its stakeholders. During the year, efforts had been made to building an efficient, stable and mutually-beneficial network of sustainability partnership. By fully integrating the concept of sustainability into the complete life cycle management of its suppliers, it endeavoured to establish a responsible and high-quality supply chain system. Adhering to its “customer-oriented and innovation-driven” principle, BEWG improved service quality, adopted responsible marketing practices and built closer relationship with its customers by focusing on the enhancement of customer communication and experience, with the aim of continuously boosting the level of customer satisfaction.

#### **4.2 *Future Prospect***

The year 2025 will witness the conclusion of the 14th Five-Year Plan as well as the design and formulation of the 15th Five-Year Plan. BEWG will uphold its strategic confidence, prioritise cash flows, secure sound business fundamentals, summon the strength to win battles, improve quality and enhance efficiency, and move towards its goal as a “trustworthy and world-leading water environmental service provider”.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 85,870\* employees. Total staff cost for the year ended 31 December 2024 was RMB5,615,717,000 (year ended 31 December 2023: RMB5,330,504,000). The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses, share options and share awards are awarded to certain employees according to the assessment of individual performance. On 24 April 2013, the Company had granted 400,000,000 share options at an exercise price of HKD2.244 per share under a share option scheme adopted on 28 June 2011 for the Group's directors and employees (the "Scheme"). The 400,000,000 share options were lapsed on 24 April 2023. On 28 March 2014, the Company had granted the then independent non-executive director of the Company 2,000,000 share options at an exercise price of HKD5.180 per share under the Scheme. The Scheme was expired on 27 June 2021. During the year ended 31 December 2024, the 2,000,000 share options were lapsed. Other than disclosed above, no share option was exercised, lapsed or cancelled under the Scheme. As at 31 December 2024, the Company had no share options outstanding. On 26 September 2019, 1 November 2021, 2 December 2022 and 13 July 2023, the Company had granted 15,374,599 awarded shares, 12,471,409 awarded shares, 21,664,326 awarded shares and 13,261,718 awarded shares respectively pursuant to the share award scheme adopted on 17 December 2018 (the "Share Award Scheme"). All the awarded shares were vested or lapsed during the year ended 31 December 2023. On 14 December 2023, the Board resolved to extend the Share Award Scheme for further five years after the expiry of an initial five-year term until 16 December 2028. During the year ended 31 December 2024, the Company did not grant any awarded share under the Share Award Scheme.

\* *Included 67,219 employees under BEURG as at 31 December 2024*

## **SIGNIFICANT INVESTMENTS AND ACQUISITIONS**

During the year ended 31 December 2024, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

## **CHARGES ON THE GROUP'S ASSETS**

The secured bank and other borrowings, the corporate bonds and bill facilities of the Group as at 31 December 2024 were secured by:

- (i) mortgages over certain concession rights (comprising operating concessions and receivables under service concession arrangements) which are under the management of the Group pursuant to the relevant service concession agreements signed with the grantors;
- (ii) mortgages over certain land use rights and buildings and investment properties of the Group;
- (iii) guarantees given by the Company and/or its subsidiaries;
- (iv) pledges over certain of the Group's property, plant and equipment and right-of-use assets;
- (v) pledges over the Group's equity interests in certain subsidiaries; and/or
- (vi) pledges over certain of the Group's bank balances.

Save as disclosed above, at 31 December 2024, the Group did not have any charges on the Group's assets.

## **FOREIGN EXCHANGE EXPOSURE**

The main operating activities of the Group were carried out in PRC with majority of its transactions denominated and settled in RMB. Certain of the subsidiaries of the Group have their assets and liabilities denominated in other currencies including HKD, AUD and EUR. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously to monitor the related foreign exchange exposure and adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of RMB1,304,600,000 (31 December 2023: RMB1,503,465,000) were outstanding and corporate guarantees of RMB1,491,063,000 (31 December 2023: RMB1,973,394,000) were given to banks and/or institutional investors in connection with facilities granted to certain associates, joint ventures and bonds issued by joint ventures.

Save as disclosed above, at 31 December 2024, the Group did not have any significant contingent liabilities.

## **FINAL DIVIDEND**

The Board proposed to pay final dividend of HK9.1 cents per ordinary share for the financial year ended 31 December 2024 (the “Proposed Final Dividend”). The Proposed Final Dividend is subject to shareholders’ approval at the annual general meeting of the Company to be held on Tuesday, 3 June 2025 (the “AGM”), payable to shareholders of the Company whose names appear on the register of members of the Company on Friday, 13 June 2025.

The Proposed Final Dividend will be payable in cash to each shareholder in HK Dollars (“HKD”) unless an election is made to receive the same in Renminbi (“RMB”). Shareholders will be given the option to elect to receive all (but not part, save in case of HKSCC Nominees Limited which may elect to receive part of its entitlement in RMB) of the Proposed Final Dividend in RMB at the average benchmark exchange rate of HKD to RMB as published by the People’s Bank of China during the five business days prior to and including the date of the AGM. A dividend currency election form will be despatched to shareholders in June 2025 as soon as practicable after the record date of 13 June 2025 to determine shareholders’ entitlement to the Proposed Final Dividend.

## **CLOSURES OF REGISTER OF MEMBERS**

### **For Annual General Meeting**

The register of members will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM to be held on Tuesday, 3 June 2025, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 May 2025.

## **For Entitlement to Proposed Final Dividend**

The register of members will be closed from Thursday, 12 June 2025 to Friday, 13 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the Proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 June 2025. Subject to the approval of shareholders of the Company at the AGM, the Proposed Final Dividend will be paid on or around Monday, 28 July 2025.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. During the year ended 31 December 2024, in the opinion of the Board, the Company complied with all code provisions set out in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by directors. Having made specific enquiries of all directors of the Company, the Company confirms that during the year ended 31 December 2024, all of its directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by directors.

## **AUDIT COMMITTEE**

The audit committee of the Company ("Audit Committee") comprises three independent non-executive directors of the Company, namely Mr. Shea Chun Lok Quadrant (the chairman of the Audit Committee), Mr. Guo Rui and Mr. Chau On Ta Yuen. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management and internal controls of the Company. The final results for the year ended 31 December 2024 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

## **SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion on assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

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

### **Redemption of RMB1,000,000,000 3.27% Bonds Due 2026**

During the year ended 31 December 2024, the Company redeemed and cancelled the two years prior to the maturity date all the amount of RMB1,000,000,000 3.27% bonds due 2026 issued by the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

### **Redemption of RMB1,000,000,000 3.58% extendable Bonds**

During the year ended 31 December 2024, the Group redeemed and cancelled the amount of RMB1,000,000,000 3.58% extendable bonds issued by a wholly-owned subsidiary of the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

### **Redemption of RMB1,500,000,000 3.79% extendable Bonds**

During the year ended 31 December 2024, the Group redeemed and cancelled the amount of RMB1,500,000,000 3.79% extendable bonds issued by a wholly-owned subsidiary of the Company at the redemption amount of RMB1,500,000,000 plus accrued interest which was paid.

Subsequent to the redemption of the above bonds, they were all cancelled and delisted from the Shanghai Stock Exchange.



## Repurchases of ordinary shares of BEURG

During the year ended 31 December 2024, BEURG, a subsidiary of the Company repurchased a total of 39,700,000 ordinary shares of BEURG on the Stock Exchange at an aggregate consideration of HK\$22,569,180 (before expense). All the repurchased shares were cancelled by BEURG as at the date of this announcement. Details of repurchases of such ordinary shares were as follows:

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

Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2024.

## PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

## APPRECIATION

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

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

Hong Kong, 26 March 2025

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