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北控水務集團有限公司
BEIJING ENTERPRISES WATER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

PERFORMANCE HIGHLIGHTS

- Profit attributable to shareholders of the Company decreased by 20% to RMB897.1 million for the six months ended 30 June 2025 as compared to RMB1,122.1 million for the last period, including the impact of provision of impairment on the profit attributable to shareholders of the Company of RMB258.9 million.
- EBITDA amounted to RMB3,924.5 million, representing a decrease of 16% as compared with that of RMB4,659.7 million for the last period.
- Basic and diluted earnings per share for the period were RMB8.40 cents and RMB8.40 cents respectively.
- Interim dividend of HK7.35 cents per share is proposed for the six months ended 30 June 2025, representing a 5% increase from the last period.

BUSINESS HIGHLIGHTS

- Ranked first in the ‘Top 10 Most Influential Companies in China’s Waterworks Industry’ for the 15th consecutive year
- Inducted into S&P Global Sustainability Yearbook (China Edition) 2025
- Continued optimization of revenue structure, with free cash flow achieving significant improvement
- Full-scale upgrade of operational paradigm of “Cloud-Chain-Unit”, with scale merit through intensification gradually materializing
- Ongoing reduction of administrative expenses and finance costs
- Overseas business achieved the export of equipment products, and light asset business made breakthroughs
- Launching the ‘Smart Water Dual-Engine’ AI Agent to drive cloud-based upgrades for water operation management system and intelligent control system, exploring the large-scale application of AI technologies (‘AI+’) across the water industry chain

RESULTS

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Water Group Limited (the “Company” or “BEWG”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2025 with comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
REVENUE	3	10,458,861	11,308,811
Cost of sales		(6,280,225)	(7,015,296)
Gross profit		4,178,636	4,293,515
Interest income		286,789	451,576
Other income		308,137	318,548
Other operating expenses, net		(576,521)	(360,300)
Administrative expenses		(1,156,532)	(1,251,696)
Other gains and losses, net		(315,131)	20
PROFIT FROM OPERATING ACTIVITIES	4	2,725,378	3,451,663
Finance costs	5	(1,192,084)	(1,565,644)
Share of results of joint ventures		285,720	308,037
Share of results of associates		57,851	16,767
PROFIT BEFORE TAX		1,876,865	2,210,823
Income tax expense	6	(409,431)	(443,036)
PROFIT FOR THE PERIOD		1,467,434	1,767,787
ATTRIBUTABLE TO:			
Shareholders of the Company		897,087	1,122,088
Holders of perpetual capital instruments		61,769	68,151
Non-controlling interests		508,578	577,548
		1,467,434	1,767,787
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic		RMB8.40 cents	RMB10.66 cents
– Diluted		RMB8.40 cents	RMB10.66 cents

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	1,467,434	1,767,787
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	99,106	(652,241)
– Fair value changes on derivative financial instruments	(106,052)	–
– Loss reclassified to profit or loss on hedged items	30,857	–
	<u>23,911</u>	<u>(652,241)</u>
<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	–	130,332
– Share of other comprehensive (expense)/income of a joint venture	(4,432)	3,839
– Changes in fair value of equity investments designated at fair value through other comprehensive income	(8,339)	11,374
	<u>(12,771)</u>	<u>145,545</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF INCOME TAX	<u>11,140</u>	<u>(506,696)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,478,574</u>	<u>1,261,091</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	896,880	648,670
Holders of perpetual capital instruments	61,769	68,151
Non-controlling interests	519,925	544,270
	<u>1,478,574</u>	<u>1,261,091</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
ASSETS			
Non-current assets:			
Property, plant and equipment		8,816,131	9,246,157
Right-of-use assets		843,143	805,904
Investment properties		459,320	459,320
Goodwill		3,628,066	3,635,579
Operating concessions		11,017,403	11,203,736
Other intangible assets		316,236	427,129
Investments in joint ventures		10,698,931	10,517,236
Investments in associates		3,366,099	3,327,057
Equity investments designated at fair value through other comprehensive income		638,611	690,903
Financial assets at fair value through profit or loss		8,157	10,105
Amounts due from contract customers		11,912,825	16,884,707
Receivables under service concession arrangements	9	55,701,745	55,750,341
Trade receivables	10	13,311,148	11,020,336
Prepayments, deposits and other receivables	11	568,101	653,992
Deferred tax assets		710,464	555,444
Derivative financial instruments		–	11,762
Total non-current assets		121,996,380	125,199,708
Current assets:			
Inventories		458,875	359,487
Amounts due from contract customers		3,562,855	3,186,867
Receivables under service concession arrangements	9	10,614,620	9,447,741
Trade receivables	10	11,690,225	11,375,905
Prepayments, deposits and other receivables	11	8,698,025	7,759,427
Derivative financial instruments		–	17,161
Restricted cash and pledged deposits		259,905	216,336
Cash and cash equivalents		8,648,144	9,008,971
Total current assets		43,932,649	41,371,895
TOTAL ASSETS		165,929,029	166,571,603

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		834,250	834,250
Perpetual capital instruments		3,489,856	3,488,929
Reserves		26,848,474	26,847,916
		31,172,580	31,171,095
Perpetual capital instruments		4,235,019	4,235,019
Non-controlling interests		20,640,701	20,556,316
		24,875,720	24,791,335
TOTAL EQUITY		56,048,300	55,962,430
Non-current liabilities:			
Other payables and accruals	12	848,264	766,476
Bank and other borrowings		48,137,713	47,785,821
Corporate bonds		13,270,509	12,573,666
Lease liabilities		158,677	145,598
Provision for major overhauls		767,703	644,880
Deferred income		613,676	577,224
Deferred tax liabilities		4,880,571	4,846,702
Derivative financial instruments		50,081	–
Total non-current liabilities		68,727,194	67,340,367
Current liabilities:			
Trade payables	13	17,947,365	19,049,467
Other payables and accruals	12	8,017,740	7,631,530
Income tax payables		1,350,189	1,402,863
Bank and other borrowings		10,798,110	13,145,188
Corporate bonds		2,997,068	1,997,543
Lease liabilities		16,015	42,215
Derivative financial instruments		27,048	–
Total current liabilities		41,153,535	43,268,806
TOTAL LIABILITIES		109,880,729	110,609,173
TOTAL EQUITY AND LIABILITIES		165,929,029	166,571,603

NOTES:

1.1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. During the six months ended 30 June 2025, the Group was involved in the following principal activities:

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

1.2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

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

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed 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 period attributable to shareholders of the Company. The profit for the period attributable to shareholders of the Company is measured consistently with the Group's profit attributable to shareholders of the Company, except interest income on loans to joint ventures, finance costs, share of results of certain joint ventures and associates, loss on disposal of receivables under service concession arrangements, provision of impairment losses, as well as head office and corporate income and expenses are excluded from such measurement.

For the six months ended 30 June 2025

	Sewage and reclaimed water treatment and construction services (Unaudited) RMB'000	Water distribution services (Unaudited) RMB'000	Technical and consultancy services and sales of machineries (Unaudited) RMB'000	Urban resources services (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue (<i>note 3</i>)	5,228,125	1,449,290	742,157	3,039,289	10,458,861
Cost of sales	<u>(2,490,556)</u>	<u>(878,208)</u>	<u>(486,179)</u>	<u>(2,425,282)</u>	<u>(6,280,225)</u>
Gross profit	<u>2,737,569</u>	<u>571,082</u>	<u>255,978</u>	<u>614,007</u>	<u>4,178,636</u>
Segment results:					
The Group	2,719,060	521,319	95,303	168,739	3,504,421
Share of results of:					
Joint ventures	205,166	83,594	(2,788)	(252)	285,720
Associates	<u>7,842</u>	<u>142</u>	<u>(1,851)</u>	<u>–</u>	<u>6,133</u>
	<u>2,932,068</u>	<u>605,055</u>	<u>90,664</u>	<u>168,487</u>	<u>3,796,274</u>
Corporate and other unallocated income and expenses, net					(779,043)
Share of results of joint ventures and associates					51,718
Finance costs					<u>(1,192,084)</u>
Profit before tax					1,876,865
Income tax expense					<u>(409,431)</u>
Profit for the period					<u>1,467,434</u>
Profit for the period attributable to shareholders of the Company:					
Operating segments	<u>2,435,694</u>	<u>438,116</u>	<u>50,347</u>	<u>13,517</u>	2,937,674
Corporate and other unallocated items					<u>(2,040,587)</u>
					<u>897,087</u>

For the six months ended 30 June 2024

	Sewage and reclaimed water treatment and construction services (Unaudited) RMB'000	Water distribution services (Unaudited) RMB'000	Technical and consultancy services and sales of machineries (Unaudited) RMB'000	Urban resources services (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue (<i>note 3</i>)	6,026,207	1,443,451	1,151,384	2,687,769	11,308,811
Cost of sales	<u>(3,231,658)</u>	<u>(845,876)</u>	<u>(806,839)</u>	<u>(2,130,923)</u>	<u>(7,015,296)</u>
Gross profit	<u>2,794,549</u>	<u>597,575</u>	<u>344,545</u>	<u>556,846</u>	<u>4,293,515</u>
Segment results:					
The Group	2,847,660	551,299	176,420	263,014	3,838,393
Share of results of:					
Joint ventures	191,037	116,607	2,112	(1,104)	308,652
Associates	<u>5,414</u>	<u>3</u>	<u>(30,885)</u>	<u>–</u>	<u>(25,468)</u>
	<u>3,044,111</u>	<u>667,909</u>	<u>147,647</u>	<u>261,910</u>	<u>4,121,577</u>
Corporate and other unallocated income and expenses, net					(386,730)
Share of results of joint ventures and associates					41,620
Finance costs					<u>(1,565,644)</u>
Profit before tax					2,210,823
Income tax expense					<u>(443,036)</u>
Profit for the period					<u>1,767,787</u>
Profit for the period attributable to shareholders of the Company:					
Operating segments	<u>2,528,314</u>	<u>485,606</u>	<u>108,667</u>	<u>52,349</u>	<u>3,174,936</u>
Corporate and other unallocated items					<u>(2,052,848)</u>
					<u>1,122,088</u>

Geographical information

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from external customers:		
Chinese Mainland	9,765,466	10,656,369
Elsewhere	693,395	652,442
	<u>10,458,861</u>	<u>11,308,811</u>

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

Information about major customers

During the six months ended 30 June 2025 and 2024, the Group had no transaction with any single external customer which contributed over 10% of the Group's total revenue for the periods.

3. REVENUE

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	4,516,318	4,384,504
Construction services	711,807	1,641,703
Water distribution services	1,449,290	1,443,451
Technical and consultancy services and sales of machineries	742,157	1,151,384
Urban services	2,664,179	2,402,168
Hazardous waste treatment services and sale of recycling and reuse products	375,110	285,601
	<u>10,458,861</u>	<u>11,308,811</u>

Imputed interest income under service concession arrangements amounting to RMB1,487,594,000 (six months ended 30 June 2024: RMB1,475,886,000) is included in the above revenue.

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of sewage and reclaimed water treatment services rendered	1,700,347	1,655,375
Cost of construction services	601,033	1,353,574
Cost of water distribution services	801,512	774,466
Cost of technical and consultancy services rendered and machineries sold	486,179	806,839
Cost of urban services	2,040,913	1,833,700
Cost of hazardous waste treatment services and sale of recycling and reuse products	358,842	265,645
Depreciation of property, plant and equipment	493,168	491,209
Depreciation of right-of-use assets	36,054	36,840
Amortisation of operating concessions*	291,399	325,697
Amortisation of other intangible assets*	34,902	29,466

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other loans	958,039	1,394,959
Interest on corporate bonds	240,452	239,921
Interest on lease liabilities	5,907	4,173
Total interest expense	1,204,398	1,639,053
Increase in discounted amounts of provision for major overhauls arising from the passage of time	32,198	25,985
Total finance costs	1,236,596	1,665,038
Less: Interest included in cost of construction services	(44,512)	(99,394)
	1,192,084	1,565,644

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Chinese Mainland is 25% for both periods.

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB’000	RMB’000
Current – Hong Kong	4,166	3,701
Current – Chinese Mainland	422,511	409,250
Current – Elsewhere	24,041	18,389
Deferred	(41,287)	11,696
	<hr/>	<hr/>
Total tax expense for the period	409,431	443,036
	<hr/>	<hr/>

7. INTERIM DIVIDEND

On 27 August 2025, the Board has resolved to declare an interim cash dividend of HK7.35 cents (six months ended 30 June 2024: HK7.0 cents) per ordinary share amounting to a total of approximately RMB673,808,000 (six months ended 30 June 2024: RMB642,942,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the distribution related to the perpetual capital instruments, for the six months ended 30 June 2025, and the weighted average number of 10,046,609,871 (six months ended 30 June 2024: 10,046,609,871) ordinary shares in issue less the weighted average number of 18,499,494 (six months ended 30 June 2024: 18,499,494) ordinary shares held under the share award scheme of the Company during the period.

The calculations of the basic and diluted earnings per share attributable to shareholders of the Company are based on the following data:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to shareholders of the Company	897,087	1,122,088
Distribution related to the perpetual capital instruments	(55,061)	(52,947)
	<hr/>	<hr/>
Earnings for the purpose of basic earnings per share and diluted earnings per share (note a)	842,026	1,069,141
	<hr/>	<hr/>
	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share (note b)	10,028,110,377	10,028,110,377
	<hr/>	<hr/>

Notes:

- (a) The computation of diluted earnings per share does not assume the exercise of the Company's options and the options of an associate because the exercise price of those options was higher than the average market price for shares for both periods ended 30 June 2025 and 2024.
- (b) The weighted average number of ordinary shares has been calculated taking into account the shares held under share award scheme.

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Billed:		
Within 3 months	3,215,879	2,760,315
4 to 6 months	1,923,995	2,601,815
7 to 12 months	2,484,798	1,796,738
Over 1 year	2,989,948	2,288,873
	10,614,620	9,447,741
Unbilled:		
Non-current portion*	55,701,745	55,750,341
Total	66,316,365	65,198,082

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

10. TRADE RECEIVABLES

The Group's trade receivables arise from the provision of construction services for comprehensive renovation projects, water distribution services on the Build-Own-Operate basis, technical and consultancy services, urban resources services and sale of machineries. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months, except for customers of the construction services for comprehensive renovation projects, who will settle the amounts owed to the Group in a number of specified instalments covering periods ranging from 1 year to 25 years. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Apart from the trade receivables of certain construction services for comprehensive renovation projects which bear interest at rates ranging from 3.5% to 15.0% (31 December 2024: 3.8% to 15.0%) per annum, all other trade receivables are non-interest-bearing.

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Billed:		
Within 3 months	5,891,611	4,180,228
4 to 6 months	1,091,620	1,410,248
7 to 12 months	1,141,589	1,831,795
Over 1 year	3,565,405	3,953,634
Balance with extended credit period	29,682	29,682
	11,719,907	11,405,587
Unbilled*	13,281,466	10,990,654
	25,001,373	22,396,241
Portion classified as current assets	(11,690,225)	(11,375,905)
Non-current portion	13,311,148	11,020,336

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Prepayments	698,834	331,493
Deposits and other debtors	4,730,201	4,176,881
Advances to subcontractors and suppliers	1,933,565	1,962,156
Due from joint ventures	2,391,322	2,411,898
Due from associates	58,194	84,023
Due from non-controlling equity holders	237,179	234,321
Due from other related parties	61,422	71,917
	10,110,717	9,272,689
Impairment	(844,591)	(859,270)
	9,266,126	8,413,419
Portion classified as current assets	(8,698,025)	(7,759,427)
	568,101	653,992
Non-current portion	568,101	653,992

12. OTHER PAYABLES AND ACCRUALS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Accruals	741,816	1,240,763
Other liabilities	4,015,259	3,405,926
Contract liabilities	1,654,677	1,407,505
Due to subcontractors	181,105	185,606
Due to joint ventures	1,135,821	1,040,999
Due to associates	151,776	127,073
Due to other related parties	211,636	196,263
Other taxes payables	773,914	793,871
	8,866,004	8,398,006
Portion classified as current liabilities	(8,017,740)	(7,631,530)
	848,264	766,476
Non-current portion	848,264	766,476

13. TRADE PAYABLES

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 3 months	7,631,337	8,916,730
4 to 6 months	2,879,048	1,133,729
7 months to 1 year	2,145,170	1,018,773
Over 1 year	5,224,366	7,912,791
Balance with extended credit period	67,444	67,444
	<u>17,947,365</u>	<u>19,049,467</u>

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

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2025 amounted to RMB2,779,114,000 (unaudited) (31 December 2024: net current liabilities of RMB1,896,911,000) and RMB124,775,494,000 (unaudited) (31 December 2024: RMB123,302,797,000), respectively.

15. COMPARATIVE AMOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period attributable to shareholders of the Company decreased by 20% to RMB897.1 million. Revenue decreased by 8% to RMB10,458.9 million as a result of decrease in revenue contribution from construction services for the BOT water projects.

1. Financial highlights

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%		RMB'M	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,278.3	41%	60%	2,013.9	68%
– Joint ventures and associates				172.9	6%
				2,186.8	74%
Overseas					
– Subsidiaries	238.0	2%	19%	19.3	1%
	4,516.3	43%		2,206.1	75%
Water distribution services					
China					
– Subsidiaries	1,206.9	12%	41%	308.5	11%
– Joint ventures				69.4	2%
				377.9	13%
Overseas					
– Subsidiaries	242.4	2%	31%	45.9	2%
– Joint ventures				14.3	–
				60.2	2%
	1,449.3	14%		438.1	15%
Subtotal	5,965.6	57%		2,644.2	90%

		Revenue		GP ratio		Profit attributable to shareholders of the Company	
		RMB'M	%		%	RMB'M	%
2.	Construction services for the water renovation						
	Construction services for comprehensive renovation projects						
	– Projects with completion rate more than 10% [§]	247.3	3%	12%		35.3	1%
	– Interest income	–	–	–		140.9	5%
		247.3	3%	12%		176.2	6%
	Construction of BOT water projects	464.5	4%	17%		53.4	2%
		-----	-----	-----		-----	-----
	Subtotal	711.8	7%			229.6	8%
		-----	-----			-----	-----
3.	Technical services and sale of machineries	742.2	7%	34%		50.4	2%
4.	Urban resources services	3,039.3	29%	20%		13.5	–
		-----	-----			-----	-----
	Business results	10,458.9	100%			2,937.7	100%
		-----	-----			-----	-----
	Others[#]					(2,040.6)	

	Total					897.1	

[#] Others included head office expense and other cost, net, of RMB838.4 million, share of results of joint ventures and associates of RMB51.7 million, finance costs of RMB1,192.1 million and profit attributable to holders of perpetual capital instruments of RMB61.8 million. Others represented items that cannot be allocated to the operating segments.

[§] Profit attributable to shareholders of the Company included share of results of joint ventures and associates of RMB35.8 million.

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	%		RMB'M	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,176.7	37%	59%	1,950.1	62%
– Joint ventures and associates				141.6	4%
				2,091.7	66%
Overseas					
– Subsidiaries	207.8	2%	19%	19.7	1%
	4,384.5	39%		2,111.4	67%
Water distribution services					
China					
– Subsidiaries	1,209.5	11%	43%	323.0	10%
– Joint ventures				102.3	3%
				425.3	13%
Overseas					
– Subsidiaries	233.9	2%	32%	46.0	1%
– Joint ventures				14.3	1%
				60.3	2%
	1,443.4	13%		485.6	15%
Subtotal	5,827.9	52%		2,597.0	82%

		Revenue		GP ratio	Profit attributable to shareholders of the Company	
		<i>RMB'M</i>	<i>%</i>	<i>%</i>	<i>RMB'M</i>	<i>%</i>
2.	Construction services for the water renovation					
	Construction services for comprehensive renovation projects					
	– Projects with completion rate more than 10% [§]	384.1	3%	16%	80.3	2%
	– Interest income	–	–	–	177.4	6%
		384.1	3%	16%	257.7	8%
	Construction of BOT water projects	1,257.6	11%	18%	159.2	5%
	Subtotal	1,641.7	14%		416.9	13%
3.	Technical services and sale of machineries	1,151.4	10%	30%	108.7	3%
4.	Urban resources services	2,687.8	24%	21%	52.3	2%
	Business results	11,308.8	100%		3,174.9	100%
	Others[#]				(2,052.8)	
	Total				1,122.1	

[#] Others included head office expense and other cost, net, of RMB460.6 million, share of results of joint ventures and associates of RMB41.6 million, finance costs of RMB1,565.6 million and profit attributable to holders of perpetual capital instruments of RMB68.2 million. Others represented items that cannot be allocated to the operating segments.

[§] Profit attributable to shareholders of the Company included share of results of joint ventures and associates of RMB54.9 million.

The comparison of the Group's financial results for the six months ended 30 June 2025 and 2024 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June		Increase/(Decrease)	%	For the six months ended 30 June		Increase/(Decrease)	%
	2025	2024			2025	2024		
	RMB'M	RMB'M	RMB'M		RMB'M	RMB'M	RMB'M	
1. Water treatment services								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	4,278.3	4,176.7	101.6	2%	2,013.9	1,950.1	63.8	3%
– Joint ventures and associates					172.9	141.6	31.3	22%
					2,186.8	2,091.7	95.1	5%
GP ratio	60%	59%		1%				
Overseas								
– Subsidiaries	238.0	207.8	30.2	15%	19.3	19.7	(0.4)	(2%)
GP ratio	19%	19%		–				
	4,516.3	4,384.5	131.8	3%	2,206.1	2,111.4	94.7	4%
Water distribution services								
China								
– Subsidiaries	1,206.9	1,209.5	(2.6)	–	308.5	323.0	(14.5)	(4%)
– Joint ventures					69.4	102.3	(32.9)	(32%)
					377.9	425.3	(47.4)	(11%)
GP ratio	41%	43%		(2%)				
Overseas								
– Subsidiaries	242.4	233.9	8.5	4%	45.9	46.0	(0.1)	–
– Joint ventures					14.3	14.3	–	–
					60.2	60.3	(0.1)	–
GP ratio	31%	32%		(1%)				
	1,449.3	1,443.4	5.9	–	438.1	485.6	(47.5)	(10%)
Subtotal	5,965.6	5,827.9	137.7	2%	2,644.2	2,597.0	47.2	2%
2. Construction services for the water environmental renovation								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	247.3	384.1	(136.8)	(36%)	35.3	80.3	(45.0)	(56%)
– Interest income	–	–	–	–	140.9	177.4	(36.5)	(21%)
	247.3	384.1	(136.8)	(36%)	176.2	257.7	(81.5)	(32%)
GP ratio	12%	16%		(4%)				
Construction of BOT water projects								
– China	464.5	1,257.6	(793.1)	(63%)	53.4	159.2	(105.8)	(66%)
GP ratio	17%	18%		(1%)				
Subtotal	711.8	1,641.7	(929.9)	(57%)	229.6	416.9	(187.3)	(45%)
3. Technical services and sale of machineries	742.2	1,151.4	(409.2)	(36%)	50.4	108.7	(58.3)	(54%)
GP ratio	34%	30%		4%				
4. Urban resources services	3,039.3	2,687.8	351.5	13%	13.5	52.3	(38.8)	(74%)
GP ratio	20%	21%		(1%)				
Business results	10,458.9	11,308.8	(849.9)	(8%)	2,937.7	3,174.9	(237.2)	(7%)
Others					(2,040.6)	(2,052.8)	12.2	(1%)
Total					897.1	1,122.1	(225.0)	(20%)

2. Business review

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

2.1 Water treatment services

As at 30 June 2025, the Group entered into service concession arrangements and entrustment agreements for a total of 1,463 water plants and town-size sewage treatment facilities including 1,214 sewage treatment plants and town-size sewage treatment facilities, 174 water distribution plants, 74 reclaimed water treatment plants and a seawater desalination plant. Total daily design capacity for new projects secured for the period was 119,831 tons, all of which are entrustment operation projects.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 558,750 tons during the period. As at 30 June 2025, total daily design capacity was 43,296,179 tons.

During the period, the Group entered into a service concession arrangement for town-size sewage treatment projects with aggregate daily capacity of 3,900 tons.

Analysis of projects on hand is as follows:

	Sewage treatment	Reclaimed water treatment	Water distribution	Seawater desalination	Total
<i>(Tons/Day)</i>					
China					
In operation	19,787,606	2,085,600	10,031,137	–	31,904,343
Not yet commenced operation/ Not yet transferred	<u>4,417,960</u>	<u>2,033,881</u>	<u>3,053,377</u>	<u>–</u>	<u>9,505,218</u>
Subtotal	<u>24,205,566</u>	<u>4,119,481</u>	<u>13,084,514</u>	<u>–</u>	<u>41,409,561</u>
Overseas					
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>255,260</u>	<u>268,450</u>	<u>1,062,908</u>	<u>300,000</u>	<u>1,886,618</u>
Total	<u>24,460,826</u>	<u>4,387,931</u>	<u>14,147,422</u>	<u>300,000</u>	<u>43,296,179</u>
<i>(Number of water plants and town-size sewage treatment facilities)</i>					
China					
In operation	1,010	42	120	–	1,172
Not yet commenced operation/ Not yet transferred	<u>142</u>	<u>26</u>	<u>15</u>	<u>–</u>	<u>183</u>
Subtotal	<u>1,152</u>	<u>68</u>	<u>135</u>	<u>–</u>	<u>1,355</u>
Overseas					
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>62</u>	<u>6</u>	<u>39</u>	<u>1</u>	<u>108</u>
Total	<u>1,214</u>	<u>74</u>	<u>174</u>	<u>1</u>	<u>1,463</u>

	Number of plants and town-size sewage treatment facilities	Design capacity (Tons/Day)	Actual processing volume during the period* (Tons (M))	Revenue (RMB'M)	Profit attributable to shareholders of the Company (RMB'M)
Sewage and reclaimed water treatment services:					
Chinese Mainland:					
– Southern China	335	4,807,105	678.3	881.5	417.2
– Western China	324	2,812,810	384.0	768.7	361.2
– Shandong	62	2,824,050	433.0	700.4	377.6
– Eastern China	200	5,904,216	790.8	979.9	424.1
– Northern China	131	5,525,025	673.9	947.8	606.7
	1,052	21,873,206	2,960.0	4,278.3	2,186.8
Overseas	68	523,710	54.4	238.0	19.3
Subtotal	1,120	22,396,916	3,014.4	4,516.3	2,206.1
Water distribution services:					
Chinese Mainland					
	120	10,031,137	1,087.0	1,206.9	377.9
Overseas [§]	40	1,362,908	93.9	242.4	60.2
Subtotal	160	11,394,045	1,180.9	1,449.3	438.1
Total	1,280	33,790,961	4,195.3	5,965.6	2,644.2

* *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 30 June 2025, the Group had 1,010 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 19,787,606 tons (31 December 2024: 19,647,006 tons) and 2,085,600 tons (31 December 2024: 2,087,450 tons), respectively. The average daily processing volume is 16,443,693 tons* and average daily treatment rate is 77%*. The actual average contracted tariff charge of water treatment was approximately RMB1.56 per ton (31 December 2024: RMB1.54 per ton) for water plants. The actual aggregate processing volume for the period was 2,960.0 million tons, of which 2,694.4 million tons was contributed by subsidiaries and 265.6 million tons was contributed by joint ventures and associates. Total revenue for the period was RMB4,278.3 million. Net profit attributable to shareholders of the Company was RMB2,186.8 million, of which RMB2,013.9 million was contributed by subsidiaries and RMB172.9 million was contributed by joint ventures and associates. The information of sewage and reclaimed water treatment services in Chinese Mainland is as follows:

Southern China

Plants in Southern China were mainly located in Guangdong Province, Hunan Province, Fujian Province and Shaanxi Province. As at 30 June 2025, there were 335 plants and town-size sewage treatment facilities with total daily design capacity of 4,807,105 tons, representing an increase of 173,500 tons or 4% as compared with last year. The actual aggregate processing volume for the period amounted to 678.3 million tons. The operating revenue and profit attributable to shareholders of the Company were RMB881.5 million and RMB417.2 million respectively during the period.

* Excluded entrustments operation contracts with fixed service fee

Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 30 June 2025, there were 324 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,812,810 tons, representing a decrease of 54,600 tons per day or 2% as compared with last year. The actual processing volume for the period was 384.0 million tons. The operating revenue of RMB768.7 million was recorded during the period. Profit attributable to shareholders of the Company amounted to RMB361.2 million.

Shandong

There were 62 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,824,050 tons, representing an increase of 30,700 tons per day as compared with last year. The actual processing volume for the period was 433.0 million tons contributing operating revenue of RMB700.4 million during the period. Profit attributable to shareholders of the Company was RMB377.6 million.

Eastern China

There were 200 water plants and town-size sewage treatment facilities in Eastern China which were mainly located in Zhejiang Province, Jiangsu Province, Henan Province and Anhui Province. As at 30 June 2025, the total daily design capacity of Eastern China had decreased by 25,800 tons to 5,904,216 tons as compared with last year. The actual processing volume for the period amounted to 790.8 million tons and operating revenue was RMB979.9 million during the period. Profit attributable to shareholders of the Company was RMB424.1 million.

Northern China

Currently, the Group has 131 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 is 5,525,025 tons, representing an increase of 14,950 tons per day as compared with last year. The projects achieved actual processing volume of 673.9 million tons for the period. The operating revenue was RMB947.8 million during the period. Profit attributable to shareholders of the Company was RMB606.7 million.

2.1.1b Overseas:

As at 30 June 2025, 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 period is 54.4 million tons. Total revenue for the period was RMB238.0 million. Profit attributable to shareholders of the Company was RMB19.3 million.

2.1.2 *Water distribution services*

2.1.2a Chinese Mainland:

As at 30 June 2025, the Group had 120 water distribution plants in operation. Total daily design capacity in operation was 10,031,137 tons (31 December 2024: 10,241,137 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 2024: RMB2.15 per ton). The aggregate actual processing volume is 1,087.0 million tons, of which 653.0 million tons was contributed by subsidiaries, which recorded revenue of RMB1,206.9 million and 434.0 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was RMB377.9 million, of which profit of RMB308.5 million was contributed by subsidiaries and a profit of RMB69.4 million in aggregate was contributed by joint ventures.

2.1.2b Overseas:

As at 30 June 2025, 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 period is 93.9 million tons of which 37.6 million tons was contributed by subsidiaries and 56.3 million tons was contributed by joint ventures. Total revenue for the period was RMB242.4 million. Profit attributable to shareholders of the Company was RMB60.2 million.

2.2 Construction services for the water renovation

2.2.1 Construction services for comprehensive renovation projects

Revenue from comprehensive renovation projects decreased by RMB136.8 million from last period of RMB384.1 million to RMB247.3 million this period.

With the gradual completion of the construction of asset-heavy comprehensive renovation projects in hand or entering into the final stage of construction works, thus, there was a decrease in the construction revenue contributed by these projects.

According to the construction contracts, the Group charges an interest on the trade receivables from the customers with reference to certain mark-up on The People's Bank of China's lending rate for the period from the completion of the construction to time of the receipt of the trade receivables. Interest income from water environmental renovation projects attributable to shareholders of the Company was RMB140.9 million for this period (six months ended 30 June 2024: RMB177.4 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects decreased by RMB81.5 million from last period of RMB257.7 million to RMB176.2 million this period.

2.2.2 Construction of BOT water projects

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

During the period, water plants under construction were mainly located in Shandong, Sichuan and Heilongjiang provinces. Total revenue for construction of BOT water projects was RMB464.5 million (six months ended 30 June 2024: RMB1,257.6 million) and profit attributable to shareholders of the Company was RMB53.4 million (six months ended 30 June 2024: RMB159.2 million). During the period, the Group focus on asset-light projects and decreased in investing in construction of BOT water projects. As such, there was a decrease in revenue and profit attributable to shareholders of the Company during the period.

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 RMB742.2 million (six months ended 30 June 2024: RMB1,151.4 million), representing 7% of the Group's total revenue. Profit attributable to shareholders of the Company was RMB50.4 million (six months ended 30 June 2024: RMB108.7 million). The decrease was mainly due to a decline in demand for technical services during the period.

2.4 *Urban resources services*

Beijing Enterprises Urban Resources Group Limited (“BEURG”) is principally engaged in urban services, hazardous waste treatment business and sale of recycling and reuse products. As at 30 June 2025, BEURG had 239 urban services projects, 10 hazardous waste treatment projects in operation and 2 revenue-generating waste electrical and electronic equipment treatment projects. For the six months ended 30 June 2025, BEURG’s revenue was RMB3,039.3 million (six months ended 30 June 2024: RMB2,687.8 million) and the net profit attributable to the Group was RMB13.5 million (six months ended 30 June 2024: RMB 52.3 million). The decrease in net profit attributable to the Group was mainly due to the impairment loss on non-current assets recognised in BEURG during the six months ended 30 June 2025. The impairment loss was on one-off non-cash expenditure and had no impacts on the Group’s cash flow.

3. Financial analysis

3.1 *Revenue*

During the period, the Group recorded revenue of RMB10,458.9 million (six months ended 30 June 2024: RMB11,308.8 million). The decrease was mainly due to the decrease in revenue contribution from construction services for the BOT water projects.

3.2 *Cost of sales*

Cost of sales for the period amounted to RMB6,280.2 million, compared to last period of RMB7,015.3 million. Cost of sales mainly included operating costs of water plants of RMB2,767.7 million and cost of urban resources services of RMB2,425.3 million. The decrease was mainly due to decrease in cost of construction services rendered of RMB752.5 million. The construction costs mainly consisted of subcontracting charges. The operating costs mainly included electricity charges of RMB729.9 million, staff costs of RMB2,125.3 million and major overhaul charges of RMB120.3 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 period, gross profit margin increased from last period of 38% to 40%. Gross margin increased as there is a change in mix of revenue during this period. The proportion of revenue contribution from water treatment services increased during the period. The gross margin of water treatment services is comparatively higher than the construction services for the water renovation.

Gross margin for sewage and reclaimed water treatment services:

Gross margin for sewage and reclaimed water treatment services in Chinese Mainland was increased to 60% (last period: 59%). Gross margin for sewage and reclaimed water treatment services in Overseas was 19% (last period: 19%).

Gross margin for water distribution services:

Gross margin for water distribution services in Chinese Mainland was 41% (last period: 43%). The gross margin decreased as there is a change in mix of customer structure during the period. Gross margin for water distribution services in Overseas was 31% (last period: 32%).

Gross margin for construction services for comprehensive renovation projects:

Gross margin for construction services for comprehensive renovation projects was 12% (last period: 16%). Gross margin decreased was mainly due to the change in mix of revenue during the period. The proportion of revenue contribution from overseas with comparatively lower gross margin increased as compared with construction services for comprehensive renovation projects in Chinese Mainland.

Gross margin for construction of BOT water projects:

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

Gross margin for technical services and sale of machineries:

Gross margin for the technical services and sale of machineries was 34% (last period: 30%). The increase in gross profit margin was due to the Group's focus on high-margin technical service projects combined with cost reduction and efficiency improvements.

Gross margin for urban resources services:

Gross margin for urban resources services was 20% (last period: 21%).

3.4 Other income

The Group recorded other income of RMB308.1 million during the period, compared to last period of RMB318.5 million. The amount for this period mainly included sludge treatment income of RMB69.5 million, pipeline installation income of RMB61.8 million, and government grant and subsidies of RMB47.7 million.

3.5 Other operating expenses, net

Other operating expenses, net for the period increased to RMB576.5 million, compared to last period of RMB360.3 million. The increase was mainly due to impairment loss on non-current assets recognised in BEURG during the current period.

3.6 Administrative expenses

Administrative expenses for the period decreased to RMB1,156.5 million, compared to last period of RMB1,251.7 million which decreased by 8%, implying that the related cost control was effective.

3.7 Other gains and losses, net

The Group recorded other losses, net of RMB315.1 million. The amount for this period mainly included loss on disposal of receivables under service concession arrangements.

3.8 Finance costs

The interest on bank and other borrowings were RMB958.0 million, which decreased by 31% when compared to last period of RMB1,395.0 million, the decrease was mainly due to the Group's effective control on finance costs by continuously advancing the optimization of its debt structure. Interests on corporate bonds of RMB240.5 million (six months ended 30 June 2024: RMB239.9 million).

3.9 Share of results of joint ventures

Share of results of joint ventures decreased to RMB285.7 million, compared to last period of RMB308.0 million. The decrease was mainly due to decrease in share of results of the joint ventures which engaged in construction services for comprehensive renovation projects.

3.10 Share of results of associates

Share of results of associates increased to RMB57.9 million, compared to last period of RMB16.8 million. The increase was mainly due to increase 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 period.

3.11 Income tax expense

Income tax expense for the period included the current PRC income tax of RMB422.5 million. The effective tax rate for the PRC operation was about 16% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax credit for the period was RMB41.3 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 in 2024.

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

The Group's total amounts due from contract customers, receivables under service concession arrangements and trade receivables of RMB106,793.4 million (31 December 2024: RMB107,665.9 million) included:

By accounting nature:

	30 June 2025			31 December 2024		
	Non-current RMB'M	Current RMB'M	Total RMB'M	Non-current RMB'M	Current RMB'M	Total RMB'M
(i) Amounts due from contract customers	11,912.8	3,562.9	15,475.7	16,884.7	3,186.9	20,071.6
(ii) Receivables under service concession arrangements	55,701.7	10,614.6	66,316.3	55,750.4	9,447.7	65,198.1
(iii) Trade receivables	<u>13,311.2</u>	<u>11,690.2</u>	<u>25,001.4</u>	<u>11,020.3</u>	<u>11,375.9</u>	<u>22,396.2</u>
Total	<u>80,925.7</u>	<u>25,867.7</u>	<u>106,793.4</u>	<u>83,655.4</u>	<u>24,010.5</u>	<u>107,665.9</u>

- (i) Amounts due from contract customers of RMB15,475.7 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 RMB4,595.9 million (non-current portion decreased by RMB4,971.9 million and current portion increased by RMB376.0 million), which was mainly due to reclassification to receivables under service concession arrangement and trade receivables as a result of operation commencement of certain BOT water projects and completion of comprehensive renovation project respectively;
- (ii) Receivables under service concession arrangements of RMB66,316.3 million represent the fair value of the specified amount that the grantor contractually guarantees to pay under service concession contracts arising from BOT and TOT projects. The increase in balance by RMB1,118.2 million (non-current portion decreased by RMB48.7 million and current portion increased by RMB1,166.9 million) was mainly due to reclassification from amounts due from contract customers as a result of operation commencement of certain BOT water projects; and

- (iii) Trade receivables of RMB25,001.4 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services, sewage treatment equipment trading and urban resources services. The balance increased by RMB2,605.2 million (non-current portion increased by RMB2,290.9 million and current portion increased by RMB314.3 million) was mainly due to reclassification from amounts due from contract customers as a result of completion of comprehensive renovation project.

By business nature:

	30 June 2025 RMB'M	31 December 2024 RMB'M
Water treatment services by BOT and TOT projects	77,929.7	77,889.1
Construction services of comprehensive renovation projects	22,166.0	23,511.5
Technical and consultancy services and other businesses	2,780.7	2,276.6
Urban resources services	3,917.0	3,988.7
Total	<u>106,793.4</u>	<u>107,665.9</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 RMB77,929.7 million (31 December 2024: RMB77,889.1 million). Total receivables for the construction service of comprehensive renovation projects were RMB22,166.0 million (31 December 2024: RMB23,511.5 million). Total receivables for technical and consultancy services and other businesses were RMB2,780.7 million (31 December 2024: RMB2,276.6 million). Urban resources services were RMB3,917.0 million (31 December 2024: RMB3,988.7 million).

3.14 Operating concessions

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

3.15 Investments in joint ventures

Investments in joint ventures increased by RMB181.7 million, mainly due to share of profits of certain joint ventures during the period.

3.16 Investments in associates

Investments in associates increased by RMB39.0 million, mainly due to share of profits of certain associates during the period.

3.17 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables increased by RMB852.7 million, (non-current portion decreased by RMB85.9 million and current portion increased by RMB938.6 million), mainly due to increase in prepayments and other debtors.

3.18 Cash and cash equivalents

Cash and cash equivalents decreased by RMB360.8 million which was mainly utilised for repayment of bank and other borrowings during the period.

3.19 Other payables and accruals

Other payables and accruals increased by RMB468.0 million. The increase was mainly due to the increase in other liabilities during the period.

3.20 Perpetual capital instrument under the equity attributable to shareholders of the Company

Perpetual capital instruments were issued by the Company on 11 August 2023, 18 April 2024 and 7 May 2025 respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.21 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.

3.22 Bank and other borrowings

Bank and other borrowings decreased by RMB1,995.2 million which was mainly due to repayment of bank loans during the period.

3.23 Corporate bonds

Corporate bonds increased by RMB1,696.4 million which was mainly due to the net effect of issuance of new corporate bonds with principal amount of RMB3,700 million, repayment of corporate bonds with principal amount of RMB2,000 million during the period.

3.24 Trade payables

The decrease in trade payables by RMB1,102.1 million was mainly due to decrease in trade payables to subcontractors for certain construction projects during the period.

3.25 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.

3.26 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 30 June 2025, the Group's cash and cash equivalents amounted to RMB8,648.1 million (31 December 2024: RMB9,009.0 million).

The Group's total borrowings amounted to RMB75,203.4 million (31 December 2024: RMB75,502.2 million) comprised bank and other borrowings of RMB58,935.8 million (31 December 2024: RMB60,931.0 million) and corporate bonds of RMB16,267.6 million (31 December 2024: RMB14,571.2 million). All the corporate bonds bear interest at fixed rates. Over 50% of bank and other borrowings bear interest at floating rates.

As at 30 June 2025, the Group had banking facilities amounting to RMB69.3 billion, of which RMB38.4 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to RMB56,048.3 million (31 December 2024: RMB55,962.4 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 30 June 2025 (31 December 2024: 1.19).

3.27 Capital expenditures

During the period, the Group's total capital expenditures were RMB943.2 million (six month ended 30 June 2024: RMB1,573.3 million), of which RMB410.0 million was the acquisition of property, plant and equipment, right-of-use assets and intangible assets; RMB524.7 million represented the construction and acquisition of water plants; and RMB8.5 million represented the capital injections in associates and joint ventures.

4. Future Outlook

4.1 Sustainable development

The Group has deeply integrated the concept of sustainable development into its medium-term and long-term development strategies. By building a solid operational foundation through technological innovation sustainability, digital sustainability, risk management sustainability and talent development sustainability, we could be strengthening the foundation for high-quality and sustainable growth.

In March 2025, Hangzhou Beishui Future Technology Co., Ltd. released its “Smart Water Dual Engine” intelligent solution, aiming to build an “economical, user-friendly, simple and reliable” urban water “intelligent system”. Hangzhou Beishui Cloud Service Technology Co., Ltd. launched the “Zhongchongwang” smart operation platform that leverages its three core systems namely digital operation, smart operation, and intelligent perception, which derived from best practices, optimizes resource allocation and enables intelligent scheduling. The platform generates continuously iterated production management experience. It aims to propel the water industry into a new era of intelligence while providing efficient, precise and sustainable operational services. Concurrently, the level of integrated business-finance system was fully rolled out enhancing the level of financial management in terms of precision, consolidation and intelligence.

The Group continues to refine its legal governance, internal control compliance, safety operations and audit supervision systems that promoting a transformation in its management and control model to become a “full lifecycle value guardian”. Safety supervision focuses on management of hazardous operations safety, standardizing procedures through three pillars: institutional mechanisms, personnel training, and technological solutions. This approach aims to define operational boundaries, enhance incident accountability, strengthen work safety consciousness and ensure production safety.

The Group prioritizes talent structure realignment thereby building three core workforce pillars – operational management, technical expertise, and skilled labor that could expand regional leadership development coverage. It concurrently refines talent pipeline mechanisms and competency evaluation frameworks, while cultivating a high-caliber industrial workforce to enable intergenerationally differentiated water operation capabilities.

BEWG always pays close attention to the expectations of all stakeholders. It is committed to building a sustainable partner network and integrating this concept into the full lifecycle management of suppliers. We cultivate a high-performance supply chain. Upholding in the philosophy of “Customer as the Source, Innovations as the Way”, we strengthen customer communication to enhance customer experience and satisfaction.

4.2 *Future prospect*

“Where the will is set, no distance is too far”. As we chart the course for the 15th Five-Year Plan, BEWG will unwaveringly prioritize cash flow resilience to continuously reinforce its business fundamentals, unite efforts to overcome challenges, deeply improve quality and enhance efficiency, accelerate the cultivation of new quality productive forces with technological innovation at its core, and move at full speed towards its visions as a “trustworthy and world-leading water environmental service provider”.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 85,559* employees. Total staff cost for the six months ended 30 June 2025 was RMB2,880,503,000 (six months ended 30 June 2024: RMB2,772,488,000). 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 and share awards are awarded to certain employees according to the assessment of individual performance. 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. 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 six months ended 30 June 2025, the Company did not grant any awarded share under the Share Award Scheme. The number of awarded shares to be available for grant are 200,932,197 shares as at both 1 January 2025 and 30 June 2025.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the six months ended 30 June 2025, 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 and the perpetual capital instruments of the Group as at 30 June 2025 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;

* Included 67,198 employees under BEURG as at 30 June 2025

- (ii) mortgages over certain land use rights and buildings and investment properties of the Group;
- (iii) guarantees given by the Company and/or its subsidiaries;
- (iv) pledges over certain of the Group's property, plant and equipment and right-of-use assets;
- (v) pledges over the Group's equity interests in certain subsidiaries;
- (vi) pledges over certain of the Group's bank balances; and/or
- (vii) pledges over certain of the Group's trade receivables.

Save as disclosed above, at 30 June 2025, 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 Directors will continuously monitor the related foreign exchange exposure and adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

As at 30 June 2025, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of RMB1,507,104,000 (31 December 2024: RMB1,304,600,000) were outstanding and corporate guarantees of RMB1,509,362,000 (31 December 2024: RMB1,491,063,000) were given to banks and/or institutional investors in connection with facilities granted to certain associates, joint ventures and bonds issued by joint ventures.

Save as disclosed above, at 30 June 2025, the Group did not have any significant contingent liabilities.

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

Redemption of RMB1,000,000,000 2.97% medium-term Notes Due 2027

During the six months ended 30 June 2025, the Company redeemed and cancelled the two years prior to the maturity date all the outstanding principal amount of RMB1,000,000,000 2.97% medium-term notes due 2027 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 3.43% medium-term Notes Due 2028

During the six months ended 30 June 2025, the Group redeemed and cancelled the three years prior to the maturity date all the amount of RMB1,000,000,000 3.43% medium-term notes due 2028 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 RMB1,000,000,000 4.00% extendable Notes

During the six months ended 30 June 2025, the Company redeemed and cancelled the amount of RMB1,000,000,000 4.00% extendable notes 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 3.03% extendable Notes

During the six months ended 30 June 2025, the Company redeemed and cancelled the amount of RMB1,000,000,000 3.03% extendable notes issued by the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare an interim dividend of HK7.35 cents per share (equivalent to RMB0.0670682 per share at the exchange rate of HKD1.0: RMB0.912492, being the average benchmark exchange rate of HK Dollars (“HKD”) to Renminbi (“RMB”) as published by the People’s Bank of China during the five business days immediately before 27 August 2025) for the six months ended 30 June 2025, payable on Monday, 27 October 2025 to shareholders whose names appear on the register of members of the Company on the record date of Thursday, 11 September 2025.

The interim dividend will be payable in cash to each shareholder in HKD unless an election is made to receive the same in RMB.

Shareholders will be given the option to elect to receive all (but not part, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the interim dividend in RMB, such dividend will be paid at RMB0.0670682 per share. To make such election, shareholders should complete the dividend currency election form, which is expected to be despatched to shareholders in the mid-September 2025 as soon as practicable after the record date of 11 September 2025 to determine shareholders’ entitlement to the interim dividend, and return it to 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 not later than 4:30 p.m. on Monday, 6 October 2025.

Shareholders who are minded to elect to receive all (but not part, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will/will not be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Monday, 27 October 2025 at the shareholders’ own risk.

If no election is made by a shareholder or no duly completed dividend currency election form in respect of that shareholder is received by branch share registrar of the Company in Hong Kong by 4:30 p.m. on Monday, 6 October 2025, such shareholder will automatically receive the interim dividend in HKD. All dividend payments in HKD will be made in the usual way on or around Monday, 27 October 2025.

If shareholders wish to receive the interim dividend in HKD in the usual way, no additional action is required.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 10 September 2025 to Thursday, 11 September 2025 (both days inclusive), during which period no transfer of shares will be registered. The record date will be Thursday, 11 September 2025. 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 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 Tuesday, 9 September 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. In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 of the 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 the Directors. Having made specific enquiry of all Directors, the Company confirms that during the six months ended 30 June 2025, all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") currently comprises three independent non-executive directors of the Company, namely Mr. Shea Chun Lok Quadrant (the chairman of the Audit Committee), Mr. Guo Rui and Mr. Chau On Ta Yuen. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management and internal controls of the Company. The unaudited interim results for the six months ended 30 June 2025 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.bewg.net) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2025 interim report will be despatched to shareholders of the Company and will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

APPRECIATION

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

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

Hong Kong, 27 August 2025

As at the date of this announcement, the board of directors of the Company comprises eight executive directors, namely Mr. Xiong Bin (Chairman), Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Ms. Sha Ning, Mr. Zhang Wenjiang, Ms. Zhou Xueyan, Mr. Tung Woon Cheung Eric and Mr. Li Li, one non-executive director, 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.