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(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

PERFORMANCE HIGHLIGHTS

- Profit attributable to shareholders of the Company decreased by 7% to RMB1,561.5 million for the year ended 31 December 2025 as compared to RMB1,677.6 million for the last year.
- Both basic and diluted earnings per share for the year were RMB14.55 cents.
- Final dividend of HK9.25 cents per share is proposed for the year ended 31 December 2025. Full-year dividend are HK16.60 cents.

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) for the 3rd consecutive year
- Continued optimization of the revenue structure, with significant improvement in free cash flow
- General upgrade of the cloud – chain – end operational paradigm, with economies of scale through intensification
- Ongoing reduction of administrative expenses and finance costs
- Equipment exports expanded for overseas business, and breakthroughs in both existing and asset-light business segments
- First year of AI strategy: widespread adoption of AI and digitalisation to drive comprehensive efficiency gains across organisational and operational functions, ushering in a new era of intelligent water management

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 2025 and the consolidated statement of financial position of the Group as at 31 December 2025, with comparative figures for the year ended 31 December 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
REVENUE	3	22,062,151	24,270,499
Cost of sales		(13,573,498)	(15,281,401)
Gross profit		8,488,653	8,989,098
Interest income		449,254	793,043
Other income		978,895	834,008
Other operating expenses, net		(1,316,011)	(1,281,335)
Administrative expenses		(3,005,974)	(3,070,481)
Other gains and losses, net		(444,193)	(28,217)
PROFIT FROM OPERATING ACTIVITIES	4	5,150,624	6,236,116
Finance costs	5	(2,332,256)	(3,090,387)
Share of results of:			
Joint ventures		505,722	525,099
Associates		35,184	48,152
PROFIT BEFORE TAX		3,359,274	3,718,980
Income tax expense	6	(666,940)	(812,083)
PROFIT FOR THE YEAR		2,692,334	2,906,897
ATTRIBUTABLE TO:			
Shareholders of the Company		1,561,531	1,677,600
Holders of perpetual capital instruments		124,562	133,785
Non-controlling interests		1,006,241	1,095,512
		2,692,334	2,906,897
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic		RMB14.55 cents	RMB15.63 cents
– Diluted		RMB14.55 cents	RMB15.63 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	2,692,334	2,906,897
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences arising on translation of foreign operations	70,749	(1,079,650)
– Fair value change on derivative financial instruments	(65,457)	28,923
– Loss/(gain) reclassified to profit or loss on hedged items	27,215	(10,801)
	32,507	(1,061,528)
<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
– Share of other comprehensive expense of a joint venture	(1,677)	(8,863)
– Changes in fair value of equity investments designated at fair value through other comprehensive income	5,570	(69,632)
	3,893	181,383
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF INCOME TAX	36,400	(880,145)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,728,734	2,026,752
ATTRIBUTABLE TO:		
Shareholders of the Company	1,580,516	841,317
Holder of perpetual capital instruments	124,562	133,785
Non-controlling interests	1,023,656	1,051,650
	2,728,734	2,026,752

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		As at 31 December 2025	As at 31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets:			
Property, plant and equipment		8,841,596	9,246,157
Right-of-use assets		813,382	805,904
Investment properties		423,197	459,320
Goodwill		3,505,144	3,635,579
Operating concessions		12,037,138	11,203,736
Other intangible assets		352,628	427,129
Investments in joint ventures		10,570,380	10,517,236
Investments in associates		3,320,698	3,327,057
Equity investments designated at fair value through other comprehensive income		607,276	690,903
Financial assets at fair value through profit or loss		538	10,105
Amounts due from contract customers		7,774,840	16,884,707
Receivables under service concession arrangements	<i>9</i>	55,482,455	55,750,341
Trade receivables	<i>10</i>	13,697,453	11,020,336
Prepayments, deposits and other receivables	<i>11</i>	604,217	653,992
Deferred tax assets		735,882	555,444
Derivative financial instruments		–	11,762
Total non-current assets		<u>118,766,824</u>	<u>125,199,708</u>
Current assets:			
Inventories		340,878	359,487
Amounts due from contract customers		4,998,893	3,186,867
Receivables under service concession arrangements	<i>9</i>	10,392,044	9,447,741
Trade receivables	<i>10</i>	11,589,007	11,375,905
Prepayments, deposits and other receivables	<i>11</i>	9,190,537	7,759,427
Derivative financial instruments		–	17,161
Restricted cash and pledged deposits		181,730	216,336
Cash and cash equivalents		9,567,491	9,008,971
Total current assets		<u>46,260,580</u>	<u>41,371,895</u>
TOTAL ASSETS		<u><u>165,027,404</u></u>	<u><u>166,571,603</u></u>

		As at 31 December 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		834,250	834,250
Perpetual capital instruments		3,489,535	3,488,929
Reserves		26,821,044	26,847,916
		<u>31,144,829</u>	<u>31,171,095</u>
Perpetual capital instruments		4,235,019	4,235,019
Non-controlling interests		20,675,515	20,556,316
		<u>24,910,534</u>	<u>24,791,335</u>
TOTAL EQUITY		<u>56,055,363</u>	<u>55,962,430</u>
Non-current liabilities:			
Other payables and accruals	12	865,581	766,476
Bank and other borrowings		41,864,328	47,785,821
Corporate bonds		15,269,346	12,573,666
Lease liabilities		130,529	145,598
Provision for major overhauls		760,642	644,880
Deferred income		634,220	577,224
Deferred tax liabilities		4,847,262	4,846,702
		<u>64,371,908</u>	<u>67,340,367</u>
Current liabilities:			
Trade payables	13	16,974,195	19,049,467
Other payables and accruals	12	7,602,541	7,631,530
Income tax payables		1,327,381	1,402,863
Bank and other borrowings		14,626,205	13,145,188
Corporate bonds		3,998,254	1,997,543
Lease liabilities		35,023	42,215
Derivative financial instrument		36,534	–
		<u>44,600,133</u>	<u>43,268,806</u>
TOTAL LIABILITIES		<u>108,972,041</u>	<u>110,609,173</u>
TOTAL EQUITY AND LIABILITIES		<u>165,027,404</u>	<u>166,571,603</u>

NOTES:

1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as 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.

The directors of the Company have, at the time of approving the 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 consolidated financial statements.

1.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standards as 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 consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standards 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.

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, loss on disposal of receivables under service concession arrangement, finance costs, share of results of certain joint ventures and associates, provision of impairment losses, as well as head office and corporate income and expenses are excluded from such measurement.

Year ended 31 December 2025

	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)	11,080,377	3,007,245	1,681,060	6,293,469	22,062,151
Cost of sales	<u>(5,652,744)</u>	<u>(1,915,612)</u>	<u>(927,331)</u>	<u>(5,077,811)</u>	<u>(13,573,498)</u>
Gross profit	<u>5,427,633</u>	<u>1,091,633</u>	<u>753,729</u>	<u>1,215,658</u>	<u>8,488,653</u>
Segment results:					
The Group	5,031,317	907,167	399,804	525,730	6,864,018
Share of results of:					
Joint ventures	274,366	208,252	(396)	2,063	484,285
Associates	<u>(4,092)</u>	<u>(227)</u>	<u>(1,744)</u>	<u>–</u>	<u>(6,063)</u>
	<u>5,301,591</u>	<u>1,115,192</u>	<u>397,664</u>	<u>527,793</u>	7,342,240
Corporate and other unallocated income and expenses, net					(1,713,394)
Share of results of joint ventures and associates					62,684
Finance costs					<u>(2,332,256)</u>
Profit before tax					3,359,274
Income tax expense					<u>(666,940)</u>
Profit for the year					<u>2,692,334</u>
Profit for the year attributable to shareholders of the Company:					
Operating segments	<u>4,488,070</u>	<u>816,437</u>	<u>332,095</u>	<u>94,218</u>	5,730,820
Corporate and other unallocated items					<u>(4,169,289)</u>
					<u>1,561,531</u>

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 results 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 results 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>

Geographical information

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from external customers:		
Chinese Mainland	20,015,650	22,475,399
Elsewhere	<u>2,046,501</u>	<u>1,795,100</u>
	<u><u>22,062,151</u></u>	<u><u>24,270,499</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 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 year.

3. REVENUE

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	9,456,476	9,178,030
Construction services	1,623,901	3,444,184
Water distribution services	3,007,245	3,071,217
Technical and consultancy services and sales of machineries	1,681,060	2,549,372
Urban services	5,495,087	5,310,493
Hazardous waste treatment services and sale of recycling and reuse products	<u>798,382</u>	<u>717,203</u>
	<u><u>22,062,151</u></u>	<u><u>24,270,499</u></u>

Imputed interest income under service concession arrangements amounting to RMB2,855,700,000 (2024: RMB3,100,665,000) is included in the above revenue.

4. PROFIT FROM OPERATING ACTIVITIES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of sewage and reclaimed water treatment services rendered	3,889,776	3,760,086
Cost of construction services	1,354,871	2,875,385
Cost of water distribution services	1,712,553	1,714,235
Cost of technical and consultancy services rendered and machineries sold	927,331	1,473,982
Cost of urban services	4,235,506	4,135,143
Cost of hazardous waste treatment services and sale of recycling and reuse products	781,524	670,722
Depreciation of property, plant and equipment	853,104	931,076
Depreciation of right-of-use assets	61,370	74,757
Amortisation of operating concessions*	671,937	651,848
Amortisation of other intangible assets*	67,842	58,259
Employee benefit expenses	<u>5,817,525</u>	<u>5,615,717</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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other loans	1,881,555	2,732,605
Interest on corporate bonds	483,544	481,318
Interest on lease liabilities	<u>9,491</u>	<u>15,462</u>
Total interest expense	2,374,590	3,229,385
Increase in discounted amounts of provision for major overhauls arising from the passage of time	<u>63,670</u>	<u>55,020</u>
Total finance costs	2,438,260	3,284,405
Less: Interest included in cost of construction services	<u>(106,004)</u>	<u>(194,018)</u>
	<u><u>2,332,256</u></u>	<u><u>3,090,387</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 2025 (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 years.

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.

	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Current – Hong Kong	8,778	6,108
Current – Chinese Mainland	811,464	748,257
Current – Elsewhere	49,519	60,675
Overprovision in prior years	(5,684)	(10,039)
Deferred	(197,137)	7,082
	<hr/>	<hr/>
Total tax expense for the year	666,940	812,083
	<hr/> <hr/>	<hr/> <hr/>

7. DIVIDEND

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interim – HK7.35 cents (2024: HK7.00 cents) per ordinary share	673,127*	642,942
Proposed final – HK9.25 cents (2024: HK9.10 cents) per ordinary share	<u>854,967</u>	<u>831,960*</u>
	<u><u>1,528,094</u></u>	<u><u>1,474,902</u></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 shares of the Company recognised as distribution during the year amounted to RMB1,505,087,000 (2024: RMB1,435,359,000) in aggregate.*

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic and diluted 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 2025, and the weighted average number of 10,046,609,871 (2024: 10,046,609,871) ordinary shares in issue less the weighted average number of 18,499,494 (2024: 18,499,494) 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 based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings figures are calculated as follow:		
Profit for the year attributable to shareholders of the Company	1,561,531	1,677,600
Distribution related to the perpetual capital instruments	<u>(102,301)</u>	<u>(109,906)</u>
Earnings for the purpose of basic earnings per share and diluted earnings per share (<i>note a</i>)	<u><u>1,459,230</u></u>	<u><u>1,567,694</u></u>

2025

2024

Number of ordinary shares

Weighted average number of ordinary shares

for the purpose of the basic earnings per share and

diluted earnings per share (*note b*)10,028,110,37710,028,110,377*Notes:*

- (a) 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 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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Billed:		
Within 3 months	2,608,934	2,760,315
4 to 6 months	1,764,742	2,601,815
7 to 12 months	2,598,190	1,796,738
Over 1 year	3,420,178	2,288,873
	10,392,044	9,447,741
Unbilled:		
Non-current portion*	55,482,455	55,750,341
Total	65,874,499	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% (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:

	2025	2024
	RMB'000	RMB'000
Billed:		
Within 3 months	3,470,536	4,180,228
4 to 6 months	1,713,619	1,410,248
7 to 12 months	2,227,717	1,831,795
Over 1 year	4,177,135	3,953,634
Balance with an extended credit period	29,682	29,682
	11,618,689	11,405,587
Unbilled*	13,667,771	10,990,654
	25,286,460	22,396,241
Portion classified as current assets	(11,589,007)	(11,375,905)
Non-current portion	13,697,453	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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments	419,998	331,493
Deposits and other debtors	4,807,033	4,176,881
Advances to subcontractors and suppliers	2,006,814	1,962,156
Due from joint ventures	3,035,944	2,411,898
Due from associates	74,838	84,023
Due from non-controlling equity holders	248,937	234,321
Due from other related parties	62,491	71,917
	<u>10,656,055</u>	<u>9,272,689</u>
Impairment	(861,301)	(859,270)
	<u>9,794,754</u>	<u>8,413,419</u>
Portion classified as current assets	(9,190,537)	(7,759,427)
	<u>604,217</u>	<u>653,992</u>

12. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accruals	1,029,887	1,240,763
Other liabilities	3,387,685	3,218,769
Contract liabilities	1,341,526	1,407,505
Due to subcontractors	50,859	185,606
Due to joint ventures	1,159,685	1,040,999
Due to associates	160,821	127,073
Due to other related parties	353,056	383,420
Other taxes payables	984,603	793,871
	<u>8,468,122</u>	<u>8,398,006</u>
Portion classified as current liabilities	(7,602,541)	(7,631,530)
	<u>865,581</u>	<u>766,476</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	9,421,846	8,916,730
4 to 6 months	1,204,829	1,133,729
7 months to 1 year	1,009,530	1,018,773
Over 1 year	5,270,546	7,912,791
Balance with an extended credit period	<u>67,444</u>	<u>67,444</u>
	<u>16,974,195</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 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 assets and total assets less current liabilities of the Group as at 31 December 2025 amounted to RMB1,660,447,000 (2024: net current liabilities of RMB1,896,911,000) and RMB120,427,271,000 (2024: RMB123,302,797,000), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year attributable to shareholders of the Company decreased by 7% to RMB1,561.5 million. Revenue decreased by 9% to RMB22,062.2 million as a result of decrease in revenue contribution from construction services for water renovation and technical services and sale of machineries.

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	%
1. Water treatment services					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	8,933.7	41%	57%	3,769.9	66%
– Joint ventures and associates				295.5	5%
				4,065.4	71%
Overseas					
– Subsidiaries	522.8	2%	18%	51.9	1%
	9,456.5	43%		4,117.3	72%
Water distribution services					
China					
– Subsidiaries	2,478.9	11%	38%	513.5	9%
– Joint ventures				175.6	3%
				689.1	12%
Overseas					
– Subsidiaries	528.3	2%	27%	94.9	2%
– Joint ventures				32.4	–
				127.3	2%
	3,007.2	13%		816.4	14%
Subtotal	12,463.7	56%		4,933.7	86%

	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% [§]	498.1	2%	15%	8.1	–	
– Interest income	–	–	–	239.7	4%	
	498.1	2%		247.8	4%	
Construction of BOT water projects	1,125.8	5%	17%	123.0	2%	
Subtotal	1,623.9	7%		370.8	6%	
3. Technical services and sale of machineries	1,681.1	8%	45%	332.1	6%	
4. Urban resources services	6,293.5	29%	19%	94.2	2%	
Business results	<u>22,062.2</u>	<u>100%</u>		5,730.8	<u>100%</u>	
Others[#]				(4,169.3)		
Total				<u>1,561.5</u>		

[#] Others included head office expense and other cost, net, of RMB1,775.1 million, share of results of joint ventures and associates of RMB62.7 million, finance costs of RMB2,332.3 million and profit attributable to holders of perpetual capital instruments of RMB124.6 million. Others represented items that cannot be allocated to the operating segments.

[§] Profit attributable to shareholders of the Company included share of losses of joint ventures and associates of RMB47.3 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	%
1. Water treatment services					
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	%
2. Construction services for the water renovation						
Construction services for comprehensive renovation projects						
– Projects with completion rate more than 10% [§]	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%	
3. Technical services and sale of machineries	2,549.4	11%	42%	499.7	8%	
4. Urban resources services	6,027.7	25%	19%	108.5	2%	
Business results	<u>24,270.5</u>	<u>100%</u>		6,246.2	<u>100%</u>	
Others[#]				(4,568.6)		
Total				<u>1,677.6</u>		

[#] 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.

[§] Profit attributable to shareholders of the Company included share of results of joint ventures and associates of RMB134.4 million.

The comparison of the Group's financial results for the year ended 31 December 2025 and 2024 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	2025 RMB'M	2024 RMB'M	Increase/(Decrease) RMB'M	%	2025 RMB'M	2024 RMB'M	Increase/(Decrease) RMB'M	%
1. Water treatment services								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	8,933.7	8,748.8	184.9	2%	3,769.9	3,605.2	164.7	5%
– Joint ventures and associates					295.5	268.0	27.5	10%
					4,065.4	3,873.2	192.2	5%
GP ratio	57%	57%		–				
Overseas								
– Subsidiaries	522.8	429.2	93.6	22%	51.9	42.2	9.7	23%
GP ratio	18%	15%		3%				
	9,456.5	9,178.0	278.5	3%	4,117.3	3,915.4	201.9	5%
Water distribution services								
China								
– Subsidiaries	2,478.9	2,527.4	(48.5)	(2%)	513.5	655.8	(142.3)	(22%)
– Joint ventures					175.6	150.5	25.1	17%
					689.1	806.3	(117.2)	(15%)
GP ratio	38%	40%		(2%)				
Overseas								
– Subsidiaries	528.3	543.8	(15.5)	(3%)	94.9	107.5	(12.6)	(12%)
– Joint ventures					32.4	32.0	0.4	1%
					127.3	139.5	(12.2)	(9%)
GP ratio	27%	28%		(1%)				
	3,007.2	3,071.2	(64.0)	(2%)	816.4	945.8	(129.4)	(14%)
Subtotal	12,463.7	12,249.2	214.5	2%	4,933.7	4,861.2	72.5	1%
2. Construction services for the water renovation								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	498.1	828.2	(330.1)	(40%)	8.1	170.5	(162.4)	(95%)
– Interest income	–	–	–	–	239.7	319.5	(79.8)	(25%)
	498.1	828.2	(330.1)	(40%)	247.8	490.0	(242.2)	(49%)
GP ratio	15%	16%		(1%)				
Construction of BOT water projects								
– China	1,125.8	2,616.0	(1,490.2)	(57%)	123.0	286.8	(163.8)	(57%)
GP ratio	17%	17%		–				
Subtotal	1,623.9	3,444.2	(1,820.3)	(53%)	370.8	776.8	(406.0)	(52%)
3. Technical services and sale of machineries								
GP ratio	45%	42%		3%				
4. Urban resources services								
GP ratio	19%	19%		–				
Business results	22,062.2	24,270.5	(2,208.3)	(9%)	5,730.8	6,246.2	(515.4)	(8%)
Others					(4,169.3)	(4,568.6)	399.3	(9%)
Total					1,561.5	1,677.6	(116.1)	(7%)

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 2025, the Group entered into service concession arrangements and entrustment agreements for a total of 1,313 water plants and town-size sewage treatment facilities including 1,067 sewage treatment plants and town-size sewage treatment facilities, 172 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 698,796 tons including Build-Operate-Transfer (“BOT”) projects of 50,000 tons and entrustment operation projects of 648,796 tons.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 1,469,055 tons during the year. As at 31 December 2025, total daily design capacity was 42,964,839 tons.

During the year, 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)</i>					
China					
In operation	19,737,451	2,351,096	10,111,137	–	32,199,684
Not yet commenced operation/Not yet transferred	<u>4,460,060</u>	<u>1,745,100</u>	<u>2,673,377</u>	<u>–</u>	<u>8,878,537</u>
Subtotal	<u>24,197,511</u>	<u>4,096,196</u>	<u>12,784,514</u>	<u>–</u>	<u>41,078,221</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>24,452,771</u>	<u>4,364,646</u>	<u>13,847,422</u>	<u>300,000</u>	<u>42,964,839</u>
<i>(Number of water plants and town-size sewage treatment facilities)</i>					
China					
In operation	865	48	120	–	1,033
Not yet commenced operation/Not yet transferred	<u>140</u>	<u>19</u>	<u>13</u>	<u>–</u>	<u>172</u>
Subtotal	<u>1,005</u>	<u>67</u>	<u>133</u>	<u>–</u>	<u>1,205</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>1,067</u>	<u>73</u>	<u>172</u>	<u>1</u>	<u>1,313</u>

	Number of plants and town-size sewage treatment facilities	Design capacity (Tons/Day)	Actual processing volume during the year* (Tons (M))	Revenue (RMB'M)	Profit attributable to shareholders of the Company (RMB'M)
Sewage and reclaimed water treatment services:					
Chinese Mainland:					
– Southern China	189	4,712,100	1,439.2	1,868.3	795.5
– Western China	323	2,790,810	820.7	1,596.5	717.5
– Shandong	65	2,961,050	979.3	1,395.1	604.2
– Eastern China	202	5,936,887	1,639.8	2,034.6	777.3
– Northern China	134	5,687,700	1,345.0	2,039.2	1,170.9
	913	22,088,547	6,224.0	8,933.7	4,065.4
Overseas	68	523,710	113.8	522.8	51.9
Subtotal	981	22,612,257	6,337.8	9,456.5	4,117.3
Water distribution services:					
Chinese Mainland	120	10,111,137	2,166.6	2,478.9	689.1
Overseas [§]	40	1,362,908	169.5	528.3	127.3
Subtotal	160	11,474,045	2,336.1	3,007.2	816.4
Total	1,141	34,086,302	8,673.9	12,463.7	4,933.7

* *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 2025, the Group had 865 sewage treatment plants and town-size sewage treatment facilities and 48 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 19,737,451 tons (31 December 2024: 19,647,006 tons) and 2,351,096 tons (31 December 2024: 2,087,450 tons), respectively. The average daily processing volume is 17,127,353 tons* and average daily treatment rate is 79%*. The actual average contracted tariff charge of water treatment was approximately RMB1.57 per ton (31 December 2024: RMB1.54 per ton) for water plants. The actual aggregate processing volume for the year was 6,224.0 million tons, of which 5,649.0 million tons was contributed by subsidiaries and 575.0 million tons was contributed by joint ventures and associates. Total revenue for the year was RMB8,933.7 million. Net profit attributable to shareholders of the Company was RMB4,065.4 million, of which RMB3,769.9 million was contributed by subsidiaries and RMB295.5 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 2025, there were 189 plants and town-size sewage treatment facilities with total daily design capacity of 4,712,100 tons, representing an increase of 78,495 tons or 2% as compared with last year. The actual aggregate processing volume for the year amounted to 1,439.2 million tons. The operating revenue and profit attributable to shareholders of the Company were RMB1,868.3 million and RMB795.5 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 2025, there were 323 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,790,810 tons, representing a decrease of 76,600 tons per day or 3% as compared with last year. The actual processing volume for the year was 820.7 million tons. The operating revenue of RMB1,596.5 million was recorded during the year. Profit attributable to shareholders of the Company amounted to RMB717.5 million.

Shandong

There were 65 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,961,050 tons, representing an increase of 167,700 tons per day or 6% as compared with last year. The actual processing volume for the year was 979.3 million tons contributing operating revenue of RMB1,395.1 million during the year. Profit attributable to shareholders of the Company was RMB604.2 million.

Eastern China

There were 202 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 2025, the total daily design capacity of Eastern China is 5,936,887 tons. The actual processing volume for the year amounted to 1,639.8 million tons and operating revenue was RMB2,034.6 million during the year. Profit attributable to shareholders of the Company was RMB777.3 million.

Northern China

Currently, the Group has 134 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 5,687,700 tons, representing an increase of 177,625 tons per day or 3% as compared with last year. The projects achieved actual processing volume of 1,345.0 million tons for the year. The operating revenue was RMB2,039.2 million during the year. Profit attributable to shareholders of the Company was RMB1,170.9 million.

2.1.1b Overseas:

As at 31 December 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 year is 113.8 million tons. Total revenue for the year was RMB522.8 million. Profit attributable to shareholders of the Company was RMB51.9 million.

2.1.2 Water distribution services

2.1.2a Chinese Mainland:

As at 31 December 2025, the Group had 120 water distribution plants in operation. Total daily design capacity in operation was 10,111,137 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 RMB2.13 per ton (31 December 2024: RMB2.15 per ton). The aggregate actual processing volume is 2,166.6 million tons, of which 1,288.8 million tons was contributed by subsidiaries, which recorded revenue of RMB2,478.9 million and 877.8 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was RMB689.1 million, of which profit of RMB513.5 million was contributed by subsidiaries and a profit of RMB175.6 million in aggregate was contributed by joint ventures.

2.1.2b Overseas:

As at 31 December 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 year is 169.5 million tons of which 84.2 million tons was contributed by subsidiaries and 85.3 million tons was contributed by joint ventures. Total revenue for the year was RMB528.3 million. Profit attributable to shareholders of the Company was RMB127.3 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 RMB330.1 million from last year of RMB828.2 million to RMB498.1 million this year.

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 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 RMB239.7 million for this year (31 December 2024: RMB319.5 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects decreased by RMB242.2 million from last year of RMB490.0 million to RMB247.8 million 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, Sichuan and Heilongjiang provinces. Total revenue for construction of BOT water projects was RMB1,125.8 million (31 December 2024: RMB2,616.0 million) and profit attributable to shareholders of the Company was RMB123.0 million (31 December 2024: RMB286.8 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 RMB1,681.1 million (31 December 2024: RMB2,549.4 million), representing 8% of the Group's total revenue. Profit attributable to shareholders of the Company was RMB332.1 million (31 December 2024: RMB499.7 million). The decrease was mainly due to a decline in demand for technical services during the year.

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 31 December 2025, BEURG had 251 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 2025, BEURG’s revenue was RMB6,293.5 million (31 December 2024: RMB6,027.7 million) and the profit attributable to the Group was RMB94.2 million (31 December 2024: RMB108.5 million). The decrease in profit attributable to the Group was mainly due to the impairment loss on non-current assets recognised in BEURG during the year ended 31 December 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 year, the Group recorded revenue of RMB22,062.2 million (31 December 2024: RMB24,270.5 million). The decrease was mainly due to the decrease in revenue contribution from construction services for water renovation and technical services and sale of machineries.

3.2 Cost of sales

Cost of sales for the year amounted to RMB13,573.5 million, compared to last year of RMB15,281.4 million. Cost of sales mainly included operating costs of water plants of RMB6,213.5 million and cost of urban resources services of RMB5,077.8 million. The decrease was mainly due to decrease in cost of construction services rendered of RMB1,520.5 million. The construction costs mainly consisted of subcontracting charges. The operating costs mainly included electricity charges of RMB1,451.7 million, staff costs of RMB4,097.7 million and major overhaul charges of RMB324.2 million. Major overhaul charges were the estimated expenditure to be incurred for the restoration of water plants before they are handed over to the grantor at the end of service arrangements. The amount was estimated based on discounted future cash outlays on major overhauls during the service concession periods. The amount was charged to profit or loss based on amortisation method during the service concession periods.

3.3 Gross profit margin

During the year, gross profit margin increased from last year of 37% to 38%. Gross margin increased as there is a change in mix of revenue during this year. The proportion of revenue contribution from water treatment services increased during the year. 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 57% (last year: 57%). Gross margin for sewage and reclaimed water treatment services in Overseas was 18% (last year: 15%). Gross margin in Overseas increased which was mainly due to the entrustment operation project in Saudi Arabia with comparatively higher margin.

Gross margin for water distribution services:

Gross margin for water distribution services in Chinese Mainland was 38% (last year: 40%). The gross margin decreased as there is a change in mix of customer structure during the year. Gross margin for water distribution services in Overseas was 27% (last year: 28%).

Gross margin for construction services for comprehensive renovation projects:

Gross margin for construction services for comprehensive renovation projects was 15% (last year: 16%).

Gross margin for construction of BOT water projects:

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

Gross margin for technical services and sale of machineries:

Gross margin for the technical services and sale of machineries was 45% (last year: 42%). 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 19% (last year: 19%).

3.4 Other income

The Group recorded other income of RMB978.9 million during the year, compared to last year of RMB834.0 million. The amount for this year mainly included sludge treatment income of RMB152.0 million, pipeline installation income of RMB205.8 million, and government grant and subsidies of RMB135.8 million.

3.5 Other operating expenses, net

Other operating expenses, net for the year increased to RMB1,316.0 million, compared to last year of RMB1,281.3 million. The increase was mainly due to impairment losses on non-current assets recognised in BEURG during the current year.

3.6 Administrative expenses

Administrative expenses for the year decreased to RMB3,006.0 million, compared to last year of RMB3,070.5 million which decreased by 2%, implying that the related cost control was effective.

3.7 Other gains and losses, net

The Group recorded other losses, net of RMB444.2 million. The amount for this year mainly included loss on disposal of receivables under service concession arrangements.

3.8 Finance costs

The interest on bank and other borrowings were RMB1,881.6 million, which decreased by 31% when compared to last year of RMB2,732.6 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 RMB483.5 million (31 December 2024: RMB481.3 million).

3.9 Share of results of joint ventures

Share of results of joint ventures decreased to RMB505.7 million, compared to last year of RMB525.1 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 decreased to RMB35.2 million, compared to last year of RMB48.2 million. The decrease was mainly due to decrease in share of results of the associates which engaged in construction services for comprehensive renovation projects.

3.11 Income tax expense

Income tax expense for the year included the current PRC income tax of RMB811.5 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 credit for the year was RMB197.1 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 in 2024.

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 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 RMB103,934.7 million (31 December 2024: RMB107,665.9 million) included:

By accounting nature:

	Non-current <i>RMB'M</i>	2025 Current <i>RMB'M</i>	Total <i>RMB'M</i>	Non-current <i>RMB'M</i>	2024 Current <i>RMB'M</i>	Total <i>RMB'M</i>
(i) Amounts due from contract customers	7,774.8	4,998.9	12,773.7	16,884.7	3,186.9	20,071.6
(ii) Receivables under service concession arrangements	55,482.5	10,392.0	65,874.5	55,750.4	9,447.7	65,198.1
(iii) Trade receivables	13,697.5	11,589.0	25,286.5	11,020.3	11,375.9	22,396.2
Total	76,954.8	26,979.9	103,934.7	83,655.4	24,010.5	107,665.9

- (i) Amounts due from contract customers of RMB12,773.7 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 RMB7,297.9 million (non-current portion decreased by RMB9,109.9 million and current portion increased by RMB1,812.0 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 RMB65,874.5 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 RMB676.4 million (non-current portion decreased by RMB267.9 million and current portion increased by RMB944.3 million) was mainly due to net effect of reclassification from amounts due from contract customers as a result of operation commencement of certain BOT water projects and exited projects; and

(iii) Trade receivables of RMB25,286.5 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 RMB2,890.3 million (non-current portion increased by RMB2,677.2 million and current portion increased by RMB213.1 million) was mainly due to net effect of reclassification from amounts due from contract customers as a result of completion of comprehensive renovation project and disposal of subsidiaries.

By business nature:

	2025	2024
	<i>RMB'M</i>	<i>RMB'M</i>
Water treatment services by BOT and TOT projects	76,083.0	77,889.1
Construction services of comprehensive renovation projects	21,887.5	23,511.5
Technical and consultancy services and other businesses	2,196.8	2,276.6
Urban resources services	3,767.4	3,988.7
Total	<u>103,934.7</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 RMB76,083.0 million (31 December 2024: RMB77,889.1 million). Total receivables for the construction service of comprehensive renovation projects were RMB21,887.5 million (31 December 2024: RMB23,511.5 million). Total receivables for technical and consultancy services and other businesses were RMB2,196.8 million (31 December 2024: RMB2,276.6 million). Urban resources services were RMB3,767.4 million (31 December 2024: RMB3,988.7 million).

3.15 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.

3.16 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables increased by RMB1,381.3 million, (non-current portion decreased by RMB49.8 million and current portion increased by RMB1,431.1 million), mainly due to increase in deposits and other debtors and due from joint ventures.

3.17 Cash and cash equivalents

Cash and cash equivalents increased by RMB558.5 million which was mainly due to increase in operating cash inflow in BEURG during the year.

3.18 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, 7 May 2025 and 28 July 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.

3.19 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.

3.20 Bank and other borrowings

Bank and other borrowings decreased by RMB4,440.5 million which was mainly due to repayment of bank loans during the year.

3.21 Corporate bonds

Corporate bonds increased by RMB4,696.4 million which was mainly due to the net effect of issuance of new corporate bonds with principal amount of RMB6,700 million, repayment of corporate bonds with principal amount of RMB2,000 million during the year.

3.22 Trade payables

The decrease in trade payables by RMB2,075.3 million was mainly due to decrease in trade payables to subcontractors for certain construction projects during the year.

3.23 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.

3.24 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 2025, the Group's cash and cash equivalents amounted to RMB9,567.5 million (31 December 2024: RMB9,009.0 million).

The Group's total borrowings amounted to RMB75,758.1 million (31 December 2024: RMB75,502.2 million) comprised bank and other borrowings of RMB56,490.5 million (31 December 2024: RMB60,931.0 million) and corporate bonds of RMB19,267.6 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 31 December 2025, the Group had banking facilities amounting to RMB72.4 billion, of which RMB43.9 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to RMB56,055.4 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 1.18 as at 31 December 2025 (31 December 2024: 1.19). The decrease in the gearing ratio as at 31 December 2025 was mainly due to increase in cash and cash equivalents and total equity during the year.

3.25 Capital expenditures

During the year, the Group's total capital expenditures were RMB1,918.7 million (31 December 2024: RMB4,105.0 million), of which RMB737.3 million was incurred for the acquisition of property, plant and equipment, right-of-use assets and intangible assets; RMB1,159.5 million represented the construction and acquisition of water plants; and RMB21.9 million represented the capital injections in joint ventures.

4. Future outlook

4.1 Sustainable Development

The Group has deeply integrated sustainability into its medium- and long-term strategies, positioning technological innovation as the driver, talent development as the foundation, and risk prevention and control as the safeguard to systematically build a solid foundation for high-quality and sustainable growth.

With regard to technological innovation, the Group has leveraged its technological innovation platforms and focused on the “equipment-oriented + intelligent development” direction to promote the commercialisation and market validation of proprietary technologies and secure major national R&D programmes and key projects in the Beijing-Tianjin-Hebei region. The BESWIFT product was recognised as “internationally leading” in industry evaluations by national associations, including the China Association of Environmental Protection Industry, and several academicians, while supporting the transformation and implementation of over ten projects. Driven by technological needs, the Group has also established a comprehensive closed-loop process for new technologies, covering identification, validation, decision-making, project screening, promotion, application, and iterative operation. This forms a core product technology collaboration system, with major technologies leading across domains and minor technologies providing support.

In terms of artificial intelligence and digitalisation, 2025 marked the inaugural year of the Group's AI strategy. Focusing on the three core domains of "AI + employees", "AI + organisation", and "AI + business", the Group successfully validated AI's core value in process control, management efficiency enhancement, and innovation-driven development. Leveraging vast high-quality data, extensive management experience, and top-tier process expert resources, the Group developed the intelligent water process control agent "Enki", which uses continuous closed-loop learning and shifts process control from "endpoint control" to "endpoint-cloud collaboration", injecting new momentum for exponential improvements in operational efficiency. At the same time, with system development and high-quality data governance as dual drivers, the Group advanced its digital transformation. It fully advanced the implementation of the "Cloud – Chain – End" operational paradigm, completed the SaaS upgrade of the sewage operation management system, and fully rolled out the integrated business-finance system to link business processes with financial accounting to achieve data synchronisation and real-time integration, supporting refined operations. The Group also accelerated development of the industrial interconnection platform "Yunlian Net" to promote data sharing and standardisation certification, and adhered to the concept of "governance through application", continuously refining high-quality datasets and strengthening the digital infrastructure across multiple areas.

Regarding risk management and control, the Group focused on establishing an integrated management and control system covering risk, internal control, compliance, audit, and safety, facilitating the transformation of risk management from passive response to proactive prevention. It continued to refine full-lifecycle investment management and post-evaluation mechanisms, enhanced digital management of legal cases and contracts, applied an AI assistant for intelligent risk control to improve compliance review accuracy and efficiency, and in production safety, rigorously managed hazardous operations by defining operational boundaries, reinforcing accountability, and strengthening the foundation for safe operations. By developing a key risk indicator system and advancing joint risk prevention and control across departments and levels, supported by digital tools, the Group has built a comprehensive risk protection network, providing robust assurance for high-quality development.

In talent development, the Group continued to optimise its talent structure, focusing on building three core teams of “operational management, technical expertise, and skilled labour”. It refined management talent reserves and competency evaluation systems, accelerated full coverage of personnel capability certification, and strengthened the deployment of professional talent in AI fields. These efforts support the iteration of differentiated operational paradigms through talent structure upgrades and injecting core momentum for the Group to navigate industry cycles and maintain competitive advantages.

For stakeholder engagement, the Group consistently prioritises meeting its stakeholders’ the expectations. Long-term efforts have been made to build an efficient, stable, and mutually beneficial network of sustainability partnerships, fully integrating sustainability into the complete life-cycle management of its suppliers. Adhering to its “customer-oriented” principle, it aims to deepen customer value creation and enhance customer experience and satisfaction.

4.2 *Future Prospect*

The road ahead is long, but we move forward with determination. In 2026 we will begin our journey towards the 15th Five-Year Plan. BEWG will maintain strategic confidence, advance with vigour, and build its development on the philosophy of “customer as the source, survival as the basis, and innovation as the way”. We are fully committed to becoming a trusted, world-leading water environmental service provider.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 81,250* employees. Total staff cost for the year ended 31 December 2025 was RMB5,817,525,000 (31 December 2024: RMB5,615,717,000). 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 year ended 31 December 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 31 December 2025.

* *Included 63,533 employees under BEURG as at 31 December 2025*

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the year ended 31 December 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 perpetual capital instruments of the Group as at 31 December 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;
- (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 31 December 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 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 2025, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of RMB1,587,618,000 (31 December 2024: RMB1,304,600,000) were outstanding and corporate guarantees of RMB1,270,856,000 (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 31 December 2025, the Group did not have any significant contingent liabilities.

FINAL DIVIDEND

The Board proposed to pay final dividend of HK9.25 cents per ordinary share for the financial year ended 31 December 2025 (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 Wednesday, 27 May 2026 (the “AGM”), payable to shareholders of the Company whose names appear on the register of members of the Company on Friday, 5 June 2026.

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 2026 as soon as practicable after the record date of Friday, 5 June 2026 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, 21 May 2026 to Wednesday, 27 May 2026 (both days inclusive), during which period no transfer of shares will be registered. The record date will be Wednesday, 27 May 2026. In order to qualify for attending and voting at the AGM to be held on Wednesday, 27 May 2026, 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, 20 May 2026.

For Entitlement to Proposed Final Dividend

The register of members will be closed from Thursday, 4 June 2026 to Friday, 5 June 2026 (both days inclusive), during which period no transfer of shares will be registered. The record date will be Friday, 5 June 2026. 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, 3 June 2026. Subject to the approval of shareholders of the Company at the AGM, the Proposed Final Dividend will be paid on or around Monday, 20 July 2026.

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 2025, in the opinion of the Board, the Company complied with all applicable 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 2025, 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 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.

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 2025 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 2.97% medium-term Notes Due 2027

During the year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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.

Redemption of RMB500,000,000 2.93% extendable Notes

During the year ended 31 December 2025, the Company redeemed and cancelled the amount of RMB500,000,000 2.93% extendable notes issued by the Company at the redemption amount of RMB500,000,000 plus accrued interest which was paid.

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 2025.

PROPOSED AMENDMENTS TO BYE-LAWS

The Board proposes certain amendments (the “Proposed Amendments”) to the existing amended and restated bye-laws of the Company (the “Existing Bye-laws”) and to adopt the second amended and restated bye-laws of the Company incorporating the Proposed Amendments in substitution for, and to the exclusion of, the Existing Bye-laws.

The Proposed Amendments aim to:

- (i) bring the Existing Bye-laws in line with the latest regulatory regime, including the latest legal and regulatory requirements in connection with treasury shares and the electronic dissemination of corporate communications by listed issuers;
- (ii) enable the shareholders of the Company to give instructions, receive corporate action proceeds and pay subscription monies for offers to subscribe for new securities by electronic means;
- (iii) prepare for and reflect the uncertificated securities market regime in accordance with the Information Paper on Rule Amendments to Implement an Uncertificated Securities Market and “Issuer Platform” published by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in May 2025, by adding provisions to allow shareholders of the Company to hold and transfer shares of the Company in uncertificated form; and
- (iv) make certain other consequential and housekeeping amendments.

The Proposed Amendments are subject to the approval of the shareholders of the Company by way of a special resolution at the AGM, and will become effective upon the approval by the shareholders of the Company at the AGM. After the Proposed Amendments come into effect, the full text of the second amended and restated bye-laws of the Company will be published on the websites of the Company and the Stock Exchange.

A circular containing, among other things, details of the Proposed Amendments, together with a notice convening the AGM, will be despatched to the shareholders of the Company in due course.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all the 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, 25 March 2026

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. Li Yining, Mr. Zhang Wenjiang, Ms. Zhou Xueyan and Mr. Tung Woon Cheung Eric, 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.