



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

BEIJING ENTERPRISES HOLDINGS LIMITED

Stock Code : 392

ANNUAL REPORT
2025



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I. CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. YANG Zhichang (*Chairman*)
Mr. XIONG Bin (*Chief Executive Officer*)
Mr. XU Tong
Mr. GENG Chao
Mr. TUNG Woon Cheung Eric

Non-Executive Directors

Mr. YU Xijian
Mr. SU Junjie

Independent Non-Executive Directors

Mr. WU Jiesi
Mr. LAM Hoi Ham
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

AUDIT COMMITTEE

Mr. WU Jiesi
Mr. LAM Hoi Ham (*Committee Chairman*)
Dr. YU Sun Say

REMUNERATION COMMITTEE

Mr. YANG Zhichang
Mr. WU Jiesi (*Committee Chairman*)
Mr. LAM Hoi Ham

NOMINATION COMMITTEE

Mr. YANG Zhichang (*Committee Chairman*)
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

INVESTMENT COMMITTEE

Mr. YANG Zhichang (*Committee Chairman*)
Mr. LAM Hoi Ham
Ms. CHAN Man Ki Maggie

COMPANY SECRETARY

Mr. TUNG Woon Cheung Eric

STOCK CODE

392

WEBSITE

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AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Hong Kong Law
Johnson Stokes & Master

PRC Law

East & Concord Partners

II. ANNUAL HIGHLIGHTS

BEHL pursued steady progress in 2025 and worked collaboratively with its member companies. Against the backdrop of a complex and volatile macroeconomic environment, the Company continued to enhance its operation resilience, maintained its industry-leading position in core businesses, further optimised its capital structure, and continued to improve its ESG performance, thereby cementing a solid foundation for the high-quality development of the Company. The key highlights for the year are as follows:

(I) BUSINESS HIGHLIGHTS

- Beijing Gas captured the opportunities in LNG trade and resale to achieve efficient resources resale; achieved a breakthrough in the domestic third-party LNG resource capacity and successfully entered the forefront of the domestic market second tier in terms of trade volume; continued to innovate its LNG business model, further consolidating its position in the Southern China market and expanding into the Eastern China market with continuous growth in distribution volume.
- BE Water maintained its positive free cash flow position for fourth consecutive year, and continued to improve its operation quality, further strengthening its leading position in industry technology and intelligent management.
- The domestic environmental business, including BE Environment actively expanded its operations in waste and other general solid waste while vigorously developing sludge collaborative treatment, steam and heat supply, and other diversified businesses, so as to continuously enhance the standard of refined operational management of its existing business and further strengthening its profit resilience.
- EEW GmbH effectively hedged against energy price volatility by locking in its electricity sales price in advance while dynamically optimising its waste processing fee structure. Through measures such as strengthening cost control, optimising the management of inventory and heating value of waste, and enhancing project and financial management, it continued to improve its operating efficiency and maintained robust overall operational performance.
- Yanjing U8, the core flagship product of Yanjing Brewery, continued to maintain rapid growth, achieved notable results in its product mix optimisation, and recorded a significant increase in total profit year-on-year with continuous improvement in profitability.

(II) FINANCIAL HIGHLIGHTS

- In 2025, through proactive debt management, low-cost domestic and overseas financing, and cross-currency swap hedging, the headquarters' interest expenses decreased by over RMB200 million year-on-year, further improving its financial efficiency.

II. ANNUAL HIGHLIGHTS

(III) ESG HIGHLIGHTS

- BEHL's score in S&P Global Corporate Sustainability Assessment (CSA) rose to 61 points, receiving its highest rating since participating in the assessment and outperformed about 75% of its global peers.
- The sustainability reports of BEHL, BE Water and Yanjing Brewery were all selected in the "Top 10 Reports of State-Owned Listed Companies in Beijing" and jointly ranked in the first tier of the "ESG • Pioneer 30 Index".
- BEHL was accoladed the "2025 Ernest & Young Sustainability Excellence Awards – Outstanding Enterprise", received full recognition for its ESG innovation practices driven by the dual engines of digitalisation and green transformation.
- BEHL was awarded the "Golden Key • Outstanding Solution" Award for its two initiatives, "Treating Nature with Respect" and "A Waste-Free World", highlighting the concrete results of deeply integrating the ESG principles with its core business operations and achieving synergy benefits.
- EEW GmbH was awarded the highest rating of "Excellence" at the 2025 European ESG Transparency Award organised by EUPD Research of Germany, entering the ranks of leading companies in sustainability information disclosure in Europe.

(IV) TECHNOLOGICAL INNOVATION HIGHLIGHTS

- BEHL successfully hosted the first "Science and Technology Innovation Culture Week" and the 4th Beijing-Hong Kong Environmental Technology Forum, creating a platform for collaborative innovation and exchange. The event showcased innovative achievements in areas such as intelligent inspection, smart water management, sludge treatment, and carbon capture, fostering integration among Industry-Academia-Research-Application, and strengthening the role of technology in supporting the upgrading of core businesses and green, low-carbon development.
- Beijing Gas hosted the World Gas Conference in the PRC for the first time, showcasing its achievements in technological innovation, low-carbon transformation, and intelligent services, highlighting Beijing Gas's brand value, industry leadership, and international influence.

(V) AWARDS

- BEHL was awarded the "Listed Enterprises of the Year 2025" by Bloomberg Businessweek/Chinese Edition for the first time, reflecting the capital market's high recognition of the Company's comprehensive strengths and long-term investment value.
- BE Water received numerous provincial, ministerial, and industry-level science and technology awards, including the First Prize of the Ministry of Education's Award for Outstanding Achievements in Scientific Research, highlighting its leading capabilities and innovation-driven strength in the R&D of key technologies and its commercialization.

III. FINANCIAL SUMMARY

(I) Financial summary for the year ended 31 December	2025	2024	Change
	RMB'000	RMB'000	
Turnover	87,227,795	84,064,089	3.8%
Gross profit	11,927,354	11,426,989	4.4%
Profit for the year	6,653,310	6,315,474	5.3%
Profit attributable to shareholders of the Company	5,055,839	5,123,085	-1.3%
Basic EPS (in RMB)	4.02	4.07	-1.2%
Total dividend per share (in HK dollars)	1.62	1.62	0.0%
EBIT	9,949,678	10,047,506	-1.0%
EBITDA	14,590,719	14,206,750	2.7%
Total assets	214,861,304	209,752,117	2.4%
Bank balance and cash	31,267,524	30,960,207	1.0%
Shareholders' equity	89,041,916	84,881,134	4.9%

(II) Key financial indicators for the year ended 31 December	2025	2024
Average finance costs	2.8%	3.2%
Current ratio (times)	0.89	0.80
Gross profit margin	13.7%	13.6%
Net gearing ratio	46.4%	49.1%
Payout ratio (%)	37.1%	36.2%

Definitions:

- Average finance costs**
Total interest expenses/Average borrowing for the year
- Current ratio**
Current assets/Current liabilities
- Gross profit margin**
Gross profit/Turnover
- Net gearing ratio**
Net borrowing/Total equity
- Payout ratio**
Dividend per share/Earnings per share

IV. SUMMARY OF OPERATIONAL PERFORMANCE

In 2025, the key operating data are as follows:

	Unit	2025	2024	Change
(1) Gas Business				
Natural gas annual sales volume of Beijing Gas	100 million cubic meters	252	238	5.9%
Including:				
<i>Annual sales volume in Beijing</i>	100 million cubic meters	172.8	173	-0.1%
<i>LNG distribution volume</i>	100 million cubic meters	38.1	31.4	21.3%
<i>LNG international trade volume</i>	100 million cubic meters	28.6	24	19.2%
Natural gas annual sales volume of China Gas	100 million cubic meters	402.5	418.6	-3.9%
Shaanxi-Beijing Line Gas Transmission Volume	100 million cubic meters	972.5	880.7	10.4%
Oil sales volume of Overseas Oil and Gas Field Project	Million tons	5.50	5.70	-3.5%
(2) Water Business (in which the Company holds shareholdings)				
Sewage and reclaimed water treatment volume of BE Water	Million tons	6,337.8	6,339.6	-0.03%
Water supply volume of BE Water	Million tons	2,336.1	2,366.5	-1.3%
Total design treatment capacity as of the end of the period	Million tons/day	42.96	43.74	-1.8%
Total operating capacity as of the end of the period	Million tons/day	34.09	33.86	0.7%
Number of water treatment plants and township sewage treatment facilities as of the end of the period		1,313	1,472	-10.8%
(3) Environmental Business				
Domestic waste treatment volume	Million tons	7.75	7.35	5.5%
Domestic on-grid power generation volume	GWh	2,377	2,280	4.3%
Overseas waste treatment volume	Million tons	5.175	5.071	2.0%
Overseas electricity sales volume	GWh	1,792	1,704	5.2%
Overseas heat sales volume	GWh	1,137	968	17.5%
Overseas steam sales volume	GWh	2,295	2,453	-6.4%
Total waste incineration and power generation treatment capacity as of the end of the period	Tons/day	35,944	34,687	3.6%
(4) Beer Business				
Total sales volume of Yanjing Brewery	Million kiloliters	4.05	4.004	1.1%
Including:				
<i>Sales volume of flagship product Yanjing U8</i>	Million kiloliters	0.90	0.696	29.3%

V. CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2025 marked the concluding year of the “14th Five-Year Plan”. In the face of profound and complex changes in both domestic and international landscapes, Beijing Enterprises Holdings Limited (the “Company” or “BEHL”) steadfastly adhered to its high-quality development. Guided by the strategic mission of building the “Four Strongholds”, the Company maintained a solid foundation and stable yet progressive operating momentum. The leading positions of all major businesses within their respective industries continued to consolidate, fulfilling the major goals and tasks set out in the “14th Five-Year Plan”.

RESULTS REVIEW – OPTIMIZED STRUCTURE, SOLIDIFIED PROFITABILITY, AND ENHANCED RESILIENCE

In 2025, the Company achieved a revenue of RMB87.23 billion, representing a year-on-year increase of 3.8%. Profit attributable to shareholders of the Company amounted to RMB5.056 billion. The Board of the Company recommended the payment of a final dividend of HK\$0.77 per share, bringing the full-year total dividend to HK\$1.62 per share, a payout ratio of 37.1%, to reward shareholders through stable and sustainable dividend distribution. The highlights of the Group's operating results for 2025 were revealed in the following areas:

Structural Optimization Delivering Solid Profit Foundations

In 2025, each business segment maintained solid performance, with continuous optimization in operating structure, delivering a more solid profit foundation.

Beijing Gas achieved a full-year natural gas sales volume of 25.2 billion cubic metres, representing a year-on-year increase of 5.9%, fostering revenue to RMB64.52 billion, a year-on-year increase of 4.1%. Leveraging its integrated resource layout and business synergy of “domestic + international” and “LNG + pipeline gas”, the LNG business achieved a total trading and sales volume of 4.76 million tonnes for the year, representing a year-on-year increase of 20%, and generated a revenue of RMB18.2 billion, up 17.6% year-on-year. The Tianjin Nangang LNG Project became the first terminal in China, aside from PipeChina, to serve all three national oil companies. With growing industrial chain influence and resource integration capability, the project's operations continued to improve, gradually becoming the second major business pillar of Beijing Gas.

China Gas (an associate company) reported a comprehensive dollar margin of RMB0.54 per cubic meter, up RMB0.03 year-on-year, contributing RMB590 million in profit to BEHL.

BE Water (an associate company) focused on optimizing its asset structure, stringently controlling new investments, divesting non-core assets, and accelerating the disposal of low-efficiency and non-performing assets. BE Water achieved a full-year sewage and reclaimed water treatment volume of 63.378 million tons, consistently maintaining its industry-leading position. Revenue from the water treatment business increased by 2% year-on-year, with its proportion of total revenue rising from 50% in 2024 to 56%, further optimizing its income and profit structure. Through regional consolidation, talent system optimization, and reduced financing costs, operational efficiency continued to improve. Free cash flow remained positive for the fourth consecutive year, achieving a significant year-on-year increase and demonstrating strengthened internal resilience.

BE Environment (domestic solid waste operations) recorded stable growth in both waste processing and on-grid power generation. Total waste treatment volume reached 7.75 million tons, up 5.5% year-on-year, while on-grid electricity generation reached 2.38 billion kWh, up 4.3% year-on-year. Its diversified businesses such as co-processing, steam and heat supply achieved remarkable results, becoming an important source of profit. Through continuous enhancement of refined management, its overall profit margins improved significantly, with operating and free cash flow strengthened year-on-year, and its financial structure further optimized.

EEW GmbH in Germany (overseas solid waste operations) achieved steady growth through proactive market expansion. Its annual waste treatment reached 5.175 million tonnes, an increase of 2% year-on-year, while energy sales reached 5.2 billion kWh, also up 2% year-on-year. It commissioned new, refurbished, and expanded projects, and several greenfield and expansion projects commenced operations, bringing an additional 436,000 tonnes of annual capacity and reinforcing its leadership in Germany's waste-to-energy industry. By dynamically adjusting waste treatment prices and locking in electricity sales at appropriate times, EEW GmbH further enhanced its operational stability.

V. CHAIRMAN'S STATEMENT

RESULTS REVIEW – OPTIMIZED STRUCTURE, SOLIDIFIED PROFITABILITY, AND ENHANCED RESILIENCE *(Continued)*

Structural Optimization Delivering Solid Profit Foundations *(Continued)*

Yanjing Brewery achieved an annual beer sales volume of 4.05 million kiloliters and strengthened its mid-to-high-end product lines to effectively mitigate industry headwinds. Sales of its U8 product increased by 200,000 kiloliters, representing a year-on-year growth of 29.3%, achieving double-digit growth for the fifth consecutive year. Emerging product categories such as non-alcoholic beverages, natto, and health food have developed smoothly, providing new growth momentum. Benefiting from the sustained growth momentum of its mid-to-high-end product lines, Yanjing Brewery achieved a profit growth of 60% year-on-year. At its Group level, through lean manufacturing management, and supply chain digitization, remarkable progress was made in cost optimization and expense management. Benefiting from product mix upgrades, lower costs, and effective management of loss-making businesses, its overall profitability improved significantly, further solidifying its profit base.

Throughout the year, the Group continued to dispose of inefficient and non-performing assets, completing the withdrawal or restructuring of several subsidiaries, and effectively recovering capital. Through debt structure optimization and the issuance of low-cost financing instruments such as Panda Bonds, finance costs were reduced by approximately RMB300 million year-on-year, further improving the balance sheet and strengthening risk resilience.

Focusing on the “Four Strongholds” – Laying a Solid Foundation for High-Quality Development

In 2025, the Group continued to focus on the implementation of its “Four Strongholds” strategy, achieving new progress across key areas. The “Four Strongholds” serve as the core pillars enabling the Group to navigate complex challenges and supporting its long-term strategy:

Establishing the Business Layout Stronghold: Building upon the leading positions of its core businesses in gas, water, and solid waste, the Group closely aligned its industrial structure with changes in the external environment and policy cycles, dynamically calibrating its business layout. Efforts were made to strengthen the autonomy and resilience of key segments within the value chain, while enhancing synergies in resources, data, and capabilities across its business units. This approach fostered a business structure — characterised by refined core operations, complementary growth across sectors, and the ability to sustain steady performance through economic cycles — ensuring overall operational stability amid market fluctuations.

Developing the Value Creation Stronghold: The Group positioned long-term shareholder value creation as the objective of its strategic management, shifting from a short-term profit orientation to a value-driven approach capable of withstanding economic cycles. It continued to optimise its asset portfolio and capital structure, advancing the revitalisation of existing assets and the expansion of new investments in a disciplined manner. Capital efficiency, asset security, and compliance integrity were incorporated into an integrated management framework. The Group also established value assessment and resource allocation mechanisms aligned with its long-term strategy, ensuring profitability, operational stability, asset quality, and sustainability are intrinsically unified — sustaining the Company’s strategic impetus for continuous value creation.

Advancing the Institutional Reform Stronghold: The Group set governance modernisation and organisational efficiency as the key objectives of its institutional reforms, striving to establish an operating mechanism featuring appropriate empowerment, effective supervision, and orderly collaboration. Each business and management unit clarified its hierarchy of authorisation and delineation of responsibilities and accountabilities, while differentiated management models were applied according to the maturity and competitive characteristics of each business segment. The integration of decision-making processes with digitalisation was further deepened, accelerating the responsiveness and efficiency of decision-making.

V. CHAIRMAN'S STATEMENT

RESULTS REVIEW – OPTIMIZED STRUCTURE, SOLIDIFIED PROFITABILITY, AND ENHANCED RESILIENCE *(Continued)*

Focusing on the “Four Strongholds” – Laying a Solid Foundation for High-Quality Development *(Continued)*

Building the Talent Aggregation Stronghold: The Group regarded talent as a critical resource underpinning its long-term strategy, and worked to build a talent ecosystem driven by mission alignment, market adaptability, and sustainable incentives. A tiered training and rotation mechanism for key positions was improved to strengthen succession planning, break internal barriers across businesses and regions, and promote orderly talent mobility. The incentive and restraint structure was further optimised to align short-term performance with long-term risk accountability, guiding sustainable value creation. The Group continued to foster an organisational culture that encourages responsibility, pragmatism, and integrity, providing a solid and steady talent foundation for high-quality development.

Resilient Portfolio Structure, Distinct Competitive Advantages

In recent years, both domestic and global macro environments have remained complex and challenging. The Group's resilient and well-balanced business portfolio – anchored in the energy, environment, and consumer sectors – has demonstrated remarkable strength and counter-cyclical resilience. Beijing Gas and its investment businesses have continued to act as the Group's “stabilizer” and “ballast,” maintaining stable revenue and profit contributions, thus providing a solid foundation for the Group's overall performance. At the same time, Yanjing Brewery achieved a 60% year-on-year increase in total profit for the second consecutive year, while the solid waste segment recorded double-digit growth in profit before tax both domestically and overseas, together serving as powerful engines in mitigating uncertainties and offsetting external risks. Collectively, these results have shaped a business layout characterized by “stability amid progress and balance between offense and defense,” enabling the Group to maintain consistent and healthy growth even under economic fluctuations. The resilience of the Group's portfolio has now become a distinct and defining source of competitive advantage.

Driving Business Upgrades with Solid Technological Progress

Over the past year, the Group has placed strong emphasis on driving industrial transformation and upgrades through technology empowerment. The application of artificial intelligence (AI) has been progressively implemented across multiple business segments, yielding notable results:

Beijing Gas introduced intelligent inspection robots, significantly improving inspection precision and further enhancing gas safety for customers;

BE Water deepened its “cloud-chain-terminal” operational framework, achieving normalized operations for intelligent and unmanned water treatment plants;

BE Environment developed an intelligent combustion control system, reducing manual intervention by 80% and increasing combustion stability by 15%;

Yanjing Brewery advanced the digital and intelligent transformation of its supply chain, with a fully automated procurement platform that has substantially reduced procurement costs.

Through the deep integration of AI technologies into its core operations, the Group has continued to enhance operational efficiency, strengthen core competitiveness, and lay a stronger foundation for sustained high-quality development.

V. CHAIRMAN'S STATEMENT

RESULTS REVIEW – OPTIMIZED STRUCTURE, SOLIDIFIED PROFITABILITY, AND ENHANCED RESILIENCE *(Continued)*

Solid Progress in Sustainable Development and First Recognition by International Media

In 2025, BEHL achieved new progress in sustainable development. The Company's S&P Global Corporate Sustainability Assessment (CSA) score increased to 61, the highest since its participation, ranking ahead of approximately 75% of global peers. This reflected the Group's continued commitment and improvement in ESG governance. In the same year, the Company received the "Listed Enterprises 2025" Award from Bloomberg Businessweek (Chinese Edition), demonstrating the capital market's recognition of BEHL's overall strength and long-term value.

OUTLOOK – ADVANCING WITH STRATEGIC RESOLVE AND RENEWED VALUE CREATION

Looking ahead to 2026, the external environment is expected to become increasingly complex, with heightened uncertainties arising from trade frictions, geopolitical tensions, and energy price volatility. Nevertheless, the long-term fundamentals underpinning China's sustained economic growth remain unchanged. The outline of the 15th Five-Year Plan has brought new development opportunities for the Group. The Group remains fully confident in its ability to overcome prevailing risks and challenges and to achieve higher-quality and more sustainable growth.

As the inaugural year of the 15th Five-Year Plan, 2026 marks a pivotal beginning for BEHL as it embarks on a new phase of its development journey. The Group will remain firmly guided by the theme of high-quality development, steadfastly advance the implementation of its "Four Strongholds" strategy, maintain strategic focus on its core businesses, consolidate operational fundamentals, and enhance resilience in value creation. Meanwhile, the Group will continue to upgrade traditional operations, explore emerging investment opportunities, implement the "Artificial Intelligence Plus" initiative, and deepen institutional reform to deliver stronger and more sustainable returns for shareholders.

On this basis, the Group will prioritize advancement across the following areas:

Enhancing Quality and Efficiency for Steady Progress

The Group will consolidate its advantages in city gas operations and accelerate the creation of new growth drivers in natural gas trading, which form the foundation for maintaining operational stability and enhancing resilience. Efforts will also be made to improve BE Water's balance sheet and cash flow performance; advance Yanjing Brewery's reform and excellence management initiatives; expedite the disposal of underperforming assets in domestic solid waste operations; and accelerate the commissioning of ongoing projects at EEW GmbH to unlock capacity potential.

Transformation and Layout Optimization

In alignment with the new wave of technological revolution and industrial transformation, the Group will actively cultivate and expand new-quality productive forces, develop high value-added upstream and downstream operations, and strengthen control over the industrial value chain. At the same time, the Group will proactively explore emerging investment opportunities in areas such as energy, environmental protection, and new urban infrastructure.

Deepening Reform and Inspiring Vitality

The Group will advance institutional and mechanism reforms across five major areas – corporate governance, organizational operation, enterprise management, talent selection and appointment, and capital operations – to further unleash internal vitality. Reform is not pursued for its own sake, but to empower those closest to the front line to make decisions and to ensure that value creators are duly rewarded. The Group will consolidate reform achievements through institutional development and unfold organizational potential by adhering to a market-oriented direction.

V. CHAIRMAN'S STATEMENT

OUTLOOK – ADVANCING WITH STRATEGIC RESOLVE AND RENEWED VALUE CREATION

(Continued)

Intelligence-Driven Optimisation and Upgrading

Building on our existing achievements in intelligent transformation, the Group will encourage its member companies to actively explore broader application scenarios of intelligent technologies, using artificial intelligence to optimize management processes, enhance operational efficiency, and establish more “smart factories” to further propel intelligent transformation and industrial upgrading.

Leveraging Capital to Unlock Growth Potential

By capitalizing on its dual-market presence in Beijing and Hong Kong and its strong connectivity between domestic and international capital markets, the Group will optimize its financing structure and further reduce funding costs. While cultivating new-quality productive forces, the Group will facilitate the listing or capitalization of qualified premium assets, actively attract high-quality market resources, and explore emerging opportunities in new investment fields.

Strengthening Risk Management and Safeguarding Stability

Adhering to a bottom-line mindset, the Group will further strengthen its comprehensive risk management system covering all businesses and processes, with enhanced monitoring of financial, market, and compliance risks to ensure that all risks remain controllable. Risk management is not a constraint on development but a protective moat that ensures long-term, steady progress. The Group will proactively address risks amid development and uncover opportunities within risk management, maintaining strategic clarity, operational readiness, and effective responses and thereby providing a solid safeguard for high-quality and sustainable growth.

In 2026, the Group will remain firmly committed to the philosophy of high-quality and sustainable development, focus its efforts on advancing the implementation of the “Four Strongholds” strategy, and strive to build BEHL into a first-tier enterprise distinguished by stronger businesses, higher value, more refined mechanisms, and exceptional talent during the 15th Five-Year Plan period. The Group will contribute to society with higher-quality products and services, support the construction of a Beautiful China through concrete actions, and deliver sustainable, long-term value to reward the trust and support of its shareholders.

Yang Zhichang
Chairman

Hong Kong
26 March 2026

VI. BUSINESS OF THE GROUP

(I) BASIC INFORMATION

BEHL is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 392) and is controlled by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality through BE Group. It is one of its largest overseas investment and financing flagship enterprise.

Established in 1997, BEHL has consistently gained the attention and support of the capital market by virtue of its strengths and strong background support. On the day of its listing, the Company set several records on Hong Kong Stock Exchange in terms of the amount of funds raised from initial public offering, the price-earning multiples, and the over-subscription multiples. After undergoing a series of reforms such as restructuring, transformation and resources integration, the Company has successfully transformed into an integrated urban public utility company underpinned by gas, water and environmental sectors as well as the related upstream and downstream investment as the principal businesses, with the beer business as a complementary, forming a collaborative development layout. Member enterprises are all taking leading position of the industry or the region, and have a strong influence on the market, ecology and development of related industries.

The Company is currently included as a constituent stock of the Hang Seng China-Affiliated Corporations Index, Hang Seng Composite Index, Hang Seng SCHK Index, Hang Seng SCHK High Dividend Yield Index, Hang Seng SCHK SOEs High Dividend Yield ESG Index and Hang Seng High Dividend Yield Index. In terms of credit rating, the Company obtained a domestic rating of AAA from CCXI, the overseas ratings of A- from Fitch Ratings and Baa1 from Moody's Investors Service, all of which are high investment ratings.

In the future, BEHL will join hands with BE Group to serve the national carbon peak and carbon neutral strategy, facilitate sustainable urban development, and focus on key drivers of modern urban construction by aligning with national strategic needs, with targeted investment in public services, infrastructure development, ecological and environmental protection, improvement of people's livelihood and strategic emerging industries, and promote equal access to public services and infrastructure connectivity, striving to provide domestic leading and international first-class modern urban integrated services to make cities better.

VI. BUSINESS OF THE GROUP

(II) BUSINESS STRUCTURE

To effectively improve its corporate governance standards, increase its exclusive financing channels, and independently reflect its corporate value, the Company adopts the business layout structure of “single business, separate listing” for its principal business, and gives full play to the independent advantages of every business platform through the exclusive listed companies of each business segment.

The main business platform companies held by the Company are leading enterprises in various industries, among which:

Beijing Gas: The largest single city gas transmission and distribution enterprise in China;

China Gas (Stock Code: 384): One of the largest trans-regional, integrated energy suppliers and service providers in China;

BE Water (Stock Code: 371): The largest integrated water company in China, topped the list of China’s Top Ten Influential Enterprises in the Water Industry for 16 consecutive years;

BE Environment (Stock Code: 154): One of the large solid waste treatment enterprises in China;

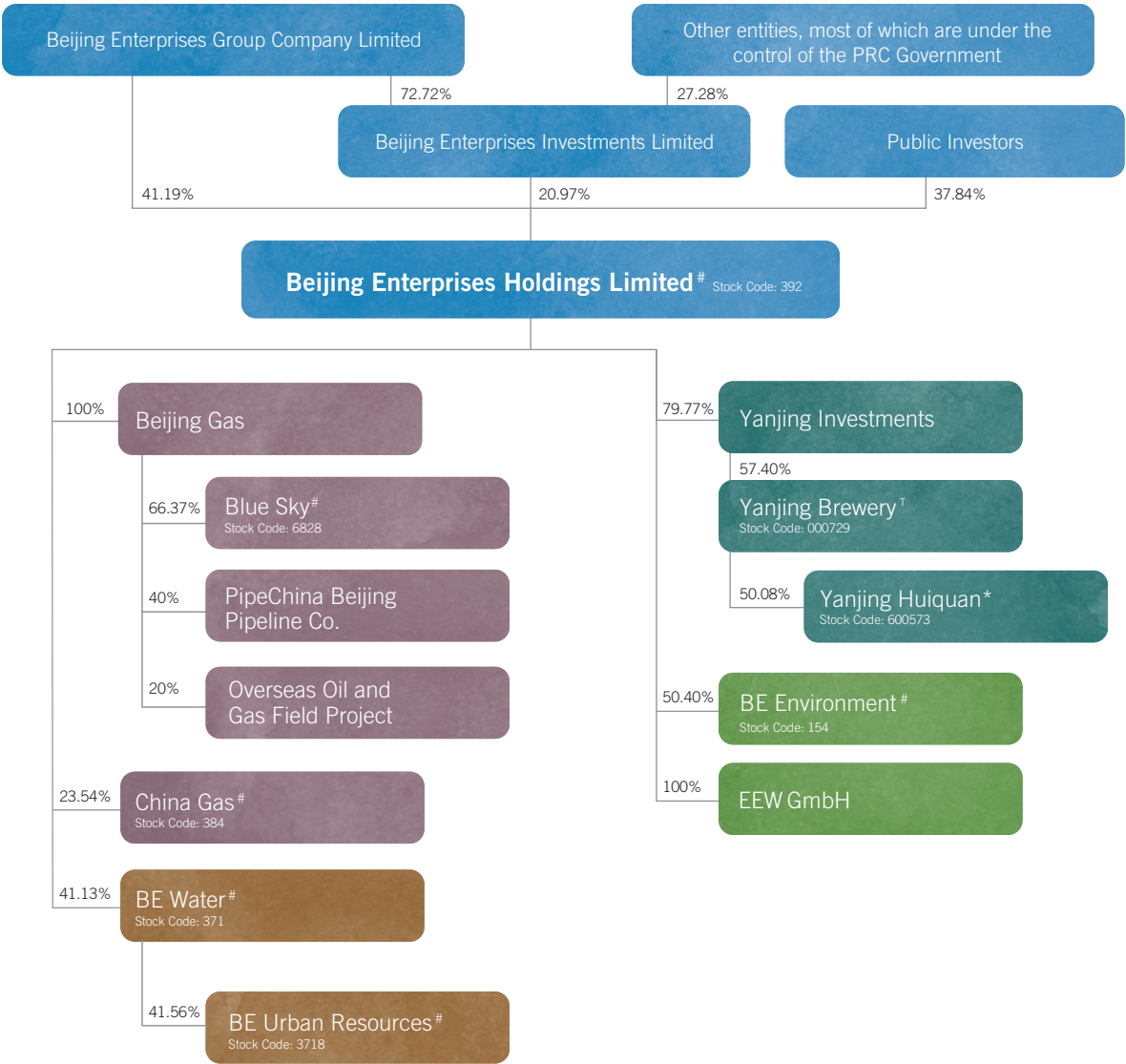
EEW GmbH: Germany’s largest and Europe’s leading waste-to-energy company;

Yanjing Brewery (Stock Code: 000729): Ranking among China’s top three beer brands.

VI. BUSINESS OF THE GROUP

(III) CORPORATE STRUCTURE

As at 31 December 2025



* Listed on The Shanghai Stock Exchange
T Listed on The Shenzhen Stock Exchange
Listed on The Main Board of The Hong Kong Stock Exchange

VI. BUSINESS OF THE GROUP

(IV) MAIN BUSINESS SEGMENTS

1. Gas Business

The business scope of gas business encompasses natural gas storage, transmission and sales, as well as urban gas pipeline construction and management, gas for vehicles and vessels and refuelling stations, distributed energy, liquefied petroleum gas, new energy-related technology and product development, natural gas trade and value-added services, etc., with operations spanning upstream resources, midstream transmission and downstream market applications, achieving full industrial chain development. The Group has achieved annual gas sales volume of more than 65 billion cubic meters, possesses a total gas pipeline network of approximately 600,000 kilometers, and serves over 57 million gas customers. The main enterprises under the Group include Beijing Gas and China Gas.

The Company completed the acquisition of Beijing Gas in 2007 and established the main business framework with city gas as the core. Beijing Gas mainly serves the supply and sales of natural gas in Beijing and its peripheral urban areas. It is the largest single city gas supplier in China's urban gas industry, with the scale of pipeline network, the number of gas users, the annual gas consumption and the annual sales revenue all ranking among the top in China. At the same time, it is also an enterprise with cumulative natural gas supply exceeding 100 billion cubic meters, annual gas supply exceeding 10 billion cubic meters, and daily gas supply exceeding 100 million cubic meters. While maintaining the steady development of its natural gas distribution business, Beijing Gas has also been accelerating its presence in the LNG sector. Leveraging the Tianjin Nangang LNG project, the Company is building an integrated industrial chain covering "trading-processing-sales". This project features the largest onshore LNG film storage tanks in the world, the first of their kind to be constructed in China, and represents the receiving terminal with the highest storage and outward transmission capacity among all operational terminals in China. Furthermore, Beijing Gas continues to expand into the midstream and upstream segments of the industrial chain. In terms of the midstream sector, Beijing Gas holds 40% equity interest in PipeChina Beijing Pipeline Co., which is primarily engaged in the natural gas transmission business and owns and operates the Shaanxi-Beijing Natural Gas Pipeline Lines 1 to 4. In terms of the upstream sector, Beijing Gas participates in overseas oil and gas resource-related projects through equity investments, further extending its business value chain and enhancing the synergistic advantages of its industrial chain.

The Company invested in China Gas in 2013 and achieved a nationwide layout of gas business. China Gas operates under a diversified development structure with focus on pipeline natural gas business, while also encompassing liquefied natural gas, liquefied petroleum gas, smart energy services, electricity and new energy, new thermal mining equipment and technology development and application, gas equipment and kitchen utensils, home living services, grid-based "shop-commerce" new retail. As of 30 September 2025, China Gas acquired 662 franchised pipeline gas projects in 30 provinces, municipalities and autonomous regions in China, and owned 32 long-distance natural gas pipelines, 485 compressed/liquefied natural gas refueling stations for vehicles and vessels, one coal-bed methane development project and 120 liquefied petroleum gas distribution projects.

VI. BUSINESS OF THE GROUP

(IV) MAIN BUSINESS SEGMENTS *(Continued)*

2. Water Business

The water business is operated by BE Water. Established in 2008, BE Water is a flagship enterprise focusing on water recycling and water-related environmental protection, integrating industrial investment, design, construction, operation, technical services and capital operation. With urban water supply and sewage treatment business as its main core, its scale of water treatment excelled the market in China and is currently the largest domestic integrated water company and has topped the list of the Top 10 Influential companies in the Chinese Water Industry for 16 consecutive years.

As of 31 December 2025, BE Water operated a total of 1,313 water treatment plants and rural sewage treatment facilities, with a total design capacity of approximately 42.96 million tons/day. Its service coverage spans 20 provinces, 5 autonomous regions, and 4 municipalities directly under the Central Government across Chinese Mainland, as well as overseas markets including Portugal, Singapore, Australia, and Saudi Arabia.

3. Environmental Business

The business scope of the environmental business covers household waste incineration and power generation, hazardous and medical waste treatment, sludge disposal and garbage collection and transportation, possessing the world's leading waste incineration technology and project management standard. As of 31 December 2025, the Group has a total of 33 solid waste treatment projects in operation and under construction, with 16 in Chinese Mainland and 17 in Europe. The domestic and overseas waste incineration and power generation treatment capacity reaches 35,944 tons/day. The main enterprises include BE Environment and BEHET, which is based in China, and EEW GmbH, an overseas company headquartered in Germany.

BE Environment is a professional platform engaged in investment, construction and operation in the field of solid waste through capital operation, asset integration and investment operation. BEHET is an enterprise focusing on the development of environmental protection segments such as municipal solid waste, industrial hazardous waste, medical waste, construction waste disposal and ecological environment treatment and restoration.

EEW GmbH, which was wholly acquired by the Company in 2016, is a German enterprise focusing on waste-to-energy utilization, with its main business in waste incineration and power generation, steam supply and district heating. At present, its market share ranks first in Germany, and has 17 waste-to-energy utilization plants with world's first-class technology and equipment in Germany, the Netherlands and Luxembourg. As a leading enterprise in waste incineration and power generation in Germany, EEW GmbH represents the world's first-class standard in terms of equipment standards, operational efficiency, technical level and emission indicators.

VI. BUSINESS OF THE GROUP

(IV) MAIN BUSINESS SEGMENTS *(Continued)*

4. Beer Business

The beer business constitutes an important part of the value investment strategy of BEHL, and is operated by Yanjing Brewery, with its business scope covers the production and sales of beer and beverage products. As a large brewery conglomerate in China and one of the major beer manufacturers in Asia, Yanjing Brewery boasts an annual beer sales volume of over 4 million kiloliters, and operates over 30 wholly-owned and controlled production bases in China. Yanjing Brewery ranks among the Top 500 China's Brands for several consecutive years, with a brand value of approximately RMB237.9 billion, and owns renowned domestic beer brands such as Liquan, Huiquan and Xuelu. Yanjing Brewery, with a strong commitment to quality, continues to advance its bulk single product strategy, forming a matrix of nationwide bulk single product represented by Yanjing U8, Yanjing V10, Fresh Beer 2022, and New Refreshing, alongside a matrix of differentiated and distinctive single product matrix represented by U8 plus, Alcohol-free White Beer and others. Additionally, Yanjing Brewery has launched Yanjing Lionk, an independent craft beer brand, and Yanjing A10, a premium all-malt lager, to meet diverse consumer demands. In 2025, Yanjing Brewery initiated and implemented the "Beer + Beverage" dual-wheel drive strategy to further expand its product matrix beyond beer, optimize coverage across consumption scenarios and achieve full consumer penetration and full-time market reach, so as to drive new growth opportunities and enhance market expansion.

VII. DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

YANG Zhichang, aged 56, is the Executive Director and Chairman of the Company, also serves as director and general manager of Beijing Enterprises Group Company Limited. Mr. Yang graduated from the department of management engineering of Beijing University of Posts and Telecommunications with posts and telecommunications management engineering qualification in 1991 and obtained a doctorate degree in management from the department of industrial economics from Chinese Social Science Post-graduate Faculty with enterprise management qualification in 2009. He worked at Beijing University of Posts and Telecommunications from 1991 to 2001. He was a deputy general manager of the sales department of 北京東方廣場 (Beijing Oriental Plaza) of 南方證券公司 (China Southern Securities Co.) from 2001 to 2002. He was a director and vice president of 北京正通網絡通信有限公司 (Beijing Zhengtong Network Communication Co., Ltd.) from 2002 to 2006. He was a manager of the investment development department of Beijing Holdings Limited from 2006 to 2010. From 2010 to 2019, he was a manager of the strategic development department, a manager of the reform and development department and an assistant to general manager of Beijing Enterprises Group Company Limited. From 2019 to 2022, he was an assistant to general manager of Beijing Enterprises Group Company Limited and a director and a general manager of Beijing Holdings Limited. He was a Vice General Manager of Beijing Enterprises Group Company Limited from 2022 to 2025. Mr. Yang was appointed as Executive Director and Chairman of the Company in October 2023.

XIONG Bin, aged 59, is the Executive Director and CEO of the Company. He also serves as Executive Director and Chairman of Beijing Enterprises Water Group Limited (stock code: 371), Vice Chairman and Non-executive Director of China Gas Holdings Limited (stock code: 384), Assistant to General Manager of Beijing Enterprises Group Company Limited and Director of Beijing Gas Group Co., Ltd. Mr. Xiong is a PRC engineer. He graduated from the Department of Thermal Engineering of the School of Mechanical Engineering of Tongji University, and received an EMBA degree from the School of Economics and Management of the Tsinghua University. Mr. Xiong has joined Beijing Gas Group Co., Ltd. since 1999 from which he has obtained numerous years of experience in public infrastructure facilities management. Also, Mr. Xiong has joined Beijing Enterprises Group Company Limited since 2011 and by working at its Strategic Investment Department, he has enriched his experience in strategic and investment management skills. Mr. Xiong was appointed as Executive Director and Chief Executive Officer of the Company in February 2021.

XU Tong, aged 58, is the Executive Director of the Company, also serves as director and general manager of 北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd). Mr. Xu holds a bachelor of engineering in safety engineering from Beijing College of Economics and obtained a master's degree in business administration from Beijing Institute of Technology. He is a professorate senior engineer. Mr. Xu has worked in the gas industry for over 30 years, with substantial experience in city gas production and operation, pipeline network planning, safety management, customer service, capital operation, project mergers and acquisitions, LNG and new energy business. Mr. Xu has joined 北京市煤氣公司 (Beijing Gas Company, which was restructured to become 北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd) in 1999) since 1990 and served successively as director of the control centre, manager of the production and operation department and manager of the safety and operation department of 北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd). He also served as deputy general manager, executive deputy general manager and director of 北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd) and 北京北燃實業有限公司 (Beijing Beiran Enterprises Company Limited). Mr. Xu was appointed as Executive Director of the Company in July 2025.

VII. DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS *(Continued)*

GENG Chao, aged 51, is the Executive Director of the Company. He also serves as the chairman of 北京燕京啤酒集團有限公司 (Beijing Yan Jing Beer Group Company Limited) and the chairman of 北京燕京啤酒股份有限公司 (Beijing Yanjing Brewery Co., Ltd.) (listed on The Shenzhen Stock Exchange, stock code: 000729). Mr. Geng graduated from the Liberation Army Engineer Corps Engineering Institute with construction engineering qualification in 1998 and obtained a master's degree in law from Peking University in 2009. He worked at the Policy and Regulation Division and Comprehensively Deepening the Reform of Municipal State-owned Enterprises Work Office of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality from 2004 to 2018. He served as Director of the State-owned Assets Supervision and Administration Commission of People's Government of Shunyi District, Beijing Municipality from 2018 to 2020. Mr. Geng was appointed as Executive Director of the Company in July 2023.

TUNG Woon Cheung Eric, aged 55, is the Executive Director of the Company, also serves as an Executive Director, the Chief Financial Officer and Company Secretary of Beijing Enterprises Water Group Limited (stock code: 371). Mr. Tung graduated from York University, Toronto, Canada with a bachelor's honours degree in administrative studies. He is a Hong Kong Certified Public Accountant and a U.S. licensed practice Certified Public Accountant. Mr. Tung is currently an Independent Non-executive Director of South China Financial Holdings Limited (stock code: 619) and GR Life Style Company Limited (formerly known as GR Properties Limited) (stock code: 108). Mr. Tung was previously an Independent Non-executive Director of Jinke Smart Services Group Co., Ltd. which was delisted in February 2026. Mr. Tung joined the Company in June 2000 and was appointed as Executive Director and Company Secretary of the Company in January 2025.

NON-EXECUTIVE DIRECTORS

YU Xijian, aged 42, is currently a deputy general manager of the investment management department of New China Life Insurance Company Ltd. (stock code: 1336; listed on The Shanghai Stock Exchange, stock code: 601336). Mr. Yu is a PRC Certified Public Accountant. He holds a bachelor's degree in engineering from Beijing Normal University and a master's degree in engineering from Beijing University of Posts and Telecommunications. Mr. Yu was an auditor at PricewaterhouseCoopers Zhong Tian from September 2008 to May 2010; a business director at Huaxi Securities Co., Ltd. from June 2010 to May 2016; an executive general manager at Sinolink Securities Co., Ltd. from May 2016 to October 2024. Mr. Yu was appointed as Non-executive Director of the Company in September 2025.

SU Junjie, aged 56, is currently the chairman of 廣州資產管理有限公司 (Guangzhou Asset Management Co., Ltd.) and a non-executive director of Yuexiu Property Company Limited (stock code: 123). He graduated from Dongbei University of Finance and Economics in China and obtained a bachelor's degree in Economics majoring in Statistics and a master's degree in Economics majoring in Finance. Mr. Su worked at Agricultural Bank of China Limited, Dalian Zhongshan sub-branch from August 1992 to February 2000. He joined 中國長城資產管理股份有限公司 (China Great Wall Asset Management Co., Ltd.) (formerly known as 中國長城資產管理公司 (China Great Wall Asset Management Corporation)) from February 2000 to December 2022 and had held various positions, including deputy director of the new finance research and development centre, assistant to general manager of the strategic development department, deputy general manager of the investment banking division, general manager of the mergers and acquisitions and business restructuring department, principal responsible person of the Sichuan branch and general manager of the Shanghai branch. He was the general manager of 廣州資產管理有限公司 (Guangzhou Asset Management Co., Ltd.) from July 2023 to May 2025. Mr. Su was appointed as Non-executive Director of the Company in September 2025.

VII. DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

WU Jiesi, aged 74, holds a doctorate degree in Economics. He is the Chairman of Fuhai Yintao Asset Management Co. Ltd. as well as Independent Non-executive Director of Industrial and Commercial Bank of China (Asia) Limited. He conducted post-doctoral research work in theoretical economics at the Nankai University in the PRC and was conferred the professorship qualification by the Nankai University in 2001. During the period from 1984 to 1995, Mr. Wu worked at the Industrial and Commercial Bank of China in a number of positions, including as the President of Shenzhen Branch. From 1995 to 1998, Mr. Wu was Vice Mayor of Shenzhen Municipal Government and from 1998 to 2000 he was the assistant to the Governor of Guangdong province. He was the Chairman of Guangdong Yue Gang Investment Holdings Company Limited and GDH Limited, Director and Honorary President of Guangdong Investment Limited (stock code: 270) (from 2000 to 2005), Non-executive Director of Shenzhen Investment Limited (stock code: 604) (from 2006 to 2020), Independent Non-executive Director of China Taiping Insurance Holdings Company Limited (stock code: 966) (from 2000 to 2020), Non-executive Director of Silver Base Group Holdings Limited (the shares of which were listed on the Hong Kong Stock Exchange and were delisted in December 2023) (from 2008 to 2021) and Independent Non-executive Director of China Citic Bank International Limited (from 2013 to 2022). He has extensive experience in finance and management. Mr. Wu joined the Company in July 2004.

LAM Hoi Ham, *J.P.*, aged 87, was graduated from the faculty of economics of The University of Hong Kong, is the founder of the accounting firm H H Lam & Co., and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam was granted Medal of Honour by The Hong Kong Government in 1994 and was appointed a Justice of the Peace in 1997. Mr. Lam previously served as a Standing Committee member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China of Beijing City and served as its Senior Consultant. He was the Vice Chairman of Beijing Overseas Friendship Association and a committee member of Beijing Health Department Overseas Friendship Association, etc. Mr. Lam joined the Company in March 2008.

YU Sun Say, *G.B.M., J.P.*, aged 87, is Chairman of the H.K.I. Group of companies, director of a number of manufacturing and investment companies, Independent Non-Executive Director of Tongda Group Holdings Limited (stock code: 698), Wong's International Holdings Limited (stock code: 99) and Fu Shek Financial Holdings Limited (stock code: 2263), Permanent Honorary President of the Chinese General Chamber of Commerce, Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong. Dr. Yu was member of the Standing Committee of the Chinese People's Political Consultative Conference as well as member of the Preparatory Committee for the Hong Kong Special Administrative Region and its Hong Kong Affairs Adviser. Dr. Yu joined the Company in March 2014.

VII. DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

CHAN Man Ki Maggie, *M.H., J.P.*, aged 57, obtained her Bachelor degree in Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1991 and 1992 respectively. She is the founder and managing partner of CMK lawyers, a law firm in Hong Kong, and has over 30 years of experience in providing legal advices and services as a solicitor in Hong Kong. Ms. Chan is also a lawyer in the Guangdong-Hong Kong-Macao Greater Bay Area and her practice institution is Sino-Win Law Firm.

Ms. Chan is an Accredited Mediator and a China-Appointed Attesting Officer in Hong Kong. She is also the founding president of The Small and Medium Law Firms Association of Hong Kong. Furthermore, Ms. Chan is a Specially Invited Mediator of Guangdong Court for Cross-border Commercial Dispute Resolution in the Guangdong-Hong Kong-Macao Greater Bay Area, a Mediator of Shenzhen Qianhai International Commercial Mediation Centre and AALCO Hong Kong Regional Arbitration Centre, an Arbitrator of China Guangzhou Arbitration Commission, Shenzhen Court of International Arbitration, Qingdao Arbitration Commission, South China International Arbitration Centre (Hong Kong) and AALCO Hong Kong Regional Arbitration Centre. Ms. Chan is also a Member of Guangdong-Hong Kong-Macao Greater Bay Area Foreign Law Ascertainment Expert. She is also an independent non-executive director of Wine's Link International Holdings Limited (stock code: 8509), China State Construction Development Holdings Limited (stock code: 830) and Nine Dragons Paper (Holdings) Limited (stock code: 2689).

Ms. Chan has also undertaken various community positions in Hong Kong including being an Ex-officio Member of Election Committee, a member of the Consultation Group on LawTech Development and Chairman of Appeal Tribunal Panel (Building Ordinance). She was awarded the Medal of Honor in 2012 and Justice of the Peace in 2015 by the Government of the Hong Kong Special Administrative Region. Ms. Chan was also conferred with Honorary Fellow by City University of Hong Kong in 2013. She was elected as a Hong Kong Deputy to the National People's Congress of the PRC (the 13th session and 14th session) in 2017 and 2022 respectively, an executive member of the All-China Women's Federation Executive Committee in 2018, a president of All-China Women's Federation Hong Kong Delegates Association Ltd. in 2021 and a Legislative Council Member of the Hong Kong Special Administrative Region in 2022. Ms. Chan joined the Company in September 2022.

VII. DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

CHEN Xinguo, aged 58, is a Vice President of the Company, also serves as Executive Director and Chairman of Beijing Enterprises Environment Group Limited (stock code: 154). He is a senior economist. Mr. Chen graduated from the Department of Industrial Economics and Planned Economics of Renmin University of China, and obtained doctorate degree in economics from Renmin University of China. Mr. Chen was an officer and a deputy commissioner of Beijing Planning Committee and Beijing Development and Planning Committee from 1994 to 2003. From 2003 to July 2021, he was an assistant manager of the investment department of Beijing Holdings Limited; a manager of the strategic development department of Beijing Enterprises Group Company Limited, a Deputy General Manager of Beijing Gas Group Co., Ltd, an Executive Director and Vice President of China Gas Holdings Limited (stock code: 384). He was the Chief Executive Officer of Beijing Enterprises Environment Group Limited (stock code: 154) from August 2021 to March 2025. Mr. Chen has been appointed as a Vice President of the Company since July 2021.

ZHANG Yang, aged 53, is a Vice President of the Company. Mr. Zhang graduated from Renmin University of China with a bachelor's degree in history. From July 1996 to January 2017, Mr. Zhang worked at Beijing Municipal Sports Committee and Beijing Municipal Bureau of Sports, the General Office of Beijing Municipality and the General Office of the Standing Committee of Beijing Municipal People's Congress. From January 2017 to July 2021, he worked as executive deputy director of general office, director of research office, and general manager of the reform and development department of Beijing Enterprises Group Company Limited, and concurrently held the position of Director of Beijing Holdings Limited and Beijing General Municipal Engineering Design & Research Institute Co., Ltd. Mr. Zhang has been appointed as a Vice President of the Company since July 2021.

TAN Jijia, aged 45, is a Vice President of the Company, also serves as a Director of Beijing Gas Group Co., Ltd. Mr. Tan graduated from Beijing University of Technology with a bachelor's degree in Quantitative Economics and obtained a master's degree in economics. From April 2011 to August 2025, Mr. Tan held various positions at Beijing Enterprises Group Company Limited, including director of the research office and general manager of the strategic investment department. Mr. Tan has been appointed as a Vice President of the Company since August 2025.

LI Yining, aged 46, is a Vice President of the Company, also serves as Executive Director of Beijing Enterprises Environment Group Limited (stock code: 154) and Executive Director of Beijing Enterprises Water Group Limited (stock code: 371). She is a senior economist. Ms. Li graduated from the University of Sydney in Australia with a bachelor's degree in logistics management and obtained a master's degree in logistics management. Ms. Li worked in the reform and development department of Beijing Enterprises Group Company Limited from July 2011 to August 2025. From April 2021 to August 2025, she served as a deputy general manager of the reform and development department of Beijing Enterprises Group Company Limited and was seconded to the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality as deputy director of the property rights management division from September 2022 to September 2023. Ms. Li has been appointed as a Vice President of the Company since August 2025.

VIII. REPORT OF THE DIRECTORS

The Board presents their report and the audited financial statements of the Group for the year ended 31 December 2025.

(I) ABOUT THE COMPANY AND THE GROUP

1. Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in “Business of the Group” on pages 12 to 17 and note 6 to the financial statements. There was no significant change in the nature of the Group’s principal activities during the year.

2. Subsidiaries, Joint Ventures and Associates

Details of the Company’s principal subsidiaries, joint ventures and associates at 31 December 2025 are set out in notes 49, 22 and 23 to the financial statements.

3. Business Review

The discussion and analysis of the business review of the Group for the year and possible future developments of the Group can be found in the “Management Discussion and Analysis” set out on pages 69 to 88 of this Report. The principal risks and uncertainties faced by the Group can be found in the “Corporate Governance Report” set out on pages 41 to 68 of this Report. Key financial performance indicators of the Group can be found in the “Financial Summary” set out on page 5 of this Report. The above discussion and analysis form part of this “Report of the Directors”.

The Group’s profit for the year ended 31 December 2025 and the financial position of the Company and the Group at that date are set out in the financial statements on pages 94 to 234.

4. Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group’s policies and practices on compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the year under review, to the best of our knowledge, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

5. Relationships with Stakeholders

As an integrated urban public utility company, BEHL masters a business structure encompassing gas, water and environmental businesses as well as its upstream, downstream and business-related investments as its principal businesses, coupled with its beer business to build the business layout with complementary and synergistic development. The member enterprises are all in leading positions in their respective industries or regions and exerting strong influence on the market, ecology and development of the relevant industries. It also maintains good relationships with various stakeholders, amongst others:

- (1) To the government and regulatory authorities: The Group has always taken compliance with the law as the red line and bottom line for its production and operation. We worked together with the government's administration, leveraged policy spectrum, strengthened communication, enhanced understanding and built up mutual trust in a bid to create and maintain a favourable environment of the rule of law and politics and business for the production and operation of the Company.
- (2) To customers and suppliers: The Group adheres to the philosophy of collaboration and mutual prosperity, and regards customers and suppliers as the key lifeline of the Company's production and operation and the common destiny for long-term development. The Group always maintains long-term stable and healthy relationships with its customers and suppliers, proactively promotes the construction of a sustainable supply chain, insists on providing responsible and high-quality products and services to its customers and enhances understanding and co-operation through continuing communication and feedback, so as to ensure that a mutually beneficial and win-win business ecosystem can be created between the two parties during the course of production and operation.
- (3) To shareholders and investors: The Group always takes the interests of shareholders and investors as its primary concern and attaches great importance to the concerns of shareholders and investors. It maintains the transparency and timeliness of information disclosure through various forms of communications and interactions including shareholders' meetings, results exchange meetings and roadshows, and proactively listens to the views and suggestions of shareholders and investors to optimise operational decisions, gain the trust and support of shareholders and investors and continue to enhance the value of shareholders.

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

5. Relationships with Stakeholders *(Continued)*

- (4) To all employees: Employees are an integral part of the Company as well as the energy and cornerstone of corporate development. The Group endeavours to provide a safe, fair and diversified working environment for its employees and enhance their sense of belonging through comprehensive protection of their rights and interests, systematic vocational training and diversified team building activities to name a few, so as to motivate them to achieve the integration of their personal growth and career development, and to grow and progress together with the Company, and to make contributions to its sustainable development.
- (5) To the media: The Group has always maintained a good interactive relationship with the media from beginning to end. We have disseminated information on corporate news and development in a timely manner through press conferences, media interviews and other forms to enhance the understanding and awareness of the media and the public towards the enterprise.
- (6) To society: As an important cornerstone of urban functioning and a resource provider for urban public utilities, the Group has always taken “focusing on people’s livelihood, safeguarding life and achieving a win-win situation for society” as its core principle, and built an efficient, reliable and stable energy and resource supply and reuse system, proactively fulfilled its social responsibilities, and pushed forward the harmonious development of the economy, the environment and the society.
- (7) To social organisations: The Group has always maintained open communication with various social organisations and actively participated in village revitalisation, social welfare, community support to help the disadvantaged groups in society, respond to disaster relief and promote youth development, and join hands with social organisations to propell and safeguard the core values of the society, give back to the society and create harmony.
- (8) To the environment: The Group adheres to the green development philosophy and integrates environmental protection into all aspects of our business operations. Through efficient resources utilisation, pollutant emissions control and sustainable technology promotion, the Group reduces the impact of our operations on the ecological environment and promotes the upgrading of environmental protection standards in the industry through innovation, in an effort to constantly improve the ecological environment and enhance the organic integration of the society and the environment.

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

6. Investment Properties and Property, Plant and Equipment

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the year are set out in notes 15 and 16 to the financial statements, respectively.

7. Bank and Other Borrowings

Bank and other borrowings of the Group for the year ended 31 December 2025 are set out in note 35 to the financial statements.

8. Donations

During the year, the Group's total donations to public welfare projects were approximately RMB13.05 million.

9. Major Customers and Suppliers

During the year under review, sales to the Group's five largest customers accounted for less than 30% of the Group's turnover for the year. Purchases from the Group's five largest suppliers accounted for 53% of the Group's cost of sales for the year and purchases from the largest supplier included therein accounted to 45%.

10. Financial Summary for the Last Five Years

A summary of the published results and assets, liabilities and equity of the Group for the last five financial years as extracted from the audited financial statements and the annual report of the Company for the year ended 31 December 2025 is set out on pages 235 to 236. This summary does not form part of the audited financial statements.

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

11. Debentures Issued during the Year

During the year ended 31 December 2025, the following medium-term notes and corporate bonds were issued by the Company to raise funds for the repayment of the Group's existing corporate bonds and bank loans:

Medium-term notes/Corporate bonds	Amount issued <i>RMB</i>	Interest rate	Final maturity
2025 Scientific and Technological Innovation Corporate Bonds (Series 1 – Category 1)	1,000,000,000	1.83%	February 2028
2025 Scientific and Technological Innovation Corporate Bonds (Series 1 – Category 2)	750,000,000	2.08%	February 2035
2025 Medium-Term Notes Series 1	5,000,000,000	1.92%	October 2028
Total	6,750,000,000		

12. Share Capital

Details of movements in the share capital of the Company during the year are set out in note 33 to the financial statements.

The Company currently does not have any effective share option scheme.

13. Purchase, sale and redemption of listed securities of the Company

(1) *Redemption of EUR500,000,000 1.00% Bonds*

On 24 September 2025, the Group fully redeemed the EUR500,000,000 1.00% green bonds (the “Green Bonds”) upon maturity. The Green Bonds were issued by a wholly-own subsidiary of the Company in September 2020 and were listed on the Stock Exchange.

(2) *Redemption of RMB650,000,000 2.9% Bonds*

On 24 October 2025, the Company fully redeemed the RMB650,000,000 2.9% corporate bonds (the “Corporate Bonds”) upon maturity. The Corporate Bonds were issued by the Company in October 2023 and were listed on the Shanghai Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2025.

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

14. Maintenance of Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has been maintaining the public float prescribed under the Listing Rules (i.e. at least 25%).

15. Equity-linked Agreements

No equity-linked agreements (including share option scheme) were entered into by the Company during the year and no such agreement subsisted at the end of the year.

16. Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 51 to the financial statements and in the consolidated statement of changes in equity, respectively.

17. Distributable Reserves

At 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of part 6 of the Companies Ordinance amounted to RMB973,756,000 (2024: RMB919,454,000).

18. Dividend Distribution

An interim dividend of HK85 cents per ordinary share was paid by the Company on 31 October 2025. The Board recommended the payment of a final dividend of HK77 cents (the "Final Dividend") (2024: HK77 cents) per share for the year ended 31 December 2025, payable to shareholders whose names appear on the register of members of the Company on 8 June 2026. Subject to the approval of Shareholders at the 2026 AGM, the Final Dividend will be paid on 7 August 2026.

Shareholders can elect to receive the Final Dividend in Hong Kong dollars or in Renminbi.

If Shareholders elect to receive the Final Dividend in Renminbi, the Company will only arrange Shareholders to receive all of the Final Dividend in Renminbi, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in Renminbi.

For Shareholders who wish to elect to receive all of their dividends in Renminbi by cheques should note the followings:

- (I) Shareholders should complete the dividend currency election form, which is expected to be despatched to Shareholders on or about Monday, 15 June 2026 and return to the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 3 July 2026;

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

18. Dividend Distribution *(Continued)*

- (II) The amount of the Final Dividend in Renminbi shall be converted into Renminbi at the average central parity rate of Hong Kong dollars against Renminbi announced by the People's Bank of China for the five business days prior to and including the date of the 2026 AGM;
- (III) Shareholders should ensure that they have an appropriate bank account to which the Renminbi cheques for dividend can be presented for payment; and
- (IV) There is no assurance that Renminbi cheques can be cleared without handling charges or delay in Hong Kong or that Renminbi cheques will be honored for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on Friday, 7 August 2026 at the Shareholders' risk.

If Shareholders wish to receive the Final Dividend in Hong Kong dollars in the usual way, no additional action is required.

Regarding the possible tax implications of receiving the Final Dividend payment, Shareholders should seek professional advice with a certified public accountant in Hong Kong or a qualified tax adviser on their own.

19. Approval of the Financial Statements

The financial statements of the Group for the year ended 31 December 2025 were approved by the Board on 26 March 2026.

20. Human Resources and Remuneration Policies

As at 31 December 2025, the Group had approximately 34,000 employees in total. Guided by the philosophy of value-creation, the Group continues to enhance the motivation and creativity of its management and staff. Remuneration is determined based on factors such as job performance, professional competence and experience, industry practices as well as market conditions, and relevant policies and benefits are reviewed on a regular basis. Moreover, discretionary bonuses are awarded based on business performance and individual performance evaluations as incentives. In addition to pension schemes, the Group also provides insurance and various benefits to its employees. In terms of talent development, the Group strengthens its talent pool through various methods, including professional training, knowledge sharing and practical training.

VIII. REPORT OF THE DIRECTORS

(I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

21. Retirement Benefit Scheme

The retirement benefit scheme of the Group during the year are set out in note 27 to the financial statements.

22. Environmental Policy and Performance

Since its establishment, the Company has adhered to the social responsibility mission of “Making Investment for a Better Life”. Through transformation, upgrading and responsible investment, the Company has created an ecological pattern of co-development of the utilities segment and the beer industry with gas, water and environment as the main businesses, continued to grow by serving the construction of the national eco-civilisation, providing impetus for the development of a cleaner society, and satisfying the needs of the general public for quality life, and given full play to the advantages of our main businesses and proactively promote the concept of low-carbon and environmental protection to the society.

In 2025, BEHL systematically optimized its sustainability reporting framework and indicator system, strengthened its underlying data management capabilities, and extended the TCFD framework to its core businesses, achieving full coverage of climate scenario analysis. For the first time, it completed a quantitative assessment of the financial impact of climate risks, further enhancing the transparency and forward-looking nature of its climate-related disclosures.

The Company proactively echoed to the call of the national “Dual Carbon” strategies and has formulated the Carbon Peak Action Plan of Beijing Enterprises Holdings Limited. In light of the actual circumstances of various business segments, a Carbon Peak and Carbon Neutrality Task Force has been established to develop specific and practical emission reduction measures and implementation pathways from four key areas, including promoting industrial structure upgrading, advancing low-carbon production and lifestyles, strengthening green and low-carbon innovation capabilities, and exploring carbon asset management. Under the overall coordination of BEHL, the actionable climate change management targets have been set for each of its business units based on their operational characteristics and actual circumstances. Based on the Group’s strategic plans and actual environmental performance data, the Group commits to achieving carbon peak by 2030 and steadily advance carbon peaking initiatives as well as pilot management of Scope 3 emissions, facilitating the deep integration of ESG with corporate strategic decision-making and daily operations.

VIII. REPORT OF THE DIRECTORS

(II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY

1. Directors of the Company

Directors during the year and up to the date of this report are:

(1) Executive Directors

YANG Zhichang

JIANG Xinhao (resigned on 1 January 2025)

XIONG Bin

XU Tong (appointed on 16 July 2025)

GENG Chao

TAM Chun Fai (resigned on 1 January 2025)

TUNG Woon Cheung Eric (appointed on 1 January 2025)

(2) Non-executive Directors

YU Xijian (appointed on 30 September 2025)

SU Junjie (appointed on 30 September 2025)

(3) Independent Non-executive Directors

WU Jiesi

LAM Hoi Ham

YU Sun Say

CHAN Man Ki Maggie

In accordance with articles 98 and 107 of the Articles of Association and the recommendation of the Board, Mr. YANG Zhichang, Mr. XIONG Bin, Mr. XU Tong, Mr. GENG Chao, Mr. YU Xijian and Mr. SU Junjie will retire and, being eligible, will offer themselves for re-election at the 2026 AGM.

(4) Directors of Subsidiaries

The names of directors who have served on the boards of the principal subsidiaries of the Company during the financial year ended 31 December 2025 and up to the date of this report are kept at the registered office of the Company and are available for free inspection by Shareholders during office hours.

VIII. REPORT OF THE DIRECTORS

(II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY *(Continued)*

2. Directors' Changes

During the year under review and up to the date of this report, the Board changes are as follows:

- (i) Mr. JIANG Xinhao resigned as an Executive Director, the Vice Chairman of the Board and a Member of the Investment Committee of the Company on 1 January 2025.
- (ii) Mr. TAM Chun Fai resigned as an Executive Director and the Company Secretary of the Company, and ceased to act as an Authorised Representative of the Company on 1 January 2025.
- (iii) Mr. TUNG Woon Cheung Eric has been appointed as an Executive Director and the Company Secretary of the Company and an Authorised Representative on 1 January 2025.
- (iv) Mr. XU Tong has been appointed as an Executive Director of the Company on 16 July 2025.
- (v) Mr. YU Xijian and Mr. SU Junjie have been appointed as non-executive Directors of the Company on 30 September 2025.

3. Changes in Directors' Information Required to be Disclosed Pursuant to Rule 13.51B(1) of the Listing Rules

Changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out as follows:

- (i) Mr. YANG Zhichang was appointed as a director and general manager of Beijing Enterprises Group Company Limited.
- (ii) Mr. TUNG Woon Cheung Eric ceased to be an independent non-executive director of Jinke Smart Services Group Co., Ltd..

4. Directors' and Senior Management's Biographies

Biographical details of the Directors and the Senior Management are set out on pages 18 to 22 of this Report.

5. Director's Service Contract

No Director proposed for re-election at the 2026 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

VIII. REPORT OF THE DIRECTORS

(II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY *(Continued)*

6. Independence of Independent Non-Executive Directors

The Company has received annual confirmations of independence from each of the Independent Non-executive Directors, and as at the date of this report still considers them to be independent.

7. Directors' Remuneration

The Board has to seek Shareholders' authorisation at general meetings to fix the Directors' remuneration with reference to individual Director's duties, responsibilities and performance, the results of the Group as well as recommendation of the Remuneration Committee.

Further details of the Remuneration Committee are set out in the Corporate Governance Report on pages 41 to 68 of this Report.

8. Directors' and Chief Executive's Interests in Shares and Debentures

At 31 December 2025, the interests and short positions of the Directors and the Chief Executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) entered in the register required to be kept pursuant to Section 352 of the SFO, or (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in the Listing Rules, were as follows:

LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATIONS

Director	Associated corporation	Number of ordinary shares directly beneficially owned	Percentage of the associated corporations' total number of issued shares
TUNG Woon Cheung Eric	BE Water	590,404	0.006%
YU Sun Say	BE Water	100,000	0.001%

Save as disclosed above, as at 31 December 2025, none of the Directors or the Chief Executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the HKSE pursuant to the Model Code.

VIII. REPORT OF THE DIRECTORS

(II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY *(Continued)*

9. Directors' Interests in Significant Transactions, Arrangements or Contracts

No Director had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group to which the Company, any of its holding companies, subsidiaries and fellow subsidiaries was a party during the year.

10. Arrangement to Acquire Shares or Debentures

At no time during the year was the Company or any of the Company's subsidiaries or the parent company or any subsidiary of the Company's parent company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

11. Directors' Interests in Competing Business

During the year, none of the Directors had any interest in any business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's business.

12. Directors' Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified by the Company against the losses which he/she may incur in the execution of the duties of his/her office, provided that this article shall only have effect in so far as it is not avoided by the Companies Ordinance.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors.

13. Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2025.

VIII. REPORT OF THE DIRECTORS

(III) CONNECTED TRANSACTIONS

1. Related Party Transactions

The Group entered into certain activities with parties regarded as “Related Parties” under applicable accounting principles. These mainly relate to the activities in the ordinary course of the Group’s business and were negotiated on normal commercial terms and an arm’s length basis. Certain transactions set out in note 46 to the financial statements were connected transactions as defined under the Listing Rules and were exempt and complied with the requirements of Chapter 14A of the Listing Rules.

2. Connected Transaction

On 12 November 2025, Beijing Gas (as purchaser, a wholly-owned subsidiary of the Company) and Beijing Beiran Enterprises Group Company Limited* (北京北燃實業集團有限公司) (“Beiran Enterprises”, as vendor, a wholly-owned subsidiary of BE Group) entered into the Equity Acquisition Agreement, pursuant to which Beijing Gas agreed to purchase 100% equity interest in Beijing Beiran Special Equipment Inspection and Testing Co., Ltd.* (北京北燃特種設備檢驗檢測有限公司), which is held by Beiran Enterprises. The transaction consideration for the acquisition of equity interest amounted to RMB54.6 million. Further details of the transaction are set out in the announcement of the Company dated 12 November 2025.

3. Continuing Connected Transactions

(1) 2024 Agreements

On 28 December 2023, Beijing Gas (an indirect wholly-owned subsidiary of the Company) and Beiran Enterprises (a wholly-owned subsidiary of BE Group) entered into the 2024 Engineering Services Framework Agreement, the 2024 Comprehensive Services Framework Agreement, the 2024 Sale and Purchase of Gas Framework Agreement, the 2024 Sale and Purchase of Goods Framework Agreement, and the 2024 Leasing Contract (collectively “2024 Agreements”), pursuant to which, Beijing Gas and its subsidiaries and Beiran Enterprises and its associates carry out the transactions in respect of categories of engineering services, comprehensive services, sale and purchase of gas, sale and purchase of goods and leases of properties for three years from 1 January 2024 to 31 December 2026, with the terms and conditions under 2024 Agreements.

The transaction amount of the aforementioned continuing connected transactions for the year ended 31 December 2025 did not exceed the respective annual caps as set out in the announcement of the Company dated 22 January 2024. Further details of the transaction are set out in the announcements of the Company dated 28 December 2023 and 22 January 2024 and note 46 to the financial statements.

VIII. REPORT OF THE DIRECTORS

(III) CONNECTED TRANSACTIONS *(Continued)*

3. Continuing Connected Transactions *(Continued)*

(2) *Financial Services Agreement*

On 2 June 2023, the Company and Beijing Enterprises Group Finance Co., Ltd. (“BE Group Finance”, an associate of BE Group) entered into the Financial Services Agreement (“Financial Services Agreement”), pursuant to which, BE Group Finance provides financial services to the Group, including deposit services and loan services, for a term of three years from 28 August 2023. Pursuant to the Financial Services Agreement, the Group’s cumulative daily outstanding deposits balance placed by the Group with BE Group Finance is subject to an annual cap of RMB8.7 billion in 2025, and the actual maximum amounts of cumulative daily deposits is approximately RMB8.69 billion. Further details of the transaction are set out in the announcement of the Company dated 2 June 2023 and note 46 to the financial statements.

(3) *Opinion from the Independent Non-executive Directors*

The Independent Non-executive Directors have reviewed and confirmed that the continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(4) *Opinion from the Independent Auditor*

Deloitte Touche Tohmatsu, the Company’s auditor, was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions which are subject to annual review under Rule 14A.56 of the Listing Rules.

VIII. REPORT OF THE DIRECTORS

(IV) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2025, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions:

Name	Nature of interest/Capacity	Number of ordinary shares held	Percentage of the Company's total number of issued shares
MOL	Beneficial owner	100,050,000	7.95%
BEIL	Beneficial owner/Interest in controlled corporation	263,780,288 (Note 1)	20.97%
BE Group BVI	Beneficial owner/Interest in controlled corporation	781,967,788 (Note 2)	62.16%
BE Group	Interest in controlled corporation	781,967,788 (Note 3)	62.16%
New China Asset Management Co., Ltd.	Investment manager	80,267,000 (Note 4)	6.38%
New China Life Insurance Company Ltd.	Beneficial owner	80,795,000	6.42%

Notes:

1. The interest disclosed includes 163,730,288 Shares directly owned by BEIL and 100,050,000 Shares owned by MOL. MOL is a wholly-owned subsidiary of BEIL. Accordingly, BEIL is deemed to be interested in the shares owned by MOL.
2. The interest disclosed includes 518,187,500 Shares directly owned by BE Group BVI, 163,730,288 Shares owned by BEIL, and 100,050,000 Shares owned by MOL. BEIL, the holding company of MOL, is held directly as to 72.72% by BE Group BVI. Accordingly, BE Group BVI is deemed to be interested in the shares owned by BEIL and MOL.
3. The interest disclosed includes the interest in shares held by BE Group BVI as detailed in note (2). BE Group BVI is wholly-owned subsidiaries of BE Group. Accordingly, BE Group is deemed to be interested in the shares held by BE Group BVI, BEIL and MOL.
4. Pursuant to the investment management agreement executed by New China Asset Management Co., Ltd. ("New China Asset") and New China Life Insurance Company Ltd. ("New China Life"), New China Asset agreed to provide investment management and consulting services for the assets of New China Life. The interest disclosed forms part of the assets of New China Life's client under the management of New China Asset.

Save as disclosed above, as at 31 December 2025, no person, other than the Directors, whose interests are set out in the section "Directors' and Chief Executive's Interests in Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company that was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

VIII. REPORT OF THE DIRECTORS

(V) SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

As at the date of this report, details of the agreements (the “Agreement(s)”) with covenants relating to specific performance obligations of the Company’s holding companies which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)/ Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount (million)	Final maturity	Specific performance obligations
5 May 2011	Purchase agreement for issuance of senior notes	US\$400	May 2041	<i>Note 1</i>
1 December 2015	Subscription agreement for issuance of bonds	US\$200	December 2040	<i>Note 1</i>
28 April 2021	Subscription agreement for issuance of bonds	US\$300	May 2026	<i>Note 1</i>
28 April 2021	Subscription agreement for issuance of bonds	US\$400	May 2031	<i>Note 1</i>
12 July 2023	Issuance of medium-term notes	RMB3,000	July 2026	<i>Note 2</i>
15 April 2024	Issuance of medium-term notes	RMB2,000	April 2034	<i>Note 2</i>
27 March 2025	Term loan facility with a bank	RMB2,000	March 2028	<i>Note 1</i>
27 March 2025	Term loan facility with a bank	RMB3,000	March 2028	<i>Note 1</i>
14 May 2025	Term loan facility with a bank	RMB3,000	May 2028	<i>Note 1</i>
19 September 2025	Term loan facility with a bank	EUR500	September 2028	<i>Note 1</i>

VIII. REPORT OF THE DIRECTORS

(V) SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

(Continued)

Notes:

1. (a) If BE Group does not or ceases to own, directly or indirectly, at least 40% or 50%, where applicable, of the beneficial interest of the Company; (b) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of the Company; and (c) if BE Group ceases to be controlled and supervised, where applicable, by the People's Government of Beijing Municipality or SASAC of Beijing Municipality.
2. (a) If there is a change of control: change of beneficial controller of the Company; and (b) there is a change in credit rating within six months of the date of such change of control: offshore rating of the Company downgraded to non-investment grade.

The Agreements include certain conditions imposing specific performance obligations on the Company's holding companies. Breach of the above specific performance obligations will constitute events of default.

(VI) CONVENING OF AGM

1. Convening of AGM

The 2026 AGM will be held on Thursday, 28 May 2026. The relevant notice is included in the circular to Shareholders. The Company will despatch the circular to Shareholders and will publish it on the Company's website (www.behl.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

2. Closure of Register of Members

For the purposes of determining Shareholders' eligibility to attend and vote at the 2026 AGM, and entitlement to the Final Dividend, the register of members will be closed. Details of such closures are set out below:

- (i) For determining Shareholders' eligibility to attend and vote at the 2026 AGM:

Latest time to lodge transfer documents for registration 4:30 pm on Thursday,
21 May 2026

Closure of register of members Friday, 22 May 2026 to
Thursday, 28 May 2026
(both dates inclusive)

2026 AGM Thursday, 28 May 2026

VIII. REPORT OF THE DIRECTORS

(VI) CONVENING OF AGM *(Continued)*

2. Closure of Register of Members *(Continued)*

(ii) For determining Shareholders' entitlement to the Final Dividend:

Latest time to lodge transfer documents for registration 4:30 pm on Wednesday,
3 June 2026

Closure of register of members Thursday, 4 June 2026 to
Monday, 8 June 2026
(both dates inclusive)

Record date. Monday, 8 June 2026

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2026 AGM, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

(VII) AUDITOR OF THE COMPANY

Deloitte Touche Tohmatsu ("Deloitte") who will retire and, being eligible, offer themselves for re-appointment. The Company will propose a resolution at the 2026 AGM to re-appoint Deloitte as the independent auditor of the Company.

On 31 October 2024, Ernst & Young has resigned as the auditor of the Company. With the recommendation from the Audit Committee, the Board has resolved to appoint Deloitte as the new auditor of the Company to fill the casual vacancy following the resignation of Ernst & Young. At the annual general meeting of the Company held on 5 June 2025, Deloitte was re-appointed as the independent auditor of the Company. Save as disclosed above, there have been no other change in auditors of the Company over the past three years.

(VIII) EVENTS AFTER THE BALANCE SHEET DATE

Save for the events set out in note 50 to the financial statements, there is no significant event occurring after the reporting period.

ON BEHALF OF THE BOARD

YANG Zhichang
Chairman

Hong Kong
26 March 2026

IX. CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance and considers corporate governance as a core cornerstone for sustainable development. Not only has it strictly complied with the requirements of the Listing Rules and relevant regulations on corporate governance, it also established a relevant governance regime. It has put in place a three-dimensional governance structure encompassing special committees of the Board, risk management framework and internal control system through implementing the governance mechanism of “regulated operation, scientific decision-making, transparent disclosure and efficient execution”.

The Company continuously optimises its corporate governance through constant practices to ensure it remains in line with the Company’s development progress and industry best practices through annual governance assessments, director’s training programmes and stakeholder communication mechanisms.

(I) CORPORATE GOVERNANCE CODE

The Company complied with the code provisions of the “Corporate Governance Code” as set out in Appendix C1 to the Listing Rules for the year ended 31 December 2025.

(II) CORPORATE STRATEGY AND CULTURE

The corporate governance strategy of the Company is embodied in three aspects. Firstly, a sound governance structure is the fundamental assurance for protecting Shareholders’ rights and interests, and ensures the long-term growth of the Company’s value through a decision-making mechanism with clearly defined authorities and responsibilities. Secondly, it provides the Board with scientific management tools, enabling the Directors to effectively implement their strategic guidance and supervisory duties; and most importantly, premier corporate governance achieves a three-dimensional unity among corporates strategy, board supervision and management execution. Such unity is reflected both in the linking up between the Articles of Association and the Rules of Procedures of the Board Meeting in daily operations as well as the simultaneous achievement of ESG objectives and financial indicators.

The Company’s vision is to “serve the national strategy of carbon peak and carbon neutrality, facilitating sustainable urban development, and making cities better” by focusing on the principal businesses of gas, water, environment and brewery, as it steps up with low-carbon green transformation and upgrade in persistent adherence to the principle of sustainable development to achieve the mission of facilitating better urban living through energy conservation, emission reduction, pollution reduction, and carbon reduction. For details of the Company’s strategic initiatives and key measures for implementing its objectives and vision, please refer to the “Chairman’s Statement” and “Management Discussion and Analysis” in this Report.

The Company has always been greatly invested in cultivating its corporate culture and team spirit and also encouraging staff growth. It strives to nurture a corporate value with “trust, innovative, steadfast and understanding” as its core and build a humanistic, motivated corporate culture with easy and harmonious human contacts integrating the characteristic corporate culture between Beijing and Hong Kong.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD

As the highest decision-making and supervisory body, the Board of the Company assumes the core responsibilities of leading the direction of corporate development, supervising the management operation and protecting the interests of Shareholders. Through the collective decision-making mechanism, the Board exercises professional judgement and prudence in discharging its entrusted duties to achieve efficient governance and sustainable development of the Group in key areas such as strategic planning, risk management and daily operations.

The efficient operation of the Board plays a key role in the success of the Company. On the one hand, the Board ensures that the Company's strategies are highly aligned with the interests of Shareholders, market environment and regulatory requirements through a scientific decision-making mechanism, and provides clear direction to the management. On the other hand, the Board effectively identifies and prevents various types of business risks through its stringent supervisory functions, thereby enhancing corporate risk resistance and market competitiveness. Furthermore, the Board strikes a balance between short-term performance objectives with long-term development strategies to lay the foundation in creating sustainable value for the Company while safeguarding Shareholders' current returns.

To ensure that the Board can fully perform its functions, it continued to optimise its governance mechanisms, including introducing independent directors with diversified professional backgrounds to enhance decision-making independence, carrying out the board effectiveness evaluation to improve governance standards, and organising special training programmes to ensure that the Directors are up-to-date with the latest regulatory requirements and industry best practices. All these measures ensure that the Board can effectively respond to the complicated and volatile market environment and lead the Group to achieve high quality growth.

1. Composition of the Board

As of the date of this annual report, the Board comprises eleven directors, including five executive directors, two non-executive directors and four independent non-executive directors. The names and biographical details of the Directors are set out on pages 18 to 22. The list of Directors and their duties and functions are also available on the Company's website as well as the website of the Stock Exchange. The composition of the Board is set out below:

(1) Executive Directors

YANG Zhichang

XIONG Bin

XU Tong (appointed on 16 July 2025)

GENG Chao

TUNG Woon Cheung Eric (appointed on 1 January 2025)

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

1. **Composition of the Board** *(Continued)*

(2) Non-executive Directors

YU Xijian (appointed on 30 September 2025)

SU Junjie (appointed on 30 September 2025)

(3) Independent Non-executive Directors

WU Jiesi

LAM Hoi Ham

YU Sun Say

CHAN Man Ki Maggie

2. **Role and Responsibility of the Board**

As the highest decision-making organisation of the Company, the Board is accountable to the shareholders of the Company and is responsible for leading the Company and overseeing the business, strategic decisions and performance of the Group. It mainly performs the following core duties:

- (1) Considering and determining the Group's overall development strategy and medium- and long-term development plans, approving annual operating plan and major business matters, and ensuring that the allocation of resources is highly aligned with strategic objectives. The Board regularly evaluates changes in the market environment and the development of the industry to perform timely adjustments to the strategic direction and provide strategic guidance for the Group's sustainable development.
- (2) Establishing a sound and comprehensive risk management regime, regularly attending special reports from the management on major risk issues, and considering the risk management regime and major risk response plans. The Audit Committee under the Board is responsible for overseeing the Group's risk management work to ensure that all business operations are in compliance with the laws, regulations and regulatory requirements.
- (3) Approving annual financial budget proposals, major investment and financing projects and capital operation matters, and supervising the preparation of financial reports and information disclosure. The Board conducts independent review of the financial reports through the Audit Committee to ensure the truthfulness, accuracy and completeness of the financial information.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

2. Role and Responsibility of the Board *(Continued)*

- (4) Formulating performance appraisal standards for Senior Management, reviewing remuneration incentive schemes and overseeing the building of the talent echelon. The Board regularly evaluates the performance of the management to ensure the management team matches the development strategy of the Company.
- (5) Continuously promoting the optimisation of its governance system and improving various governance systems and working mechanisms. The Board attaches great importance to ESG management and regularly reviews the sustainability strategy to facilitate the continuous improvement of environmental, social and governance performance.

By effectively performing the above functions and responsibilities, the Board ensures that the Company achieves scientific decision-making and effective control in key areas such as strategic decision-making, risk control, financial supervision and human resources development, so as to create long-term value for Shareholders and promote the Company's sustainable development.

3. Board Diversity Policy

The Board of the Company has adopted and continued to implement a Board Diversity Policy, which is subject to annual review and evaluation by the Nomination Committee. The Board believes that achieving board diversity is a significant approach to enhance the effectiveness of decision-making, improve corporate governance structure and promote the sustainable development of the Group's business. In establishing the board composition, the Company takes into account various factors, including gender ratio, age distribution, cultural and educational background, professional experience, skills expertise and length of service, and also other relevant considerations as deemed necessary by the Board in a timely manner. All Director appointments are conducted in strict accordance with the basic principle of meritocracy. Positive impact of a diverse background on the Board operation is fully evaluated while ensuring the professional qualifications of the candidates.

The Company appointed a female director on 1 September 2022, achieving the objective of including at least one female member on the Board as scheduled. To ensure the Board maintains diversity in its composition, the Company strives to strike a reasonable balance between experience continuity and refreshing Board composition, and introduces professional skills and backgrounds that align with our business development needs. During the year, the Company appointed two Non-executive Directors with diverse experience and qualifications, further enhancing the Board's diversity profile and strengthening overall governance effectiveness and decision-making quality.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

3. **Board Diversity Policy** *(Continued)*

During the reporting period, the Board demonstrated good diversity, with members not only possessing different educational backgrounds and professional knowledge structures, but also having extensive practical experience in their respective expertise areas. These diversified perspectives and professional competencies are complementary, providing a more comprehensive perspective for the Board's decision-making and effectively promoting the Company's business innovation and sustainable development.

The Company will continue to improve the mechanism for board diversity, and constantly enhance the quality of the Board's decision-making and the effectiveness of its governance through regular evaluations and policy optimisation. The Board believes that adhering to the development direction of board diversity will provide a solid governance foundation for the long-term sustainable development of the Company. In the future, the Company will make timely adjustment to the specific implementation strategies of the Board Diversity Policy according to the needs of its business development and changes in market environment to ensure that it remains highly synergistic with the development strategy of the Company.

4. **Members of the Board**

The Company provides the Board with an independent decision-making support mechanism and reviews its implementation and effectiveness annually to ensure that the Board can obtain independent views and opinions, including but not limited to: the Directors can obtain professional assistance from various departments of the Company at any time; the Board may engage independent third-party professional organisations to provide advisory opinions when considering major issues, with the relevant costs to be borne by the Company.

After careful verification, the Board confirmed that there is no relationship, including but not limited to financial dealings, business operation, family relationship or other material relationship, among the current Board members that may affect their independent judgement. In the event of transactions or arrangements involving material interests of the Directors or their related parties, the relevant Directors are required to declare interests and abstain themselves from voting, and Directors with conflicts of interest are not counted in the quorum for the relevant resolutions. All Directors are able to exercise their voting rights independently based on their professional judgement to ensure the objectivity and impartiality of the Board's decisions.

The Company attaches great importance to the development of corporate integrity culture. As the core organisation of corporate governance, the Board has always upheld the highest ethical standards and professional conduct, requiring all Directors and management to strictly comply with the relevant standards in the course of performing their duties, and strengthening the compliance awareness of Directors and management through continuous education and training. The Company believes that a sound integrity culture and a comprehensive mechanism to safeguard the independence of Directors are important foundations for maintaining the effectiveness of corporate governance and the science of decision-making.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

5. Independent Non-executive Directors/Non-executive Directors

As at the date of this report, the Company has six Non-executive Directors, four of whom are Independent Non-executive Directors. The Non-executive Directors (including Independent Non-executive Directors) have the same relevant skills and responsibilities as the Executive Directors to fulfil their roles prudently focusing on the interests of Shareholders. The Company enters into a letter of appointment with all Non-executive Directors (including Independent Non-executive Directors). The two Non-executive Directors who were appointed during the year will hold office until the conclusion of the next annual general meeting at which they shall be eligible for re-elections. Thereafter, they are subject to retirements by rotation and shall offer themselves for re-elections in accordance with the Articles of Association. The term of office for Independent Non-executive Directors is three years.

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-executive Directors. It has also complied with Rule 3.10(2) of the Listing Rules in that at least one Independent Non-executive Director possesses appropriate professional accounting qualifications or financial management expertise.

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

The Board considers that all Independent Non-executive Directors meet the specific independence criteria as required by the Listing Rules.

6. Appointment and Re-election of Directors

In accordance with article 98 of the Articles of Association, all Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) appointed to fill a casual vacancy or as a new member to the Board shall retire and be re-elected at the next annual general meeting of the Company after their appointment. In accordance with article 107 of the Articles of Association, at each AGM, one-third of the Directors (or, if their number is not three or a multiple of three, then the number nearest to one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

7. Board Meetings and General Meetings

During the year, the attendance of board meetings and general meetings is set out below:

Name	Attendance ¹					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Investment Committee Meeting	Annual General Meeting
<i>Executive Directors</i>						
YANG Zhichang	5/5		2/2	2/2	1/1	1/1
XIONG Bin	5/5					1/1
XU Tong ²	2/3					0/0
GENG Chao	5/5					0/1
TUNG Woon Cheung Eric ³	5/5					1/1
<i>Non-executive Directors</i>						
YU Xijian ⁴	1/1					0/0
SU Junjie ⁴	1/1					0/0
<i>Independent Non-executive Directors</i>						
WU Jiesi	5/5	3/3	2/2			1/1
LAM Hoi Ham	5/5	3/3	2/2		1/1	1/1
YU Sun Say	5/5	3/3		2/2		1/1
CHAN Man Ki Maggie	5/5			2/2	1/1	1/1

Notes: ¹ During the year, no meeting was attended by any Director's alternate.

² Appointed on 16 July 2025.

³ Appointed on 1 January 2025.

⁴ Appointed on 30 September 2025.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee

(1) Audit Committee

1) Members of the Audit Committee

Mr. LAM Hoi Ham – Committee Chairman
Mr. WU Jiesi
Dr. YU Sun Say

All members of the Audit Committee are Independent Non-executive Directors. The Board is of the view that each member possesses rich business experience and professional expertise in areas such as business operations, accounting, and financial management, enabling them to work together effectively. The composition of the committee complies with the requirements under Rule 3.21 of the Listing Rules.

2) Major Duties of the Audit Committee

- Supervising the completeness of the Company's financial reporting system;
- Reviewing the effectiveness of risk management and internal control systems;
- Regularly assessing financial and other disclosures to Shareholders;
- Evaluating audit process efficacy and auditor independence.

The Company has established the Terms of Reference for the Audit Committee in accordance with Code Provision D.3.3, which have been published on the Company's website. The Committee holds regular meetings to discharge its oversight duties and serves as a key communication channel between the Board and external auditor, thereby ensuring the ongoing objectivity and independence of the audit process.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee *(Continued)*

(1) Audit Committee *(Continued)*

3) Work performed by the Audit Committee

During the year, the Audit Committee diligently performed its supervisory duties and focused on the following key tasks:

- **Financial Reporting Review:** Reviewed and approved the Company's annual results and interim results; held in-depth discussions with the management on accounting policies and practices adopted.
- **Audit Oversight:** Evaluated the scope of services provided by external auditor (covering both audit and non-audit services); continuously monitored the independence of auditor; reviewed and approved the 2025 audit plan; considered the continuing connected transactions for 2025.
- **Risk Management and Internal Controls:** Reviewed with the management regarding the effectiveness of the risk management and internal control systems.

(2) Remuneration Committee

1) Members of the Remuneration Committee

Mr. WU Jiesi – Committee Chairman

Mr. YANG Zhichang

Mr. LAM Hoi Ham

The Remuneration Committee is primarily composed of Independent Non-executive Directors and operates in strict compliance with the relevant provisions of the Listing Rules and the Corporate Governance Code. In accordance with Code Provision E.1.2, the Company has established written terms of reference for the Remuneration Committee, which have been published on the Company's website.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee *(Continued)*

(2) Remuneration Committee *(Continued)*

2) Major Duties of the Remuneration Committee

- Formulating and recommending to the Board the overall remuneration policy and framework for Directors and Senior Management;
- Reviewing and recommending to the Board the remuneration packages for Directors and Senior Management;
- Ensuring independence and fairness in remuneration decision-making, strictly enforcing the conflict-of-interest avoidance policy (i.e. relevant Directors and their associates shall abstain from determining their own remuneration);
- Conducting regular assessments on remuneration policies to align with the Company's performance and long-term strategic objectives.

The Remuneration Committee is committed to establishing a scientific, rational, and market-competitive remuneration system through the performance of the aforementioned functions, thereby fostering the Company's sustainable development and safeguarding Shareholders' interests.

Adhering to the remuneration philosophy of "balancing rationality and competitiveness", the Company attracts, motivates, and retains top talent through a market-competitive remuneration system to support strategic business development. The Company's remuneration structure is designed as follows:

- **Basic Salary:** Determined through a comprehensive assessment of market benchmarks, individual qualifications, and professional competencies to ensure its fairness and competitiveness.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee *(Continued)*

(2) Remuneration Committee *(Continued)*

2) Major Duties of the Remuneration Committee *(Continued)*

- **Benefits Assurance:** In compliance with the statutory requirements and industry practices in each operating region, the Company offers comprehensive benefits to its employees, including but not limited to statutory and supplementary retirement schemes, extensive insurance coverage and paid leave policies.

Furthermore, the remuneration of the Company's Independent Non-executive Directors does not include any equity-linked or performance-based incentive components (such as share options or stock subsidies) to safeguard the independence and objectivity of their duty performance.

3) Work performed by the Remuneration Committee

In discharging its duties regarding the review of remuneration for Directors and Senior Management, the Remuneration Committee adheres to the principles of prudence and comprehensive assessment, with primary consideration given to the following key factors:

- **Remuneration Assessment Benchmarks:** Remuneration of comparable industry peers; time commitment and workload requirements; scope of responsibilities and risk exposure; remuneration standards for other positions within the Group.

During the year, the Remuneration Committee provided professional recommendations to the Board on the overall remuneration policy and framework for Directors and senior management; reviewed and approved the remuneration package for newly appointed Executive Director and Non-executive Directors and submitted to the Board for approval.

The Remuneration Committee has established a scientific compensation assessment framework to ensure the Company's remuneration policies are aligned with market practices while effectively incentivizing management to create long-term value for Shareholders. All remuneration decisions strictly adhere to the relevant provisions of the Listing Rules and the Corporate Governance Code.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee *(Continued)*

(3) Nomination Committee

1) Members of the Nomination Committee

Mr. YANG Zhichang – Committee Chairman

Dr. YU Sun Say

Ms. CHAN Man Ki Maggie

The Nomination Committee is mainly composed of Independent Non-executive Directors, and its operation strictly follows the relevant provisions of the Listing Rules and the Corporate Governance Code. The Company has established the written terms of reference of the Nomination Committee in accordance with Code Provision B.3.1, and the relevant documents have been published on the Company's website.

2) Major core responsibilities of the Nomination Committee

- reviewing the structure, size and diversity of the Board regularly;
- formulating and continuously improving the Director Nomination Policy;
- formulating and maintaining the Board Diversity Policy;
- providing professional advice to the Board on the nomination of director candidates;
- assessing the independence of Independent Non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors;
- formulating and improving the succession planning for the Board, in particular the Chairman and the CEO.

Through the performance of the above-mentioned functions, the Nomination Committee is committed to building a professional, diverse and efficient Board to enhance the standard of corporate governance and promote the sustainable development of the Company.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee *(Continued)*

(3) Nomination Committee *(Continued)*

3) Work performed by the Nomination Committee

During the year, the Nomination Committee strictly performed its duties and primarily accomplished the following tasks:

- comprehensively reviewed the structure, size and composition of the Board;
- deeply assessed the independence of the Independent Non-executive Directors;
- considered and approved the proposal for the re-appointment of the retiring Directors;
- considered and made recommendation for the appointment of a Director.

4) Director Nomination Policy

Nomination Criteria:

In assessing the qualifications of director candidates, the Nomination Committee will comprehensively consider the following elements:

- **Requirements for Professional Qualification:** The candidate shall possess professional knowledge, skills and industry experience which are relevant to the business of the Group; be able to devote sufficient time in fulfilling the duties as a director; and have good professional ethics and personal character;
- **Diversity Considerations:** Age, cultural background, gender and other diversity factors; and the complementarity with the existing members of the Board in terms of professional background, skills and others;
- **Requirements for Independence:** The candidates for Independent Non-executive Directors must strictly satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

8. Board Committee *(Continued)*

(3) Nomination Committee *(Continued)*

4) Director Nomination Policy *(Continued)*

Nomination Procedures:

- **Candidate Selection:** Commence the selection process as required by the Board; and consider the candidates recommended by Shareholders;
- **Assessment and Decision-making:** Review the qualifications of candidates through meetings or written resolutions; and submit the detailed resume of the candidate to the Board;
- **Appointment Procedures:** The Board may appoint the candidate as Director to fill a casual vacancy or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

The Nomination Committee will continue to optimise the director nomination mechanism to ensure that the composition of the Board is both professional and diverse, providing strategic guidance for the development of the Company.

(4) Investment Committee

1) Members of the Investment Committee

Mr. YANG Zhichang – Committee Chairman

Mr. LAM Hoi Ham

Ms. CHAN Man Ki Maggie

Major core responsibilities of the Investment Committee

By considering major development plans and transactions, it enhanced the professionalism and prudence of the investment decisions of the Group.

Work performed by the Investment Committee

During the year, the Investment Committee reviewed and approved the 2026 investment budget of the Company.

The Investment Committee will maintain preparations in regular operation to ensure that it can fulfill its duties of consideration in a timely manner when major investment arise and provide professional support for the decision-making of the Board.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

9. Directors' Training

The Board has always adhered to the following policy: Every newly appointed Director must, upon assuming office, receive a systematic induction training tailored for them in accordance with Code Provision C.1.1. Simultaneously, the Board regularly organises briefings and capability-building activities for all Directors to ensure that they can continuously deepen their understanding of the Company's operations and business, and are fully aware of the duties as Directors under laws and regulations, the Listing Rules and other regulatory requirements.

During the year, the Company organised two in-house seminars and provided reading materials for the Directors to ensure that they have participated in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by Directors during the year according to the records provided by the Directors is as follows:

Name	Attend seminars/ Read training materials
<i>Executive Directors</i>	
YANG Zhichang	✓
XIONG Bin	✓
XU Tong (appointed on 16 July 2025)	✓
GENG Chao	✓
TUNG Woon Cheung Eric (appointed on 1 January 2025)	✓
<i>Non-executive Directors</i>	
YU Xijian (appointed on 30 September 2025)	✓
SU Junjie (appointed on 30 September 2025)	✓
<i>Independent Non-executive Directors</i>	
WU Jiesi	✓
LAM Hoi Ham	✓
YU Sun Say	✓
CHAN Man Ki Maggie	✓

Mr. TUNG Woon Cheung Eric, Mr. XU Tong, Mr. YU Xijian and Mr. SU Junjie have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 23 December 2024, 16 July 2025, 29 September 2025 and 26 September 2025, respectively, and Mr. TUNG, Mr. XU, Mr. YU and Mr. SU confirmed that he understood his obligations as a Director.

Pursuant to Code Provision D.1.2, Directors are provided with monthly reports updates which give a balanced and understandable assessment of the Company's performance and financial position to enable the Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

IX. CORPORATE GOVERNANCE REPORT

(III) THE BOARD *(Continued)*

10. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors. After having made specific enquiry to all Directors by the Company, the Company confirms that, during the year ended 31 December 2025, all Directors of the Company complied with the requirements set out in the Model Code.

(IV) RISK MANAGEMENT AND INTERNAL CONTROL

The Board declares that, as the core body for corporate governance, we have established a comprehensive internal control and risk management system within the Group and assume ultimate responsibility for maintaining the effectiveness of such system. Such system is designed to safeguard Shareholders' rights and interests and the security of the Group's assets, encompassing all key areas such as financial, operational and compliance controls. The Board undertakes to conduct a comprehensive assessment at least annually to ensure that resources allocation, staff qualifications and training budgets for the accounting, internal audit and financial reporting functions are all in line with business requirements.

1. Risk Management Framework

(1) Management principles

The Group adopts a "bottom-up" comprehensive risk management approach to identify, assess and minimise potential risks in each business unit and functional area through systematic procedures. We have established a dynamic risk management mechanism to continuously monitor the key risk factors that affect the realisation of strategic goals.

(2) Three-level defense system

- Front line of defence: Each business department and subsidiary takes up the responsibility of prevention and control at front line by integrating the risk management into daily business operations.
- Middle line of defence: Composing of the management team, risk management leading group and professional departments, responsible for the implementation of the risk management system.
- Back line of defence: The Board, the Audit Committee and Internal Audit Department implement independent supervision to ensure the effectiveness of the system.

IX. CORPORATE GOVERNANCE REPORT

(IV) RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

2. Risk Management Process

(1) Risk identification and assessment

- 1) Establish a dynamically updated risk database
- 2) Adopt a risk assessment method that combines quantitative and qualitative approaches
- 3) Implement risk grading and classification management
- 4) Track the trend of risk changes regularly

(2) Control measures

- 1) Clarify the risk prevention and control responsibilities at all levels
- 2) Formulate targeted risk management plans
- 3) Establish a risk response plan database

3. 2025 Annual Assessment Report

(1) Assessment scope

- 1) The effectiveness of design for the risk management system
- 2) The implementation of internal controls
- 3) Key financial, operational and compliance processes
- 4) The appropriateness of resources allocation for relevant functions

(2) Assessment method

- 1) Special inspection by Internal Audit Department
- 2) Test at critical control points
- 3) Walk-through tests for business process
- 4) Analysis of the rationality of resources allocation

IX. CORPORATE GOVERNANCE REPORT

(IV) RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

3. 2025 Annual Assessment Report *(Continued)*

(3) *Assessment results*

After a comprehensive assessment, the Board is of the view that the risk management and internal control systems of the Group in 2025 operate effectively and can provide reasonable assurance regarding the reliability of financial reporting and compliant operation.

4. Continuous Improvement Plan

The Board will continue to optimise the risk management system, with a focus on enhancing:

- (1) Construction of risk alert capability
- (2) Automation control standard
- (3) Cultivation of professional quality of employees
- (4) Synergistic efficiency among systems

5. Internal Controls for the Handling of Inside Information

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information.

(1) *Management and control measures*

Every Senior Management must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time, including:

- 1) Establishing an information classification management system
- 2) Standardising the process of sharing non-public information
- 3) Formulaing a selective prevention mechanism for disclosure
- 4) Improving the emergency procedures for information disclosure

IX. CORPORATE GOVERNANCE REPORT

(IV) RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

5. Internal Controls for the Handling of Inside Information *(Continued)*

(2) *Handling of violations*

For any violation of relevant policy on inside information, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence, including:

- 1) Establishing a rapid response mechanism for violations
- 2) Implementing a hierarchical accountability system
- 3) Conducting regular compliance inspections

(V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

As an integrated public utilities service company wholly-owned by Beijing Municipal Government, BEHL operates across the gas supply, water services, environmental protection, and infrastructural facilities sectors. While its operations enjoy a high degree of policy-backed protection and stability, it is still exposed to various risks and uncertainties.

1. Analysis of Principle Risks

(1) *Policy and Regulatory Risks*

1) *Pricing Controls of Public Utility*

Subjected to government-mandated pricing mechanisms, price adjustments of core businesses including gas supply and water services require prior regulatory approval, which may result in delays or lags in their implementation.

In the event of rising upstream costs (e.g. purchase cost of natural gas, cost of electricity) without corresponding adjustments of retail prices, profit margins would be affected directly.

2) *Tightening Environmental Policies*

Environmental protection operations (e.g., wastewater treatment, waste incineration) partially rely on operation concession and are subject to government-subsidized phases. Subsidy reductions or higher emission standards may increase operating costs.

With the implementation of “Dual Carbon” policy, gas operations may face pressures on transformation in the long run, including replacement by renewable energy sources.

IX. CORPORATE GOVERNANCE REPORT

(V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

(Continued)

1. Analysis of Principle Risks *(Continued)*

(1) Policy and Regulatory Risks *(Continued)*

3) Risks of Government Payment Capability

Certain projects on environmental protection and water services rely on service fee payments from local governments. In the event of local government financial constraints (e.g. declines in land finance), it may result in prolonged payment cycles or increased bad debts.

(2) Market and Operation Risks

1) Fluctuation on the Cost of Gas Operation

The purchase prices of LNG are exposed to influences of international energy market (e.g., Russia-Ukraine conflict, LNG price fluctuations). In the event that such costs cannot be fully passed through to end-users, our profit margins will be eroded.

2) Intensifying Regional Competition

The water services and environmental protection sectors encounter fierce competition. Central state-owned enterprises (SOEs) (e.g., China Energy Conservation, Everbright Environment) and local SOEs are expanding market share through mergers and acquisitions (M&A), which may erode the market share of BEHL.

Certain private environmental protection enterprises are securing projects via low-price bidding, which exerts influence on the entire industry's profit margins.

3) Slowing Demand Growth

The saturated urbanization momentum of Beijing and surrounding regions has led the demand of traditional water services and gas to a plateau stage. Business growth is depended on exogenous M&A, but cross-regional expansion faces challenges from local protectionism.

(3) Risks from Finance and Debt

1) Pressure from High Leverage

BEHL merges and acquires certain projects through debt financing, which has resulted in substantial debt and heavy interest burden, exerting pressure on gearing ratio.

Should interest rates go up or financing conditions tighten, we may face elevated debt pressures.

IX. CORPORATE GOVERNANCE REPORT

(V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

(Continued)

1. Analysis of Principle Risks *(Continued)*

(3) Risks from Finance and Debt (Continued)

2) Risks from Exchange Rate Fluctuation

Parts of the revenues from foreign operations are denominated in Eurodollar. While our debt obligations include US dollar-denominated liabilities, fluctuate in RMB exchange rate may impact our financial performance.

(4) Risks from Strategic Transformation

1) Uncertainties of New Energy Business Expansion

Future expansion into the new energy sector may encounter challenges including insufficient experience, intense market competition, and government policy. Uncertainties exist regarding the achievement of projected targets.

2) Impacts on Efficiency from Reform to SOEs

As a local state-owned enterprise, BEHL is subject to long decision-making processes. Further enhancements to decision-making and operational efficiency are expected upon the reforms to state-owned enterprises.

2. Uncertain Factors Encountered by the Company

(1) Uncertainties from Policy

- 1) Mechanism Reform to Natural Gas Pricing: The pricing of domestic natural gas remains not full market-oriented. Should future price adjustment mechanisms demonstrate more flexibility, profits may improve; however, if policy implementation are lagged, it could sustain cost pressures.
- 2) Adjustments of Environmental Subsidy Policy: Adjustments of subsidy policies on waste incineration, wastewater treatment and other operations would directly affect the rate of return of projects.
- 3) Financial Conditions of Local Government: Should the financial conditions of local government remain under sustained pressure, cash collection of projects on environmental protection and water services could be adversely affected.

IX. CORPORATE GOVERNANCE REPORT

(V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

(Continued)

2. Uncertain Factors Encountered by the Company *(Continued)*

(2) Volatility in Energy Market Price

- 1) Trends on International Natural Gas: Should geopolitical conflicts (e.g., the Russia-Ukraine conflict) cause significant price volatility, gas business may experience cost fluctuations.
- 2) Restructuring Domestic Energy Mix: Should the government accelerate the substitution of natural gas with renewable energy, the long-term demand for gas operations could be affected.

(3) Evolution in Industry Competitive Landscape

- 1) Consolidation Trends on the Industry: Accelerated M&A activities by SOEs and local government-owned enterprises may reshape the industry structure. Our adaptive strategies to align with these challenges does not any show obvious effects.
- 2) Impacts Brought by New Technology: Emerging innovations including AI-driven operations in gas, water and solid waste management, as well as the distributed integrated energy systems, could fundamentally alter the operating models of conventional utility.

(4) Impact from Macroeconomic and Financial Market

- 1) Trends on Interest Rate: Should central banks globally and the People's Bank of China raise interest rates, we may face higher financial costs.
- 2) Fluctuations on RMB Exchange Rate: Revenue from foreign operations and the debt denominated in US\$ are subject to exchange rates, which could result in additional gains or losses.

(5) Extreme Climate Events and Contingencies

- 1) Impact from Natural Disaster: Temperature variations may alter gas demand; extreme weather events such as floods and droughts could disrupt water supply and environmental facilities operations, incurring additional maintenance costs.
- 2) Incidents of Safety production: The occurrence of incidents of safety in workplace would not only affect production operations and increase expenditure on repairs and asset replacements, but also adversely affect the reputation and public image of the Company.

IX. CORPORATE GOVERNANCE REPORT

(VI) OPERATION AND MANAGEMENT OF THE COMPANY

1. Constitutional Documents

During the year ended 31 December 2025, no changes have been made to the constitutional documents of the Company.

2. Chairman and CEO

Mr. YANG Zhichang is the Chairman of the Board, and Mr. XIONG Bin is the CEO. During the year, the Company has complied with Code Provision C.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

3. Company Secretary

Mr. TUNG Woon Cheung Eric served as the Company Secretary of the Company since 1 January 2025. During the year 2025, Mr. Tung took no less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules.

4. Diversity Among All Employees

With a strong emphasis on staff diversity at workplace, the Company strictly prohibits discrimination or harassment in relation to factors such as gender, religion, age or disability in the management process of recruitment, remuneration, training and promotion and ensures the absence of any gender-based differentiated treatment, as it seeks to enhance its management standard in staff diversity and foster an equal and friendly workplace. As at 31 December 2025, the gender ratio of the Group's workforce was 71.9% male to 28.1% female.

5. Dividend Policy

The Company aims at providing stable and sustainable returns to Shareholders and is committed to gradually improving Shareholders returns to the industry average. The Board adopted the Dividend Policy in 2019. In deciding whether to propose a dividend and in determining an appropriate basis and method for dividend distribution, the Board will take into account, inter alia, the reasonable return in investment of the investors and the Shareholders, the actual and expected financial conditions, business plans, future operations and earnings, capital requirements and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Company's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate. Any dividend declared by the Company shall not exceed the amount proposed by the Board.

IX. CORPORATE GOVERNANCE REPORT

(VI) OPERATION AND MANAGEMENT OF THE COMPANY *(Continued)*

5. **Dividend Policy** *(Continued)*

The Board always recognises the close relationship between Shareholders' returns and the high quality and sustainable development of the Company. In order to proactively reward investors and build a long-term, stable, mutual trust and mutually beneficial relationship with Shareholders, the Company has formulated a dividend distribution plan for the years 2024-2026 in April 2024. Having fully considered the Company's current development stage, future capital expenditure plans, cash flow position, and based on adequate communication with the subsidiaries and subject to the provisions of the Articles of Association and dividend policy, it is expected that the dividend per share of the Company for the years 2024-2026 will be not less than 35% of the recurring earnings per share and the dividend per share for the years 2024-2026 will be not less than HK\$1.6. The Company may propose a further optimised dividend distribution plan from time to time based on the growth of the financial results of the Company.

6. **Directors' Responsibility for the Consolidated Financial Statements**

The Directors acknowledge their responsibility for preparing the financial statements of the Company for each financial period. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

7. **Directors' and Auditor's Responsibility Statements**

The Directors acknowledged responsibility for reviewing the accounts of the Company prepared by the Finance Department of the Company for the year ended 31 December 2025 and ensuring the accounts are prepared in accordance with the HKFRSs. A statement by the auditor about their reporting responsibilities is contained in the Independent Auditor's Report.

The Board confirmed that it has taken the same view from that of the Audit Committee regarding the appointment of the external auditor.

IX. CORPORATE GOVERNANCE REPORT

(VI) OPERATION AND MANAGEMENT OF THE COMPANY *(Continued)*

8. Auditor's Remuneration

During the year ended 31 December 2025, fees paid and payable by the Company to the external auditor of the Company are as follows:

	<i>RMB'000</i>
Annual audit service fees paid and payable to auditor of the Company	11,804
Non-audit service fees paid and payable to auditor of the Company*	4,469
	16,273

* *Such non-audit services include an agreed-upon procedures engagement in connection with the Group's interim financial report, procedures relating to offering circular for bond issuance and tax compliance services, etc.*

9. Anti-Bribery and Anti-Corruption Policy

The Group has in place an anti-bribery and anti-corruption policies and systems for all its employees to eliminate bribery, extortion, and other frauds. Employees are required to act with integrity and to report any suspected bribery and corruptions cases to Discipline Inspection Commission Office of the Company.

10. Whistle-Blowing Policy

The Group attaches great importance to integrity and compliance work, pays close attention to anti-bribery, anti-corruption, and anti-unfair competition. The Group has established a whistleblowing policy and system to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially.

The Discipline Inspection Commission Office was also set up to handle matters arising from whistleblower reports in an effective manner. The whistle-blowers are able to raise concern to the Audit Committee. The Group is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

IX. CORPORATE GOVERNANCE REPORT

(VII) SHAREHOLDERS' RIGHTS

1. To Convene an Extraordinary General Meeting ("EGM") by Shareholders

Pursuant to Section 566 of the Companies Ordinance, Shareholder(s) holding at least 5% of the total voting rights of all the Shareholders having a right to vote at EGMs can submit a written requisition to convene an EGM.

The written requisition:

- (1) must state the general nature of the business to be dealt with at the meeting;
- (2) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;
- (3) may consist of several documents in like form;
- (4) may be sent to the Company in hard copy form or in electronic form; and
- (5) must be authenticated by the person or persons making it.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from the said date.

2. To Make Enquiries to the Board

- (1) Shareholders should direct their questions about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customers service hotline at (852) 2980 1333.
- (2) Enquiries made to the Board may be deposited at the Company's registered office at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the attention of the company secretary.

IX. CORPORATE GOVERNANCE REPORT

(VII) SHAREHOLDERS' RIGHTS *(Continued)*

3. To Put forward Proposals at an AGM

Shareholder(s) can submit a written requisition to move a resolution at an AGM pursuant to Section 615 of the Companies Ordinance if they:

- (1) represent at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or
- (2) represent at least 50 Shareholders who have a right to vote on the resolution at the AGM to which the requests relate.

The written requisition:

- (1) may be sent to the Company in hard copy form or in electronic form;
- (2) must identify the resolution of which notice is to be given;
- (3) must be authenticated by the person or persons making it; and
- (4) must be received by the Company not later than:
 - 1) 6 weeks before the AGM to which the requests relate; or
 - 2) if later, the time at which notice is given of that meeting.

4. Circulating a Statement at an AGM or at a General Meeting

Shareholder(s) can pursuant to Section 580 of the Companies Ordinance request the Company to circulate to Shareholders entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting, if such Shareholder(s):

- (1) represent at least 2.5% of the total voting rights of all Shareholders who have a relevant right to vote; or
- (2) at least 50 Shareholders who have a relevant right to vote.

IX. CORPORATE GOVERNANCE REPORT

(VII) SHAREHOLDERS' RIGHTS *(Continued)*

4. **Circulating a Statement at an AGM or at a General Meeting** *(Continued)*

The request:

- (1) may be sent in hard copy form or in electronic form to the Company's registered office;
- (2) must identify the statement to be circulated;
- (3) must be authenticated by the person or persons making it; and
- (4) must be received by the Company at least 7 days before the meeting to which it relates.

5. **To Propose a Person other than a Director for Election as a Director at any General Meeting**

Pursuant to article 111 of the Articles of Association, if a Shareholder wishes to propose a person, other than a retiring Director or a person recommended by the Directors, for election as a Director at a general meeting, such Shareholder, who is duly qualified to attend and vote at such general meeting, should lodge a written and signed notice of nomination and a notice signed by the person to be proposed of his willingness to be elected at the Company's registered office or at the Company's share registrar. The notices should be given within the period commencing on the day after dispatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting and such period shall be at least 7 days.

6. **Communication with Shareholders and Investors**

The Board places a strong emphasis on effective and appropriate communication with Shareholders and investors and is of the view that the timely disclosure of corporate information is very important for Shareholders and investors when they make investment decisions. The Company has adopted a shareholder communication policy that aims to ensure all Shareholders to obtain in a timely manner Company information that is comprehensive, identical and easily comprehensible, such that Shareholders are able to exercise their rights in an informed manner and communication between Shareholders and investors and the Company could be enhanced. The Company has conducted review on the implementation and effectiveness of its shareholder communication policy and, taking into account its existing multiple channels for shareholder communication and participation, is of the view that the policy has been implemented in an appropriate and effective manner during the year.

The Company disseminates information on the Group to Shareholders via numerous official channels, including the interim and annual reports, announcements and circulars published in accordance with the Listing Rules. Such published documents as well as latest corporate information are also available for inspection on the Company's website (www.behl.com.hk).

During the year, the Company also responded to the requests and enquiries of members of the investing community such as Shareholders, analysts and the media via results presentations, briefings, roadshows, emails and phone calls.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW

1. Overview

In 2025, adhering to the strategic deployment of building the “Four Strongholds” and upholding the general principle of pursuing progress while ensuring stability, the Company proactively responded to challenges arising from changes in the external environment, coordinated safety, environmental protection and business development, deepened reform and innovation, and continuously advanced cost reduction and efficiency enhancement, asset quality improvement and cash flow management. The Company’s overall operations remained stable, successfully concluding the “14th Five-Year Plan”.

2. Gas Business

(1) *Natural Gas Distribution Business*

In 2025, Beijing Gas firmly adhered to the main work theme of “safety, service, and efficiency enhancement”, continuously cultivated its core markets, facilitated steady improvements in operational efficiency, optimized and upgraded its service system, and steadily increased operational benefits, further consolidating the critical role of natural gas distribution business as a key pillar of Beijing Gas’s development strategy.

Against the backdrop of narrowing growth potential, the Company steadily improved user scale and structural quality through refined operations and differentiated services. During 2025, Beijing Gas developed approximately 133,000 new household subscribers, 2,669 new public sector subscribers and 1,269 t/h of heating and cooling subscribers in Beijing. As of the end of 2025, Beijing Gas had a total of about 7.63 million pipeline gas users in Beijing and operated a total length of natural gas pipelines of approximately 29,900 kilometers.

During 2025, Beijing Gas’ combined natural gas sales volume was 25.2 billion cubic metres, representing a year-on-year increase of 5.9%. Among which, pipeline gas sales volume in Beijing was 17.28 billion cubic metres, remaining largely par year-on-year.

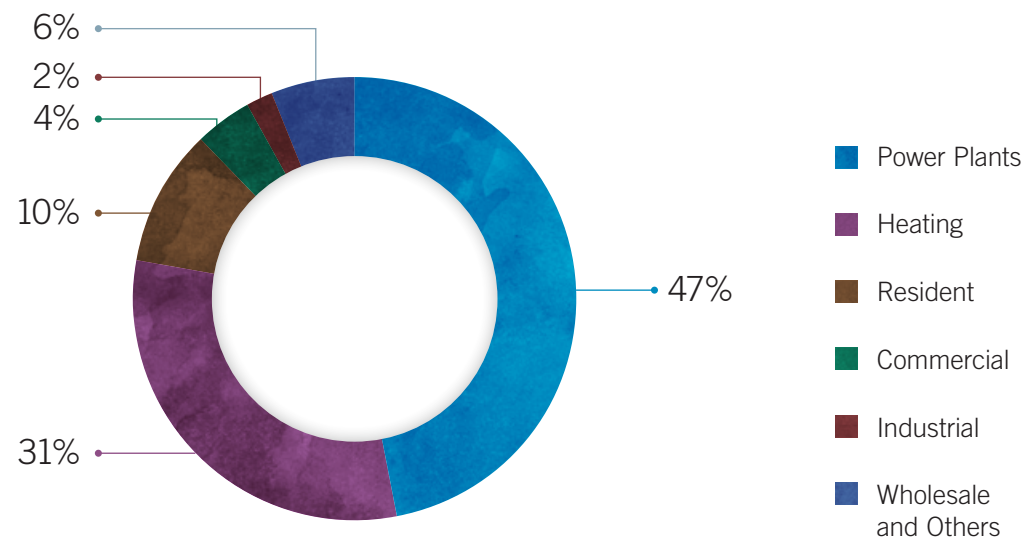
X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW *(Continued)*

2. Gas Business *(Continued)*

(1) Natural Gas Distribution Business *(Continued)*

An analysis of the natural gas sales volume accomplished inside Beijing by subscriber sector is shown as follows:



(2) LNG Business

In 2025, Beijing Gas accelerated the efficient operation of its Tianjin Nangang LNG Terminal, continuously enhancing its capabilities in international resource deployment and market-oriented operations.

In terms of international trade, it successfully executed 32 LNG international trade shipments throughout the year, dynamically optimized its international resource pool, seized the opportunities of global energy price volatility, and signed two new medium-to-long-term contracts, while achieving synergy between long-term contract resale and trading activities. It achieved a breakthrough in sourcing from third-party resources, with its trading scale successfully entering the forefront of the domestic market second tier, and its development footprint continued to expand.



X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW *(Continued)*

2. Gas Business *(Continued)*

(2) *LNG Business (Continued)*

In terms of Nangang infrastructure, the tolling business achieved breakthrough progress by signing a three-year tolling contract with one of the three major national oil companies, with a total contract volume of 4.5 million tons. This made Nangang terminal the first terminal in China, outside of PipeChina, to serve all three major oil companies as clients. Beijing Gas also facilitated the completion of the bonded warehouse qualification process and successfully completed the unloading and reloading of the first bonded LNG cargo, with 2 unloadings and 1 reloading throughout the year, which opened up new space for expanding international trading functions and enhanced industrial chain value-added. It also launched the cooldown service, completing its first cooldown operation and creating a new profit growth stream.

For domestic distribution, it actively extended into high-value regions such as Eastern China and Southern China while solidifying its core market in Beijing and its surrounding areas. Its business model continued to innovate through measures such as direct supply to central state-owned enterprises, integrated gas-liquid sales, online trading, dynamic volume locking, cross-regional premium pricing and innovative auctions, further solidifying its presence in the Southern China market and expanding into the Eastern China market. A dedicated market-oriented transformation initiative was implemented in Beijing and its surrounding areas, aimed at expanding customer base, developing direct supply to end-users, and innovating sales models, thereby strengthening its foundation while exploring incremental markets.

(3) *Natural Gas Transmission Business*

During 2025, PipeChina Group Beijing Pipeline Co., Ltd. (“Beijing Pipeline Co.”), in which Beijing Gas holds an equity interest, recorded a gas transmission volume of 97.25 billion cubic meters, representing a year-on-year increase of 10.4%, which was mainly attributable to the increase in upstream gas supply.

(4) *Overseas Oil and Gas Field Project*

During 2025, the overseas oil and gas field project in which Beijing Gas holds an equity interest, recorded petroleum sales of 5.50 million tons, representing a year-on-year decrease of 3.5%, due to a natural decline in production.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW *(Continued)*

2. Gas Business *(Continued)*

(5) China Gas

China Gas Holdings Limited (“China Gas”, stock code: 384), in which BEHL holds an equity interest, adhering to the philosophy of “digital intelligence-driven and strategic restructuring”, prioritized safety management as its core mission, built a long-term management and control regime leveraging digital intelligence, and steadily advanced the renovation of aging pipeline networks, laying a solid foundation for sustainable development.



In terms of natural gas business, China Gas actively cooperated with national market-oriented reforms to propel the implementation of pricing linkage mechanisms. As of 30 September 2025, 26 provinces, municipalities and autonomous regions had successively issued policies on natural gas upstream and downstream pricing linkage. During the Period, the downturn in the real estate market coupled with the impact of a warm winter had placed temporary pressure on residential connections and gas sales. New connections included 1,172,636 residential users, 2,470 industrial users, and 39,660 commercial users. Natural gas sales volume was 40.25 billion cubic meters, representing a year-on-year decrease of 3.9%. Among which, sales through urban and township pipeline networks amounted to 23.38 billion cubic meters, a decrease of 1.1% year-on-year, while trading and direct supply pipeline sales were 16.87 billion cubic meters, a decrease of 7.4% year-on-year. Benefiting from cost control and gas source optimization, for the 12 months ended 30 September 2025, the comprehensive dollar margin was RMB0.54 per cubic meter, representing a year-on-year increase of RMB0.03 per cubic meter, or 5.8%. Its LPG business deepened its presence in the industrial chain, achieved breakthroughs in international trade capabilities, and constantly improved the level of refined terminal operations. Its value-added service business comprehensively advanced intelligent transformation, built an AI smart system, achieved digital reshaping of consumption scenarios and operational upgrades, focused on product optimization, and continuously expanded the scale of core product categories. During the Period, it launched a water purification service business, synergistically focusing on three major scenarios: “new construction + industrial and commercial + old residential communities”, with its product ecosystem beginning to show results. Its integrated energy business, focusing on industrial and commercial energy storage, integrated distributed photovoltaic, charging piles, biomass energy supply and energy-saving services, leveraging electricity sales to drive the development of new business formats such as green power trading and virtual power plants, building a multi-energy complementary synergistic ecosystem. During the Period, newly operational industrial and commercial energy storage capacity was 539.9 MWh, with cumulative operational capacity reaching 617.7 MWh, and the multi-energy complementary system began to take shape.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW *(Continued)*

3. Water Business

In 2025, BE Water adhered to the “cash flow priority” operating principle, continuously strengthened receivables management and asset quality optimization, advanced the rights confirmation of major projects and the disposal of inefficient assets to consolidate its operational foundation.

Furthermore, BE Water continuously improved its operational efficiency, deepened regional intensive management, advanced cost reduction and digital upgrade measures, further increased per capita operational scale, and achieved a year-on-year decrease in operating cost per ton of water. Through debt structure optimization and interest rate reduction measures, the weighted average financing cost decreased significantly year-on-year, leading to a continuous improvement in its financial structure.



As of the end of 2025, BE Water has entered into service concession arrangements and entrustment agreements for a total of 1,313 water treatment plants and rural sewage treatment facilities, including 1,067 sewage treatment plants and rural sewage treatment facilities, 172 water supply plants, 73 reclaimed water treatment plants, and 1 seawater desalination plant, of which 1,141 were in operation.

As of the end of 2025, the total design capacity was 42.96 million tons/day, including the total design capacity of new projects of 698,796 tons/day during the year and the total design capacity of plants in operation of 34,086,302 tons/day.

4. Environmental Business

The environmental business segment of BEHL mainly includes BE Environment and Beijing Enterprises Holdings Environment Technology Co., Ltd. (“BEHET”) in China, and EEW GmbH overseas.

In 2025, domestic projects focused on the main theme of “lean operation, quality and efficiency enhancement, and structural optimization”, continuously unlocked the value of existing assets, strengthened diversified collaborative treatment capabilities, and maintained a stable overall operational foundation. In terms of revenue structure, the company actively expanded its diversified businesses such as sludge collaborative treatment, heat supply, and steam supply. The revenue contribution from synergistic businesses increased significantly, effectively offsetting the impact of the phase-out of national subsidies and driving a further increase in overall profit margin. In terms of existing asset operation management, the company continued to deepen cost reduction and efficiency improvement measures, persistently advanced the construction of integrated business and financial management, and enhanced operational efficiency and management control standards. It actively expanded external waste sources and general industrial waste channels, maintaining a high capacity utilization rate. By strengthening waste pit management and improving energy conversion efficiency, the power generation efficiency per ton of waste fed into the incinerator increased by 1.11% year-on-year, resulting in a cumulative increase in power generation of approximately 40 million kWh. Simultaneously, the company strengthened capital coordination and cost control, enhanced receivables management and the disposal of inefficient assets, and continuously optimized its asset structure, thereby solidifying the foundation for sustainable development.



X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW *(Continued)*

4. Environmental Business *(Continued)*

In respect of overseas operations, the business of EEW GmbH covers Germany, the Netherlands, and Luxembourg. In 2025, against the backdrop of macroeconomic fluctuations in Europe, EEW GmbH proactively optimized its business strategy by dynamically adjusting waste treatment tariffs and locking in electricity selling prices, thereby enhancing revenue stability. During the year, newly built and renovated/expanded projects were commissioned, adding new capacity of 436,000 tons/year and further strengthening its treatment capacity. A number of solid waste and sludge incineration facilities were put into operation successively, driving improvements in regional treatment capacity and energy output levels. Simultaneously, EEW GmbH accelerated technological innovation and digital transformation, achieving full deployment of its self-developed “Wasteer” system. By leveraging AI technology, it enhanced fuel quality and equipment operational efficiency, and reduced unplanned downtime. These technologies have been gradually introduced to external operators in multiple European countries, continuously strengthening its digital competitive advantage. Furthermore, EEW GmbH continuously strengthened cost control and investment pace management, optimized its capital structure, enhanced the reliability management of equipment operations, and refined its energy sales structure and calorific value management strategies against the backdrop of advancing carbon pricing mechanisms. Its refined operational capabilities have been steadily improving, with overall operations remaining stable.

(1) As of the end of 2025, the Group had:

- 33 solid waste treatment projects which are all in operation. Of which: 16 in China, 17 in Europe;
- solid waste incineration and power generation treatment capacity of 35,944 tons/day, of which: 21,255 tons/day in China, 14,689 tons/day overseas;

(2) During 2025, the Group completed:

- solid waste treatment volume of 12.917 million tons, representing a year-on-year growth of 4.6%. Among which: domestic treatment volume was 7.755 million tons, representing a year-on-year growth of 5.5%, which was mainly due to the year-on-year increase in waste intake from the Xixian, Zhangjiagang and Siping projects and the commencement of operation of the Shiyan project. The treatment volume in Europe was 5.175 million tons, representing a year-on-year increase of 2.0%, which was mainly driven by additional new production capacity and quality and efficiency improvements of existing projects;
- domestic on-grid power generation volume of 2,377 GWh, representing a year-on-year increase of 4.3%;
- energy sales of 5,224 GWh in Europe, representing a year-on-year increase of 2.0%. Among which, sales of electricity was 1,792 GWh, a year-on-year increase of 5.2%; sales of heat was 1,137 GWh, a year-on-year increase of 17.5%; and sales of steam was 2,295 GWh, a year-on-year decrease of 6.4%.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS REVIEW *(Continued)*

5. Beer Business

In 2025, against the backdrop of sustaining pressure on overall industry volume and accelerated structural upgrading, Yanjing Brewery adhered to the main theme of high-quality development, deepened the development of its excellence management system, accelerated the transformation and upgrading of its supply chain and the construction pace of digitalization, with its overall operational quality significantly outperforming the industry average. During the year, it achieved a beer sales volume of 4.05 million kiloliters, representing a year-on-year increase of 1.1%. The proportion of revenue from mid-to-high-end products exceeded 70%, with product structure continuously optimized, demonstrating strong operational resilience.



During the year, Yanjing Brewery advanced its diversified “Beer + Beverages” layout, effectively expanding consumption scenarios and enhancing revenue resilience. On the channel side, it strengthened omni-channel integration and regional market cultivation, consolidated its base market advantages, and steered the product mix towards canned and mid-to-high-end products. On the operational front, through deepening lean production management and accelerating supply chain digital transformation, it achieved notable results in cost optimization and expense control. Benefiting from the synergistic advancement of structural upgrading, cost reduction and the turnaround of loss-making enterprises, total profit increased significantly year-on-year, with profitability improved substantially. In terms of brand building, Yanjing Brewery, together with its four sub-brands, were once again included in the “China’s 500 Most Valuable Brands” list released by the World Brand Lab. The value of both the main brand and its sub-brands grew steadily, further demonstrating its strong brand strength and synergistic development effect.

(II) FINANCIAL REVIEW

1. By business segment

(1) General situation

The revenue of the Group in 2025 was approximately RMB87.228 billion, representing an increase of 3.8% year-on-year. Profit before tax was approximately RMB7.764 billion, representing an increase of 2.9% year-on-year. The profit attributable to shareholders of the Company amounted to approximately RMB5.056 billion.

The Group’s capital expenditure for the year totalled approximately RMB6.09 billion, including approximately RMB2.26 billion in the gas segment, approximately RMB2.60 billion in the environment segment, and approximately RMB1.23 billion in the beer segment.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW *(Continued)*

1. By business segment *(Continued)*

(2) Gas operation

The revenue from gas sales of the Group in 2025 was approximately RMB64.522 billion, representing an increase of 4.1% year-on-year, and profit before tax was approximately RMB4.508 billion, of which:

1) Natural Gas Distribution Business

The natural gas distribution business and other businesses, including the sale of gas-related equipment and construction services, etc. (including Beijing Gas Blue Sky), contributed a revenue of approximately RMB46.323 billion in 2025, which remained basically unchanged year-over-year and was in line with trends in gas sales volume.

2) LNG business

The LNG business contributed a revenue of approximately RMB18.199 billion in 2025, representing an increase of 17.6% year-on-year, which was mainly due to the full-scale production of Tianjin Nangang LNG project, contributing to the continued growth of the LNG trade and distribution.

3) Natural Gas Transmission Business

In 2025, the Group's share of profit, through its 40% equity interests in Beijing Pipeline Co., amounted to approximately RMB2.33 billion, representing a year-on-year increase of 1.7%, which was attributable to the positive impact of increased gas transmission volume.

4) Overseas Oil and Gas Field Project

In 2025, the Group's share of profit, through its 20% equity interests in the overseas oil and gas field project, amounted to approximately RMB556 million, representing a year-on-year decrease of 33.1%, which was mainly due to a year-on-year reduction in oil sales volume and oil price.

5) China Gas

In 2025, the Group's share of profit, through its approximately 23.5% equity interests in China Gas, amounted to approximately RMB592 million, representing a year-on-year decrease of 8.7%, which was mainly due to the decrease in revenue from residential gas connection and installation of China Gas resulting from the sluggish real estate market.

(3) Water Business

In 2025, the Group's share of profit, through its approximately 41.13% equity interests in BE Water, amounted to approximately RMB642 million, representing a year-on-year decrease of 6.9%. Such decrease was mainly due to the lower contribution from the construction segment and the technology segment of BE Water.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW *(Continued)*

1. By business segment *(Continued)*

(4) Environmental Business

The revenue of the environmental business in 2025 was approximately RMB9.455 billion, representing an increase of 2.5% year-on-year, and profit before tax was approximately RMB1.583 billion, of which:

1) Domestic business

The revenue of the domestic business in 2025 was approximately RMB2.215 billion, representing a decrease of 6.0% year-on-year, which was mainly due to the decrease in construction revenue of BE Environment. Profit before tax was increased, which was mainly attributable to the increase in waste processing volumes and on-grid power generation volume.

2) EEW GmbH

The revenue of EEW GmbH in 2025 was approximately RMB7.240 billion, representing an increase of 5.5% year-on-year and remaining basically unchanged year-on-year if calculated in Euros, which was mainly due to the appreciation of Euro. Profit before tax was decreased, which was mainly attributable to the decrease in electricity selling price.

(5) Beer Business

The revenue of the beer business in 2025 was approximately RMB13.173 billion, representing an increase of 3.2% year-on-year, and profit before tax was approximately RMB2.487 billion, representing an increase of 60.0% year-on-year, which was mainly attributable to the concentrated promotion of product structure upgrades in the medium- and high-end beer market, effective cost control and the management of loss-making enterprises.

2. By accounting item

(1) Revenue

The revenue of the Group in 2025 was approximately RMB87.228 billion, increased by 3.8% as compared with 2024. Of which, the revenue of Beijing Gas was approximately RMB64.522 billion, which accounted for 74.0% of total revenue. The revenue from beer sales was approximately RMB13.173 billion, which accounted for 15.1% of total revenue. The environmental business contributed a total revenue of approximately RMB9.455 billion, which accounted for 10.8% of total revenue.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW *(Continued)*

2. By accounting item *(Continued)*

(2) *Cost of Sales*

Cost of sales increased by 3.7% to approximately RMB75.300 billion. Cost of sales of the gas distribution business included the purchase cost of natural gas as well as the depreciation charge of the pipeline network. Cost of sales of the brewery business included raw materials, wage expenses, and absorption of certain direct overheads. Cost of sales of solid waste treatment business included fuel charges, amortization, and waste disposal costs.

(3) *Gross Profit Margin*

In 2025, the overall gross profit margin was 13.67%, slightly increased by 0.08% when compared with 13.59% last year, which was mainly due to the increase in gross profit margin of beer business.

(4) *Other Income, Other Gains and Losses*

Other income was mainly comprised of government grants of approximately RMB576 million; revenue from the sale of scrap materials, packaging materials, and promotional products was approximately RMB778 million and bank interest income amounting to approximately RMB687 million.

(5) *Selling and Distribution Expenses*

Selling and distribution expenses of the Group in 2025 were approximately RMB2.050 billion, increased by 8.7% year-on-year, which were mainly attributable to the increase from beer business.

(6) *Administrative Expenses*

Administrative expenses of the Group in 2025 were approximately RMB6.404 billion, increased by 4.3% year-on-year, which was roughly aligned with the significant increase in revenue.

(7) *Other Operating Expenses, net*

The year-on-year rise in other operating expenses, net, was mainly due to the significant increase in costs associated with the sale of packaging materials for the beer business.

(8) *Finance Costs*

The finance costs of the Group in 2025 were approximately RMB2.186 billion, decreased by 12.6% when compared to last year, and the Group's finance costs were under effective control.

(9) *Share of Profits and Losses of Associates*

The share of profits and losses of associates mainly comprised the share of profit of Beijing Pipeline Co. attributable to the Group, the share of profit attributable to shareholders of overseas oil and gas field project, the attributable share of profit of China Gas, and the attributable share of profit of BE Water.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL REVIEW *(Continued)*

2. By accounting item *(Continued)*

(9) *Share of Profits and Losses of Associates (Continued)*

In 2025, the Group the attributable profit of Beijing Pipeline Co. amounting to approximately RMB2.33 billion, the attributable profit of overseas oil and gas field project amounting to approximately RMB556 million, the attributable profit of China Gas amounting to approximately RMB592 million and the attributable profit of BE Water amounting to approximately RMB642 million.

(10) *Taxation*

After deducting the share of profits and losses of associates and joint ventures, the effective income tax rate was 33.7%, which was lower than 45.1% last year and was mainly due to higher expenses that were not tax-deductible last year.

(11) *Profit Attributable to Shareholders of the Company*

The profit attributable to the shareholders of the Company for the year ended 31 December 2025 was approximately RMB5.056 billion.

(III) FINANCIAL POSITION OF THE GROUP

(1) **Non-current Assets**

1) *Property, plant and equipment*

The net book value of property, plant and equipment was approximately RMB62.537 billion, increased by 3.0% over last year, which was mainly attributable to the increase in fixed assets of EEW GmbH.

2) *Other intangible assets*

Other intangible assets were mainly from EEW GmbH.

3) *Investments in associates*

The balance of investments in associates was approximately RMB60.008 billion, which was primarily consisting of investments in associates such as overseas oil and gas field project, Beijing Pipeline Co., BE Water and China Gas.

4) *Equity investments at fair value through other comprehensive income*

The balance of equity investments at fair value through other comprehensive income mainly originates from Beijing Gas's investment in CNPC Capital Company Limited. The increase in the balance was resulted from a increase in its fair value.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(III) FINANCIAL POSITION OF THE GROUP *(Continued)*

(1) **Non-current Assets** *(Continued)*

5) *Prepayments, other receivables and other assets*

The balances increased by approximately RMB557 million year-on-year. The balances were mainly composed of time deposits and certificates of deposit of Beijing Gas in banks with maturity dates over one year.

(2) **Current Assets**

1) *Inventories*

It mainly represented the inventory balances related to the beer business and Beijing Gas. Such an increase in the balance was mainly attributable to higher gas reserves held to ensure supply in Tianjin Nangang.

2) *Trade receivables*

The balance decreased by approximately RMB299 million, which was mainly due to the decrease in natural gas receivables from Beijing Gas.

3) *Prepayments, other receivables and other assets*

The balances increased by approximately RMB1.681 billion, which was mainly due to the increase in the balance of Beijing Gas and the beer business's certificates of deposit maturing within one year.

4) *Cash and bank borrowings*

As at 31 December 2025, cash and bank deposits held by the Group amounted to approximately RMB31.268 billion. The Group maintains sufficient banking facilities for its working capital requirements and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's total borrowings amounted to approximately RMB78.946 billion as at 31 December 2025, which mainly comprised guaranteed bonds and senior notes of US\$1.3 billion in total, Euro guaranteed bonds amounting to EURO0.4 billion, RMB corporate bonds amounting to RMB31.35 billion and RMB bank loans amounting to more than RMB24.0 billion. Around 70.6% of the total borrowings were denominated in RMB, 13.5% in US dollar and 15.9% in Euro. The Group had net borrowings of approximately RMB47.679 billion as at 31 December 2025, decreased by 0.6% over last year.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(III) FINANCIAL POSITION OF THE GROUP *(Continued)*

(3) Non-current Liabilities

1) *Bank and other borrowings*

There was an increase of approximately RMB7.327 billion in long-term and short-term debt balances in total, which was primarily due to the arrangement of a long-term Euro bank loan in 2025 by the Company to refinance the EUR500 million guaranteed bonds that matured during the year, as well as an increase in the balance of Beijing Gas's RMB-denominated bonds.

2) *Guaranteed bonds and notes*

The aggregate balance of non-current and current guaranteed bonds and notes decreased by approximately RMB7.287 billion, which was primarily due to the Company's repayment of Euro guaranteed bonds amounting to EUR500 million and Beijing Gas's repayment of US\$500 million guaranteed notes during 2025.

3) *Provision for onerous contracts and major overhauls*

The balances were mainly from EEW GmbH.

(4) Current Liabilities

1) *Other payables, accruals and contract liabilities*

The balance was decreased by approximately RMB832 million, which was mainly due to the decrease in other payables of Beijing Gas.

2) *Liquidity and Capital Resources*

As at 31 December 2025, the Group's net current liabilities amounted to approximately RMB6.359 billion, representing a significant decrease of approximately RMB5.730 billion compared to the end of 2024. The primary reason for the net current liabilities was that certain guaranteed bonds and notes maturing within one year after the Reporting Period were required to be classified as current liabilities. These guaranteed bonds and notes will be repaid only upon their maturity dates. The Group has secured new financing arrangements for the maturing debts and plans to replace the relevant guaranteed bonds and notes with long-term debts upon their maturity.

The downstream natural gas distribution business, plus the dividends income from Beijing Pipeline Co., the dividends from BE Water and China Gas, has been constantly contributing to the operating cash flow of the Group and providing sufficient liquidity. As at the end of 2025, the issued share capital of the Company amounted to 1,258,003,268 shares and the shareholders' equity was approximately RMB89.042 billion. Total equity was approximately RMB102.735 billion. The gearing ratio, being all the interest-bearing borrowings and guaranteed bonds and notes divided by the sum of total equity plus all interest-bearing borrowings and guaranteed bonds and notes, was approximately 43% (2024: 45%).

X. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) OUTLOOK

1. Adhering to Strategic Planning

The Group expects a promising business development environment. The national plan over the next five years is to maintain economic growth within a reasonable range, support the optimization and upgrading of traditional industries, and cultivate and strengthen emerging and future industries. This will provide the Group with a conducive environment to enhance the core competitiveness of its existing principal businesses and accelerate investments in emerging industries. National policy measures such as building a modern infrastructure system and accelerating the comprehensive green transformation of economic and social development present abundant industrial development opportunities. The monetary and fiscal policies introduced by the state to foster high-quality economic development create room for public utilities and infrastructure industries to optimize operating costs and improve cash flow.

The Group will adhere to the principle of “pursuing progress while ensuring stability” to consolidate and develop its core principal businesses. Over the next five years, guided by the “Stronghold in Business Presence” strategy, the Group will seize industrial development opportunities to constantly optimize and upgrade our business structure. With gas, water, environment and beer as the core, the Group will focus on upgrading and developing four core businesses, namely natural gas and new energy, water and water environment, solid resources recovery, treatment and utilization, and food production and sales. While promoting reasonable growth in business volume and revenue levels in these core segments, the Group will continue to implement campaigns for “management enhancement, cost reduction and efficiency improvement” to enhance operational efficiency, strengthen profitability, and continuously augment our value creation capabilities.

The Group will persist in “forging ahead towards new frontiers” by investing in and cultivating emerging businesses. Over the next five years, the Group will capitalize on the national trend of green and low-carbon development, leverage the strengths of its headquarters in investment, financing and capital operations, accelerate the cultivation of green and low-carbon emerging industries, and create new revenue streams. The public utilities and infrastructure segments, such as gas, water and environment, will develop new green and low-carbon businesses around their core businesses, building new growth drivers. The food businesses, such as beer and beverages, will enrich their healthy product matrix and create new growth drivers by leveraging their core capabilities in R&D, manufacturing and sales. The Group will ride the wave of accelerated development of new quality productive forces to carry out high-impact investments and achieve high-quality development.

Through development over the next five years, the Group will strive to build the “Four Strongholds” – strongholds in business presence, value creation, institutional reform and talent aggregation – to become a premier integrated urban operation service provider. The Group will enhance its capacity to serve national development and advance social progress, strengthen its ability to build and safeguard a better life, and elevate its standard of value creation and shareholder returns.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) OUTLOOK *(Continued)*

2. By Business Segments

(1) Gas Business

1) Beijing Gas

- Natural Gas Distribution Business

Beijing Gas will further consolidate the advantages of its city gas business in Beijing, fulfill its local responsibilities, and solidify its achievements in market expansion. In addition, it will effectively advance its pipeline network layout, accelerate the improvement of supporting pipeline network construction, enhance its capability to serve regional market development, and actively expand incremental markets.

- LNG Business

For international trade, it will continuously optimize its resource pool dynamically, complete the resale of its long-term contract resource portfolio, and supplement it with new and flexible resources in a timely manner to enhance portfolio flexibility and expand arbitrage opportunities. It will actively advance the approval process for hedging to effectively control risks.



For the Nangang infrastructure, it will continue to deepen tolling cooperation with the three major oil companies, improve terminal utilization, and minimize BOG losses. It will continue to develop diversified businesses at the Nangang Terminal, such as bonded warehousing and cold chamber services. It will also advance the establishment of a futures delivery warehouse subject to the national approval process to enhance tank utilization and market competitiveness.

For domestic distribution, it will innovate domestic sales models, increase direct supply to end-users, and shift towards a “trading + terminal” model. It will enhance cooperation with PipeChina, striving to achieve breakthroughs in the coastal and Central China regional markets. It will increase resource acquisition efforts, continuously expand its domestic resource pool with Northern China as its base, and develop pipeline gas and shale gas wellhead resources in Northwest, Southern, and Southwest China. It will optimize the domestic resource pool to reduce procurement costs and facilitate market expansion outside Beijing.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) OUTLOOK *(Continued)*

2. By Business Segments *(Continued)*

(1) Gas Business *(Continued)*

1) Beijing Gas *(Continued)*

- Natural Gas Transmission Business

As a national energy corridor, Beijing Pipeline Co. possesses a certain degree of business stability, which is expected to contribute stable and sustainable investment income.

- Overseas Oil and Gas Field Project

This project provides a stable cash return foundation and has been in stable operation for many years. It is expected to continue contributing predictable investment income.

2) China Gas

China Gas will pursue a high-quality development path focused on “maintaining industry leadership, guiding industry trends, unlocking endogenous momentum, and enhancing refined management”. It will steadfastly prioritize its natural gas business, actively explore opportunities for industrial chain extension, innovate new models of multi-network interconnected natural gas trading, create new business formats for full-chain value-added retail services, and replicate and expand pilot projects for multi-energy coupling technologies. Leveraging digital transformation and management innovation, China Gas will continuously optimize operational efficiency and decision-making capabilities, strengthen talent development, and enhance organizational vitality. It will build a future development landscape structured around the “three core pillars”: gas business, new retail business, and integrated energy business. Going forward, China Gas will steadily advance high-quality development, striving to become a world-leading integrated energy service provider with significant social and economic influence, widely respected by the public, enabling stakeholders to share the “same vision, destiny and development”, and continuously creating greater value.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) OUTLOOK *(Continued)*

2. By Business Segments *(Continued)*

(2) Water Business

BE Water will adhere to its business philosophy of “customer as the source, survival as the foundation, and innovation as the way”, maintain strategic focus, and drive high-quality development.

It will continuously strengthen its balance sheet, optimize its asset structure, and firmly uphold the bottom line of cash flow security. It will comprehensively build the “generational gap” water operation service capabilities, empower the “Cloud-Chain-End” operational paradigm upgrade with AI technology, and create a leading intelligent and intensive professional service regime in the industry. By leveraging technological innovation, it will cultivate a second revenue stream, make forward-looking deployments in technologies for new sectors, and incubate high-growth potential specialized companies. Moreover, it will deepen the pilot integration of plants and networks to explore new models of systematic governance, comprehensively advance digital transformation and business-finance integration, and strengthen talent development and compliance governance.

Facing industry changes and challenges, BE Water will overcome transformation hurdles through continuous innovation and enhance operational efficiency through digital governance. It is committed to transforming from a traditional investment-oriented enterprise into a technology-focused enterprise driven by operations, creating long-term value for customers and achieving sustainable, high-quality development.



X. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) OUTLOOK *(Continued)*

2. By Business Segments *(Continued)*

(3) Environmental Business

The environmental business will strengthen collaboration both domestically and abroad, continuously enhance segment profitability and counter-cyclical resilience, and increase overall performance contribution. Among which:

The domestic environmental business will focus on three key aspects: deepening customer engagement, business expansion, and quality and efficiency enhancement. It will continuously improve profit quality and operational efficiency, adhere to the cash flow and profit quality oriented approach, optimize cost structures, unlock existing project potential, strengthen its foundation for compliant operations, and cultivate new development drivers. It will pragmatically explore regional customer needs, offer “incineration+” integrated solutions, further extend the environmental-energy-carbon industrial chain, and actively pursue opportunities in Beijing’s sludge disposal and mobile heating markets. It will continue to deepen cost reduction and efficiency improvement efforts, establish and refine an operational indicator evaluation regime, build a cost-advantageous centralized procurement and supply chain, optimize expense structures and enhance operational efficiency. It will strengthen accounts receivable management to improve cash-to-revenue ratio and cash flow performance. It will steadily advance the intensive management pilot in the Northeast region, adopt data-driven approaches, with standard operating procedures and management mechanisms in place to systematically enhance the comprehensive capabilities of the region. Besides, it will accelerate existing project optimization and asset structure adjustment, enhance technology empowerment standards, and consolidate the foundation for long-term growth.

The overseas EEW GmbH will continue to optimize its solid waste resource structure and energy sales strategy, continue to enhance the operational performance of existing projects, and accelerate full production capacity ramp-up for newly commissioned projects, further improving operational efficiency and profitability. Simultaneously, EEW GmbH will actively cultivate new growth drivers, including battery energy storage, seize the opportunities arising from power market fluctuations, promote the steady development of its energy business, and further consolidate its long-term competitive advantage in the waste-to-energy sector.



X. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) OUTLOOK *(Continued)*

2. By Business Segments *(Continued)*

(4) Beer Business

In 2026, against the backdrop of stabilizing industry volume and accelerating structural differentiation, Yanjing Brewery will adhere to the high-quality development orientation, focusing on value enhancement and capability building to drive the continuous improvement in operational quality. It will concentrate on product structure upgrading and brand value enhancement, consolidate the competitive advantage of core single products, refine its layout in the mid-to-high-end and sub-categories, strengthen competitiveness in mainstream price segments, and steadily advance the diversification of its “Beer + Beverage” business to enrich consumption scenarios. At the same time, it will deepen the strategy of “omni-channel integration + regional market cultivation”, optimize market layout structure, and enhance terminal sell-out and channel control capabilities. For operation and management, it will continue to promote the construction of a premier management regime, strengthen cost control and improve resource allocation efficiency, accelerate the development of digital and supply chain synergy capabilities, and enhance overall operational resilience and refined management standards. Through the parallel execution of structural optimization and capability enhancement, it will further improve profitability and long-term value creation capabilities.



(V) MAJOR INVESTMENTS, MERGERS & ACQUISITIONS AND CAPITAL OPERATIONS

During the year ended 31 December 2025, the Group did not have any significant investments, mergers & acquisitions and capital operations.

X. MANAGEMENT DISCUSSION AND ANALYSIS

(VI) PLEDGE OF SIGNIFICANT ASSETS

As at 31 December 2025, the Group's secured bank and other loans are secured by the following assets:

1. Property, plant and equipment
2. Operating concessions
3. Receivables under service concession arrangements
4. Other intangible assets
5. Trade receivables
6. Deposit paid to a bank
7. Bank balances

(VII) FOREIGN EXCHANGE EXPOSURE

The Group primarily operates its businesses in the PRC, and therefore, most of its transactions, revenues and expenses are denominated in Renminbi. The adopted exchange rate is based on rates guided by the People's Bank of China. Foreign exchange exposure primarily originates from fluctuations in the exchange rates of the Renminbi against foreign currencies such as Hong Kong dollar, U.S. dollar and Euro. In 2025, Renminbi experienced notable fluctuations against major foreign currencies. The Group continuously monitored market dynamics and effectively mitigated foreign exchange exposure through adjusting debt currency structures, implementing hedging strategies and improving risk management systems, thereby ensuring financial stability.

XI. INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

To the members of Beijing Enterprises Holdings Limited

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Enterprises Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 94 to 234, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

XI. INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter

Impairment assessment on goodwill

We identified impairment assessment on goodwill as a key audit matter as significant judgments and assumptions were made by management in estimating the recoverable amounts of cash-generating units (“CGUs”) to which goodwill has been allocated.

During the process of impairment assessment on goodwill, the Group considered the assessment of certain CGUs is highly judgmental as the impairment assessment is based on value-in-use calculations using cash flow projections which involve certain significant inputs including discount rates and revenue growth rates. The carrying amount of goodwill of these identified CGUs at 31 December 2025 amounted to RMB14,072,293,000, representing goodwill allocated to and included in the piped gas operation and the environmental operation business units. During the year ended 31 December 2025, no impairment of goodwill has been recognised.

The related disclosures are included in notes 3, 4 and 18 to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment on goodwill included:

- Assessing the application of the impairment model used by the Group;
- Comparing historical cash flows projection in the prior year with the actual results in the current year and identifying exceptions, if any, for further consideration in the current year cash flow projections;
- Engaging our internal valuation experts to assess the appropriateness of discount rates used; and
- Assessing the growth rates applied in the cashflow forecast.

XI. INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

XI. INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

XI. INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is WU, Ka Ming (practicing certificate number: P05701).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2026

XII. FINANCIAL STATEMENTS

(I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	87,227,795	84,064,089
Cost of sales		(75,300,441)	(72,637,100)
Gross profit		11,927,354	11,426,989
Other income, other gains and losses	7	3,068,500	2,428,562
Selling and distribution expenses		(2,050,478)	(1,886,569)
Administrative expenses		(6,404,300)	(6,142,120)
Other operating expenses, net		(1,056,914)	(595,098)
Share of profits and losses of:			
Joint ventures		10,390	(82,996)
Associates		4,455,126	4,898,738
Finance costs	8	(2,185,771)	(2,501,121)
Profit before tax		7,763,907	7,546,385
Income tax expense	9	(1,110,597)	(1,230,911)
Profit for the year	10	6,653,310	6,315,474
Attributable to:			
Shareholders of the Company		5,055,839	5,123,085
Non-controlling interests		1,597,471	1,192,389
		6,653,310	6,315,474
Earnings per share attributable to shareholders of the company			
Basic and diluted	14	RMB4.02	RMB4.07

XII. FINANCIAL STATEMENTS

(I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Profit for the year		6,653,310	6,315,474
Other comprehensive income (loss)			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		829,764	(891,861)
Share of other comprehensive (loss) income of associates		(536,759)	402,463
Fair value changes on hedging instruments designated in cash flow hedge		77,078	(177,809)
Gains reclassified to profit or loss on hedged items		85,099	–
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		455,182	(667,207)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit plans:			
Actuarial gains	27	251,149	25,055
Income tax effect	39	(67,701)	(23,219)
		183,448	1,836
Equity investments at fair value through other comprehensive income:			
Changes in fair value		538,134	463,406
Income tax effect	39	(122,843)	(95,835)
		415,291	367,571
Exchange differences on translation of the Company's financial statements		–	658,791
Share of other comprehensive loss of associates		(33,491)	(17,276)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		565,248	1,010,922
Other comprehensive income for the year, net of income tax		1,020,430	343,715
Total comprehensive income for the year		7,673,740	6,659,189
Attributable to:			
Shareholders of the Company		5,986,665	5,496,362
Non-controlling interests		1,687,075	1,162,827
		7,673,740	6,659,189

XII. FINANCIAL STATEMENTS

(II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	62,537,070	60,717,270
Investment properties	16	1,178,747	1,182,841
Right-of-use assets	17	2,517,737	2,437,119
Goodwill	18	15,270,149	14,668,188
Operating concessions	19	5,075,130	5,176,717
Other intangible assets	20	2,486,228	2,430,886
Investments in joint ventures	22	151,880	148,992
Investments in associates	23	60,007,519	60,156,687
Equity investments at fair value through other comprehensive income	24	2,433,527	1,861,425
Receivables under service concession arrangements	19	3,116,155	3,223,201
Prepayments, other receivables and other assets	28	6,583,901	6,027,285
Deferred tax assets	39	1,420,096	1,965,021
Derivative financial instruments	30	82,585	29,332
		162,860,724	160,024,964
Current Assets			
Inventories	25	7,376,674	6,815,913
Receivables under service concession arrangements	19	142,726	136,807
Trade receivables	26	4,835,300	5,134,785
Prepayments, other receivables and other assets	28	7,583,516	5,902,307
Other tax recoverables		453,093	467,621
Restricted cash and pledged deposits	31	39,574	7,340
Cash and cash equivalents	32	31,267,524	30,960,207
		51,698,407	49,424,980
Non-current assets classified as held for disposal	15	302,173	302,173
		52,000,580	49,727,153
Total Assets		214,861,304	209,752,117

XII. FINANCIAL STATEMENTS

(II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	33	28,340,052	28,340,052
Reserves	34	60,701,864	56,541,082
		89,041,916	84,881,134
Non-controlling interests		13,692,898	12,734,049
Total Equity		102,734,814	97,615,183
Non-current Liabilities			
Bank and other borrowings	35	38,937,907	30,692,409
Guaranteed bonds and notes	36	6,914,912	12,222,436
Lease liabilities	17	459,514	353,387
Defined benefit obligations	27	2,204,650	2,301,531
Provision for major overhauls and onerous contracts	37	302,146	279,216
Other non-current liabilities	38	2,693,765	2,156,727
Deferred tax liabilities	39	2,155,922	2,107,690
Derivative financial instruments	30	98,217	207,141
		53,767,033	50,320,537

XII. FINANCIAL STATEMENTS

(II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Current Liabilities			
Trade and bills payables	40	4,269,016	3,906,197
Other payables, accruals and contract liabilities	41	19,768,729	20,600,778
Provision for major overhauls and onerous contracts	37	46,745	42,717
Income tax payables		590,813	636,822
Other tax payables		370,110	388,881
Bank and other borrowings	35	27,690,884	28,608,957
Guaranteed bonds and notes	36	5,402,445	7,382,326
Lease liabilities	17	220,715	249,719
		58,359,457	61,816,397
Total Liabilities		112,126,490	112,136,934
Total Equity and Liabilities		214,861,304	209,752,117

The consolidated financial statements on pages 94 to 234 were approved and authorised for issue by the board of directors of the Company on 26 March 2026 and are signed on its behalf by:

Yang Zhichang
DIRECTOR

Tung Woon Cheung Eric
DIRECTOR

XII. FINANCIAL STATEMENTS

(III) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to shareholders of the Company											
	Share capital RMB'000	Capital reserve RMB'000 (note 34)	Investment revaluation reserve RMB'000	Property revaluation reserve RMB'000	Defined benefit plan reserve RMB'000	Exchange fluctuation reserve RMB'000	People's Republic of China ("PRC") reserve funds and other reserves RMB'000 (note 34)	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2025												
At 1 January 2025	28,340,052	615,354*	(437,933)*	87,638*	(121,280)*	(7,583,435)*	16,476,788*	(159,687)*	47,663,637*	84,881,134	12,734,049	97,615,183
Profit for the year	-	-	-	-	-	-	-	-	5,055,839	5,055,839	1,597,471	6,653,310
Other comprehensive income (loss) for the year:												
Exchange differences on translation of foreign operations and the Company's financial statements	-	-	-	-	-	740,905	-	-	-	740,905	88,859	829,764
Fair value changes on derivative financial instruments	-	-	-	-	-	-	-	77,078	-	77,078	-	77,078
Defined benefit obligations:												
Actuarial gains	-	-	-	-	250,056	-	-	-	-	250,056	1,093	251,149
Income tax effect	-	-	-	-	(67,353)	-	-	-	-	(67,353)	(348)	(67,701)
Equity investments at fair value through other comprehensive income:												
Changes in fair value	-	-	538,134	-	-	-	-	-	-	538,134	-	538,134
Income tax effect	-	-	(122,843)	-	-	-	-	-	-	(122,843)	-	(122,843)
Gains reclassified to profit or loss on hedged items	-	-	-	-	-	-	-	85,099	-	85,099	-	85,099
Share of other comprehensive loss of associates	-	-	(6,404)	-	(690)	(536,759)	-	(26,397)	-	(570,250)	-	(570,250)
Total comprehensive income for the year	-	-	408,887	-	182,013	204,146	-	135,780	5,055,839	5,986,665	1,687,075	7,673,740
Acquisition of non-controlling interests	-	2,252	314	-	270	-	-	-	-	2,836	(2,836)	-
Disposal of a subsidiary	-	(20)	-	-	-	-	-	-	20	-	(20)	(20)
Acquisition of a subsidiary	-	2,462	-	-	-	-	-	-	-	2,462	-	2,462
Share of reserves of associates	-	23,992	-	-	-	-	-	-	-	23,992	-	23,992
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(54,360)	(54,360)
Final 2024 dividend	-	-	-	-	-	-	-	-	(881,483)	(881,483)	-	(881,483)
Interim 2025 dividend	-	-	-	-	-	-	-	-	(973,690)	(973,690)	-	(973,690)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(671,010)	(671,010)
Transfer to PRC reserve funds and other reserves	-	-	-	-	-	-	951,767	-	(951,767)	-	-	-
At 31 December 2025	28,340,052	644,040*	(28,732)*	87,638*	61,003*	(7,379,289)*	17,428,555*	(23,907)*	49,912,556*	89,041,916	13,692,898	102,734,814

* These reserve accounts comprise the consolidated reserves of RMB60,701,864,000 (2024: RMB56,541,082,000) in the consolidated statement of financial position as at 31 December 2025.

XII. FINANCIAL STATEMENTS

(III) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to shareholders of the Company											
	Share capital RMB'000	Capital reserve RMB'000 (note 34)	Investment revaluation reserve RMB'000	Property revaluation reserve RMB'000	Defined benefit plan reserve RMB'000	Exchange fluctuation reserve RMB'000	People's Republic of China ("PRC") reserve funds and other reserves RMB'000 (note 34)	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2024												
At 1 January 2024	28,340,052	456,096*	(708,550)*	87,638*	(119,464)*	(7,782,397)*	16,534,681*	–	44,189,668*	80,997,724	12,051,641	93,049,365
Profit for the year	–	–	–	–	–	–	–	–	5,123,085	5,123,085	1,192,389	6,315,474
Other comprehensive (loss) income for the year:												
Exchange differences on translation of foreign operations and the Company's financial statements	–	–	–	–	–	(203,501)	–	–	–	(203,501)	(29,569)	(233,070)
Fair value changes on derivative financial instruments	–	–	–	–	–	–	–	(177,809)	–	(177,809)	–	(177,809)
Defined benefit obligations:												
Actuarial gains (losses)	–	–	–	–	25,063	–	–	–	–	25,063	(8)	25,055
Income tax effect	–	–	–	–	(23,234)	–	–	–	–	(23,234)	15	(23,219)
Equity investments at fair value through other comprehensive income:												
Changes in fair value	–	–	463,406	–	–	–	–	–	–	463,406	–	463,406
Income tax effect	–	–	(95,835)	–	–	–	–	–	–	(95,835)	–	(95,835)
Share of other comprehensive (loss) income of associates	–	–	(31,753)	–	(3,645)	402,463	–	18,122	–	385,187	–	385,187
Total comprehensive income (loss) for the year	–	–	335,818	–	(1,816)	198,962	–	(159,687)	5,123,085	5,496,362	1,162,827	6,659,189
Repurchase of Company's shares	–	–	–	–	–	–	–	–	(46,848)	(46,848)	–	(46,848)
Capital contribution from non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	41,719	41,719
Disposal of a subsidiary	–	(11,470)	–	–	–	–	–	–	11,470	–	(48,125)	(48,125)
Share of reserves of associates	–	170,728	–	–	–	–	–	–	–	170,728	–	170,728
Transfer of investment revaluation reserve upon the disposal of equity investments at fair value through other comprehensive (loss) income	–	–	(65,201)	–	–	–	13,040	–	52,161	–	–	–
Final 2023 dividend	–	–	–	–	–	–	–	–	(760,663)	(760,663)	–	(760,663)
Interim 2024 dividend	–	–	–	–	–	–	–	–	(976,169)	(976,169)	–	(976,169)
Dividends paid to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(474,013)	(474,013)
Transfer to PRC reserve funds and other reserves	–	–	–	–	–	–	(70,933)	–	70,933	–	–	–
At 31 December 2024	28,340,052	615,354*	(437,933)*	87,638*	(121,280)*	(7,583,435)*	16,476,788*	(159,687)*	47,663,637*	84,881,134	12,734,049	97,615,183

XII. FINANCIAL STATEMENTS

(IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit before tax		7,763,907	7,546,385
Adjustments for:			
Bank interest income		(687,191)	(995,908)
Finance income on the net investment in a finance lease		(21,542)	(23,191)
Transfer of assets from customers		(54,658)	–
Dividend income of equity investments at fair value through other comprehensive income		(21,746)	(39,020)
Loss (gain) on disposal of items of property, plant and equipment, net		28,691	(1,204)
(Gain) loss on disposal/deconsolidation of a subsidiary	42	(63,501)	3,929
Loss on deemed disposal of partial interest in associates, net		29,803	–
Finance costs		2,185,771	2,501,121
Depreciation of property, plant and equipment		3,767,010	3,358,428
Depreciation of right-of-use assets		384,467	322,321
Amortisation of operating concessions		258,235	250,598
Amortisation of customer-related intangible assets		90,534	128,855
Amortisation of computer software		113,382	72,391
Amortisation of operating right		27,008	26,251
Amortisation of patents		405	400
(Reversal of) impairment of property, plant and equipment		(14,585)	78,948
Impairment of goodwill		20,623	–
Impairment of trade receivables, net		43,047	71,408
Impairment of (reversal of impairment of) other receivables, net		27,807	(20,058)
(Gain) loss on early termination of leases		(185)	13,482
Gain on disposal of land use right		(139,357)	–
Write-down of inventories to net realisable value		277,114	8,510
Share of profits and losses of joint ventures and associates		(4,465,516)	(4,815,742)

XII. FINANCIAL STATEMENTS

(IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Operating cash flows before movements in working capital	9,549,523	8,487,904
Increase in inventories	(838,325)	(1,674,771)
Decrease (increase) in receivables under service concession arrangements	101,127	(27,628)
Decrease (increase) in trade receivables	256,417	(864,185)
(Increase) decrease in prepayments, other receivables and other assets	(946,265)	1,737,957
Decrease in other tax recoverables	14,528	44,567
Increase (decrease) in trade and bills payables	364,260	(747,480)
Decrease in other payables, accruals and contract liabilities	(812,596)	(942,737)
(Decrease) increase in other tax payables	(18,771)	10,149
(Decrease) increase in provision for major overhauls and onerous contracts	(7,327)	1,816
Increase (decrease) in defined benefit obligations	107,321	(32,056)
Increase in other non-current liabilities	537,038	47,915
Cash generated from operations	8,306,930	6,041,451
Finance income on the net investment in a finance lease received	21,542	23,191
Chinese Mainland income tax paid	(569,781)	(1,261,791)
Overseas income tax paid	(351,017)	(355,098)
Net cash flows from operating activities	7,407,674	4,447,753

XII. FINANCIAL STATEMENTS

(IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(5,387,631)	(6,007,750)
Proceeds from disposal of items of property, plant and equipment		544,898	1,040,821
Receipt of assets-related governments grants		77,462	25,600
Purchase of a leasehold land		(64,756)	(26,558)
Additions to operating concessions		(156,648)	(315,933)
Additions to other intangible assets		(128,348)	(152,626)
Additions to investment properties		–	(3,052)
Disposal of investment properties		2,689	–
Proceeds from disposal of items of other intangible assets		579	68,848
Proceeds from disposal of items of land use rights		12,006	–
Acquisition of subsidiaries		(54,600)	–
Deconsolidation/disposal of a subsidiary	42	(25)	(53,910)
Additional investments in associates		(173,000)	(8,607)
Increase in time deposits with maturity of more than three months when acquired		(1,150,200)	(1,626,260)
Increase in certificate of deposit		(1,044,296)	(855,704)
(Increase) decrease in restricted cash and pledged deposits		(32,234)	11,006
Proceeds from disposal of an equity investment at fair value through other comprehensive income		–	458,545
Proceeds from disposal of a financial asset at fair value through profit or loss		95,000	–
Purchase of a financial asset at fair value through profit or loss		(185,003)	–
Dividends received from joint ventures and associates		4,285,491	4,441,589
Dividend income of equity investments at fair value through other comprehensive income received		21,746	39,020
Bank interest income received		687,191	995,908
Net cash flows used in investing activities		(2,649,679)	(1,969,063)

XII. FINANCIAL STATEMENTS

(IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
Capital contributions from non-controlling equity holders of subsidiaries	–	41,719
Repayments from fellow subsidiaries/associates	–	175,697
Repayment of a guarantee bond	(7,653,472)	–
New loans	50,919,268	59,029,486
Repayment of loans	(43,793,560)	(56,203,651)
Principal portion of lease payments	(342,391)	(284,589)
Interest portion of lease payments	(27,564)	(29,550)
Other interest paid	(2,165,406)	(2,480,716)
Repurchases of the Company's shares	–	(46,848)
Dividends paid	(1,855,173)	(1,736,832)
Dividends paid to non-controlling equity holders of subsidiaries	(671,010)	(474,013)
Net cash flows used in financing activities	(5,589,308)	(2,009,297)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(831,313)	469,393
Cash and cash equivalents at beginning of year	24,571,407	24,095,821
Effect of foreign exchange rate changes, net	(11,570)	6,193
CASH AND CASH EQUIVALENTS AT END OF YEAR	23,728,524	24,571,407
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	8,773,198	19,568,145
Saving deposits placed in a financial institution (an associate of the Group)	261,944	253,720
Time deposits:		
Placed in banks	14,103,822	4,674,795
Placed in a financial institution (an associate of the Group)	8,168,134	6,470,887
Less: Restricted cash and pledged deposits	(39,574)	(7,340)
Cash and cash equivalents as stated in the consolidated statement of financial position	31,267,524	30,960,207
Less: Time deposits with maturity of more than three months when acquired	(7,539,000)	(6,388,800)
Cash and cash equivalents as stated in the consolidated statement of cash flows	23,728,524	24,571,407

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Beijing Enterprises Holdings Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The immediate holding company of the Company is Beijing Enterprises Group (BVI) Company Limited (“BE Group BVI”), which is incorporated in the British Virgin Islands and, in the opinion of the directors, the ultimate holding company is Beijing Enterprises Group Company Limited (“Beijing Enterprises Group”), which is a state-owned enterprise established in the PRC. The addresses of the registered office and principal place of business of the Company are located at 66/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The activities of its principal subsidiaries (together with the Company referred to as the “Group”) and its joint ventures and associates are set out in notes 49, 22 and 23 respectively.

The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“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	<i>Lack of Exchangeability</i>
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The application of the amendments to an HKFRS Accounting Standard 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.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11²</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Continued)

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 *Financial Instruments: Disclosures* in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Despite that the Group had net current liabilities of RMB6,358,877,000 as at 31 December 2025, the directors consider that the Group will have adequate funds available to enable it to operate as a going concern, based on the Group's cash flow projection which, inter alia, has taken into account the historical operating performance of the Group and the following:

- (a) the existing banking facilities available to the Group as at 31 December 2025 and on the assumption that such facilities will continue to be available from the Group's principal bankers; and
- (b) certain of the capital commitments are expected to be fulfilled by the Group after 31 December 2025 with reference to the terms of the respective agreements and the current status of the respective projects.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Goodwill (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The associate and joint venture uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisitions of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates and joint ventures (Continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Gas operation

Revenue from the sale of piped natural gas is recognised at the point in time when the gas is consumed by the customer, based on gas consumption derived from meter readings.

Revenue from the sale of gas-related equipment is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the gas-related equipment.

Revenue from the trading of liquefied natural gas (“LNG”) is recognised at the point in time when control of the goods is transferred to the customers, based on agreed shipping terms.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers (Continued)

Sale of brewery products

Revenue from the sale of brewery products is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the brewery products.

Construction services

Contract revenue comprises (i) the agreed contract amounts and appropriate amounts from variation orders, claims and incentive payments in respect of construction services and (ii) construction revenue recognised under service concession arrangements. Revenue from the construction of solid waste incineration plants under the terms of service concession arrangements is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in a similar location.

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

Solid waste treatment service contracts

Revenue from the sale of electricity, steam and heat which are produced during the solid waste incineration process is recognised at the point in time when the product is transferred to the customer, generally on delivery of electricity, steam and heat.

Revenue from the solid waste collection service is recognised at the point in time when the service has been rendered.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from other sources

Rental income

Rental income is recognised on the straight-line basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis over the lease term is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets *(Continued)*

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "exchange fluctuation reserve" (attributed to non-controlling interests as appropriate).

The change in functional currency of the Company was applied prospectively from the date of change. All items were translated into RMB at the exchange rate on that date. The cumulative currency translation differences which had arisen from the translation of foreign operations up to the date of the change in functional currency were not reclassified from equity to profit or loss until the disposal of the relevant operations.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income”.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits

Defined contribution schemes

The Group has joined a number of defined contribution pension schemes organised by certain provincial or municipal governments in the PRC and Germany for certain of its employees, the assets of which are held separately from those of the Group. Contributions are made based on a percentage of the eligible employees' salaries and are charged to profit or loss as they become payable, in accordance with the rules of the pension schemes. The employer contributions vest fully once made.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Defined benefit schemes

Certain employees of the Group can enjoy other retirement benefits after retirement such as supplementary medical reimbursement, allowance and beneficiary benefits pursuant to certain defined benefit plans of the Group. These benefits are unfunded. The costs of providing benefits under these defined benefit plans are determined using the projected unit credit method and are charged to profit or loss so as to spread the costs over the average service lives of the relevant employees in accordance with the actuarial report which contains valuation of the obligations for the year. These obligations are measured at the present value of the estimated future cash outflows. Actuarial gains and losses, which are remeasurements arising from defined benefit plans, are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to defined benefit plan reserve as other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits (Continued)

Defined benefit schemes (Continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “administrative expenses” in profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position, except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Intangible assets (other than goodwill) (Continued)

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Operating concessions

Operating concessions mainly represent the rights to operate solid waste incineration plants, and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the respective periods of the operating concessions granted to the Group of 15 to 30 years.

Customer contracts

Customer contracts represent the fair value of the economic benefits from several customer service agreements of the environmental operation at initial recognition. Amortisation is provided on the straight-line basis over the respective contract periods of 1 to 28 years.

Patents

Purchased patents are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of 25 to 30 years.

Computer software

Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 2 to 10 years.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Intangible assets (other than goodwill) (Continued)

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Service concession arrangements

Consideration given by the grantor

A financial asset (receivable under a service concession arrangement) is recognised to the extent that (a) the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services rendered and (b) the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group, ensuring that the infrastructure meets the specified quality of efficiency requirements.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

If the Group is paid partly by a financial asset and partly by an intangible asset, each component of the consideration is accounted for separately and the consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

Construction or upgrade services

Revenue and costs relating to construction or upgrade services are accounted for in accordance with the policy set out for construction services in “Revenue from contracts with customers”.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Service concession arrangements (Continued)

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for solid waste treatment service contracts in “Revenue from contracts with customers”. Costs relating to operating services are expensed in the period in which they are incurred.

Contractual obligations to restore the infrastructures to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licence, that is (a) to maintain the infrastructures it operates to a specified level of serviceability and/or (b) to restore the infrastructures to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the infrastructures, except for any upgrade element, are recognised and measured in accordance with the policy set out for “Provisions” below.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right – of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill
(Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents (Continued)

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 31. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out or weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distributing.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The Group has contractual obligations that it must fulfil as a condition of its licence to maintain the infrastructure to a specified level of serviceability during the service concession arrangements. These contractual obligations to maintain infrastructure, except for any upgrade element, is recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of each reporting period in the consolidated statement of financial position.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income (“FVTOCI”) as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the “investment revaluation reserve”; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “Other income, other gains and losses” line item.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, financial assets included in prepayments, other receivables and other assets, receivables under service concession arrangements, restricted cash and pledged deposits and cash and cash equivalents), and other items (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables, without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and other receivables where the corresponding adjustment is recognised through a loss allowance account.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, other gains and losses' line item as part of the net foreign exchange gains/(losses);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, guaranteed bonds and notes, trade and bills payables, accruals and other liabilities, due to fellow subsidiaries, due to associates, due to a non-controlling equity holder of a subsidiary and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income, other gains and losses' line item in profit or loss as part of foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges. At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Hedge accounting (Continued)

Assessment of hedging relationship and effectiveness (Continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the “Other income, other gains and losses” line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment on goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal.

During the process of impairment assessment on goodwill, the Group considered the assessment of certain CGUs is highly judgmental as the impairment assessment is based on value-in-use calculations using cash flow projections which involve certain significant inputs including discount rates and revenue growth rates. The carrying amount of goodwill of the identified CGUs at 31 December 2025 amounted to RMB14,072,293,000, representing goodwill allocated to and included in the piped gas operation and the environmental operation business units.

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

During the year ended 31 December 2025 and 2024, no impairment of goodwill has been recognised. Details of the recoverable amount calculation are disclosed in note 18.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimation of fair value of investment properties

The fair values of the Group's investment properties are assessed by management based on valuations performed by independent professionally qualified valuers. The assumptions adopted in the investment property valuations are based on information of annual rental income and property market price per square metre, supported by (i) the terms of any existing leases and other contracts; and (ii) (when possible) external evidence such as current market rents and recent prices for similar properties in the same location and condition.

Further details of the fair value estimation of the investment properties, including the key assumptions used for fair value measurement and a sensitivity analysis, are set out in note 16 to the financial statements.

Impairment assessment of property, plant and equipment, right-of-use assets, operating concessions and other intangible assets (other than goodwill)

The carrying amounts of items of property, plant and equipment, right-of-use assets, operating concessions and other intangible assets of certain brewery, solid waste treatment and gas operations were reviewed for impairment during the year in accordance with the accounting policy as disclosed in note 3 to the financial statements in light of events or changes in circumstances which indicated that the carrying amounts may not be recoverable. The recoverable amount is the higher of each asset's or CGU's fair value less costs of disposal and value in use, and calculations of which involve the use of estimates. In estimating the recoverable amounts of assets or their related CGUs, various assumptions, including future cash flows and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. The carrying amounts of property, plant and equipment right-of-use assets of the related CGUs that are subject to the impairment assessment and carried as assets in the consolidated statement of financial position as at 31 December 2025 were approximately RMB799,726,000 (2024: RMB1,106,721,000), nil (2024: nil) and nil (2024: nil) respectively. Details of the impairment assessment of the assets of these operations are set out in note 21 to the financial statements.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE

(a) Disaggregated of revenue information from contracts with customers Year ended 31 December 2025

Segments	Gas operation RMB'000	Environmental operation RMB'000	Brewery operation RMB'000	Corporate and others RMB'000	Total RMB'000
Types of goods or services					
Sale of piped natural gas	45,338,399	–	–	–	45,338,399
Sale of gas-related equipment	393,077	–	–	–	393,077
Trading of LNG	18,198,549	–	–	–	18,198,549
Sale of brewery products	–	–	13,173,244	–	13,173,244
Construction services	592,418	482,508	–	–	1,074,926
Solid waste collection services	–	5,857,599	–	–	5,857,599
Sale of electricity, steam and heat	–	3,115,156	–	–	3,115,156
Total revenue from contracts with customers	64,522,443	9,455,263	13,173,244	–	87,150,950
Revenue from another source: – Gross rental income	–	–	–	76,845	76,845
Total revenue	64,522,443	9,455,263	13,173,244	76,845	87,227,795
Geographical markets					
Chinese Mainland	57,526,625	2,215,038	13,173,244	–	72,914,907
Germany	–	7,240,225	–	–	7,240,225
Others	6,995,818	–	–	–	6,995,818
Total revenue from contracts with customers	64,522,443	9,455,263	13,173,244	–	87,150,950
Revenue from another source: – Gross rental income	–	–	–	76,845	76,845
Total revenue	64,522,443	9,455,263	13,173,244	76,845	87,227,795
Timing of revenue recognition					
Goods transferred at a point in time	63,930,025	3,115,156	13,173,244	–	80,218,425
Services transferred at a point in time	–	5,857,599	–	–	5,857,599
Services transferred over time	592,418	482,508	–	–	1,074,926
Total revenue from contracts with customers	64,522,443	9,455,263	13,173,244	–	87,150,950
Revenue from another source: – Gross rental income	–	–	–	76,845	76,845
Total revenue	64,522,443	9,455,263	13,173,244	76,845	87,227,795

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE *(Continued)*

(a) Disaggregated of revenue information from contracts with customers *(Continued)*

Year ended 31 December 2024

Segments	Gas operation RMB'000	Environmental operation RMB'000	Brewery operation RMB'000	Corporate and others RMB'000	Total RMB'000
Types of goods or services					
Sale of piped natural gas	45,452,845	–	–	–	45,452,845
Sale of gas-related equipment	363,901	–	–	–	363,901
Trading of LNG	15,469,410	–	–	–	15,469,410
Sale of brewery products	–	–	12,759,766	–	12,759,766
Construction services	717,508	772,821	–	–	1,490,329
Solid waste collection services	–	5,097,937	–	–	5,097,937
Sale of electricity, steam and heat	–	3,350,237	–	–	3,350,237
Total revenue from contracts with customers	62,003,664	9,220,995	12,759,766	–	83,984,425
Revenue from another source:					
– Gross rental income	–	–	–	79,664	79,664
Total revenue	62,003,664	9,220,995	12,759,766	79,664	84,064,089
Geographical markets					
Chinese Mainland	53,832,116	2,357,290	12,759,766	–	68,949,172
Germany	–	6,863,705	–	–	6,863,705
Others	8,171,548	–	–	–	8,171,548
Total revenue from contracts with customers	62,003,664	9,220,995	12,759,766	–	83,984,425
Revenue from another source:					
– Gross rental income	–	–	–	79,664	79,664
Total revenue	62,003,664	9,220,995	12,759,766	79,664	84,064,089
Timing of revenue recognition					
Goods transferred at a point in time	61,286,156	3,350,237	12,759,766	–	77,396,159
Services transferred at a point in time	–	5,097,937	–	–	5,097,937
Services transferred over time	717,508	772,821	–	–	1,490,329
Total revenue from contracts with customers	62,003,664	9,220,995	12,759,766	–	83,984,425
Revenue from another source:					
– Gross rental income	–	–	–	79,664	79,664
Total revenue	62,003,664	9,220,995	12,759,766	79,664	84,064,089

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. REVENUE *(Continued)*

(a) Disaggregated of revenue information from contracts with customers *(Continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of piped natural gas	8,414,607	7,669,030
Sale of brewery products	1,763,407	1,466,846
Rendering of solid waste treatment services	51,662	101,320
	10,229,676	9,237,196

(b) Performance obligations for contracts with customers and revenue recognition policies

(i) Information about the Group's performance obligations is summarised below:

Gas operation

The performance obligation in respect of sale of piped natural gas is satisfied upon delivery of gas and payment is generally prepaid or due within 10 days from the date of billing.

The performance obligation in respect of sale of gas-related equipment is satisfied upon delivery of gas-related equipment and payment is generally due within 30 days from delivery.

The performance obligation in respect of trading of LNG is satisfied upon delivery of LNG and payment is generally due within 10 days from the date of billing.

Sale of brewery products

The performance obligation is satisfied upon delivery of brewery products and payment is generally due within 30 days from delivery.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. REVENUE *(Continued)*

(b) **Performance obligations for contracts with customers and revenue recognition policies** *(Continued)*

(i) *Information about the Group's performance obligations is summarised below: (Continued)*

Solid waste treatment services

The performance obligation in respect of sale of electricity, steam and heat is satisfied upon delivery of electricity, steam and heat and payment is generally due within 30 days from delivery.

The performance obligation in respect of solid waste collection service is satisfied at the point in time when the service is rendered and payment is generally due within 30 days from the date of solid waste collection.

- (ii) The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within two years. The amounts disclosed above do not include variable consideration which is constrained.

Note: The Group has applied the practical expedient in HKFRS 15 to its revenue from solid waste treatment service contracts for not disclosing the remaining performance obligations under the Group's existing contracts as the Group recognises revenue from the satisfaction of the performance obligation in the amount to which the Group has a right to consideration from a customer that corresponds directly with the value to the customer of the entity's performance completed to date. For all other contracts, as the performance obligations are expected to be recognised as revenue with an original expected duration of one year or less, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted under HKFRS 15.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. OPERATING SEGMENT

Information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services rendered, which is also consistent with the basis of organisation of the Group. 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. Particulars of the Group's reportable operating segments are summarised as follows:

- (a) the gas operation segment engages in the distribution and sale of piped natural gas and gas-related equipment, the provision of natural gas transmission, the surveying and plotting of underground construction projects, the installation of gas pipelines and related equipment and the provision of related repair and maintenance services, development and operation of city gas projects, LNG supply to industrial end users, trading and distribution of CNG and LNG and operation of CNG and LNG refuelling stations for vehicles in Chinese Mainland of the PRC and the trading of LNG and production and sale of oil and gas in certain overseas countries;
- (b) the water operation segment engages in the construction of sewage and water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, reclaimed water treatment and distribution and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in Chinese Mainland and certain overseas countries;
- (c) the environmental operation segment comprises the provision of waste incineration plant construction and waste treatment services, and the sale of electricity, steam and heat generated from waste incineration in Germany and Chinese Mainland;
- (d) the brewery operation segment produces, distributes and sells brewery products in Chinese Mainland; and
- (e) the others segment comprises the provision of consultation services, property investment and corporate income and expense items.

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 the profit for the year of each reportable operating segment, which is measured consistently with the Group's profit for the year.

Segment assets and liabilities of each of the reportable operating segments are separately managed by each of the individual operating segments.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. OPERATING SEGMENT *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

Year ended 31 December 2025

	Gas operation RMB'000	Water operation RMB'000	Environmental operation RMB'000	Brewery operation RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Consolidated RMB'000
Segment revenue	64,522,443	–	9,455,263	13,173,244	76,845	–	87,227,795
Cost of sales	(60,507,526)	–	(7,190,623)	(7,571,347)	(30,945)	–	(75,300,441)
Gross profit	4,014,917	–	2,264,640	5,601,897	45,900	–	11,927,354
Segment result:							
Profit from operating activities	1,337,832	–	1,760,027	2,496,262	30,844	–	5,624,965
Finance costs	(607,556)	–	(201,664)	(21,119)	–	–	(830,339)
Share of profits and losses of:							
Joint ventures	7,684	–	2,706	–	–	–	10,390
Associates	3,769,885	642,258	21,715	11,745	–	–	4,445,603
	4,507,845	642,258	1,582,784	2,486,888	30,844	–	9,250,619
Corporate and other unallocated income and expenses, net							(140,803)
Share of profits of an associate							9,523
Finance costs							(1,355,432)
Profit before tax							7,763,907
Income tax expense							(1,110,597)
Profit for the year							6,653,310
Profit attributable to							
Shareholders of the Company							
Operating segments	4,149,469	642,258	1,014,750	835,414	30,221	–	6,672,112
Corporate and other unallocated items							(1,616,273)
							5,055,839

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. OPERATING SEGMENT *(Continued)*

Segment revenues and results *(Continued)*

Year ended 31 December 2025

	Gas operation RMB'000	Water operation RMB'000	Environmental operation RMB'000	Brewery operation RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Consolidated RMB'000
Segment assets	129,371,719	13,183,127	41,078,512	25,268,462	12,467,992	(6,508,508)	214,861,304
Segment liabilities	36,868,980	–	22,232,236	8,958,050	50,575,732	(6,508,508)	112,126,490
Other segment information:							
Bank interest income	393,181	–	10,074	222,933	61,003	–	687,191
Finance income on the net investment in a finance lease	–	–	21,542	–	–	–	21,542
Depreciation of property, plant and equipment	2,208,050	–	928,495	624,246	6,219	–	3,767,010
Depreciation of right-of-use assets	275,098	–	31,174	42,134	36,061	–	384,467
Amortisation of operating concessions	–	–	258,235	–	–	–	258,235
Amortisation of other intangible assets	85,250	–	146,079	–	–	–	231,329
Impairment losses on trade receivables recognised in profit or loss	23,889	–	18,728	430	–	–	43,047
Impairment losses on other Receivables recognised in profit or loss	14,903	–	4,400	8,504	–	–	27,807
Investments in associates	33,493,502	15,414,137	65,258	551,755	10,482,867	–	60,007,519
Investments in joint ventures	92,766	–	59,114	–	–	–	151,880
Share of profits of associates	3,769,885	642,258	21,715	11,745	9,523	–	4,455,126
Share of profits of joint ventures	7,684	–	2,706	–	–	–	10,390
Capital expenditure*	2,259,793	–	2,598,712	1,226,446	5,817	–	6,090,768

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6. OPERATING SEGMENT *(Continued)*

Segment revenues and results *(Continued)*

Year ended 31 December 2024

	Gas operation <i>RMB'000</i>	Water operation <i>RMB'000</i>	Environmental operation <i>RMB'000</i>	Brewery operation <i>RMB'000</i>	Others <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue	62,003,664	–	9,220,995	12,759,766	79,664	–	84,064,089
Cost of sales	(57,901,551)	–	(6,720,585)	(7,983,578)	(31,386)	–	(72,637,100)
Gross profit	4,102,113	–	2,500,410	4,776,188	48,278	–	11,426,989
Segment result:							
Profit from operating activities	1,438,045	–	2,022,341	1,586,177	39,536	–	5,086,099
Finance costs	(644,225)	–	(219,129)	(52,705)	–	–	(916,059)
Share of profits and losses of:							
Joint ventures	(79,707)	–	(3,289)	–	–	–	(82,996)
Associates	4,136,292	689,997	34,174	21,199	–	–	4,881,662
	4,850,405	689,997	1,834,097	1,554,671	39,536	–	8,968,706
Corporate and other unallocated income and expenses, net							145,665
Share of profits of an associate							17,076
Finance costs							(1,585,062)
Profit before tax							7,546,385
Income tax expense							(1,230,911)
Profit for the year							6,315,474
Profit attributable to							
Shareholders of the Company							
Operating segments	4,280,905	689,997	1,128,718	493,473	39,536	–	6,632,629
Corporate and other unallocated items							(1,509,544)
							5,123,085

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6. OPERATING SEGMENT *(Continued)*

Segment revenues and results *(Continued)*

Year ended 31 December 2024

	Gas operation RMB'000	Water operation RMB'000	Environmental operation RMB'000	Brewery operation RMB'000	Others RMB'000	Inter- segment elimination RMB'000	Consolidated RMB'000
Segment assets	128,720,684	13,161,488	37,673,777	23,953,507	13,715,129	(7,472,468)	209,752,117
Segment liabilities	38,598,235	–	20,357,566	9,274,874	51,378,727	(7,472,468)	112,136,934
Other segment information:							
Bank interest income	687,746	–	11,344	263,841	32,977	–	995,908
Finance income on the net investment in a finance lease	–	–	23,191	–	–	–	23,191
Depreciation of property, plant and equipment	1,932,859	–	729,337	669,670	26,562	–	3,358,428
Depreciation of right-of-use assets	248,847	–	27,433	33,600	12,441	–	322,321
Amortisation of operating concessions	–	–	239,865	–	10,733	–	250,598
Amortisation of other intangible assets	75,518	–	152,379	–	–	–	227,897
Impairment losses on trade receivables recognised in profit or loss	49,830	–	15,834	5,744	–	–	71,408
Impairment losses on other receivables (reversed) recognised in profit or loss	(26,327)	–	6,304	(35)	–	–	(20,058)
Investments in associates	45,430,862	13,202,484	61,999	559,759	901,583	–	60,156,687
Investments in joint ventures	94,671	–	54,321	–	–	–	148,992
Share of profits of associates	4,136,292	689,997	34,174	21,199	17,076	–	4,898,738
Share of losses of joint ventures	(79,707)	–	(3,289)	–	–	–	(82,996)
Capital expenditure*	3,096,493	–	2,391,586	1,179,524	6,767	–	6,674,370

* Capital expenditure consists of additions to investment properties, property, plant and equipment, right-of-use assets, operating concessions and other intangible assets.

Geographical information

The Group's operations are mainly located on Chinese Mainland (country of domicile) and Germany.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OPERATING SEGMENT *(Continued)*

Geographical information *(Continued)*

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese Mainland	72,991,752	69,028,836
Germany	7,240,225	6,863,705
Elsewhere	6,995,818	8,171,548
	87,227,795	84,064,089

The revenue information above is based on the locations of the customers.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese Mainland	120,696,233	120,613,733
Germany	22,239,785	19,508,647
Russian Federation ("Russia")	6,951,556	7,286,945
Elsewhere	152,981	132,697
	150,040,555	147,542,022

Non-current asset excluded financial assets and deferred tax assets.

Information about major customers

During each of the years ended 31 December 2025 and 2024, no single external customer contributed 10% or more of the Group's revenue.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	687,191	995,908
Finance income on the net investment in a finance lease	21,542	23,191
Government grants*	576,190	493,725
Dividend income of equity investments at fair value through other comprehensive income	21,746	39,020
Transfer of assets from customers (note 15)	54,658	–
Income from sales of scrap materials, packaging materials and promotion products	777,682	305,649
Gain on disposal of land use rights	139,357	–
Others	848,628	569,865
	3,126,994	2,427,358
	2025 RMB'000	2024 RMB'000
Other gains or losses		
(Loss) gain on disposal of items of property, plant and equipment, net	(28,691)	1,204
Loss on deemed disposal of investments in associates	(29,803)	–
	(58,494)	1,204
	3,068,500	2,428,562

* Government grants represented government subsidies and turnover tax refunds in respect of the Group's operations in Chinese Mainland. Turnover tax includes value-added tax, city construction tax and education surcharge. The government grants are unconditional, except for certain grants that must be utilised for business development of the Company's subsidiaries.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. FINANCE COSTS

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Interest on bank loans and other loans		1,886,432	1,953,305
Interest on guaranteed bonds and notes		386,912	600,812
Interest on lease liabilities		27,564	29,550
Total interest expenses		2,300,908	2,583,667
Increase in discounted amount of provision for major overhauls arising from the passage of time	37	5,370	5,593
Total finance costs		2,306,278	2,589,260
Less: Interest capitalised		(35,408)	(88,139)
		2,270,870	2,501,121
Less: Fair value gain reclassified from equity to profit or loss on currency swaps designated as cash flow hedges for foreign currency debts		(85,099)	–
		2,185,771	2,501,121

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax:		
Hong Kong	106,081	84,384
Chinese Mainland	490,532	860,531
Germany	294,193	368,353
Other jurisdictions	37,141	37,362
	927,947	1,350,630
Overprovision in prior years:		
Chinese Mainland	–	(4,528)
Germany	(52,537)	(99,364)
	875,410	1,246,738
Deferred tax (<i>note 39</i>)	235,187	(15,827)
Total tax expense for the year	1,110,597	1,230,911

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. INCOME TAX EXPENSE *(Continued)*

A summary of the applicable income tax rates for other jurisdictions in which the Group conducted its main operations throughout the year is as follows:

	2025 %	2024 %
Chinese Mainland	25	25
Germany	30	30

Note:

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable tax rates (i.e. the statutory tax rates) to the effective tax rates are as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	7,763,907	7,546,385
Tax expense at the statutory tax rate	1,972,681	1,790,769
Effect of different tax rates of subsidiaries operating in other jurisdictions	(627,724)	(545,616)
Effect of withholding tax on distributable profit	187,402	100,102
Effect of withholding tax on interest income from intercompany loans and rental income from a lessee in the PRC	3,333	8,126
Adjustments in respect of current tax of previous periods	(52,537)	(103,892)
Profits and losses attributable to joint ventures and associates	(785,960)	(847,081)
Income not subject to tax	(382,199)	(172,602)
Expenses not deductible for tax	699,101	737,107
Tax losses not recognised	96,500	263,998
Tax expense at the Group's effective tax rate	1,110,597	1,230,911

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For the year ended 31 December 2025

10. PROFIT FOR THE YEAR

The Group's profit for the year is arrived at after charging (crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		67,456,930	65,011,543
Cost of services provided		7,811,954	7,584,385
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		31,557	41,172
Depreciation of property, plant and equipment	15	3,767,010	3,358,428
Less: Amount included in cost of inventories sold and cost of services rendered		(2,506,154)	(2,514,702)
		1,260,856	843,726
Depreciation of right-of-use assets	17	384,467	322,321
Less: Amount included in cost of inventories sold and cost of services rendered		(85,206)	(46,328)
		299,261	275,993
Amortisation of operating concessions, included in cost of inventories sold and cost of services rendered	19	258,235	250,598
Amortisation of other intangible assets	20	231,329	227,897
Less: Amount included in cost of inventories sold and cost of services rendered		(181,779)	(176,876)
Amount included in administrative expenses		49,550	51,021
Provision for major overhauls, net*	37	(7,327)	1,816
Research and development expenditure^		1,786,105	1,974,946
(Gain) loss on early termination of leases		(185)	13,482
Impairment (reversal of impairment) of financial assets, net:*			
Trade receivables		43,047	71,408
Other receivables		27,807	(20,058)
		70,854	51,350

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. PROFIT FOR THE YEAR *(Continued)*

	Notes	2025 RMB'000	2024 RMB'000
Auditor's remuneration paid and payable to:			
Auditor of the Company		9,274	9,173
Auditor of an associate		2,530	2,502
Employee benefit expense			
(including directors' remuneration – note 12):			
Salaries, allowances and benefits in kind		7,676,784	6,917,311
Net pension scheme contributions [@]		611,083	530,410
Net benefit expense of defined benefit plans	27	162,525	19,227
		8,450,392	7,466,948
Less: Amount included in cost of inventories sold and cost of services rendered		(3,938,124)	(2,061,961)
Less: Amount included in construction in progress and operating concessions		(1,798)	(7,764)
		4,510,470	5,397,223
Foreign exchange differences, net		(189,788)	140,326
(Reversal of impairment) impairment of non-current non-financial assets, net:			
Property, plant and equipment [*]	15	(14,585)	78,948
Impairment of goodwill	18	20,623	–
Write-down of inventories to net realisable value		277,114	8,510
(Gain) loss on disposal of deconsolidation/disposal of subsidiaries	42	(63,501)	3,929

* These items are included in “Other operating expenses, net” on the face of the consolidated statement of profit or loss.

@ There is no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

^ These items are included in “Administrative expenses” on the face of the consolidated statement of profit or loss.

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11. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2025 RMB'000	2024 RMB'000
Interim – HK\$0.85 (2024: HK\$0.85) per ordinary share	973,690	976,169
Proposed final – HK\$0.77 (2024: HK\$0.77) per ordinary share	891,170	881,483
	1,864,860	1,857,652

The proposed final dividend for the year has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

12. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,588	1,709
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	4,444	4,084
Pension scheme contributions	26	26
	4,470	4,110
	6,058	5,819

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12. DIRECTORS' REMUNERATION *(Continued)*

An analysis of the directors' remuneration, on a named basis, is as follows:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2025				
Executive directors:				
Mr. Geng Chao	—	—	—	—
Mr. Xiong Bin	—	2,492	—	2,492
Mr. Yang Zhichang	—	—	—	—
Mr. TUNG Woon Cheung Eric*	—	1,952	26	1,978
Mr. Xu Tong*	—	—	—	—
	—	4,444	26	4,470
Non-executive directors:				
Mr. Yu Xijian^	—	—	—	—
Mr. Su Junjie^	—	—	—	—
	—	—	—	—
Independent non-executive directors:				
Ms. Chan Man Ki Maggie	397	—	—	397
Mr. Lam Hoi Ham	397	—	—	397
Mr. Wu Jiesi	397	—	—	397
Mr. Yu Sun Say	397	—	—	397
	1,588	—	—	1,588
Total directors' remuneration	1,588	4,444	26	6,058

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. DIRECTORS' REMUNERATION *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2024				
Executive directors:				
Mr. Geng Chao	–	–	–	–
Mr. Jiang Xinhao [#]	–	–	–	–
Mr. Tam Chun Fai [#]	137	2,195	26	2,358
Mr. Xiong Bin	–	1,889	–	1,889
Mr. Yang Zhichang	–	–	–	–
	137	4,084	26	4,247
Independent non-executive directors:				
Ms. Chan Man Ki Maggie	393	–	–	393
Mr. Lam Hoi Ham	393	–	–	393
Mr. Wu Jiesi	393	–	–	393
Mr. Yu Sun Say	393	–	–	393
	1,572	–	–	1,572
Total directors' remuneration	1,709	4,084	26	5,819

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12. DIRECTORS' REMUNERATION *(Continued)*

- # *Mr. Jiang Xinhao and Mr. Tam Chun Fai resigned as an executive director of the Company with effect from 1 January 2025.*
- * *Mr. Tung Woon Cheung Eric and Mr. Xu Tong were appointed as executive directors of the Company with effect from 1 January 2025 and 16 July 2025 respectively.*
- ^ *Mr. Yu Xijian and Mr. Su Junjie were appointed as non-executive directors of the Company with effect from 30 September 2025.*

Messrs. Yang Zhichang and Geng Chao waived their remuneration from the Company for each of the years ended 31 December 2025 and 2024, and Mr. Jiang Xinhao waived his remuneration from the Company since February 2021. Mr. Xu Tong waived his remuneration from the Company for the year ended 31 December 2025.

Mr. Xiong Bin is also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by his as Chief Executive.

Save as disclosed above, there was no other agreement under which a director waived or agreed to waive any remuneration during these years.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2025 and 2024 are neither a director nor the chief executive of the Company and details of their remuneration for the years are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	23,645	18,405
Pension scheme contributions	639	143
	24,284	18,548

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13. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The number of the five non-director and non-chief executive highest paid employees whose remuneration for the years ended 31 December 2025 and 2024 fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	–	2
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$5,500,001 to HK\$6,000,000	1	2
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$8,500,001 to HK\$9,000,000	1	–
	5	5

14. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of RMB5,055,839,000 (2024: RMB5,123,085,000), and the weighted average number of ordinary shares of 1,258,003,268 (2024: 1,258,814,743) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2025 and 2024 for a dilution as the impact of the dilutive potential ordinary shares of associates in issue during these years is minimal.

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15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 (note (a))	Leasehold improvements RMB'000	Gas pipelines RMB'000	Gas meters and other plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2024	17,480,959	202,438	26,133,385	45,256,734	1,871,405	860,168	12,959,291	104,764,380
Additions	210,524	3,382	486,241	1,326,626	102,101	42,111	3,765,728	5,936,713
Disposals	(14,565)	(7)	(204,949)	(1,054,855)	(29,671)	(45,348)	(484,790)	(1,834,185)
Transfer from construction in progress	226,665	–	644,250	2,836,989	32,688	3,822	(3,744,414)	–
Disposal of subsidiaries (note 42)	–	(35,514)	–	(3,825)	(4,703)	(7,385)	–	(51,427)
Exchange realignment	(90,364)	(4,470)	–	(623,764)	(11,966)	144	(123,121)	(853,541)
At 31 December 2024	17,813,219	165,829	27,058,927	47,737,905	1,959,854	853,512	12,372,694	107,961,940
Additions	564,580	–	12,550	1,211,076	102,055	52,360	3,402,956	5,345,577
Disposals	(170,390)	(511)	(4,539)	(876,439)	(46,023)	(44,148)	(350,036)	(1,492,086)
Transfer of assets from customers	–	–	5,169	49,489	–	–	–	54,658
Transfer from construction in progress	1,352,819	–	1,063,227	5,668,664	46,004	8,164	(8,138,878)	–
Arising on acquisition of subsidiary	–	–	–	45,177	2,706	10,037	–	57,920
Deconsolidation of subsidiaries (note 42)	(7,918)	–	–	(31,032)	(2,246)	(2,277)	(189,776)	(233,249)
Exchange realignment	250,764	6,970	–	1,471,520	29,950	–	197,159	1,956,363
At 31 December 2025	19,803,074	172,288	28,135,334	55,276,360	2,092,300	877,648	7,294,119	113,651,123

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15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000 <i>(note (a))</i>	Leasehold improvements RMB'000	Gas pipelines RMB'000	Gas meters and other plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2024	6,042,922	61,796	11,011,631	25,849,867	1,251,426	561,383	235,826	45,014,851
Exchange realignment	(41,030)	199	–	(332,145)	(8,887)	67	4,699	(377,097)
Provided for the year	428,942	4,737	907,490	1,863,549	115,463	38,247	–	3,358,428
Impairment loss recognised in profit or loss	70,617	–	469	3,368	–	–	4,494	78,948
Disposal of subsidiaries <i>(note 42)</i>	–	(23,377)	–	(2,174)	(3,857)	(6,484)	–	(35,892)
Eliminated on disposals	(4,978)	–	(72,513)	(661,402)	(26,659)	(29,016)	–	(794,568)
At 31 December 2024	6,496,473	43,355	11,847,077	26,721,063	1,327,486	564,197	245,019	47,244,670
Exchange realignment	104,584	136	–	1,029,754	21,981	–	–	1,156,455
Provided for the year	468,782	3,054	938,576	2,196,751	101,024	58,823	–	3,767,010
Impairment loss reversed in profit or loss	–	–	–	(14,585)	–	–	–	(14,585)
Arising on acquisition of subsidiary	–	–	–	31,321	2,147	7,257	–	40,725
Deconsolidation of subsidiaries <i>(note 42)</i>	(5,586)	–	–	(29,274)	(2,115)	(2,190)	(122,560)	(161,725)
Eliminated on disposals	(38,132)	(511)	(3,301)	(810,908)	(36,414)	(29,231)	–	(918,497)
At 31 December 2025	7,026,121	46,034	12,782,352	29,124,122	1,414,109	598,856	122,459	51,114,053
CARRYING VALUES								
At 31 December 2025	12,776,953	126,254	15,352,982	26,152,238	678,191	278,792	7,171,660	62,537,070
At 31 December 2024	11,316,746	122,474	15,211,850	21,016,842	632,368	289,315	12,127,675	60,717,270

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15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Buildings	10 to 50 years
Leasehold improvements	Over the lease terms or 5 to 10 years, whichever is the shorter
Gas pipelines	Over the shorter of 30 years or operation period of the relevant entity
Gas meters	8 years
Other plant and machinery	5 to 20 years
Furniture, fixtures and office equipment	5 to 12 years
Motor vehicles	3 to 15 years

Notes:

- (a) At 31 December 2025, the buildings in relation to property, plant and equipment of the Group situated in Chinese Mainland with net carrying amounts of RMB197,901,000 (2024: RMB338,834,000) was pledged to secure bank and other loans granted to the Group (note 35).
- (b) During the year ended 31 December 2024, impairment losses of RMB68,793,000 (2025: RMBNil) were recognised against the property, plant and equipment of the Group's brewery operation, details of which are set out note 21 to the financial statements.
- (c) During the year ended 31 December 2025, impairment losses of RMB8,389,000 (2024: RMB10,155,000) were recognised against the property, plant and equipment of the Group's gas operations, details of which are set out note 21 to the financial statements.
- (d) During the year ended 31 December 2025, reversal of impairment losses of RMB22,974,000 (2024: RMBNil) were recognised against the property, plant and equipment of the Group's environmental operation, details of which are set out note 21 to the financial statements.
- (e) In July 2019, the Group entered into a supplementary agreement with a local government authority, pursuant to which the existing solid waste incineration plant of 北控環境再生能源(張家港)有限公司 ("Beikong Zhangjiagang") (the "Old Plant", which was operated under a Build-Own-Operate ("BOO") basis with a concession period of 30 years up to 2038) shall be transferred to the government authority upon the completion of final acceptance of construction of a new solid waste incineration plant of Beikong Zhangjiagang (the "New Plant", which is operated under a Build-Operate-Transfer ("BOT") basis with a concession period of 30 years up to 2052).

As at 31 December 2023, the New Plant was completed and commenced its commercial operation, and the operation of the Old Plant was suspended. The directors of the Company are of the opinion that the Group expected to transfer the title of the Old Plant to the government authority by the end of 2024. Therefore, the property, plant and equipment related to the Old Plant of RMB302,173,000 of Beikong Zhangjiagang was classified as non-current assets held for disposal.

As at 31 December 2025, the transfer of the title of the Existing Plant has not yet completed due to the delay of certain administrative procedure by the government authority, the directors of the Company are of the opinion that the title of the Existing Plant can be transferred by the end of 2026, and therefore the property, plant and equipment related to the Existing Plant of RMB302,173,000 was still classified as non-current assets held for disposal.

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16. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Fair value as at 1 January	1,182,841	1,180,403
Addition	–	3,052
Disposal	(2,689)	–
Exchange realignment	(1,405)	(614)
Fair value as at 31 December	1,178,747	1,182,841

Notes:

- (a) The investment properties are office buildings or premises and are leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.
- (b) Each year, the Group's chief financial officer decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group holds discussion with valuers on the valuation assumptions and valuation results once a year when the valuation is performed for the purpose of annual financial reporting.

At 31 December 2025 and 2024, the investment properties were revalued based on valuations performed by CHFT Advisory and Appraisal Limited, independent professionally qualified valuers, using the investment method and direct comparison method. No fair value gain or loss was recognised on the Group's investment properties during the year ended 31 December 2025 and 2024 as there were no material changes in the fair value of these properties when compared to those as at 31 December 2024.

The fair values of all the Group's investment properties were revalued using significant unobservable inputs (Level 3 fair value measurement). During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: nil).

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. INVESTMENT PROPERTIES *(Continued)*

Notes: (Continued)

(b) *(Continued)*

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Type of properties	Valuation techniques*	Significant unobservable inputs	Range	
			2025	2024
Office buildings or premises	Investment method and direct comparison method	Estimated rental value per square metre and per month (RMB)	60 to 316	61 to 319
		Capitalisation rate	5.60% to 6.70%	5.60% to 6.70%
		Price per square metre (RMB)	8,800 to 48,267	8,581 to 49,136

* *Valuations were based on either the investment method by capitalisation of net rental income derived from the existing tenancies with provisions for reversionary rental income potential or the direct comparison method by reference to comparable market transactions.*

A significant increase (decrease) in the estimated rental value or price per square metre in isolation would result in a significantly higher (lower) fair value of the investment properties. A significant increase (decrease) in the capitalisation rate in isolation would result in a significantly lower (higher) fair value of the investment properties.

Generally, a change in the assumption made for the price per square metre is accompanied by a directionally similar change in estimated rental value per square metre and per month and an opposite change in the capitalisation rate.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) The Group as a lessor

Operating leases

The Group leases its investment properties (note 16) consisting of office buildings or premises in the PRC to third parties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB76,845,000 (2024: RMB79,664,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	62,778	84,302
After one year but within two years	36,459	25,921
After two years but within three years	24,132	12,828
After three years but within four years	8,488	8,888
Total	131,857	131,939

(b) The Group as a lessee

The Group has lease arrangements as a lessee for various items of land, office premises, staff quarters, plant and machinery, and motor vehicles for use in its operations. These lease arrangements generally have the following lease terms:

Leasehold land	5 to 50 years
Office premises and staff quarters	2 to 47 years
Plant and machinery	3 to 20 years
Motor vehicles	6 years

Lump sum payments were made upfront to acquire the leased land from the owners, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension options, which are further discussed below.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(b) The Group as a lessee *(Continued)*

Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the depreciation and cash flow movements during the year are as follows:

	Leasehold land <i>RMB'000</i>	Office premises and staff quarters <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2025					
Carrying amount	1,729,514	701,964	64,149	22,110	2,517,737
As at 31 December 2024					
Carrying amount	1,747,227	611,952	64,427	13,513	2,437,119
For the year ended 31 December 2025					
Depreciation charged	(66,113)	(300,552)	(7,333)	(10,469)	(384,467)
For the year ended 31 December 2024					
Depreciation charged	(117,833)	(186,331)	(10,492)	(7,665)	(322,321)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Expense relating to short-term leases	47,560	44,323
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	19,019	20,139
Total cash outflow for leases	436,534	378,601
Additions to right-of-use assets	460,195	266,046

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17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(b) The Group as a lessee *(Continued)*

Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	603,106	629,825
New leases	430,853	262,997
Accretion of interest recognized during the year	27,564	29,550
Payments	(369,955)	(314,139)
Early termination of leases	(3,294)	(1,143)
Exchange realignment	(8,045)	(3,984)
At 31 December	680,229	603,106
Portion classified as current liabilities	(220,715)	(249,719)
Non-current portion	459,514	353,387

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17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(b) The Group as a lessee *(Continued)*

Lease liabilities (Continued)

Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

2025

	Payable within five years <i>RMB'000</i>	Payable after five years <i>RMB'000</i>	Total <i>RMB'000</i>
Extension options expected not to be exercised	187,197	–	187,197

2024

	Payable within five years <i>RMB'000</i>	Payable after five years <i>RMB'000</i>	Total <i>RMB'000</i>
Extension options expected not to be exercised	222,499	368	222,867

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18. GOODWILL

	2025 RMB'000	2024 RMB'000
COST		
At 1 January	15,126,222	15,299,441
Deconsolidation of subsidiary	(110,490)	–
Exchange realignment	622,584	(173,219)
At 31 December	15,638,316	15,126,222
IMPAIRMENT		
At 1 January	458,034	458,034
Impairment loss recognized in the year	20,623	–
Elimination on deconsolidation of subsidiary	(110,490)	–
At 31 December	368,167	458,034
Net carrying amount	15,270,149	14,668,188

Impairment testing of goodwill

The carrying amount of the goodwill has been allocated to the relevant business units of the individual operating segments of the Group for impairment testing, which is summarised as follows:

	Notes	2025 RMB'000	2024 RMB'000
Piped gas operation	(a)	7,151,665	7,117,643
Brewery operation	(b)	276,661	276,661
Environmental operation	(c)	7,804,328	7,236,391
Others		37,495	37,493
		15,270,149	14,668,188

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18. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Notes:

- (a) The recoverable amount of the piped gas operation has been determined by reference to a business valuation of the relevant cash-generating unit performed by an independent professionally qualified valuer based on a value-in-use calculation using cash flow projection which is based on a financial forecast approved by senior management covering a period of five years and based on the assumption that the operation can generate cash flows perpetually. The pre-tax discount rate applied to the cash flow projection is 9.6% (2024: 9.8%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant business unit. A growth rate of 2% (2024: 2%) is used for the perpetual period.

Based on the results of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the goodwill attributable to the gas operation as at 31 December 2025 (2024: nil).

- (b) Goodwill attributable to the brewery operation mainly arose from the Group's investment in Yanjing Brewery and from the acquisition of certain of its subsidiaries in prior years.

The recoverable amount of the investment in Yanjing Brewery was determined based on the fair value less costs of disposal by reference to the market value of the shares of Yanjing Brewery held by the Group (Level 1 fair value measurement) as at 31 December 2025 and 2024.

Based on the results of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the goodwill attributable to the brewery operation as at 31 December 2025 (2024: nil).

- (c) Goodwill attributable to the environmental operation mainly arose from the Group's investments in EEW and M+E Holding GmbH & Co. KG (the "EEW Group") in Germany, amounting RMB6,920,628,000 (2024: RMB6,328,721,000); and from the acquisition of Golden State Waste Management Corporation ("GSWM") in Chinese Mainland in prior years, amounting RMB729,491,000 (2024: RMB729,491,000).

The recoverable amount of the environmental operation of the EEW Group has been determined by reference to a business valuation performed by an independent professionally qualified valuer on the value-in-use basis using a cash flow projection which is based on the financial forecast approved by the senior management covering a period of five years. The financial forecast of the EEW Group was based on, inter alia, the assumptions that the scale of the operations remains constant perpetually and the operations can generate cash flows perpetually from the related solid waste treatment projects. The pre-tax discount rate applied to the cash flow projection is 8.2% (2024: 7.6%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant business units. A growth rate of 2% (2024: 2%) is used for the perpetual period.

The recoverable amount of the environmental operation of GSWM has been determined on the value-in-use basis using a cash flow projection which is based on a financial forecast prepared by management covering the service concession periods of the relevant solid waste treatment projects. The financial forecast of GSWM was based on, inter alia, the assumptions that the scale of the operations remains constant perpetually and the operations can generate cash flows perpetually from the relevant solid waste treatment projects. The pre-tax discount rate applied to the cash flow projection is 8.5% (2024: 8.9%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant business units. A growth rate of 2.5% (2024: 2.5%) is used for the perpetual period.

Based on the results of the impairment testing for the EEW Group and GSWM, in the opinion of the directors, no impairment provision was considered necessary for the goodwill attributable to them (2024: nil).

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19. SERVICE CONCESSION ARRANGEMENTS

The Group operates a number of service concession arrangements with governmental authorities in Chinese Mainland on a Build-Operate-Transfer (“BOT”) or a Transfer-Operate-Transfer (“TOT”) basis in respect of its environmental operations. These service concession arrangements generally involve the Group as an operator (i) constructing the infrastructures for those arrangements on a BOT basis; (ii) paying a specific amount for those arrangements on a TOT basis; and (iii) operating and maintaining the infrastructures at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 15 to 40 years (the “service concession periods”).

The Group will be paid for its services over the relevant periods of the service concession arrangements at prices stipulated through a pricing mechanism. The Group is generally entitled to, where appropriate, use all the property, plant and equipment of the infrastructures, however, the relevant governmental authorities as grantors will control and regulate the scope of services the Group must provide with the infrastructures, and retain the beneficial entitlement to any residual interest in the infrastructures at the end of the term of the service concession periods. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authorities in Chinese Mainland that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the infrastructures to a specified level of serviceability at the end of the service concession periods, and arrangements for arbitrating disputes.

The accounting policies in respect of the classification of the service concession arrangements between intangible assets (operating concessions) and financial assets (receivables under service concession arrangements) are set out under the heading of “Service concession arrangements” in note 3 to the financial statements.

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19. SERVICE CONCESSION ARRANGEMENTS *(Continued)*

The following is the summarised information of the Group's service concession arrangements:

Operating concessions

	2025 RMB'000	2024 RMB'000
COST		
At 1 January	6,906,041	6,590,108
Additions	156,648	315,933
At 31 December	7,062,689	6,906,041
AMORTISATION		
At 1 January	1,729,324	1,478,726
Charge for the year	258,235	250,598
At 31 December	1,987,559	1,729,324
CARRYING VALUES		
At 31 December	5,075,130	5,176,717

Receivables under service concession arrangements

	2025 RMB'000	2024 RMB'000
Receivables under service concession arrangements attributable to solid waste treatment operations <i>(note (b))</i>	3,258,881	3,360,008
Portion classified as current assets	(142,726)	(136,807)
Non-current portion	3,116,155	3,223,201

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19. SERVICE CONCESSION ARRANGEMENTS *(Continued)*

Receivables under service concession arrangements *(Continued)*

Notes:

- (a) The operating concessions of the Group are mainly attributable to the environmental operations.

At 31 December 2025, the Group had 16 (2024: 16) service concession arrangements on solid waste treatment with certain governmental authorities in Chinese Mainland, of which 5 (2024: 5) solid waste treatment operation concession rights of the Group (comprising operating concessions and receivables under service concession arrangements) with an aggregate net carrying amount of RMB4,491,445,000 (2024: RMB4,494,055,000) were pledged to secure certain bank loans granted to the Group.

- (b) In respect of the Group's receivables under service concession arrangements, they were all unbilled as at 31 December 2025 and 2024 and future settlement of such receivables is closely monitored in order to minimise any credit risk associated with the receivables.

The Group provides for lifetime ECL for receivables under service concession arrangements, based on the credit rating of the debtors. In the opinion of the directors, no ECL is charged profit or loss during the year ended 31 December 2025 (2024: nil) against the receivables under service concession arrangements was considered necessary.

- (c) The amounts of contract assets included in the carrying amounts of operating concessions and receivables under service concession arrangements as at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Contracts assets included in:		
Operating concessions	2,243,720	2,249,477
Receivables under service concession arrangements	839,247	857,082
Total	3,082,967	3,106,559

The above contract assets are initially recognised for revenue earned from the provision of construction services of solid waste incineration plants during the period of construction under service concession arrangements. Pursuant to the service concession agreements, the Group receives no payment from grantors during the construction period and receives service fees when relevant solid waste collection service is rendered. The receivables under service concession arrangements (including the contract assets therein) are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will then be transferred to trade receivables. The Group's trading terms and credit policy with customers are disclosed in note 26 to the financial statements.

Further details of the Group's contract assets are set out in note 28 to the financial statements.

- (d) Details of impairment assessment are set out in note 48.

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20. OTHER INTANGIBLE ASSETS

	Customer contracts RMB'000	Operating concessions RMB'000	Patents RMB'000	Computer software RMB'000	Total RMB'000
COST					
At 1 January 2024	3,127,846	1,026,081	22,000	1,059,642	5,235,569
Exchange realignment	(123,677)	2,937	–	(10,656)	(131,396)
Additions	–	946	7	151,673	152,626
Disposal	–	–	–	(72,199)	(72,199)
At 31 December 2024	3,004,169	1,029,964	22,007	1,128,460	5,184,600
Exchange realignment	283,260	14,219	–	25,168	322,647
Additions	–	808	–	127,540	128,348
Disposal	–	(323)	(7)	(1,878)	(2,208)
Deconsolidation of subsidiaries	–	–	–	(9,017)	(9,017)
At 31 December 2025	3,287,429	1,044,668	22,000	1,270,273	5,624,370
AMORTISATION					
At 1 January 2024	1,314,374	682,180	16,728	571,268	2,584,550
Exchange realignment	(54,188)	2,876	–	(4,070)	(55,382)
Amortisation provided during the year	128,855	26,251	400	72,391	227,897
Disposal	–	–	–	(3,351)	(3,351)
At 31 December 2024	1,389,041	711,307	17,128	636,238	2,753,714
Exchange realignment	131,494	14,914	–	10,718	157,126
Amortisation provided during the year	90,534	27,008	405	113,382	231,329
Disposal	–	–	–	(1,629)	(1,629)
Deconsolidation of subsidiaries	–	–	–	(2,398)	(2,398)
At 31 December 2025	1,611,069	753,229	17,533	756,311	3,138,142
CARRYING VALUES					
At 31 December 2025	1,676,360	291,439	4,467	513,962	2,486,228
At 31 December 2024	1,615,128	318,657	4,879	492,222	2,430,886

Note:

- (a) At 31 December 2025, other intangible assets amounting to RMB2,685,000 (2024: RMB2,685,000) were pledged to secure certain bank loans (note 35).

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21. IMPAIRMENT TESTING OF NON-CURRENT ASSETS (OTHER THAN GOODWILL) OF CERTAIN OPERATIONS

(a) **Environmental operation**

Year ended 31 December 2025

During the year ended 31 December 2025, based on the improved financial performance of certain solid waste treatment plants in recent years with profit-making, the directors of the Company considered that there is a reversal of impairment indicator of this property, plant, and equipment. Consequently, the directors had estimated the recoverable amounts of the property, plant, and equipment for the purpose of impairment testing. Based on the value-in-use assessment of the CGUs, the directors are of the opinion that reversal of impairment losses on property, plant, and equipment of RMB22,974,000 in total against the property, plant, and equipment was considered necessary which were recognised as “Other operating expenses, net” in profit or loss during the year ended 31 December 2025.

(b) **Brewery operation**

Year ended 31 December 2024

During the year ended 31 December 2024, several subsidiaries within the Group, which are involved in the operation of breweries have been loss-making for some time. In respect of the loss-making in the brewery operation, the directors of the Company believe that it is improbable for the respective brewing facilities to produce net cash inflows in the upcoming years, as the future operating cash flows from the brewery segment are expected to be negatively impacted. Given the persistent losses in the brewery business, the directors have concluded that forecasting a positive cash flow from this segment in the foreseeable future is not feasible. Consequently, a full impairment provision of RMB68,793,000 was recognised for the year ended 31 December 2024, against the property, plant, and equipment associated with the brewery operations.

(c) **Gas operation**

Year ended 31 December 2025 and 2024

During the year ended 31 December 2025 and 2024, certain subsidiaries of the Group engaged in the operation of natural gas refueling stations and direct supply of LNG to industrial users have been loss-making for some time. In respect of the loss-making in gas operation, the directors of the Company are of the opinion that it is unlikely for the respective refueling stations and direct supply facilities to generate net cash inflows in the near future and the future operating cash flows from this gas operation is adversely affected. In view of the afore-mentioned loss-making gas operation, the directors are of the view that a positive cash flow projection could not be derived from gas operation in the foreseeable future, and therefore, a full impairment provision of RMB8,389,000 (2024: RMB10,155,000) was recognised during the year ended 31 December 2025 against the property, plant and equipment attributable to the operation of CNG and LNG refuelling stations for vehicles.

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22. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	151,880	148,992

All joint ventures of the Group are not individually material.

23. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets, net of impairment	50,202,641	50,278,848
Goodwill on acquisition, net of impairment	9,804,878	9,877,839
	60,007,519	60,156,687

Notes:

(a) Particulars of the material associates, which are all indirectly held by the Company, are as follows:

Company name	Place of incorporation/ registration and business	Particulars of issued capital held	Percentage of					
			Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Profit sharing	
			2025	2024	2025	2024	2025	2024
國家管網集團北京管道有限公司 ("PipeChina Beijing Pipeline")	PRC	Paid-up capital	40	40	40	40	40	40
Beijing Enterprises Water Group Limited ("BE Water") ^a	Bermuda	Ordinary shares	41.13	41.13	41.13	41.13	41.13	41.13
China Gas Holdings Limited ("China Gas") ^a	Bermuda	Ordinary shares	23.54	23.61	23.60	23.61	23.60	23.61
PJSC Verkhnechonskneftegaz ("Overseas Oil and Gas Field Project")	Russia	Ordinary shares	20	20	20	20	20	20

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23. INVESTMENTS IN ASSOCIATES *(Continued)*

Notes: (Continued)

(a) *(Continued)*

ⁿ *BE Water is a company listed on the Main Board of the Hong Kong Stock Exchange. The market value of the shares of BE Water held by the Group as at 31 December 2025 and the date of approval of these financial statements, based on its then quoted market prices, amounted to approximately RMB9.2 billion (2024: RMB9.6 billion) and RMB10.2 billion (2024: RMB9.4 billion), respectively.*

^o *China Gas is a company listed on the Main Board of the Hong Kong Stock Exchange. The market value of the shares of China Gas held by the Group as at 31 December 2025 and the date of approval of these financial statements, based on its then quoted market prices, amounted to approximately RMB8.9 billion (2024: RMB8.0 billion) and RMB9.1 billion (2024: RMB8.9 billion), respectively.*

During the year ended 31 December 2025, the Group's equity interest in China Gas decreased from 23.61% to 23.54% after the dilution attributable to the issuance of 10,713,542 new shares by China Gas pursuant to its scrip dividend scheme during the year.

During the year ended 31 December 2024, the Group's equity interest in China Gas increased from 23.57% to 23.61% after the purchase of 1,220,800 shares by the Group.

(b) Material associates disclosures

The Group's associates are accounted for using the equity method and the principal activities of the four material associates are as follows:

- (i) PipeChina Beijing Pipeline is engaged in the provision of natural gas transmission services in Chinese Mainland.
- (ii) BE Water and its subsidiaries are engaged in the construction of sewage and reclaimed water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, reclaimed water treatment and distribution and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in Chinese Mainland and certain overseas countries.
- (iii) China Gas and its subsidiaries are principally engaged in the distribution and sale of piped natural gas, liquefied petroleum gas, and the provision of gas connection service in Chinese Mainland.
- (iv) Overseas Oil and Gas Field Project is principally engaged in oil, gas and gas condensate fields exploration, production and sale in Russia.

The following table illustrates the summarised financial information of the above four material associates which has been adjusted to reflect the fair values of identifiable assets and liabilities at the respective dates of acquisition by the Group, and reconciled to the carrying amount in the consolidated financial statements:

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23. INVESTMENTS IN ASSOCIATES *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

	PipeChina Beijing Pipeline		BE Water		China Gas*		Overseas Oil and Gas Field Project	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	6,845,499	5,063,656	46,260,580	41,371,896	43,385,093	43,506,857	4,662,451	5,773,322
Non-current assets	33,894,871	34,600,287	118,766,824	125,199,707	92,273,335	96,641,717	29,820,298	31,073,469
Current liabilities	(1,963,794)	(1,751,905)	(44,600,133)	(43,268,807)	(41,903,236)	(43,977,885)	(2,304,438)	(2,458,045)
Non-current liabilities	(3,057,289)	(2,919,649)	(64,371,908)	(67,340,366)	(38,239,845)	(38,609,832)	(5,415,972)	(5,979,115)
Net assets	35,719,287	34,992,389	56,055,363	55,962,430	55,515,347	57,560,857	26,762,339	28,409,631
Less: Non-controlling interests	–	–	(24,910,534)	(24,791,335)	(6,653,936)	(6,114,632)	–	–
Net assets attributable to shareholders of the associates	35,719,287	34,992,389	31,144,829	31,171,095	48,861,411	51,446,225	26,762,339	28,409,631
Reconciliation to the Group's investments in the associates								
Proportion of the Group's ownership	40%	40%	41.13%	41.13%	23.54%	23.61%	20%	20%
Group's share of net assets of the associates, excluding goodwill recognised by the Group	14,287,715	13,996,956	12,809,868	12,820,671	11,501,976	12,146,454	5,352,468	5,681,926
Goodwill on acquisition recognised by the Group	–	–	396,225	408,099	7,474,781	7,487,926	1,569,302	1,605,019
Other reconciling items	–	–	(26,286)	(26,286)	–	–	–	–
Carrying amount of the investments	14,287,715	13,996,956	13,179,807	13,202,484	18,976,757	19,634,380	6,921,770	7,286,945
Other disclosures								
Revenue	11,444,828	10,808,366	22,062,151	24,270,499	72,343,177	73,224,225	16,979,652	21,074,706
Profit for the year	5,892,160	5,669,727	2,692,334	2,906,897	3,398,617	3,648,735	2,665,689	4,169,138
Profit for the year attributable to shareholders of the associates	5,892,160	5,669,727	1,561,531	1,677,600	2,599,077	2,834,899	2,665,689	4,169,138
Other comprehensive income (loss) for the year	–	–	36,400	(880,146)	(1,266,317)	2,305,257	–	–
Other comprehensive income (loss) for the year attributable to shareholders of the associates	–	–	18,985	(836,283)	(1,171,153)	2,065,345	–	–
Share of the associates' profit for the year	2,356,864	2,267,891	642,258	689,997	611,823	669,320	533,138	833,828
Share of the associates' other comprehensive income (loss) of the year	–	–	7,809	(343,963)	(298,091)	544,271	–	–
Dividend received/receivable by the Group	2,066,104	2,061,438	619,042	590,363	589,876	576,993	743,064	1,008,522

* The statutory financial year end date of China Gas is 31 March, which is not coterminous with that of the Company's financial year end date. The financial statements for the twelve months ended 30 September 2025 are the latest financial statements of China Gas available for equity accounting by the Group. Accordingly, the financial period end of the financial statements of China Gas for which the equity accounting method was used for the year ended 31 December 2025 is as of 30 September 2025 or for the twelve months ended 30 September 2025.

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23. INVESTMENTS IN ASSOCIATES *(Continued)*

Notes: (Continued)

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit for the year	311,043	437,702
Share of net assets of the associates, net of impairment	6,276,900	5,659,127
Goodwill on acquisition recognised by the Group, net of impairment	364,570	376,795

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value		
– Beijing Jingneng Clean Energy Co., Limited	402,397	349,729
– CNPC Capital Company Limited	1,740,657	1,249,287
	2,143,054	1,599,016
Unlisted equity investments, at fair value	290,473	262,409
	2,433,527	1,861,425

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature, and therefore, they are classified as non-current assets in these financial statements.

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25. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	4,458,214	4,317,719
Work in progress	228,665	247,779
Finished goods	2,689,795	2,250,415
	7,376,674	6,815,913

26. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	5,231,101	5,486,614
Less: Allowance for credit losses (note (e))	(395,801)	(351,829)
	4,835,300	5,134,785

Notes:

- (a) As at 1 January 2024, trade receivables from contracts with customers amounted to RMB4,400,278,000.
- (b) Included in the Group's trade receivables as at 31 December 2025 were aggregate amounts of RMB27,674,000 (2024: RMB27,025,000) and RMB306,725,000 (2024: nil) due from fellow subsidiaries and a joint venture of the Group, arising from transactions carried out in the ordinary course of business of the Group, respectively. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the Group to its major customers.
- (c) At 31 December 2025, trade receivables amounting to nil (2024: RMB50,000) were pledged to secure certain bank loans (note 35).

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. TRADE RECEIVABLES *(Continued)*

Notes: (Continued)

- (d) Various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Aging analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. The Group does not hold any collateral or other credit enhancement over its trade receivables.

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

	2025 RMB'000	2024 RMB'000
Billed:		
Within one year	3,919,980	4,444,767
One to two years	225,671	136,127
Two to three years	49,022	65,484
Over three years	27,286	23,222
	4,221,959	4,669,600
Unbilled*	613,341	465,185
	4,835,300	5,134,785

* The unbilled balance was attributable to (i) the sale of natural gas near the year end date and such sale will be billed in the next meter reading date; and (ii) entitlements to renewable energy tariff subsidies from the sale of electricity generated from waste incineration.

- (e) The movements in the impairment of trade receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	351,829	286,164
Impairment losses recognised during the year, net	43,047	71,408
Amount written off as uncollectible	(125)	(4,791)
Exchange realignment	1,050	(952)
At 31 December	395,801	351,829

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on invoice dates for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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26. TRADE RECEIVABLES *(Continued)*

Notes: (Continued)

(e) *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2025

	Unbilled	Billed				Total
		Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount <i>(RMB'000)</i>	514,875	4,169,693	271,345	62,132	213,056	5,231,101
Expected credit losses <i>(RMB'000)</i>	3,686	216,190	15,331	12,136	148,458	395,801
Expected credit loss rate	0.72%	5.18%	5.65%	19.53%	69.68%	7.57%

At 31 December 2024

	Unbilled	Billed				Total
		Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount <i>(RMB'000)</i>	465,539	4,616,161	151,982	83,909	169,023	5,486,614
Expected credit losses <i>(RMB'000)</i>	354	171,394	15,855	18,425	145,801	351,829
Expected credit loss rate	0.08%	3.71%	10.43%	21.96%	86.26%	6.41%

Details of impairment assessment of trade and other receivables are set out in note 48.

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27. DEFINED BENEFIT PLANS

Certain employees of Beijing Gas and the EEW Group, both being indirectly-held wholly-owned subsidiaries of the Company, are entitled to retirement benefits after retirement such as supplemental medical reimbursement, allowance and beneficiary benefits pursuant to their defined benefit plans. The plans are exposed to interest rate risk, health cost inflation rate and expected salary increase rate for the employees.

(a) Net benefit expense (recognised in administrative expenses)

	2025 RMB'000	2024 RMB'000
Year ended 31 December 2025		
Current service cost	91,694	105,934
Past service cost	18,152	(156,219)
Interest cost	52,679	69,512
Net benefit expense	162,525	19,227

(b) Present value of the defined benefit obligations

2025

	2025 RMB'000	2024 RMB'000
At 1 January	2,329,955	2,407,003
Net benefit expenses recognised in profit or loss	162,525	19,227
Benefits paid	(55,204)	(51,283)
Actuarial gain on obligations, recognised in other comprehensive income	(251,149)	(25,055)
Exchange realignment	48,536	(19,937)
At 31 December	2,234,663	2,329,955
Portion classified as current liabilities included in other payables, accruals and contract liabilities	(30,013)	(28,424)
Non-current portion	2,204,650	2,301,531

At 31 December 2025, the expected contribution to be made within the next 12 months out of the defined benefit obligations was RMB30,013,000 (2024: RMB28,424,000).

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27. DEFINED BENEFIT PLANS *(Continued)*

(c) **Principal assumptions**

The most recent actuarial valuations of the present value of the defined benefit obligations for Beijing Gas and the EEW Group were carried out at 31 December 2025 by Willis Towers Watson (a member of the China Association of Actuaries) and Willis Towers Watson GmbH (a member of the German Actuarial Society), respectively, using the projected unit credit method. The material actuarial assumptions used in determining the defined benefit obligations under the Group's plans are as follows:

	2025	2024
Beijing Gas:		
Discount rate	2.25%	2.00%
Healthcare cost inflation rate	6.00%	6.00%
EEW Group:		
Discount rate	4.20%	3.30%
Salary increase rate	2.50%	2.50%

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27. DEFINED BENEFIT PLANS *(Continued)*

(c) **Principal assumptions** *(Continued)*

A quantitative sensitivity analysis for significant assumptions as at 31 December 2025 and 2024 is shown below:

	Increase in rate %	Increase (decrease) in net defined benefit obligations RMB'000	Decrease in rate %	Increase (decrease) in net defined benefit obligations RMB'000
<u>Beijing Gas</u>				
2025				
Discount rate	0.25	(84,990)	0.25	93,360
Healthcare cost inflation rate	1	442,003	1	(312,470)
2024				
Discount rate	0.25	(88,915)	0.25	97,797
Healthcare cost inflation rate	1	487,221	1	(344,665)
<u>EEW Group</u>				
2025				
Discount rate	0.25	(24,423)	0.25	27,489
Salary increase rate	0.50	1,730	0.50	(1,648)
2024				
Discount rate	0.25	(27,296)	0.25	30,986
Salary increase rate	0.50	1,807	0.50	(1,694)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Prepayments		1,519,481	1,521,583
Deposits and other receivables	(a)	3,328,575	1,986,969
Due from holding companies		537,648	780,787
Due from fellow subsidiaries		80,182	127,209
Due from joint ventures		306,725	59,608
Due from associates		136,913	119,212
Contract assets	(b)	649,902	851,509
Listed equity securities at fair value through profit or loss	(c)	90,045	42
Certificates of deposit	(d)	7,800,000	6,755,704
		14,449,471	12,202,623
Impairment	(e)	(282,054)	(273,031)
		14,167,417	11,929,592
Portion classified as current assets		(7,583,516)	(5,902,307)
		6,583,901	6,027,285
Non-current portion			

Notes:

- (a) The Group's deposits and other receivables as at 31 December 2025 and 2024 included, inter alia, the following:
- (i) certain deposits of RMB53,803,000 (2024: RMB159,176,000) in total paid for the construction or purchase of buildings, gas pipelines, equipment and machinery, which were classified as non-current assets;
 - (ii) certain advances totaling RMB69,101,000 (2024: RMB45,624,000) have been provided to a non-controlling equity holder of a subsidiary of the Group. These advances are unsecured, carry an interest rate of 0.6%, and mature on January 31, 2029.

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28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

Notes: (Continued)

- (b) Contract assets of the Group as at the end of the reporting period are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Contract assets	3,732,869	3,958,068	6,402,008
Less: Non-current portion classified in operating concession and receivables under service concession arrangements <i>(note 19)</i>	(3,082,967)	(3,106,559)	(5,275,049)
Current portion	649,902	851,509	1,126,959

Contract assets mainly arise from solid waste treatment service contracts and are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of the construction services.

- (c) These equity securities were classified as financial assets at fair value through profit or loss as they were held for trading.
- (d) At 31 December 2025 and 2024, the Group held certificates of deposit issued by banks in Chinese Mainland with various maturity periods which range from within 1 year to over 3 years. These certificates of deposit can be withdrawn or sold before maturity.

A certificate of deposit with maturity of less than one year (2024: more than one year) with a principal amount of RMB300,000,000 cannot be withdrawn or sold before maturity.

- (e) In respect of impairment consideration of the Group's other receivables, an impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. The probability of default rates are estimated based on comparable companies with published credit ratings. At 31 December 2025, the probability of default rates applied for other receivables ranged from 0.02% to 3.41% (2024: 0.04% to 0.05%) and the loss given default rates estimated range from 62.80% to 75.00% (2024: 61.60% to 62.30%).

In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

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28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

Notes: (Continued)

(e) *(Continued)*

The movements in the impairment of other receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	273,031	292,902
Impairment (reversal of impairment) recognised during the year, net	27,807	(20,058)
Amount written off as uncollectible	(18,784)	(6)
Exchange realignment	–	193
At 31 December	282,054	273,031

Other than those mentioned above, the remaining balances of financial assets and contract assets relate to counter parties for which there was no recent history of default and past due amounts. At 31 December 2025 and 2024, the loss allowance of these balances was assessed to be minimal.

(f) Details of impairment assessment are set out in note 48.

(g) At 31 December 2025, deposit paid to a bank amounting to RMB129,000 (2024: RMB15,060,000) were pledged to secure certain bank loans (note 35).

29. BALANCES WITH RELATED PARTIES

The balances with holding companies, fellow subsidiaries, joint ventures, associates and a non-controlling equity holder of a subsidiary are unsecured, interest-free and repayable on demand, except for interest-bearing loans of RMB1,462 million (2024: RMB1,218 million) advanced from an associate, further details of which are set out in note 35 to the financial statements.

The trade balances with fellow subsidiaries and a joint venture of the Group included in trade receivables and trade and bills payables are disclosed in notes 26 and 40 to the financial statements, respectively.

Details of impairment assessment are set out in note 48.

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30. DERIVATIVE FINANCIAL INSTRUMENTS

	Non-current	
	2025	2024
	RMB'000	RMB'000
Derivatives financial assets – non-current		
Cross currency swap contract	82,585	29,332
Derivatives financial liabilities – non-current		
Cross currency swap contract	98,217	207,141

The management considers the following hedging instruments are highly effective hedging instrument and has designated them as cash flow hedging instrument for hedge accounting purposes:

- Cross currency swap contract to minimise the exposure to fluctuations in foreign currency exchange rates of US\$ denominated borrowings with aggregate notional amount of US\$700,000,000 at forward contract rates of US\$1 to RMB7.12 to RMB7.13 with maturity dates ranging from May 2026 to May 2031 which receives interest rates ranging 2% to 3.125% and pays interest at 1.99% per annum.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Gains and losses recognised in the hedging reserve in equity on the cross currency swap contract and the interest rate swap contracts will be continuously released to the profit or loss until completing the relevant transactions or the repayment of the relevant borrowings.

The above derivatives are measured at fair value. The classification of the fair value measurement of the above derivatives at 31 December 2025 are Level 2 under the fair value hierarchy (details set out in note 48).

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31. RESTRICTED CASH AND PLEDGED DEPOSITS

	Notes	2025 RMB'000	2024 RMB'000
Restricted cash	(a)	37,450	5,361
Pledged deposits	(b)	2,124	1,979
		39,574	7,340
Portion classified as current assets		(39,574)	(7,340)
Non-current portion		—	—

Notes:

- (a) Restricted cash of the Group included a certificate of deposit with maturity of less than one year and a principal amount of RMB37,450,000 which cannot be withdrawn or sold before maturity as at 31 December 2025.
- (b) Bank balances of RMB2,124,000 (2024: RMB1,979,000) as at 31 December 2025 were pledged to secure certain bank loans granted to the Group (note 35); and
- (c) Details of impairment assessment are set out in note 48.

32. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances other than time deposits	8,773,198	19,568,145
Saving deposits placed in a financial institution (an associate of the Group)	261,944	253,720
Time deposits:		
Placed in banks	14,103,822	4,674,795
Placed in a financial institution (an associate of the Group)	8,168,134	6,470,887
	31,307,098	30,967,547
Less: Restricted cash and pledged deposits (note 31)	(39,574)	(7,340)
Cash and cash equivalents	31,267,524	30,960,207

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32. CASH AND CASH EQUIVALENTS *(Continued)*

Notes:

- (a) At 31 December 2025, the cash and deposit balances of the Group denominated in RMB amounted to RMB26.7 billion (2024: RMB30.8 billion). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.
- (b) Cash at banks and a financial institution earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and one year (2024: seven days and one year) depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The saving and time deposits are deposited with creditworthy banks and a financial institution with no recent history of default.
- (c) Details of impairment assessment are set out in note 48.

33. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
1,258,003,268 (2024: 1,258,003,268) ordinary shares	28,340,052	28,340,052

A summary of a movement in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	1,260,203,268	28,340,052
Shares repurchased and cancelled (<i>Note</i>)	(2,200,000)	–
At 31 December 2024 and 2025	1,258,003,268	28,340,052

Note: During the year ended 31 December 2024, the Company repurchased a total of 2,200,000 ordinary shares of the Company on the Hong Kong Stock Exchange at a weighted average cost of HK\$23.40 (equivalent to RMB21.29) per share. All the repurchased shares were cancelled by the Company during the year and the total amount paid for the repurchase of these shares of approximately HK\$51,480,000 (equivalent to RMB46,848,000) was charged to retained profits of the Company in accordance with section 257 of the Hong Kong Companies Ordinance.

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34. RESERVES

- (a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.
- (b) The capital reserve of the Group mainly from gains or losses on acquisition of the non-controlling interests of existing subsidiaries and/or disposal of partial interests in subsidiaries without a loss of control.
- (c) The PRC reserve funds are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment as applicable to the Group's PRC subsidiaries, joint ventures and associates. Other reserves are the reserves for future enhancement of safety production environment and improvement of facilities as required by the Ministry of Finance and Safety Production General Bureau of the PRC and is not available for distribution to shareholders. None of the Group's PRC reserve funds and other reserves as at 31 December 2025 were distributable in the form of cash dividends.

35. BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loans:		
Secured	2,357,115	3,188,155
Unsecured	29,554,839	32,855,072
	31,911,954	36,043,227
Other loans:		
Secured	150,417	298,149
Unsecured	34,566,420	22,959,990
	34,716,837	23,258,139
Total bank and other borrowings	66,628,791	59,301,366
Less: Amount shown under current liabilities (including bank loans with a repayable on demand clause)	(27,690,884)	(28,608,957)
Non-current portion	38,937,907	30,692,409

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35. BANK AND OTHER BORROWINGS *(Continued)*

	Bank borrowings		Other borrowings	
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The maturity profile of the above borrowings is as follows:				
On demand or within one year	15,226,449	25,857,701	12,464,435	2,751,256
Within a period of more than one year but not more than two years	10,701,840	3,837,128	6,550,599	8,143,162
Within a period of more than two years but not more than five years	1,443,701	1,504,902	8,673,593	4,210,958
More than five years	4,539,964	4,843,496	7,028,210	8,152,763
	31,911,954	36,043,227	34,716,837	23,258,139
Less: Amount due within one year shown under current liabilities	(15,226,449)	(25,857,701)	(12,464,435)	(2,751,256)
Amount due after one year shown under non-current liabilities	16,685,505	10,185,526	22,252,402	20,506,883

Notes:

- (a) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	55,734,452	51,844,306
US\$	1,634,887	2,902,347
EUR	9,259,452	4,554,713
	66,628,791	59,301,366

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35. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

- (b) The Group's bank and other borrowings as at 31 December 2025 included the following:
- (i) loans of RMB1,462 million (2024: RMB1,218 million) in total advanced from an associate, which are unsecured, bear interest at rates ranging from one-year Loan Prime Rate less 25 basis points to 4.65% (2024: one-year Loan Prime Rate less 25 basis points to 4.65%) per annum and are repayable in 2026 to 2036. Interest expenses of RMB44,440,000 (2024: RMB41,187,000) were recognised in profit or loss during the year in respect of these loans; and
 - (ii) bank and other loans with an aggregate carrying amount of RMB5,230,272,000 (2024: RMB5,695,692,000) advanced from Asian Infrastructure Investment Bank and New Development Bank which were obtained to finance certain of the Group's pipeline construction projects and a LNG emergency reserve project. These loans bear interest at rates of Secured Overnight Financing Rate ("SOFR")+1.26% and Euro Interbank Offered Rate ("EURIBOR")+0.85% (2024: SOFR+1.21% and EURIBOR+0.85%) per annum, respectively.
- (c) The Group's secured bank and other loans are secured by the following assets:

	Notes	Carrying amount 2025 RMB'000	2024 RMB'000
Property, plant and equipment	15	197,901	338,834
Operating concessions	19	4,015,167	4,003,374
Receivables under service concession arrangements	19	476,278	490,681
Other intangible assets	20	2,685	2,685
Trade receivables	26	–	50
Deposit paid to a bank	28	129	15,060
Bank balances	31	2,124	1,979

In addition to the pledge of assets given above, bank loans with a total carrying amount of RMB15,569,996,000 (2024: RMB17,841,640,000) as at 31 December 2025 are guaranteed by the Company.

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36. GUARANTEED BONDS AND NOTES

A summary of the guaranteed bonds and notes issued by the Group and outstanding as at the end of the reporting period is as follows:

	Principal at original currency <i>million</i>	Contractual interest rate per annum	Maturity	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
2011 Second Senior Notes	US\$400	6.375%	2041	2,762,214	2,823,881
2015 US\$ Bonds	US\$200	4.99%	2040	1,373,549	1,403,523
2020 Green Bonds	EUR500	1%	2025	–	3,756,822
EEW Green Bonds	EUR400	0.361%	2026	3,300,334	3,007,572
2021 US\$ Bonds Series 1	US\$300	2%	2026	2,102,111	2,149,170
2021 US\$ Bonds Series 2	US\$400	3.125%	2031	2,779,149	2,838,290
2022 Guaranteed Notes	US\$500	1.875%	2025	–	3,625,504
				12,317,357	19,604,762
Less: Amount shown under current liabilities				(5,402,445)	(7,382,326)
Non-current portion				6,914,912	12,222,436

As of 31 December 2025, 2 of the guaranteed bonds are scheduled for repayment in 2026 and are therefore classified as current liabilities. The remaining bonds, which are repayable after more than one year, are classified as non-current liabilities.

Except for the 2022 Guaranteed Notes and EEW Green Notes which are guaranteed by Beijing Gas and EEW, respectively, all the above guaranteed bonds and notes are guaranteed by the Company.

The fair value of the Group's guaranteed bonds and notes as at 31 December 2025 was approximately RMB12.5 billion (2024: approximately RMB19.2 billion), based on price quotations from financial institutions at the reporting date.

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37. PROVISION FOR MAJOR OVERHAULS AND ONEROUS CONTRACTS

Pursuant to the service concession arrangements on the Group's environmental operations in Chinese Mainland, the Group has contractual obligations to maintain the infrastructures it operates to a specified level of serviceability and/or to restore the infrastructures to a specified condition before they are handed over to the grantor at the end of the service concession periods. In addition, pursuant to the contractual arrangement for one of the Group's solid waste incineration plants in Germany, the Group is obliged to demolish the solid waste incineration plant in 2052. These contractual obligations to demolish plant, maintain or restore the infrastructures, except for any upgrade element, are recognised and measured in accordance with HKAS 37, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The future expenditures on these maintenance, demolition and restoration costs are collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis and revised where appropriate.

In addition, onerous contracts also arise from solid waste treatment service contracts in respect of the environmental operations in Germany. Management considers the unavoidable costs of meeting the obligations under certain of these contracts exceed the economic benefits expected to be recovered under such contracts.

The movements in the provision for major overhauls of the infrastructures and onerous contracts in respect of the solid waste treatment service contracts during the year are as follows:

	Provision for		
	Major overhauls RMB'000	Onerous contracts RMB'000	Total RMB'000
Year ended 31 December 2025			
At 1 January 2025	161,582	160,351	321,933
Reversal of provision, net	(7,327)	–	(7,327)
Increase in discounted amount arising from the passage of time	5,370	–	5,370
Exchange realignment	13,796	15,119	28,915
At 31 December 2025	173,421	175,470	348,891
Portion classified as current liabilities	–	(46,745)	(46,745)
Non-current portion	173,421	128,725	302,146

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38. OTHER NON-CURRENT LIABILITIES

	2025 RMB'000	2024 RMB'000
Other liabilities – non-current portion (<i>note 41</i>)	798,993	753,366
Deferred income (<i>note</i>)	1,894,772	1,403,361
	2,693,765	2,156,727

Note: Deferred income of the Group mainly represented government subsidies in respect of the construction of gas pipelines and brewery plants in Chinese Mainland by the Group. The subsidies are interest-free and not required to be repaid, and are recognised in profit or loss on the straight line basis over the expected useful lives of the relevant assets.

39. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	1,420,096	1,965,021
Deferred tax liabilities	(2,155,922)	(2,107,690)
	(735,826)	(142,669)

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39. DEFERRED TAX *(Continued)*

The components of deferred tax assets and liabilities and their movements during the years ended 31 December 2025 and 2024 are as follows:

	Attributable to											
	Fair value adjustments arising from acquisition of subsidiaries	Transfer of assets from customers	Depreciation allowances in excess of related depreciation	Revaluation of investment properties	Revaluation of equity investments at fair value through other comprehensive income	Impairment provision and other temporary difference	Defined benefit obligations	Provision for major overhauls and onerous contracts	Temporary differences related to operating concessions	Losses available for offsetting future taxable profits	Withholding tax on unremitted profits	Net deferred tax assets (liabilities)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
												(note b)
At 1 January 2024	(820,493)	(120,598)	(457,875)	(97,181)	101,085	950,412	583,868	67,312	(263,024)	11,960	(66,253)	(110,787)
Deferred tax credited (charged) to profit or loss during the year	57,978	–	7,976	–	–	(12,709)	(35,532)	–	(1,886)	–	–	15,827
Deferred tax charged to other comprehensive income during the year	–	–	–	–	(95,835)	–	(23,219)	–	–	–	–	(119,054)
Exchange realignment	27,967	–	18,801	–	–	30,446	(3,002)	(2,568)	–	(299)	–	71,345
At 31 December 2024 and 1 January 2025	(734,548)	(120,598)	(431,098)	(97,181)	5,250	968,149	522,115	64,744	(264,910)	11,661	(66,253)	(142,669)
Deferred tax credited (charged) to profit or loss during the year	54,210	7,605	64,675	–	30,795	(386,444)	(3,447)	1,832	(4,413)	–	–	(235,187)
Deferred tax charged to other comprehensive income during the year	–	–	–	–	(122,843)	–	(67,701)	–	–	–	–	(190,544)
Arising on acquisition of a subsidiary	–	–	–	–	–	(407)	–	–	–	–	–	(407)
Exchange realignment	(54,672)	–	(42,323)	–	–	(82,964)	6,376	5,881	–	683	–	(167,019)
At 31 December 2025	(735,010)	(112,993)	(408,746)	(97,181)	(86,798)	498,334	457,343	72,457	(269,323)	12,344	(66,253)	(735,826)

Notes:

- At 31 December 2025, deferred tax assets have not been recognised in respect of unused tax losses of RMB2,366,443,000 (2024: RMB2,822,301,000) as they have been arisen in the Company and certain subsidiaries that have been loss making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Out of this amount, tax losses of RMB2,344,803,000 (2024: RMB2,800,661,000) will expire in one to five years.
- Deferred tax has not been fully recognised for withholding taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries established in Chinese Mainland, Germany, Luxembourg and Russia that are subject to withholding taxes. In the opinion of the Company's directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries in Chinese Mainland, Germany and Luxembourg and Russia for which deferred tax liabilities have not been recognised totalled approximately RMB45 billion (2024: RMB40 billion) as at 31 December 2025.

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40. TRADE AND BILLS PAYABLES

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

	2025 RMB'000	2024 RMB'000
Billed:		
Within one year	3,232,297	2,990,026
One to two years	292,345	254,120
Two to three years	55,101	74,894
Over three years	25,804	60,804
	3,605,547	3,379,844
Unbilled*	663,469	526,353
	4,269,016	3,906,197

* The unbilled balance was attributable to (i) purchase of natural gas near the year end which was billed subsequently in early January next year; (ii) accrued extra purchase costs which will be billed when the price is agreed by Beijing Gas with the supplier.; and (iii) accrued construction costs for solid waste incineration plant which have not been billed by the suppliers.

Included in the trade and bills payables as at 31 December 2025 are amounts of RMB43,688,000 (2024: RMB72,886,000) in total due to fellow subsidiaries, arising from transactions carried out in the ordinary course of business of the Group. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the related parties to their major customers.

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41. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	Notes	2025 RMB'000	2024 RMB'000
Accruals		2,233,456	2,009,233
Defined benefit obligations – current portion	27	30,013	28,424
Other liabilities	(a)	7,569,914	8,364,557
Due to fellow subsidiaries		266,116	391,533
Due to associates		56,384	56,384
Due to a non-controlling equity holder of a subsidiary		295,288	274,337
Contract liabilities	(b)	10,116,551	10,229,676
		20,567,722	21,354,144
Portion classified as current liabilities		(19,768,729)	(20,600,778)
Non-current portion	38	798,993	753,366

Notes:

- (a) The Group's other liabilities as at 31 December 2025 included construction costs of RMB194,106,000 (2024: RMB197,741,000) payable to certain fellow subsidiaries of the Group, which are unsecured, interest-free, and are repayable within credit periods similar to those offered by the fellow subsidiaries to their major customers.
- (b) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Short-term advances received from customers in respect of:</i>			
Sale of piped natural gas	8,513,422	8,414,607	7,669,030
Sale of brewery products	1,553,613	1,763,407	1,466,846
Provision of solid waste treatment services	49,516	51,662	101,320
Total contract liabilities	10,116,551	10,229,676	9,237,196

Over 90% of the contract liabilities as at the end of each of the reporting period are expected to be recognised as revenue in the following year.

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42. DECONSOLIDATION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2025, a subsidiary of the Company incorporated in Mainland China was placed under court-ordered administration. Accordingly, the Group ceased to control this entity and has derecognised it from the consolidated financial statements. The net assets of the subsidiary at the date of deconsolidation were as follows.

	2025
	<i>RMB'000</i>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment (<i>note 15</i>)	71,524
Other intangible assets (<i>note 20</i>)	6,619
Inventories	450
Trade and bills receivables	21
Prepayments, deposits and other receivables	51
Cash and cash equivalents	25
Trade payables	(1,441)
Other payables and accruals	(32,998)
Amounts due to the Group	(101,900)
Bank and other borrowings	(48,174)
Income tax payables	(621)
Net liabilities disposed of	(106,444)

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42. DECONSOLIDATION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES *(Continued)*

	<i>RMB'000</i>
Gain on deconsolidation of subsidiaries:	
Net liabilities disposed of	106,444
Non-controlling interests	54,360
Reclassification of cumulative capital reserve to profit or loss	4,597
	165,401
Written off of amounts due from the former subsidiary	(101,900)
Gain on deconsolidation	63,501
	<i>RMB'000</i>
Net cash outflow arising on disposal:	
Cash and cash equivalents deconsolidated	(25)

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42. DECONSOLIDATION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES *(Continued)*

Pursuant to an asset transaction agreement dated 13 June 2024 entered into between Beijing Enterprises Environmental Group Limited (“BEEGL”, an indirect wholly-owned subsidiary of the Group) and 海南格潤投資有限公司 (“Hainan Gerun”, a connected party of a subsidiary of the Group), BEEGL disposed of its entire 51% equity interest in 北京北控生態建設集團有限公司 (“Beikong Ecology”) to Hainan Gerun for a cash consideration of RMB41,488,000 through public tender at China Beijing Equity Exchange (“CBEX”). Hainan Gerun has settled the cash consideration to the designated account of CBEX on 12 June 2024 and the disposal transaction was completed on 19 June 2024. The Group discontinued its ecological construction services business at the time of disposal of its subsidiary, Beikong Ecology. The net assets of Beikong Ecology at the date of disposal were as follows:

19 June 2024
RMB'000

Analysis of assets and liabilities over which control was lost:

Property, plant and equipment (<i>note 15</i>)	15,535
Other intangible assets (<i>note 20</i>)	28
Contract assets	235,287
Trade and bills receivables	58,270
Prepayments, deposits and other receivables	9,601
Cash and cash equivalents	53,910
Trade payables	(121,026)
Other payables and accruals	(55,659)
Bank and other borrowings	(93,200)
Income tax payables	(13,082)

Net assets disposed of	89,664
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RMB'000

Loss on disposal of a subsidiary:

Deferred cash consideration (<i>Note</i>)	41,488
Net assets disposed of	(89,664)
Non-controlling interests	44,247

Loss on disposal	(3,929)
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42. DECONSOLIDATION OF A SUBSIDIARY/DISPOSAL OF SUBSIDIARIES *(Continued)*

RMB'000

Net cash outflow arising on disposal:

Cash and cash equivalents disposed of	(53,910)
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Note: Hainan Gerun has settled the cash consideration to the designated account of CBEX on 12 June 2024 and the cash consideration will be released by CBEX upon the approval of the transaction by government authorities.

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Yanjing Investments (a 79.77% owned subsidiary which holds 57.40% equity interests in Yanjing Brewery) and its subsidiaries (collectively the “Yanjing Investments Group”) were considered subsidiaries that have material non-controlling interests during the years ended 31 December 2025 and 2024, and summary financial information of which is set out below:

	2025 RMB'000	2024 RMB'000
Consolidated profit for the year allocated to non-controlling interests	1,310,327	799,876
Dividends paid to non-controlling equity holders	514,511	252,309
Accumulated balances of non-controlling interests at the reporting date	9,478,663	8,688,678

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43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(Continued)

The following tables illustrate the summarised consolidated financial information of the Yanjing Investments Group:

	2025 RMB'000	2024 RMB'000
Revenue	14,423,373	13,984,258
Total expenses	(12,277,632)	(12,697,288)
Profit for the year	2,145,741	1,286,970
Total comprehensive income for the year	2,145,741	1,286,970
Current assets	14,241,306	13,244,856
Non-current assets	11,027,156	10,708,651
Current liabilities	(8,357,651)	(8,710,819)
Non-current liabilities	(600,398)	(564,055)
Net cash flows from operating activities	2,101,931	2,400,181
Net cash flows used in investing activities	(807,764)	(613,031)
Net cash flows used in financing activities	(1,163,293)	(265,968)
Net increase in cash and cash equivalents	130,874	1,521,182

* The amounts disclosed above are before any inter-company eliminations.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions of investing and financing activities

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB430,853,000 (2024: RMB262,997,000) each in respect of lease arrangements for land, office premises, staff quarters, plant and machinery and motor vehicles.

Save as disclosed above, the Group had no other major non-cash transactions of investing and financing activities during the years ended 31 December 2025 and 2024.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings <i>RMB'000</i>	Guaranteed bonds and notes <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 1 January 2024	56,577,787	19,667,812	629,825
Changes from financing cash flows			
– on principal portion	2,825,835	–	(284,589)
– on interest portion	(1,953,305)	(527,411)	(29,550)
Disposal of subsidiaries	(93,200)	–	–
New leases	–	–	262,997
Interest expense	1,953,305	600,812	29,550
Early termination of leases	–	–	(1,143)
Exchange realignment	(9,056)	(136,451)	(3,984)
At 31 December 2024 and 1 January 2025	59,301,366	19,604,762	603,106
Changes from financing cash flows			
– on principal portion	7,125,708	(7,653,472)	(342,391)
– on interest portion	(1,886,432)	(278,974)	(27,564)
Deconsolidation of a subsidiary	(48,174)	–	–
New leases	–	–	430,853
Interest expense	1,886,432	301,813	27,564
Early termination of leases	–	–	(3,294)
Exchange realignment	249,891	343,228	(8,045)
At 31 December 2025	66,628,791	12,317,357	680,229

45. CAPITAL COMMITMENTS

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contracted, but not provided for:		
Gas pipelines and plant and machinery	5,271,408	5,881,075
Service concession arrangements	5,385	11,420
Total	5,276,793	5,892,495

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46. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transaction	Notes	2025 RMB'000	2024 RMB'000
Non-controlling equity holders of subsidiaries and their associates:				
北京燕京啤酒集團公司 ("Yanjing Beer Group") and its associates	Purchasing of bottle caps	(i)	–	104
	Purchase of bottle labels	(i)	(99,054)	(71,705)
	Canning service fees	(ii)	–	8,538
	Comprehensive support service fees paid ^y	(iii)	13,320	14,883
	Land rent expenses	(iv)	1,708	1,761
	Trademark licensing paid	(v)	63,030	64,553
	Less: Refund of trademark fee	(v)	(6,965)	(7,417)
Fellow subsidiaries:				
北京北燃實業有限公司 ("Beijing Beiran") and its subsidiaries	Sale of piped natural gas [#]	(vi)	754,676	781,123
	Engineering service income [#]	(vii)	15,320	17,637
	Comprehensive service income [#]	(vii)	4,434	7,338
	Engineering service expenses [#]	(vii)	284,396	259,959
	Comprehensive service expenses [#]	(vii)	205,817	219,971
	Building rental expenses [#]	(viii)	160,523	159,899
	Purchase of goods [#]	(viii)	153,964	167,170
	Sale of goods [#]	(ix)	62,540	45,485
Associate:				
北京控股集團財務有限公司 ("BE Group Finance")	Interest expense	(x)	44,440	41,187
	Interest income [@]	(x)	97,935	33,276

^y These related party transactions also constitute continuing connected transactions that are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

[#] These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

[@] This related party transaction also constitutes continuing connected transaction that is subject to the announcement, reporting and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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46. RELATED PARTY DISCLOSURES *(Continued)*

(a) *(Continued)*

Notes:

- (i) The purchase prices for bottle labels and bottle caps were determined by reference to the agreed prices for the preceding year and an annual adjustment determined by reference to the price index in Beijing in the preceding year.
- (ii) The canning service fees were charged at a rate equal to the costs of the canning services incurred by Yanjing Beer Group plus a mutually-agreed profit margin.
- (iii) The comprehensive support service fees paid include the following:
 - fees for security and canteen services which were determined based on the annual cost of labour, depreciation and maintenance for the preceding year and an annual adjustment by reference to the price index in Beijing; and
 - rental expenses, related to the premises occupied and used by Yanjing Brewery as its office, canteen and staff dormitories, which were determined by reference to the prevailing market rentals at the time when the relevant agreements were entered into.
- (iv) The land rental expenses were charged at a mutually-agreed amount of RMB1,708,000 (2024: RMB1,761,000) per annum.
- (v) The trademark licensing fees paid were for the use of the “Yanjing” trademark and were determined based on 1% (2024: 1%) of the annual sales of beer and mineral water products made by Yanjing Brewery and at a rate of RMB0.008 (2024: RMB0.008) per bottle of beer sold by the subsidiaries of Yanjing Brewery. Yanjing Brewery Group would refund 20% of the trademark licensing fees from sales of beer received from Yanjing Brewery for the use by Yanjing Brewery to develop and promote the “Yanjing” trademark.
- (vi) The selling price of piped natural gas was prescribed by the PRC government.
- (vii) The service fees were determined by reference to the then prevailing market rates and set at prices not higher than the guidance prices set by the PRC government.
- (viii) The purchase prices of goods and the building rentals were determined by reference to the then prevailing market rates.

During the year ended 31 December 2025, the Group entered into tenancy agreements with its fellow subsidiary, Beijing Beiran, for leasing certain office premises for use in its operations, for lease periods of 3 years (2025: 3 years) at rentals ranging from RMB10,000 to RMB7,265,575 (2024: RMB10,000 to RMB6,348,000) per month. The monthly rents charged by the fellow subsidiary were determined by reference to the then prevailing market rates.
- (ix) The selling prices of goods were determined on a cost-plus basis.

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46. RELATED PARTY DISCLOSURES *(Continued)*

(a) *(Continued)*

Notes: (Continued)

- (x) BE Group Finance is a 38.78% owned associate of the Group and also a subsidiary of Beijing Enterprises Group. BE Group Finance was established to act as a platform for members of Beijing Enterprises Group for the provision of intragroup loan facilities through financial products including deposit-taking, money-lending and custodian services.

On 28 August 2023 (the “Effective Date”), a financial services agreement (the “Financial Services Agreement”) was approved at an extraordinary general meeting, pursuant to which, BE Group Finance shall provide financial services to the Group, including deposit services and loan services for three years from the Effective Date. The cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the Financial Services Agreement will not exceed RMB8.70 billion (2024: RMB8.70 billion).

Interest rates on deposits placed in and loans offered by BE Group Finance denominated in RMB were determined by reference to the then prevailing market rates offered by the People’s Bank of China, while the related interest rates for deposits and loans denominated in other currencies were determined by reference to the then prevailing market rates offered by major banks in the PRC.

(b) Outstanding balances with related parties

- (i) Details of the Group’s balances with related parties included in prepayments, other receivables and other assets, cash and cash equivalents, bank and other borrowings and other payables, accruals and contract liabilities are disclosed in notes 28, 32, 35 and 41 to the financial statements.
- (ii) Details of the Group’s trade balances with fellow subsidiaries and a joint venture, included in trade receivables and trade and bills payables are disclosed in notes 26 and 40 to the financial statements, respectively.

(c) Transactions with other state-owned entities in Chinese Mainland

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “Other SOEs”). During the year, the Group has transactions with Other SOEs including, but not limited to, the sale of piped natural gas, bank deposits and borrowings, and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group’s business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, the Company’s directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

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46. RELATED PARTY DISCLOSURES *(Continued)*

(d) Compensation of key management personnel of the Group

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Short term employee benefits	11,389	12,779
Pension scheme contributions	26	26
Total compensation paid to key management personnel	11,415	12,805

Further details of directors' emoluments are included in note 12 to the financial statements.

47. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Depending on the market conditions and funding arrangements, if at any time, repurchase of the Company's shares will lead to an enhancement of the net asset value per share and/or earnings per share of the Group, the directors will authorise such transactions, when appropriate.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

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48. FINANCIAL INSTRUMENTS

48a. Categories of financial instruments

Statement of financial position

	2025 RMB'000	2024 RMB'000
Financial assets		
Amortised cost	51,959,170	49,870,307
Listed equity securities at FVTPL	90,045	42
Equity investments at FVTOCI	2,433,527	1,861,425
Financial liabilities		
Amortised cost	96,241,338	96,264,841

48b. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank and other borrowings, guaranteed bonds and notes and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as equity and fund instruments, trade receivables, contract assets, other receivables and other assets, trade and bills payables, accruals and other liabilities, receivables under service concession arrangements and amounts due from/to holding companies, fellow subsidiaries, associates, joint ventures and a non-controlling equity holder of a subsidiary.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and fair value risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

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48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant operations in Germany, the Group's financial position can be affected significantly by movements in the EUR/RMB exchange rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR/RMB exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase (decrease) in profit before tax		Increase (decrease) in equity	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
If RMB weakens against EUR by 5%	43,897	61,006	363,644	526,519
If RMB strengthens against EUR by 5%	(43,897)	(61,006)	(363,644)	(526,519)

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to currency risk arising from the hedging relationship is considered to be insignificant.

Interest rate risk

Interest rate risk is the risk that the value and the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long term debt obligations.

Banks and other borrowings, guaranteed bonds and notes, cash and short term deposits are stated at amortised cost and not revalued. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

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48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Interest rate risk (Continued)

The following tables set out the carrying amounts of the Group's interest-bearing financial instruments as at the end of the reporting period that are exposed to interest rate risk:

	Carrying amount		Effective interest rate	
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>	<i>%</i>
Floating rate:				
Restricted cash and pledged deposits	39,574	7,340	0.25	0.25
Cash and cash equivalents	8,995,568	8,075,976	0.25	0.25
Bank and other borrowings (other than lease liabilities)	11,438,268	11,512,096	3.14	3.94
Fixed rate:				
Cash and cash equivalents	22,271,956	22,884,231	1.31	1.16
Bank and other borrowings (other than lease liabilities)	55,190,523	47,789,270	2.34	2.66
Guaranteed bonds and notes	12,317,357	19,604,762	3.13	2.54

At 31 December 2025, it was estimated that a general decrease/increase of 100 basis points in the floating interest rate of average balances of bank and other borrowings and bank balances during the year, with all other variables held constant, would increase/decrease the Group's profit before tax by approximately RMB29,171,000 (2024: RMB22,680,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the beginning of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point decrease or increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for 2024.

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48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Credit risk

The Group is exposed to credit risk arising from its gas operation, brewery operation and environmental operation. Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on individual customer's past history of making payments when they fall due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Various companies have different credit policies, depending on markets and businesses in which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. Normally, the Group does not obtain collateral from customers. In respect of the contract assets for contract work arising from the Group's environmental operation, the Group transacts mainly with municipal governments in different provinces in the PRC which do not have significant credit risk.

The Group has established a policy to perform an assessment as at 31 December 2025 and 2024, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1	When the financial assets are first recognised, the Group recognises an allowance based on 12 months' ECL.
Stage 2	When the financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.
Stage 3	The financial assets are considered credit-impaired. The Group records an allowance for the lifetime ECLs.

Management also makes periodic collective assessments for the financial assets as well as individual assessment on the recoverability of the financial assets based on historical settlement records, past experience and other factors. The Group classifies the financial assets into different stages by risk and continuously monitors their credit risk. Management believes that there is no material credit risk inherent in the Group's outstanding balances as at 31 December 2025 and 2024.

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48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Maximum exposure and year-end staging

At 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	5,231,101	5,231,101
Financial assets included in prepayments, other receivables and other assets					
– Normal	12,190,043	–	–	649,902	12,839,945
Receivables under service concession arrangements					
– Normal	2,419,634	–	–	839,247	3,258,881
Restricted cash and pledged deposits	39,574	–	–	–	39,574
Cash and cash equivalents	31,267,524	–	–	–	31,267,524

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Simplified approach <i>RMB'000</i>	Total <i>RMB'000</i>
Trade receivables*	–	–	–	5,486,614	5,486,614
Financial assets included in prepayments, other receivables and other assets					
– Normal	9,829,489	–	–	851,509	10,680,998
Receivables under service concession arrangements					
– Normal	2,502,926	–	–	857,082	3,360,008
Restricted cash and pledged deposits	7,340	–	–	–	7,340
Cash and cash equivalents	30,960,207	–	–	–	30,960,207

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets are considered as “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as “doubtful”.

Liquidity risk

The Group’s objective is to maintain a balance between the continuity of funding and flexibility through the use of bank loans, other loans, guaranteed bonds and notes. In addition, banking facilities have been put in place for contingency purposes.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of short term loans to cover expected cash demands, subject to approval by the management of the Group. The Group’s policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

The Group has the following loans and borrowings as at the end of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans	31,911,954	36,043,227
Other loans	34,716,837	23,258,139
Guaranteed bonds and notes	12,317,357	19,604,762
Lease liabilities	680,229	603,106
	79,626,377	79,509,234
Analysed into:		
Bank loans repayable:		
Within one year	15,226,449	25,857,701
In the second year	10,701,840	3,837,128
In the third to fifth years, inclusive	1,443,701	1,504,902
Beyond five years	4,539,964	4,843,496
	31,911,954	36,043,227
Other borrowings repayable:		
Within one year	18,087,593	7,089,747
In the second year	6,678,143	15,283,392
In the third to fifth years, inclusive	8,730,425	7,340,575
Beyond five years	14,218,262	13,752,293
	47,714,423	43,466,007
	79,626,377	79,509,234

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities (other than defined benefit obligations) as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2025

	On demand or within one year <i>RMB'000</i>	In the second year <i>RMB'000</i>	In the third to fifth years, inclusive <i>RMB'000</i>	Beyond five years <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills payables	4,269,016	–	–	–	4,269,016
Accruals and other liabilities	10,929,164	798,993	–	–	11,728,157
Due to holding companies, fellow subsidiaries, joint ventures, associates and a non-controlling equity holder of a subsidiary	617,788	–	–	–	617,788
Bank and other borrowings (excluding lease liabilities)	30,915,377	14,284,552	15,141,385	13,368,813	73,710,127
Guaranteed bonds and notes	5,763,389	337,299	1,011,898	9,657,814	16,770,400
Lease liabilities	236,493	141,638	100,003	402,832	880,966
	52,731,227	15,562,482	16,253,286	23,429,459	107,976,454

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

At 31 December 2024

	On demand or within one year <i>RMB'000</i>	In the second year <i>RMB'000</i>	In the third to fifth years, inclusive <i>RMB'000</i>	Beyond five years <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills payables	3,906,197	–	–	–	3,906,197
Accruals and other liabilities	11,373,790	753,366	–	–	12,127,156
Due to holding companies, fellow subsidiaries, joint ventures, associates and a non-controlling equity holder of a subsidiary	722,254	–	–	–	722,254
Bank and other borrowings (excluding lease liabilities)	30,925,477	13,129,261	6,852,887	16,368,518	67,276,143
Guaranteed bonds and notes	7,861,728	5,565,671	1,027,974	10,359,208	24,814,581
Lease liabilities	261,331	68,853	38,141	339,828	708,153
	55,050,777	19,517,151	7,919,002	27,067,554	109,554,484

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48b. Financial risk management objectives and policies *(Continued)*

Fair value risk

The Group is exposed to fair value risk, mainly arising from its listed and unlisted equity investments. The fair values of the equity investments at the end of the reporting period are determined based on quoted market prices and a valuation performed by an independent professional valuer, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of these investments, with all other variables held constant, of the Group's profit before tax and equity attributable to shareholders of the Company:

	Increase (decrease) in profit before tax		Increase (decrease) in equity	
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
If fair values increased by 5%	4,502	–	91,257	69,803
If fair values decreased by 5%	(4,502)	–	(91,257)	(69,803)

48c. Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The Board has delegated the valuation work to the management to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of a financial asset or liability, the Group uses market-observable data to the extent that they are available. The management reports to the Board regularly to explain the cause of fluctuations in the fair value of the financial assets.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48c. Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	2025 RMB'000	2024 RMB'000		
1) Equity securities at FVTPL				
Listed equity investments	90,045	42	Level 1	Quoted market closing prices in an active market
2) Equity investments at FVTOCI				
Listed equity investments	2,143,054	1,599,016	Level 1	Quoted market closing price in an active market
Unlisted equity investments	290,473	262,409	Level 3	The fair value was determined with reference to the net asset value of the unlisted equity (<i>Note</i>)
3) Derivative financial instruments				
Cross currency swap contract	Assets - 82,585 (under hedge accounting)	Assets - 29,332 (under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and contracted exchange rates, discounted at a rate that reflects the credit risk of various counterparties.
	Liabilities - 98,217 (under hedge accounting)	Liabilities - 207,141 (under hedge accounting)		

Note: In the opinion of the directors of the Company, the fluctuations in the key unobservable inputs in determining the fair value of the unlisted equity securities were not significant to the Group, accordingly, no sensitivity analysis was presented.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. FINANCIAL INSTRUMENTS *(Continued)*

48c. Fair value measurements of financial instruments *(Continued)*

Fair value hierarchy

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB\$'000</i>	Level 3 <i>RMB\$'000</i>	Total <i>RMB\$'000</i>
At 31 December 2025				
Financial assets at FVTPL				
Listed equity securities	90,045	–	–	90,045
Equity investments at FVTOCI				
Listed equity investments	2,143,054	–	–	2,143,054
Unlisted equity investments	–	–	290,473	290,473
	Level 1 <i>RMB'000</i>	Level 2 <i>RMB\$'000</i>	Level 3 <i>RMB\$'000</i>	Total <i>RMB\$'000</i>
At 31 December 2024				
Financial assets at FVTPL				
Listed equity securities	42	–	–	42
Equity investments at FVTOCI				
Listed equity investments	1,599,016	–	–	1,599,016
Unlisted equity investments	–	–	262,409	262,409

There was no transfer between Level 1, 2 and 3 for the years ended 31 December 2025 and 2024.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Information about principal subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company				Principal activities
			Direct 2025	2024	Indirect 2025	2024	
Beijing Gas Group Company Limited ("Beijing Gas") [#]	PRC/Chinese Mainland	RMB5,883,767,802	–	–	100	100	Distribution and sale of piped gas and gas-related equipment
唐山市天然氣有限公司 ^µ	PRC/Chinese Mainland	RMB650,000,000	–	–	60	60	Distribution and sale of piped gas
北京燃氣平谷有限公司 ^µ	PRC/Chinese Mainland	RMB539,326,100	–	–	98.95	98.95	Distribution and sale of piped gas
北京燃氣懷柔有限公司 ^µ	PRC/Chinese Mainland	RMB323,280,000	–	–	99.54	99.54	Distribution and sale of piped gas
Beijing Gas Blue Sky Holdings Limited ("Blue Sky") [‡]	Bermuda	Hong Kong dollars ("HK\$") 1,250,486,000	–	–	66.37	66.37	Distribution and sale of piped gas and gas-related equipment, direct LNG supply to industrial end users, trading and distribution of CNG and LNG and operation of CNG and LNG refueling stations for vehicle
Beijing Gas Singapore Private Limited	Singapore	United States dollars ("US\$") 830,550,000	–	–	100	100	Trading of LNG
北京燕京啤酒投資有限公司 ("Yanjing Investment") [§]	PRC/Chinese Mainland	RMB3,409,828,000	–	–	79.77	79.77	Investment holding
Beijing Yanjing Brewery Company Limited ("Yanjing Brewery") ^{*,µ}	PRC/Chinese Mainland	RMB2,818,539,341	–	–	45.79 [†]	45.79 [†]	Production and sale of beer
Fujian Yanjing Huiquan Brewery Co., Ltd. ("Yanjing Huiquan") ^{^,µ}	PRC/Chinese Mainland	RMB250,000,000	–	–	22.93 [†]	22.93 [†]	Production and sale of beer
燕京啤酒 (包頭雪鹿) 股份有限公司 ^µ	PRC/Chinese Mainland	RMB547,303,240	–	–	42.32 [†]	42.32 [†]	Production and sale of beer
燕京啤酒 (桂林漓泉) 股份有限公司 ^µ	PRC/Chinese Mainland	RMB349,366,900	–	–	34.69 [†]	34.69 [†]	Production and sale of beer
燕京啤酒 (赤峰) 有限責任公司 ^µ	PRC/Chinese Mainland	RMB577,120,000	–	–	43.16 [†]	43.16 [†]	Production and sale of beer
新疆燕京啤酒有限公司 ^µ	PRC/Chinese Mainland	RMB683,650,000	–	–	45.79 [†]	45.79 [†]	Production and sale of beer

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Information about principal subsidiaries *(Continued)*

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company				Principal activities
			Direct 2025	2024	Indirect 2025	2024	
燕京啤酒(衡陽)有限公司 ^u	PRC/Chinese Mainland	RMB525,660,000	–	–	44.80 ⁺	44.80 ⁺	Production and sale of beer
四川燕京啤酒有限公司 ^u	PRC/Chinese Mainland	RMB480,000,000	–	–	45.79 ⁺	45.79 ⁺	Production and sale of beer
廣東燕京啤酒有限公司 ^u	PRC/Chinese Mainland	RMB809,882,100	–	–	58.23	58.23	Production and sale of beer
Beijing Enterprises Environment Group Limited (“BEEGL”) ^o	Hong Kong	HK\$2,227,563,951	1.16	1.16	49.23	49.23	Investment holding
西咸新區北控環保科技發展有 限公司 ^u	PRC/Chinese Mainland	RMB349,590,000	–	–	65	65	Solid waste treatment operation
北京北控綠海能環保有限公司 ^a	PRC/Chinese Mainland	RMB308,340,000	–	–	48.74 ⁺	48.74 ⁺	Solid waste treatment operation
北京高安屯垃圾焚燒有限公司 ^a	PRC/Chinese Mainland	RMB274,000,000	–	–	42.78 ⁺	42.78 ⁺	Solid waste treatment operation
北控環境再生能源 (張家港)有限公司 (“Beikong Zhangjiagang”) ^u	PRC/Chinese Mainland	RMB548,121,279	–	–	50.39	50.39	Solid waste treatment operation
哈爾濱市雙琦環保資源利用有 限公司 ^a	PRC/Chinese Mainland	RMB240,000,000	–	–	39.38 ⁺	39.38 ⁺	Solid waste treatment operation
EEW Holding GmbH (“EEW”)	Germany	EURO (“EUR”) 76,996,700	–	–	100	100	Investment holding
EEW Energy from Waste Saarbrücken GmbH	Germany	EUR20,452,000	–	–	100	100	Solid waste treatment operation
EEW Energy from Waste Helmstedt GmbH	Germany	EUR1,000,000	–	–	100	100	Solid waste treatment operation
EEW Energy from Waste GmbH	Germany	EUR1,000,000	–	–	100	100	Issuer of guaranteed notes
Talent Yield (Euro) Limited	British Virgin Islands	US\$1	–	–	100	100	Issuer of guaranteed bonds
Top Luxury Investment Limited	British Virgin Islands	US\$1	–	–	100	100	Issuer of guaranteed bonds
Mega Advance Investments Limited	British Virgin Islands	US\$1	–	–	100	100	Issuer of guaranteed notes
Talent Yield International Limited	British Virgin Islands	US\$1	–	–	100	100	Issuer of guaranteed bonds
Beijing Gas Singapore Capital Corporation	British Virgin Islands	US\$10	–	–	100	100	Issuer of guaranteed notes

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Information about principal subsidiaries *(Continued)*

- # *This entity is registered as a wholly-foreign-owned entity under PRC law.*
- μ *These entities are registered as limited liability companies under PRC law.*
- & *These entities are registered as Sino-foreign joint ventures under PRC law.*
- † *These entities are accounted for as subsidiaries by virtue of the Company's control over them through non-wholly-owned subsidiaries.*
- * *Shares of Yanjing Brewery are listed on the Shenzhen Stock Exchange.*
- ^ *Shares of Yanjing Huiquan are listed on the Shanghai Stock Exchange.*
- *Shares of Blue Sky and BEEGL are listed on the Main Board of the Hong Kong Stock Exchange.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

50. EVENT AFTER THE REPORTING PERIOD

On 6 March 2026, the Company issued medium-term note to qualified investors in China with a total principal amount of RMB2 billion (2026 First Medium-Term Note), of which: (1) Tranche 1 has a term of 3 years and a total principal amount of RMB1 billion, with a coupon rate of 1.75% per annum; (2) Tranche 2 has a term of 5 years and a total principal amount of RMB1 billion, with a coupon rate of 1.91% per annum.

On 13 March 2026, the Company issued medium-term note to qualified investors in China with a total principal amount of RMB2 billion (2026 Second Medium-Term Note), of which: (1) Tranche 1 has a term of 3 years and a total principal amount of RMB1 billion, with a coupon rate of 1.73% per annum; (2) Tranche 2 has a term of 5 years and a total principal amount of RMB1 billion, with a coupon rate of 1.90% per annum.

The proceeds from the 2026 First Medium-Term Note and the 2026 Second Medium-Term Note will be used to repay the Company's existing medium-term notes.

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets:		
Property, plant and equipment	58	116
Investment properties	52,361	52,361
Right-of-use assets	37,445	15,568
Investments in subsidiaries	76,773,252	75,698,119
Investments in associates	110,745	111,026
Equity investments at fair value through other comprehensive income	1,344,649	1,328,568
Total non-current assets	78,318,510	77,205,758
Current assets:		
Prepayments, other receivables and other assets	342,279	358,138
Cash and cash equivalents	68,394	132,585
Total current assets	410,673	490,723
TOTAL ASSETS	78,729,183	77,696,481

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2025 RMB'000	2024 RMB'000
EQUITY AND LIABILITIES		
Equity:		
Share capital	28,340,052	28,340,052
Reserves	(954,830)	(1,040,094)
TOTAL EQUITY	27,385,222	27,299,958
Non-current liabilities:		
Bank and other borrowings	15,330,729	18,577,713
Lease liabilities	29,280	3,294
Total non-current liabilities	15,360,009	18,581,007
Current liabilities:		
Other payables and accruals	381,780	368,834
Due to subsidiaries	25,371,575	29,174,868
Income tax payable	78,542	78,542
Bank and other borrowings	10,143,890	2,180,326
Lease liabilities	8,165	12,946
Total current liabilities	35,983,952	31,815,516
TOTAL LIABILITIES	51,343,961	50,396,523
TOTAL EQUITY AND LIABILITIES	78,729,183	77,696,481

Yang Zhichang
Director

Tung Woon Cheung Eric
Director

XII. FINANCIAL STATEMENTS

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve <i>RMB'000</i>	Investment revaluation reserve <i>RMB'000</i>	Property revaluation reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	11,515	(782,931)	15,668	(1,766,996)	761,346	(1,761,398)
Profit for the year	–	–	–	–	1,941,788	1,941,788
Other comprehensive (loss) income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income	–	(95,595)	–	–	–	(95,595)
Exchange differences on translation of the Company's financial statements	–	–	–	658,791	–	658,791
Total comprehensive (loss) income for the year	–	(95,595)	–	658,791	1,941,788	2,504,984
Final 2023 dividend	–	–	–	–	(760,663)	(760,663)
Interim 2024 dividend	–	–	–	–	(976,169)	(976,169)
Repurchase of Company's shares	–	–	–	–	(46,848)	(46,848)
At 31 December 2024	11,515	(878,526)	15,668	(1,108,205)	919,454	(1,040,094)
Profit for the year	–	–	–	–	1,909,475	1,909,475
Other comprehensive income for the year:						
Changes in fair value of equity investments at fair value through other comprehensive income	–	30,962	–	–	–	30,962
Total comprehensive income for the year	–	30,962	–	–	1,909,475	1,940,437
Final 2024 dividend	–	–	–	–	(881,483)	(881,483)
Interim 2025 dividend	–	–	–	–	(973,690)	(973,690)
At 31 December 2025	11,515	(847,564)	15,668	(1,108,205)	973,756	(954,830)

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

XIII. FIVE YEAR FINANCIAL SUMMARY

31 December 2025

A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years, as extracted from the published audited financial statements and the annual report of the Company for the year ended 31 December 2025, is set out below:

RESULTS

	Year ended 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	66,833,126	79,375,036	82,313,331	84,064,089	87,227,795
Operating profit	4,424,918	2,969,629	1,960,305	2,730,643	3,298,391
Share of profits and losses of:					
Joint ventures	(8,367)	25,627	(25,121)	(82,996)	10,390
Associates	5,239,410	5,051,952	5,331,994	4,898,738	4,455,126
Profit before tax	9,655,961	8,047,208	7,267,178	7,546,385	7,763,907
Income tax	(925,496)	(940,150)	(865,887)	(1,230,911)	(1,110,597)
Profit for the year	8,730,465	7,107,058	6,401,291	6,315,474	6,653,310
ATTRIBUTABLE TO:					
Shareholders of the Company	8,232,472	6,512,480	5,498,290	5,123,085	5,055,839
Non-controlling interests	497,993	594,578	903,001	1,192,389	1,597,471
	8,730,465	7,107,058	6,401,291	6,315,474	6,653,310

XIII. FIVE YEAR FINANCIAL SUMMARY

31 December 2025

ASSETS, LIABILITIES AND TOTAL EQUITY

	Year ended 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	182,714,082	194,542,803	204,454,706	209,752,117	214,861,304
Total liabilities	(93,279,168)	(103,868,750)	(111,405,341)	(112,136,934)	(112,126,490)
NET ASSETS	89,434,914	90,674,053	93,049,365	97,615,183	102,734,814
Equity attributable to shareholders of the Company	78,701,722	79,129,569	80,997,724	84,881,134	89,041,916
Non-controlling interests	10,733,192	11,544,484	12,051,641	12,734,049	13,692,898
TOTAL EQUITY	89,434,914	90,674,053	93,049,365	97,615,183	102,734,814

XIV. GLOSSARY

In this Report (except for the Independent Auditor's Report and the Financial Statements), the following expressions have the following meanings:

"2026 AGM"	:	forthcoming annual general meeting of the Company to be held on 28 May 2026
"AGM(s)"	:	annual general meeting(s) of the Company
"Articles of Association"	:	the current articles of association of the Company adopted on 11 June 2015
"Audit Committee"	:	audit committee of the Company
"Authorised Representative"	:	the authorised representative of the Company as required under Rule 3.05 of the Listing Rules
"BE Environment"	:	Beijing Enterprises Environment Group Limited, a company listed on the Main Board of the HKSE (stock code: 154)
"BE Group"	:	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company established in the PRC with limited liability. It is a state-owned enterprise wholly-owned by SASAC of Beijing Municipality and is the ultimate controlling shareholder of the Company
"BE Group BVI"	:	Beijing Enterprises Group (BVI) Company Limited
"BE Water"	:	Beijing Enterprises Water Group Limited, a company listed on the Main Board of the HKSE (stock code: 371)
"BEHET"	:	Beijing Enterprises Holdings Environment Technology Co., Ltd.* (北京北控環保工程技術有限公司)
"Beijing Gas"	:	Beijing Gas Group Co., Ltd.* (北京市燃氣集團有限責任公司)
"BEIL"	:	Beijing Enterprises Investments Limited

XIV. GLOSSARY

“BHL”	:	Beijing Holdings Limited
“Blue Sky”	:	Beijing Gas Blue Sky Holdings Limited, a company listed on the Main Board of the HKSE (stock code: 6828)
“Board”	:	the board of Directors
“BOO”	:	the abbreviation for Build–Own–Operate
“BOT”	:	the abbreviation for Build–Operate–Transfer
“BVI”	:	the abbreviation for British Virgin Islands
“Chief Executive” or “CEO”	:	the Chief Executive Officer of the Company
“China Gas”	:	China Gas Holdings Limited, a company listed on the Main Board of the HKSE (stock code: 384)
“Company” or “BEHL”	:	Beijing Enterprises Holdings Limited, a company listed on the Main Board of the HKSE (stock code: 392)
“Companies Ordinance”	:	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Director(s)”	:	the director(s) of the Company
“EEW GmbH”	:	EEW Energy from Waste GmbH
“ESG”	:	the abbreviation for Environmental, Social and Governance
“Euro” or “EUR”	:	the Euro, the lawful currency of the member states of the European Union
“Executive Director(s)”	:	executive director(s) of the Company
“Group”	:	the Company and its subsidiaries from time to time
“HKSE” or “Hong Kong Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

XIV. GLOSSARY

“HKFRSs”	:	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Non-executive Director(s)”	:	independent non-executive director(s) of the Company
“Investment Committee”	:	investment committee of the Company
“Listing Rules”	:	the Rules Governing the Listing of Securities on the HKSE
“LNG”	:	the abbreviation for Liquefied Natural Gas
“Model Code”	:	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MOL”	:	Modern Orient Limited
“Nomination Committee”	:	nomination committee of the Company
“Non-executive Director(s)”	:	non-executive director(s) of the Company
“PipeChina Beijing Pipeline Co.” or “Beijing Pipeline Co.”	:	PipeChina Group Beijing Pipeline Co., Ltd.* (國家管網集團北京管道有限公司)
“PRC” or “China”	:	the People’s Republic of China, and for the purpose of this Report, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remuneration Committee”	:	remuneration committee of the Company
“Report”	:	this 2025 annual report of the Company
“RMB”	:	Renminbi, the lawful currency of the PRC

XIV. GLOSSARY

“SASAC of Beijing Municipality”	:	the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“Senior Management”	:	member(s) of the senior management of the Company
“SFO”	:	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholder(s)”	:	holder(s) of Share(s)
“Shares”	:	ordinary share(s) in the capital of the Company
“TCFD”	:	the abbreviation for Task Force on Climate-related Financial Disclosures
“US\$”	:	United States dollar, the lawful currency of the United States of America
“Overseas Oil and Gas Field Project”	:	PJSC Verkhnechonskneftegaz project of Rosneft Oil Company
“Yanjing Brewery”	:	Beijing Yanjing Brewery Co., Ltd. (北京燕京啤酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000729)
“Yanjing Huiquan”	:	Fujian Yanjing Huiquan Brewery Co., Ltd. (福建省燕京惠泉啤酒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600573)
“Yanjing Investments”	:	Beijing Yanjing Brewery Investments Co., Ltd.* (北京燕京啤酒投資有限公司)

* For identification purpose only



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED