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

(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

PERFORMANCE HIGHLIGHTS

- Profit attributable to shareholders of the Company decreased by 23% to RMB688.0 million for the six months ended 30 June 2026 as compared to RMB897.1 million for the last period.
- Both basic and diluted earnings per share for the period were RMB6.43 cents.
- Interim dividend of HK5.54 cents per share is proposed for the six months ended 30 June 2026.

BUSINESS HIGHLIGHTS

- Ranked first in the "Top 10 Most Influential Companies in China's Waterworks Industry" for the 16th consecutive year.
- Included in the S&P Global Sustainability Yearbook (China Edition) for the fourth consecutive year and once again recognised as an "Industry Mover".
- Continued to optimise its revenue mix and maintained robust free cash flow, while further reducing administrative expenses and financing costs.
- Advanced its digital and intelligent transformation by using process-control AI to reshape the smart operation of wastewater treatment plants, shifting the operating model from experience-led decision-making towards data-driven, model-driven and end-to-cloud collaborative operations.

RESULTS

The board (the "Board") of directors (the "Directors") of Beijing Enterprises Water Group Limited (the "Company" or "BEWG") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2026 with comparative figures for the corresponding period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**9,871,301**	10,458,861
Cost of sales		**(5,956,738)**	(6,280,225)
Gross profit		**3,914,563**	4,178,636
Interest income		**319,407**	286,789
Other income		**268,059**	308,137
Other operating expenses, net		**(660,999)**	(576,521)
Administrative expenses		**(1,076,167)**	(1,156,532)
Other gains and losses, net		**(456,809)**	(315,131)
PROFIT FROM OPERATING ACTIVITIES	*4*	**2,308,054**	2,725,378
Finance costs	*5*	**(1,102,525)**	(1,192,084)
Share of results of joint ventures		**321,719**	285,720
Share of results of associates		**38,513**	57,851
PROFIT BEFORE TAX		**1,565,761**	1,876,865
Income tax expense	*6*	**(398,332)**	(409,431)
PROFIT FOR THE PERIOD		**1,167,429**	1,467,434
ATTRIBUTABLE TO:			
Shareholders of the Company		**687,962**	897,087
Holders of perpetual capital instruments		**61,769**	61,769
Non-controlling interests		**417,698**	508,578
		1,167,429	1,467,434
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
– Basic	*8*	**RMB6.43 cents**	RMB8.40 cents
– Diluted		**RMB6.43 cents**	RMB8.40 cents

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**1,167,429**	1,467,434
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Items that may be reclassified to profit or loss:		
– Exchange differences arising on translation of foreign operations	**(106,853)**	99,106
– Fair value changes on derivative financial instruments	**(28,868)**	(106,052)
– Loss reclassified to profit or loss on hedged items	**30,009**	30,857
	(105,712)	23,911
Items that will not be reclassified to profit or loss:		
– Share of other comprehensive expense of a joint venture	**(839)**	(4,432)
– Changes in fair value of equity investments designated at fair value through other comprehensive income	**(17,952)**	(8,339)
	(18,791)	(12,771)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD, NET OF INCOME TAX	**(124,503)**	11,140
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,042,926**	1,478,574
ATTRIBUTABLE TO:		
Shareholders of the Company	**559,431**	896,880
Holders of perpetual capital instruments	**61,769**	61,769
Non-controlling interests	**421,726**	519,925
	1,042,926	1,478,574

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026 (Unaudited)** *RMB'000*	31 December 2025 (Audited) *RMB'000*
ASSETS			
Non-current assets:			
Property, plant and equipment		**7,879,230**	8,841,596
Right-of-use assets		**770,344**	813,382
Investment properties		**423,197**	423,197
Goodwill		**3,200,319**	3,505,144
Operating concessions		**11,795,242**	12,037,138
Other intangible assets		**361,157**	352,628
Investments in joint ventures		**10,739,831**	10,570,380
Investments in associates		**3,380,939**	3,320,698
Equity investments designated at fair value through other comprehensive income		**585,269**	607,276
Financial assets at fair value through profit or loss		**538**	538
Amounts due from contract customers		**8,098,820**	7,774,840
Receivables under service concession arrangements	*9*	**54,636,997**	55,482,455
Trade receivables	*10*	**13,507,808**	13,697,453
Prepayments, deposits and other receivables	*11*	**765,706**	604,217
Deferred tax assets		**827,955**	735,882
Total non-current assets		**116,973,352**	118,766,824
Current assets:			
Inventories		**396,502**	340,878
Amounts due from contract customers		**4,111,194**	4,998,893
Receivables under service concession arrangements	*9*	**11,548,019**	10,392,044
Trade receivables	*10*	**11,661,933**	11,589,007
Prepayments, deposits and other receivables	*11*	**9,246,633**	9,190,537
Restricted cash and pledged deposits		**193,119**	181,730
Cash and cash equivalents		**8,111,947**	9,567,491
Total current assets		**45,269,347**	46,260,580
TOTAL ASSETS		**162,242,699**	165,027,404

	Notes	**30 June 2026 (Unaudited)** *RMB'000*	31 December 2025 (Audited) *RMB'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		**834,250**	834,250
Perpetual capital instruments		**3,489,535**	3,489,535
Reserves		**26,528,944**	26,821,044
		30,852,729	31,144,829
Perpetual capital instruments		**4,235,019**	4,235,019
Non-controlling interests		**20,621,637**	20,675,515
		24,856,656	24,910,534
TOTAL EQUITY		**55,709,385**	56,055,363
Non-current liabilities:			
Other payables and accruals	*12*	**754,743**	865,581
Bank and other borrowings		**37,424,800**	41,864,328
Corporate bonds		**17,467,104**	15,269,346
Lease liabilities		**131,365**	130,529
Provision for major overhauls		**872,097**	760,642
Deferred income		**599,601**	634,220
Deferred tax liabilities		**4,854,151**	4,847,262
Total non-current liabilities		**62,103,861**	64,371,908
Current liabilities:			
Trade payables	*13*	**15,402,743**	16,974,195
Other payables and accruals	*12*	**7,714,520**	7,602,541
Income tax payables		**1,289,592**	1,327,381
Bank and other borrowings		**16,926,872**	14,626,205
Corporate bonds		**2,999,064**	3,998,254
Lease liabilities		**31,260**	35,023
Derivative financial instrument		**65,402**	36,534
Total current liabilities		**44,429,453**	44,600,133
TOTAL LIABILITIES		**106,533,314**	108,972,041
TOTAL EQUITY AND LIABILITIES		**162,242,699**	165,027,404

NOTES:

1.1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. During the six months ended 30 June 2026, the Group was involved in the following principal activities:

- construction of sewage and reclaimed water treatment plants, and provision of construction services for comprehensive renovation projects in the mainland ("Chinese Mainland") of the People's Republic of China (the "PRC"), Malaysia, Australia and the Republic of Botswana;

- provision of sewage and reclaimed water treatment and seawater desalination services in Chinese Mainland, the Republic of Singapore ("Singapore"), the Portuguese Republic ("Portugal"), Australia, New Zealand and Saudi Arabia;

- distribution and sale of piped water in Chinese Mainland, Portugal, Australia and Saudi Arabia;

- provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in Chinese Mainland and Australia;

- licensing of technical know-how related to sewage treatment in Chinese Mainland; and

- provision of urban services and hazardous waste treatment services in Chinese Mainland and Hong Kong.

1.2. BASIS OF PREPARATION

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

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

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

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial information:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

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

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

For the six months ended 30 June 2026

	Sewage and reclaimed water treatment and construction services (Unaudited) *RMB'000*	Water distribution services (Unaudited) *RMB'000*	Technical and consultancy services and sales of machineries (Unaudited) *RMB'000*	Urban resources services (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
Segment revenue *(note 3)*	5,034,130	1,372,786	331,953	3,132,432	9,871,301
Cost of sales	(2,393,039)	(848,450)	(144,068)	(2,571,181)	(5,956,738)
Gross profit	2,641,091	524,336	187,885	561,251	3,914,563
Segment results:					
The Group	2,605,083	470,043	41,924	156,659	3,273,709
Share of results of:					
Joint ventures	191,185	116,166	477	(387)	307,441
Associates	5,879	(219)	5,045	–	10,705
	2,802,147	585,990	47,446	156,272	3,591,855
Corporate and other unallocated income and expenses, net					(965,655)
Share of results of joint ventures and associates					42,086
Finance costs					(1,102,525)
Profit before tax					1,565,761
Income tax expense					(398,332)
Profit for the period					1,167,429
Profit for the period attributable to shareholders of the Company:					
Operating segments	2,353,739	438,165	45,468	14,684	2,852,056
Corporate and other unallocated items					(2,164,094)
					687,962

For the six months ended 30 June 2025

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

Geographical information

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from external customers:		
Chinese Mainland	**8,745,483**	9,494,495
Elsewhere	**1,125,818**	964,366
	9,871,301	10,458,861

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

Information about major customers

During the six months ended 30 June 2026 and 2025, the Group had no transaction with any single external customer which contributed over 10% of the Group's total revenue for the periods.

3. REVENUE

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	**4,536,475**	4,516,318
Construction services	**497,655**	711,807
Water distribution services	**1,372,786**	1,449,290
Technical and consultancy services and sales of machineries	**331,953**	742,157
Urban services	**2,722,982**	2,664,179
Hazardous waste treatment services and sale of recycling and reuse products	**409,450**	375,110
	9,871,301	10,458,861

Imputed interest income under service concession arrangements amounting to RMB1,403,601,000 (six months ended 30 June 2025: RMB1,487,594,000) is included in the above revenue.

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of sewage and reclaimed water treatment services rendered	**1,782,538**	1,700,347
Cost of construction services	**434,267**	601,033
Cost of water distribution services	**742,750**	801,512
Cost of technical and consultancy services rendered and machineries sold	**144,068**	486,179
Cost of urban services	**2,139,215**	2,040,913
Cost of hazardous waste treatment services and sale of recycling and reuse products	**400,104**	358,842
Depreciation of property, plant and equipment	**394,222**	493,168
Depreciation of right-of-use assets	**33,615**	36,054
Amortisation of operating concessions*	**313,796**	291,399
Amortisation of other intangible assets*	**38,498**	34,902

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other loans	**791,815**	958,039
Interest on corporate bonds	**270,824**	240,452
Interest on lease liabilities	**4,229**	5,907
Total interest expense	**1,066,868**	1,204,398
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**35,929**	32,198
Total finance costs	**1,102,797**	1,236,596
Less: Interest included in cost of construction services	**(272)**	(44,512)
	1,102,525	1,192,084

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2026 (six months ended 30 June 2025: 16.5%).

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

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

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.

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current – Hong Kong	**3,437**	4,166
Current – Chinese Mainland	**424,665**	422,511
Current – Elsewhere	**28,617**	24,041
Under provisions in prior year	**35,486**	–
Deferred	**(93,873)**	(41,287)
Total tax expense for the period	**398,332**	409,431

7. INTERIM DIVIDEND

On 26 August 2026, the Board has resolved to declare an interim cash dividend of HK5.54 cents (six months ended 30 June 2025: HK7.35 cents) per ordinary share amounting to a total of approximately RMB481,525,000 (six months ended 30 June 2025: RMB673,127,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the distribution related to the perpetual capital instruments, for the six months ended 30 June 2026, and the weighted average number of 10,046,609,871 (six months ended 30 June 2025: 10,046,609,871) ordinary shares in issue less the weighted average number of 18,499,494 (six months ended 30 June 2025: 18,499,494) ordinary shares held under the share award scheme of the Company during the period.

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to shareholders of the Company	**687,962**	897,087
Distribution related to the perpetual capital instruments	**(43,030)**	(55,061)
Earnings for the purpose of basic earnings per share and diluted earnings per share *(note a)*	**644,932**	842,026

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share *(note b)*	**10,028,110,377**	10,028,110,377

Notes:

(a) The computation of diluted earnings per share does not assume the exercise of the options of an associate because the exercise price of those options was higher than the average market price for shares for both periods ended 30 June 2026 and 2025.

(b) The weighted average number of ordinary shares has been calculated taking into account the shares held under share award scheme.

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

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

	30 June 2026 (Unaudited) ***RMB'000***	31 December 2025 (Audited) *RMB'000*
Billed:		
Within 3 months	**2,632,567**	2,608,934
4 to 6 months	**1,762,765**	1,764,742
7 to 12 months	**2,857,416**	2,598,190
Over 1 year	**4,295,271**	3,420,178
	11,548,019	10,392,044
Unbilled:		
Non-current portion*	**54,636,997**	55,482,455
Total	**66,185,016**	65,874,499

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

10. TRADE RECEIVABLES

The Group's trade receivables arise from the provision of construction services for comprehensive renovation projects, water distribution services on the Build-Own-Operate basis, technical and consultancy services, urban resources services and sale of machineries. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months, except for customers of the construction services for comprehensive renovation projects, who will settle the amounts owed to the Group in a number of specified instalments covering periods ranging from 1 year to 25 years. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Apart from the trade receivables of certain construction services for comprehensive renovation projects which bear interest at rates ranging from 3.5% to 15.0% (31 December 2025: 3.5% to 15.0%) per annum, all other trade receivables are non-interest-bearing.

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

	30 June 2026 (Unaudited) *RMB'000*	31 December 2025 (Audited) *RMB'000*
Billed:		
Within 3 months	**3,285,999**	3,470,536
4 to 6 months	**1,445,718**	1,713,619
7 to 12 months	**2,266,335**	2,227,717
Over 1 year	**4,663,881**	4,177,135
Balance with extended credit period	**29,682**	29,682
	11,691,615	11,618,689
Unbilled*	**13,478,126**	13,667,771
	25,169,741	25,286,460
Portion classified as current assets	**(11,661,933)**	(11,589,007)
Non-current portion	**13,507,808**	13,697,453

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 (Unaudited) *RMB'000*	31 December 2025 (Audited) *RMB'000*
Prepayments	**470,996**	419,998
Deposits and other debtors	**4,694,004**	4,807,033
Advances to subcontractors and suppliers	**1,992,998**	2,006,814
Due from joint ventures	**3,360,553**	3,035,944
Due from associates	**85,674**	74,838
Due from non-controlling equity holders	**256,254**	248,937
Due from other related parties	**62,168**	62,491
	10,922,647	10,656,055
Impairment	**(910,308)**	(861,301)
	10,012,339	9,794,754
Portion classified as current assets	**(9,246,633)**	(9,190,537)
Non-current portion	**765,706**	604,217

12. OTHER PAYABLES AND ACCRUALS

	30 June 2026 (Unaudited) *RMB'000*	31 December 2025 (Audited) *RMB'000*
Accruals	**699,238**	1,029,887
Other liabilities	**3,827,664**	3,331,107
Contract liabilities	**1,109,060**	1,341,526
Due to subcontractors	**41,242**	50,859
Due to joint ventures	**1,142,296**	1,159,685
Due to associates	**146,552**	160,821
Due to other related parties	**410,339**	409,634
Other taxes payables	**1,092,872**	984,603
	8,469,263	8,468,122
Portion classified as current liabilities	**(7,714,520)**	(7,602,541)
Non-current portion	**754,743**	865,581

13. TRADE PAYABLES

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	RMB'000	*RMB'000*
Within 3 months	**9,332,931**	9,421,846
4 to 6 months	**1,220,852**	1,204,829
7 months to 1 year	**997,035**	1,009,530
Over 1 year	**3,791,868**	5,270,546
Balance with extended credit period	**60,057**	67,444
	15,402,743	16,974,195

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

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2026 amounted to RMB839,894,000 (unaudited) (31 December 2025: RMB1,660,447,000) and RMB117,813,246,000 (unaudited) (31 December 2025: RMB120,427,271,000), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period attributable to shareholders of the Company decreased by 23% to RMB688.0 million. Revenue decreased by 6% to RMB9,871.3 million as a result of decrease in revenue contribution from technical services and sale of machineries and construction services of BOT water projects.

1. Financial highlights

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	*%*	*%*	*RMB'M*	*%*
1. **Water treatment services**					
Sewage and reclaimed water treatment services					
China					
– Subsidiaries	4,282.5	43%	59%	1,962.5	69%
– Joint ventures and associates				157.9	5%
				2,120.4	74%
Overseas					
– Subsidiaries	254.0	3%	17%	15.0	1%
	4,536.5	46%		2,135.4	75%
Water distribution services					
China					
– Subsidiaries	1,135.5	12%	40%	284.4	10%
– Joint ventures				102.7	3%
				387.1	13%
Overseas					
– Subsidiaries	237.3	2%	27%	37.9	1%
– Joint ventures				13.2	1%
				51.1	2%
	1,372.8	14%		438.2	15%
Subtotal	5,909.3	60%		2,573.6	90%

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	*%*	*%*	*RMB'M*	*%*
2. **Construction services for the water renovation**					
Construction services for comprehensive renovation projects					
– Projects with completion rate more than 10%[§]	314.0	3%	10%	51.7	2%
– Interest income	–	–	–	154.8	5%
	314.0	3%	10%	206.5	7%
Construction of BOT water projects	183.6	2%	17%	11.8	–
Subtotal	497.6	5%		218.3	7%
3. **Technical services and sale of machineries**	332.0	3%	57%	45.5	2%
4. **Urban resources services**	3,132.4	32%	18%	14.7	1%
Business results	9,871.3	100%		2,852.1	100%
Others[#]				(2,164.1)	
Total				688.0	

[#] *Others included head office expense and other cost, net, of RMB1,041.9 million, share of results of joint ventures and associates of RMB42.1 million, finance costs of RMB1,102.5 million and profit attributable to holders of perpetual capital instruments of RMB61.8 million. Others represented items that cannot be allocated to the operating segments.*

[§] *Profit attributable to shareholders of the Company included share of results of joint ventures and associates of RMB41.1 million.*

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

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

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	RMB'M	*%*	*%*	*RMB'M*	*%*
2. **Construction services for the water renovation**					
Construction services for comprehensive renovation projects					
– Projects with completion rate more than 10%[§]	247.3	3%	12%	35.3	1%
– Interest income	–	–	–	140.9	5%
	247.3	3%	12%	176.2	6%
Construction of BOT water projects	464.5	4%	17%	53.4	2%
Subtotal	711.8	7%		229.6	8%
3. **Technical services and sale of machineries**	742.2	7%	34%	50.4	2%
4. **Urban resources services**	3,039.3	29%	20%	13.5	–
Business results	10,458.9	100%		2,937.7	100%
Others[#]				(2,040.6)	
Total				897.1	

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

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

The comparison of the Group's financial results for the six months ended 30 June 2026 and 2025 is set out in details below:

		Revenue				Profit attributable to shareholders of the Company			
		For the six months ended 30 June				For the six months ended 30 June			
		2026	2025	Increase/(Decrease)		**2026**	2025	Increase/(Decrease)	
		RMB'M	*RMB'M*	*RMB'M*	*%*	***RMB'M***	*RMB'M*	*RMB'M*	*%*
1.	**Water treatment services**								
	Sewage and reclaimed water treatment services								
	China								
	– Subsidiaries	**4,282.5**	4,278.3	4.2	–	**1,962.5**	2,013.9	(51.4)	(3%)
	– Joint ventures and associates					**157.9**	172.9	(15.0)	(9%)
						2,120.4	2,186.8	(66.4)	(3%)
	GP ratio	***59%***	*60%*		(1%)				
	Overseas								
	– Subsidiaries	**254.0**	238.0	16.0	7%	**15.0**	19.3	(4.3)	(22%)
	GP ratio	***17%***	*19%*		(2%)				
		4,536.5	4,516.3	20.2	–	**2,135.4**	2,206.1	(70.7)	(3%)
	Water distribution services								
	China								
	– Subsidiaries	**1,135.5**	1,206.9	(71.4)	(6%)	**284.4**	308.5	(24.1)	(8%)
	– Joint ventures					**102.7**	69.4	33.3	48%
						387.1	377.9	9.2	2%
	GP ratio	***40%***	*41%*		(1%)				
	Overseas								
	– Subsidiaries	**237.3**	242.4	(5.1)	(2%)	**37.9**	45.9	(8.0)	(17%)
	– Joint ventures					**13.2**	14.3	(1.1)	(8%)
						51.1	60.2	(9.1)	(15%)
	GP ratio	***27%***	*31%*		(4%)				
		1,372.8	1,449.3	(76.5)	(5%)	**438.2**	438.1	0.1	–
	Subtotal	**5,909.3**	5,965.6	(56.3)	(1%)	**2,573.6**	2,644.2	(70.6)	(3%)
2.	**Construction services for the water renovation**								
	Construction services for comprehensive renovation projects								
	– Projects with completion rate more than 10%	**314.0**	247.3	66.7	27%	**51.7**	35.3	16.4	46%
	– Interest income	**–**	–	–	–	**154.8**	140.9	13.9	10%
		314.0	247.3	66.7	27%	**206.5**	176.2	30.3	17%
	GP ratio	***10%***	*12%*		(2%)				
	Construction of BOT water projects								
	– China	**183.6**	464.5	(280.9)	(60%)	**11.8**	53.4	(41.6)	(78%)
	GP ratio	***17%***	*17%*		–				
	Subtotal	**497.6**	711.8	(214.2)	(30%)	**218.3**	229.6	(11.3)	(5%)
3.	**Technical services and sale of machineries**	**332.0**	742.2	(410.2)	(55%)	**45.5**	50.4	(4.9)	(10%)
	GP ratio	***57%***	*34%*		23%				
4.	**Urban resources services**	**3,132.4**	3,039.3	93.1	3%	**14.7**	13.5	1.2	9%
	GP ratio	***18%***	*20%*		(2%)				
	Business results	**9,871.3**	10,458.9	(587.6)	(6%)	**2,852.1**	2,937.7	(85.6)	(3%)
	Others					**(2,164.1)**	(2,040.6)	(123.5)	6%
	Total					**688.0**	897.1	(209.1)	(23%)

2. Business review

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

2.1 Water treatment services

As at 30 June 2026, the Group entered into service concession arrangements and entrustment agreements for a total of 1,210 water plants and town-size sewage treatment facilities including 966 sewage treatment plants and town-size sewage treatment facilities, 169 water distribution plants, 74 reclaimed water treatment plants and a seawater desalination plant. Total daily design capacity for new projects secured for the period was 244,138 tons, all of which are entrustment operation projects.

Due to different reasons such as expiration of entrustment operation projects, the Group exited projects with aggregate daily design capacity of 642,716 tons during the period. As at 30 June 2026, total daily design capacity was 42,566,261 tons.

Analysis of projects on hand is as follows:

	Sewage treatment	Reclaimed water treatment	Water distribution	Seawater desalination	Total
(Tons)					
China					
In operation	19,848,824	2,680,167	10,091,137	–	32,620,128
Not yet commenced operation/Not yet transferred	4,207,260	1,430,100	2,653,377	–	8,290,737
Subtotal	24,056,084	4,110,267	12,744,514	–	40,910,865
Overseas					
In operation	258,090	268,450	828,856	300,000	1,655,396
Not yet commenced operation/Not yet transferred	–	–	–	–	–
Subtotal	258,090	268,450	828,856	300,000	1,655,396
Total	24,314,174	4,378,717	13,573,370	300,000	42,566,261
(Number of water plants and town-size sewage treatment facilities)					
China					
In operation	777	49	119	–	945
Not yet commenced operation/Not yet transferred	126	19	13	–	158
Subtotal	903	68	132	–	1,103
Overseas					
In operation	63	6	37	1	107
Not yet commenced operation/Not yet transferred	–	–	–	–	–
Subtotal	63	6	37	1	107
Total	966	74	169	1	1,210

	Number of plants and town-size sewage treatment facilities	Design capacity *(Tons/Day)*	Actual processing volume during the period* *(Tons (M))*	Revenue *(RMB'M)*	Profit attributable to shareholders of the Company *(RMB'M)*
Sewage and reclaimed water treatment services:					
Chinese Mainland:					
– Southern China	108	4,739,750	723.7	891.5	414.2
– Western China	321	2,730,810	383.1	737.5	358.9
– Shandong	65	2,961,050	454.4	689.1	346.8
– Eastern China	196	5,990,611	805.5	1,003.1	422.4
– Northern China	136	6,106,770	668.0	961.3	578.1
	826	22,528,991	3,034.7	4,282.5	2,120.4
Overseas	69	526,540	61.4	254.0	15.0
Subtotal	895	23,055,531	3,096.1	4,536.5	2,135.4
Water distribution services:					
Chinese Mainland	119	10,091,137	1,057.0	1,135.5	387.1
Overseas§	38	1,128,856	56.9	237.3	51.1
Subtotal	157	11,219,993	1,113.9	1,372.8	438.2
Total	1,052	34,275,524	4,210.0	5,909.3	2,573.6

* *Excluded entrustment operation contracts with fixed service fee*

§ *Included a seawater desalination plant*

2.1.1 Sewage and reclaimed water treatment services

2.1.1a Chinese Mainland:

As at 30 June 2026, the Group had 777 sewage treatment plants and town-size sewage treatment facilities and 49 reclaimed water plants in operation in Chinese Mainland. Total daily design capacity in operation of sewage treatment plants and town-size sewage treatment facilities and reclaimed water plants reached to 19,848,824 tons (31 December 2025: 19,737,451 tons) and 2,680,167 tons (31 December 2025: 2,351,096 tons), respectively. The average daily processing volume is 16,839,563 tons* and average daily treatment rate is 77%*. The actual average contracted tariff charge of water treatment was approximately RMB1.57 per ton (31 December 2025: RMB1.57 per ton) for water plants. The actual aggregate processing volume for the period was 3,034.7 million tons, of which 2,759.3 million tons was contributed by subsidiaries and 275.4 million tons was contributed by joint ventures and associates. Total revenue for the period was RMB4,282.5 million. Net profit attributable to shareholders of the Company was RMB2,120.4 million, of which RMB1,962.5 million was contributed by subsidiaries and RMB157.9 million was contributed by joint ventures and associates. The information of sewage and reclaimed water treatment services in Chinese Mainland is as follows:

<u>Southern China</u>

Plants in Southern China were mainly located in Guangdong Province, Hunan Province, Fujian Province and Shaanxi Province. As at 30 June 2026, there were 108 plants and town-size sewage treatment facilities with total daily design capacity of 4,739,750 tons, representing an increase of 27,650 tons as compared with last year. The actual aggregate processing volume for the period amounted to 723.7 million tons. The operating revenue and profit attributable to shareholders of the Company were RMB891.5 million and RMB414.2 million respectively during the period.

* *Excluded entrustment operation contracts with fixed service fee*

Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 30 June 2026, there were 321 sewage treatment plants and town-size sewage treatment facilities with total daily design capacity of 2,730,810 tons, representing a decrease of 60,000 tons per day or 2% as compared with last year. The actual processing volume for the period was 383.1 million tons. The operating revenue of RMB737.5 million was recorded during the period. Profit attributable to shareholders of the Company amounted to RMB358.9 million.

Shandong

There were 65 plants and town-size sewage treatment facilities in Shandong region. The total daily design capacity of Shandong region is 2,961,050 tons. The actual processing volume for the period was 454.4 million tons contributing operating revenue of RMB689.1 million during the period. Profit attributable to shareholders of the Company was RMB346.8 million.

Eastern China

There were 196 water plants and town-size sewage treatment facilities in Eastern China which were mainly located in Zhejiang Province, Jiangsu Province, Henan Province and Anhui Province. As at 30 June 2026, the total daily design capacity of Eastern China is 5,990,611 tons, representing an increase of 53,724 tons as compared with last year. The actual processing volume for the period amounted to 805.5 million tons and operating revenue was RMB1,003.1 million during the period. Profit attributable to shareholders of the Company was RMB422.4 million.

Northern China

Currently, the Group has 136 plants and town-size sewage treatment facilities under operation in Northern China. They are mainly located in Liaoning Province and Beijing. The daily design capacity of Northern China is 6,106,770 tons, representing an increase of 419,070 tons per day or 7% as compared with last year. The projects achieved actual processing volume of 668.0 million tons for the period. The operating revenue was RMB961.3 million during the period. Profit attributable to shareholders of the Company was RMB578.1 million.

2.1.1b Overseas:

As at 30 June 2026, the Group had 63 sewage treatment plants and 6 reclaimed water plants in Portugal, Singapore, Australia, New Zealand and Saudi Arabia. Total daily design capacity in operation was 526,540 tons. The actual processing volume for the period is 61.4 million tons. Total revenue for the period was RMB254.0 million. Profit attributable to shareholders of the Company was RMB15.0 million.

2.1.2 Water distribution services

2.1.2a Chinese Mainland:

As at 30 June 2026, the Group had 119 water distribution plants in operation. Total daily design capacity in operation was 10,091,137 tons (31 December 2025: 10,111,137 tons). The plants were located in Guizhou Province, Fujian Province, Guangdong Province, Hunan Province, Hebei Province, Shandong Province, Henan Province, Guangxi Province and Inner Mongolia Autonomous Region. The actual average contracted tariff charge of water distribution is approximately RMB2.13 per ton (31 December 2025: RMB2.13 per ton). The aggregate actual processing volume is 1,057.0 million tons, of which 652.2 million tons was contributed by subsidiaries, which recorded revenue of RMB1,135.5 million and 404.8 million tons was contributed by joint ventures. Profit attributable to shareholders of the Company was RMB387.1 million, of which profit of RMB284.4 million was contributed by subsidiaries and a profit of RMB102.7 million in aggregate was contributed by joint ventures.

2.1.2b Overseas:

As at 30 June 2026, the Group had 37 water distribution plants and a seawater desalination plant which supplies drinking water in Portugal, Australia and Saudi Arabia. Total daily design capacity in operation was 1,128,856 tons. The actual processing volume for the period is 56.9 million tons of which 39.4 million tons was contributed by subsidiaries and 17.5 million tons was contributed by joint ventures. Total revenue for the period was RMB237.3 million. Profit attributable to shareholders of the Company was RMB51.1 million.

2.2 Construction services for the water renovation

2.2.1 Construction services for comprehensive renovation projects

Revenue from comprehensive renovation projects increased by RMB66.7 million from last period of RMB247.3 million to RMB314.0 million this period.

According to the construction contracts, the Group charges an interest on the trade receivables from the customers with reference to certain mark-up on The People's Bank of China's lending rate for the period from the completion of the construction to time of the receipt of the trade receivables. Interest income from water environmental renovation projects attributable to shareholders of the Company was RMB154.8 million for this period (six months ended 30 June 2025: RMB140.9 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects increased by RMB30.3 million from last period of RMB176.2 million to RMB206.5 million this period. The increase in revenue and profit attributable to shareholders of the Company is mainly due to the steady recognition of production value in accordance with the progress of renovation projects during the final stage of construction works in Chinese Mainland and increase in contribution from Overseas.

2.2.2 Construction of BOT water projects

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

During the period, water plants under construction were mainly located in Shandong, Shanxi and Guangdong provinces. Total revenue for construction of BOT water projects was RMB183.6 million (six months ended 30 June 2025: RMB464.5 million) and profit attributable to shareholders of the Company was RMB11.8 million (six months ended 30 June 2025: RMB53.4 million). During the period, the Group focused on asset-light projects and decreased in investing in construction of BOT water projects. As such, there was a decrease in revenue and profit attributable to shareholders of the Company during the period.

2.3 Technical services and sales of machineries

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

Revenue from the provision of technical services and sales of machineries was RMB332.0 million (six months ended 30 June 2025: RMB742.2 million). Profit attributable to shareholders of the Company was RMB45.5 million (six months ended 30 June 2025: RMB50.4 million). The decrease was mainly due to disposal of subsidiaries engaging in the technical and consultancy services in second half of last year.

2.4 Urban resources services

Beijing Enterprises Urban Resources Group Limited ("BEURG") is principally engaged in urban services, hazardous waste treatment business and sale of recycling and reuse products. As at 30 June 2026, BEURG had 298 urban services projects, 10 hazardous waste treatment projects in operation and 2 revenue-generating waste electrical and electronic equipment treatment projects. For the six months ended 30 June 2026, BEURG's revenue was RMB3,132.4 million (six months ended 30 June 2025: RMB3,039.3 million) and the profit attributable to the Group was RMB14.7 million (six months ended 30 June 2025: RMB13.5 million).

3. Financial analysis

3.1 Revenue

During the period, the Group recorded revenue of RMB9,871.3 million (six months ended 30 June 2025: RMB10,458.9 million). The decrease was mainly due to the decrease in revenue contribution from technical services and sale of machineries and construction services of BOT water projects.

3.2 Cost of sales

Cost of sales for the period amounted to RMB5,956.7 million, compared to last period of RMB6,280.2 million. Cost of sales mainly included operating costs of water plants of RMB2,807.2 million and cost of urban resources services of RMB2,571.2 million. The decrease was mainly due to decrease in cost of technical and consultancy services rendered and machineries sold of RMB342.1 million. The construction costs mainly consisted of subcontracting charges. The operating costs mainly included electricity charges of RMB739.8 million, staff costs of RMB2,055.0 million and major overhaul charges of RMB132.9 million. Major overhaul charges were the estimated expenditure to be incurred for the restoration of water plants before they are handed over to the grantor at the end of service arrangements. The amount was estimated based on discounted future cash outlays on major overhauls during the service concession periods. The amount was charged to profit or loss based on amortisation method during the service concession periods.

3.3 Gross profit margin

During the period, gross profit margin remained constant at 40%.

Gross margin for sewage and reclaimed water treatment services:

Gross margin for sewage and reclaimed water treatment services in Chinese Mainland was 59% (last period: 60%). Gross margin for sewage and reclaimed water treatment services in Overseas was 17% (last period: 19%).

Gross margin for water distribution services:

Gross margin for water distribution services in Chinese Mainland was 40% (last period: 41%). Gross margin for water distribution services in Overseas was 27% (last period: 31%). Gross margin in Overseas decreased which was mainly due to increment in amortisation of assets under service concession arrangements.

Gross margin for construction services for comprehensive renovation projects:

Gross margin for construction services for comprehensive renovation projects was 10% (last period: 12%). Gross margin decreased as the major comprehensive renovation projects for the period have a relatively lower average gross margin.

Gross margin for construction of BOT water projects:

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

Gross margin for technical services and sale of machineries:

Gross margin for the technical services and sale of machineries was 57% (last period: 34%). The increase in gross profit margin was due to the Group's focus on high-margin technical service projects.

Gross margin for urban resources services:

Gross margin for urban resources services was 18% (last period: 20%). The decrease in gross profit margin was primarily due to an increase in the proportion of revenue from Hong Kong with relatively lower gross profit margin and raising on labor cost, vehicle and other operating costs in the Chinese Mainland business during the period.

3.4 Other income

The Group recorded other income of RMB268.1 million during the period, compared to last period of RMB308.1 million. The amount for this period mainly included sludge treatment income of RMB72.6 million, pipeline installation income of RMB34.0 million, and government grant and subsidies of RMB50.8 million.

3.5 Other operating expenses, net

Other operating expenses, net for the period increased to RMB661.0 million, compared to last period of RMB576.5 million. The increase was mainly due to increase in impairment losses recognised in current period.

3.6 Administrative expenses

Administrative expenses for the period decreased to RMB1,076.2 million, compared to last period of RMB1,156.5 million which decreased by 7%, implying that the related cost control was effective.

3.7 Other gains and losses, net

The Group recorded other losses, net of RMB456.8 million. The amount for this period mainly included loss on disposal of subsidiaries.

3.8 Finance costs

The interest on bank and other borrowings were RMB791.8 million, which decreased by 17% when compared to last period of RMB958.0 million, the decrease was mainly due to the Group's effective cost control. Interests on corporate bonds of RMB270.8 million (six months ended 30 June 2025: RMB240.5 million).

3.9 Share of results of joint ventures

Share of results of joint ventures increased to RMB321.7 million, compared to last period of RMB285.7 million. The increase was mainly due to increase in share of results of the joint ventures which engaged in water distribution services.

3.10 Share of results of associates

Share of results of associates decreased to RMB38.5 million, compared to last period of RMB57.9 million. The decrease was mainly due to decrease in share of results of Shandong Hi-Speed New Energy Group Limited compared with last period.

3.11 Income tax expense

Income tax expense for the period included the current PRC income tax of RMB424.7 million. The effective tax rate for the PRC operation was about 17% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax credit for the period was RMB93.9 million.

3.12 Profit attributable to holders of perpetual capital instruments

Amount represented the coupon payments of perpetual bonds with an aggregate principal amount of RMB4,240 million which were issued in 2024.

3.13 Property, plant and equipment

Property, plant and equipment decreased by RMB962.4 million which was mainly due to disposal of subsidiaries.

3.14 *Investment properties*

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

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

The Group's total amounts due from contract customers, receivables under service concession arrangements and trade receivables of RMB103,564.7 million (31 December 2025: RMB103,934.7 million) included:

By accounting nature:

	30 June 2026			31 December 2025		
	Non-current *RMB'M*	**Current** *RMB'M*	**Total** *RMB'M*	Non-current *RMB'M*	Current *RMB'M*	Total *RMB'M*
(i) Amounts due from contract customers	**8,098.8**	**4,111.2**	**12,210.0**	7,774.8	4,998.9	12,773.7
(ii) Receivables under service concession arrangements	**54,637.0**	**11,548.0**	**66,185.0**	55,482.5	10,392.0	65,874.5
(iii) Trade receivables	**13,507.8**	**11,661.9**	**25,169.7**	13,697.5	11,589.0	25,286.5
Total	**76,243.6**	**27,321.1**	**103,564.7**	76,954.8	26,979.9	103,934.7

(i) Amounts due from contract customers of RMB12,210.0 million represent the balances of accumulated construction costs incurred to date plus recognised accumulated gross profits exceeding progress billings arising from BOT projects and comprehensive renovation projects during the phase of construction. Total balance decreased by RMB563.7 million (non-current portion increased by RMB324.0 million and current portion decreased by RMB887.7 million), which was mainly due to reclassification to receivables under service concession arrangement as a result of operation commencement of certain BOT water projects during the period;

(ii) Receivables under service concession arrangements of RMB66,185.0 million represent the fair value of the specified amount that the grantor contractually guarantees to pay under service concession contracts arising from BOT and TOT projects. The increase in balance by RMB310.5 million (non-current portion decreased by RMB845.5 million and current portion increased by RMB1,156.0 million) was mainly due to reclassification from amounts due from contract customers as a result of operation commencement of certain BOT water projects; and

(iii) Trade receivables of RMB25,169.7 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services, sewage treatment equipment trading and urban resources services. The balance decreased by RMB116.8 million (non-current portion decreased by RMB189.7 million and current portion increased by RMB72.9 million).

By business nature:

	30 June 2026 *RMB'M*	31 December 2025 *RMB'M*
Water treatment services by BOT and TOT projects	**76,440.8**	76,083.0
Construction services of comprehensive renovation projects	**21,050.4**	21,887.5
Technical and consultancy services and other businesses	**2,014.6**	2,196.8
Urban resources services	**4,058.9**	3,767.4
Total	**103,564.7**	103,934.7

Total receivables, which relates to the BOT and TOT projects, recognised under the service concession agreements in accordance with the HK(IFRIC)-Int 12 Service *Concession Arrangements* were RMB76,440.8 million (31 December 2025: RMB76,083.0 million). Total receivables for the construction service of comprehensive renovation projects were RMB21,050.4 million (31 December 2025: RMB21,887.5 million). Total receivables for technical and consultancy services and other businesses were RMB2,014.6 million (31 December 2025: RMB2,196.8 million). Urban resources services were RMB4,058.9 million (31 December 2025: RMB3,767.4 million).

3.16 Operating concessions

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

3.17 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables increased by RMB217.6 million, (non-current portion increased by RMB161.5 million and current portion increased by RMB56.1 million) mainly due to increase in due from joint ventures.

3.18 Cash and cash equivalents

Cash and cash equivalents decreased by RMB1,455.5 million which was mainly due to utilised for repayment of bank loans and settlement of trade payables during the period.

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

Perpetual capital instruments were issued by the Company on 11 August 2023, 18 April 2024, 7 May 2025 and 28 July 2025 respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.20 Perpetual capital instruments

Perpetual capital instruments were issued by a wholly-owned subsidiary of the Company on 25 and 30 January 2024, 22 August 2024, 10 September 2024 and 27 November 2024, respectively. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Group subject to certain conditions. The perpetual capital instruments are classified as equity instruments.

3.21 Bank and other borrowings

Bank and other borrowings decreased by RMB2,138.9 million which was mainly due to repayment of bank loans during the period.

3.22 Corporate bonds

Corporate bonds increased by RMB1,198.6 million which was mainly due to the net effect of issuance of new corporate bonds with principal amount of RMB4,200 million, repayment of corporate bonds with principal amount of RMB3,000 million during the period.

3.23 Trade payables

The decrease in trade payables by RMB1,571.5 million was mainly due to decrease in trade payables to subcontractors for certain construction projects during the period.

3.24 Deferred Income

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

3.25 Liquidity and financial resources

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

As at 30 June 2026, the Group's cash and cash equivalents amounted to RMB8,111.9 million (31 December 2025: RMB9,567.5 million).

The Group's total borrowings amounted to RMB74,817.8 million (31 December 2025: RMB75,758.1 million) comprised bank and other borrowings of RMB54,351.7 million (31 December 2025: RMB56,490.5 million) and corporate bonds of RMB20,466.1 million (31 December 2025: RMB19,267.6 million). All the corporate bonds bear interest at fixed rates. Over 50% of bank and other borrowings bear interest at floating rates.

As at 30 June 2026, the Group had banking facilities amounting to RMB72.0 billion, of which RMB44.8 billion have not been utilised. The banking facilities are of 1 to 20 years term.

The Group's total equity amounted to RMB55,709.4 million (31 December 2025: RMB56,055.4 million).

The gearing ratio as defined as sum of bank and other borrowings and corporate bonds, net of cash and cash equivalents, divided by the total equity was 1.20 as at 30 June 2026 (31 December 2025: 1.18). The slight increase in the gearing ratio as at 30 June 2026 was mainly due to decrease in cash and cash equivalents and total equity during the period.

3.26 Capital expenditures

During the period, the Group's total capital expenditures were RMB563.1 million (six months ended 30 June 2025: RMB943.2 million), of which RMB359.0 million was incurred for the acquisition of property, plant and equipment, right-of-use assets and intangible assets; RMB186.8 million represented the construction and acquisition of water plants; and RMB17.3 million represented the capital injections in joint ventures and an associate.

4. Future Outlook

4.1 Sustainable development

The Group has deeply embedded sustainability into its medium- and long-term development strategies, underpinned by technological innovation, talent development, and risk prevention and control, thereby strengthening the foundations of its operations.

In respect of technological innovation, the Group has established the Technology Steering Committee and specialist subcommittees, bringing together internal and external experts to provide coordinated technical guidance. It has also enhanced digital management throughout the R&D lifecycle, shifting its innovation efforts towards systematic research and development. Focusing on the upgrading of its core business, the Group has adopted an approach of tailoring solution for each operating scenario to optimise existing techniques and advance the commercialisation of its proprietary treatment chemicals. In terms of frontier technologies, it has completed the technical validation of the anammox process for industrial wastewater treatment, extended wastewater heat recovery into district heat supply, and made interim progress in building its technology pipeline for emerging businesses.

With regard to artificial intelligence and digitalisation, the Group has adopted data and AI as twin engines to drive the intelligent upgrading of water operations and management processes. The intelligent water process control agent “Enki” continues to evolve, with process optimisation pilots under way at key water treatment plants. In selected scenarios, it provides intelligent decision support for chemical dosing and energy consumption control. Intelligent agents for financial document review, contract review, procurement and tendering, and records management have also been rolled out in phases, delivering initial improvements in approval efficiency and compliance oversight. The development of high-quality datasets is progressing steadily, further strengthening the foundations of the Group’s digital and intelligent transformation.

For risk management and control, the Group has established an integrated “five-in-one” framework encompassing risk management, internal control, compliance, audit and safety, while refining its full-lifecycle investment management and post-investment evaluation mechanisms. The digital transformation of its legal function has been implemented, including visualised case monitoring and AI-assisted review. In production safety, a mechanism comprising a safety management centre of expertise and frontline collaboration has become fully operational. The Group continues to strengthen its safety accountability framework across the entire workforce, while steadily advancing AI-enabled monitoring and smart platform development. Key risk indicators and cross-departmental coordination mechanisms are also being continuously refined to safeguard the Group’s high-quality development.

Regarding talent development, the Group continues to optimise its workforce structure and build three core teams spanning operational management, technical expertise and skilled workers, placing the objective of unlocking the vitality of its people and organisation at the heart of its strategy. It has established role certification frameworks and career pathways for professional and technical staff and skilled workers, and is advancing the reform of its work-order-based remuneration system to create an incentive mechanism that rewards greater contribution and higher skills with better pay. The Group is also developing a framework for identifying and cultivating AI talent, closely aligning the upgrading of its workforce structure with its intelligent transformation.

In addressing climate change, the Group has established a green management framework underpinned by the three drivers of strategy, technology and ecosystem collaboration. It enhances its risk management mechanisms and sets quantitative targets, thereby strengthening its capacity to pursue climate mitigation and adaptation in equal measure. The Group is advancing flood protection and drainage upgrades at water treatment plants in key regions to enhance infrastructure resilience. It is also deepening R&D into green technologies such as BEAOA and BESWIFT, steadily increasing the share of renewable energy in its energy mix, promoting coordinated decarbonisation across its supply chain and progressively reducing the carbon footprint of its operations.

With regard to stakeholder engagement and shared value, BEWG consistently pays close attention to the expectations of its stakeholders. It has long been committed to building an efficient, stable and mutually beneficial network of sustainable partnerships, and has fully embedded sustainability throughout the lifecycle management of its suppliers. Upholding its customer-first principle, BEWG continues to deepen customer value creation and enhance customer experience and satisfaction.

4.2 Future prospect

The road ahead is long, yet the Group moves forward with determination. Amid profound changes unseen in a century, BEWG will remain steadfast in its strategic direction, grounding its development in the principle of "starting with the customer, building on resilience and advancing through innovation". The Group will seize the strategic opportunities presented by the 15th Five-Year Plan and advance with conviction towards its vision of becoming a trusted, world-leading water environmental services provider.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed 80,006* employees. Total staff cost for the six months ended 30 June 2026 was RMB2,731,290,000 (six months ended 30 June 2025: RMB2,880,503,000). The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Discretionary bonuses and share awards are awarded to certain employees according to the assessment of individual performance. On 26 September 2019, 1 November 2021, 2 December 2022 and 13 July 2023, the Company had granted 15,374,599 awarded shares, 12,471,409 awarded shares, 21,664,326 awarded shares and 13,261,718 awarded shares respectively pursuant to the share award scheme adopted on 17 December 2018 (the "Share Award Scheme"). All the awarded shares were vested or lapsed. On 14 December 2023, the Board resolved to extend the Share Award Scheme for further five years after the expiry of an initial five-year term until 16 December 2028. During the six months ended 30 June 2026, the Company did not grant any awarded share under the Share Award Scheme. The number of awarded shares to be available for grant are 200,932,197 shares as at both 1 January 2026 and 30 June 2026.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the six months ended 30 June 2026, the Group had no significant investments and acquisitions of subsidiaries and affiliated companies.

CHARGES ON THE GROUP'S ASSETS

The secured bank and other borrowings and the perpetual capital instruments of the Group as at 30 June 2026 were secured by:

(i) mortgages over certain concession rights (comprising operating concessions and receivables under service concession arrangements) which are under the management of the Group pursuant to the relevant service concession agreements signed with the grantors;

* *Included 62,924 employees under BEURG as at 30 June 2026*

(ii) mortgages over certain right-of-use assets, plant and equipment and investment properties of the Group;

(iii) guarantees given by the Company and/or its subsidiaries;

(iv) pledges over the Group’s equity interests in certain subsidiaries;

(v) pledges over certain of the Group’s bank balances; and/or

(vi) mortgages over certain of the Group’s trade receivables.

Save as disclosed above, at 30 June 2026, the Group did not have any charges on the Group’s assets.

FOREIGN EXCHANGE EXPOSURE

The main operating activities of the Group were carried out in PRC with majority of its transactions denominated and settled in RMB. Certain of the subsidiaries of the Group have their assets and liabilities denominated in other currencies including HKD, AUD and EUR. The Directors will continuously monitor the related foreign exchange exposure and adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

As at 30 June 2026, bank guarantees in favour of employers in lieu of deposits for project bidding and project performance of RMB1,654,112,000 (31 December 2025: RMB1,587,618,000) were outstanding and corporate guarantees of RMB1,876,661,000 (31 December 2025: RMB1,270,856,000) were given to banks and/or institutional investors in connection with facilities granted to certain joint ventures and bonds issued by joint ventures.

Save as disclosed above, at 30 June 2026, the Group did not have any significant contingent liabilities.

PURCHASE, SALE AND REDEMPTION OF ITS SECURITIES BY THE GROUP

Redemption of RMB500,000,000 2.98% medium-term Notes Due 2028

During the six months ended 30 June 2026, the Company redeemed and cancelled the two years prior to the maturity date all the outstanding principal amount of RMB500,000,000 2.98% medium-term notes due 2028 issued by the Company at the redemption amount of RMB500,000,000 plus accrued interest which was paid.

Redemption of RMB1,500,000,000 3.98% medium-term Notes Due 2029

During the six months ended 30 June 2026, the Company redeemed and cancelled the three years prior to the maturity date all the outstanding principal amount of RMB1,500,000,000 3.98% medium-term notes due 2029 issued by the Company at the redemption amount of RMB1,500,000,000 plus accrued interest which was paid.

Redemption of RMB1,000,000,000 3.06% medium-term Notes Due 2028

During the six months ended 30 June 2026, the Company redeemed and cancelled the two years prior to the maturity date all the outstanding principal amount of RMB1,000,000,000 3.06% medium-term notes due 2028 issued by the Company at the redemption amount of RMB1,000,000,000 plus accrued interest which was paid.

Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company (including sales of treasury shares (as defined in The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"))) during the six months ended 30 June 2026. As of 30 June 2026 and during the reporting period, the Company did not hold any treasury shares.

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare an interim dividend of HK5.54 cents per share (equivalent to RMB0.0479291 per share at the exchange rate of HKD1.0: RMB0.865146, being the average benchmark exchange rate of HK Dollars ("HKD") to Renminbi ("RMB") as published by the People's Bank of China during the five business days immediately before 26 August 2026) for the six months ended 30 June 2026, payable on Monday, 26 October 2026 to shareholders whose names appear on the register of members of the Company on the record date of Thursday, 10 September 2026.

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

Shareholders will be given the option to elect to receive all (but not part, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the interim dividend in RMB, such dividend will be paid at RMB0.0479291 per share. To make such election, shareholders should complete the dividend currency election form, which is expected to be despatched to shareholders in the mid-September 2026 as soon as practicable after the record date of Thursday, 10 September 2026 to determine shareholders' entitlement to the interim dividend, and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 5 October 2026.

Shareholders who are minded to elect to receive all (but not part, save in case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will/will not be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Monday, 26 October 2026 at the shareholders' own risk.

If no election is made by a shareholder or no duly completed dividend currency election form in respect of that shareholder is received by branch share registrar of the Company in Hong Kong by 4:30 p.m. on Monday, 5 October 2026, such shareholder will automatically receive the interim dividend in HKD. All dividend payments in HKD will be made in the usual way on or around Monday, 26 October 2026.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 9 September 2026 to Thursday, 10 September 2026 (both days inclusive), during which period no transfer of shares will be registered. The record date will be Thursday, 10 September 2026. In order to qualify for entitlement to the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 8 September 2026.

CORPORATE GOVERNANCE

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board, the Company had complied with all applicable code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that during the six months ended 30 June 2026, all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") currently comprises three independent non-executive directors of the Company, namely Mr. Shea Chun Lok Quadrant (the chairman of the Audit Committee), Mr. Guo Rui and Mr. Chau On Ta Yuen. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management and internal controls of the Company. The unaudited interim results for the six months ended 30 June 2026 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.bewg.net) and the website of the Stock Exchange (www.hkexnews.hk). The 2026 interim report will be despatched to shareholders of the Company and will be published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

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

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

Hong Kong, 26 August 2026

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