北控城市資源集團有限公司
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code : 3718

2024
ANNUAL REPORT

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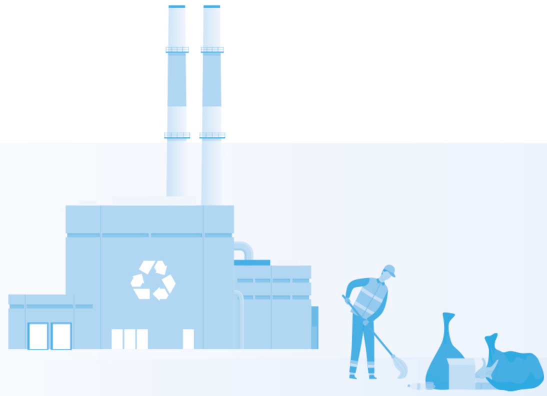

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhou Min *(Chairman)*
Mr. Zhao Kexi *(Chief Executive Officer)*
Mr. Li Haifeng
Mr. Li Li
Mr. Zhou Chen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Tak Kong
Dr. Du Huanzheng
Ms. Judith Yu

AUDIT COMMITTEE

Mr. Wu Tak Kong *(Chairman)*
Dr. Du Huanzheng
Ms. Judith Yu

NOMINATION COMMITTEE

Mr. Zhou Min *(Chairman)*
Mr. Wu Tak Kong
Ms. Judith Yu

REMUNERATION COMMITTEE

Dr. Du Huanzheng *(Chairman)*
Mr. Zhao Kexi *(Resigned on 5 June 2024)*
Mr. Wu Tak Kong
Mr. Li Haifeng *(Appointed on 5 June 2024)*

SUSTAINABILITY COMMITTEE

Mr. Zhao Kexi *(Chairman)*
Mr. Zhou Chen
Mr. Wu Tak Kong

COMPANY SECRETARY

Mr. Zhang Xiangyu

STOCK CODE

3718

WEBSITE

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Cayman Islands

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Hong Kong

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

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PRINCIPAL SHARE REGISTRAR

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Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
DBS Bank (Hong Kong) Limited

In Mainland China:
Bank of Communications Co., Ltd
Industrial and Commercial Bank of China

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

During 2024, China's macroeconomy was in generally stable operation and gradually improved. However, given the complicated and severe internal and external environment, the momentum of economic growth was relatively weak and the local finances continued to be under pressure. The industry in which we operated was facing increasing difficulties and pressure in the midst of growth and change. Beijing Enterprises Urban Resources Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") rode on the waves of opportunities and challenges to stride forward, unswervingly pursued high-quality sustainable development, and maintained steady development amid the complex and volatile market environment.

BUSINESS REVIEW

The Group recorded a revenue of approximately RMB6,027.7 million for the year ended 31 December 2024 (the "**Reporting Period**"), representing a year-on-year increase of approximately 19.2%. As affected by the impairment on goodwill resulting from the one-off non-cash expenditure of the hazardous waste segment, profit for the year attributable to shareholders was approximately RMB25.7 million, down by approximately 91.0%. The Group obtained 64 urban services projects through public tenders and acquisition with total contract value and estimated annual revenue amounting to approximately RMB7,847.5 million and RMB1,496.9 million, respectively. The Board of the Company passed a resolution to propose the distribution of a cash dividend of HK1.3 cents per share (HK2.5 cents per share in total for the year) to shareholders to reciprocate their long-standing support to the Group.

In 2024, the urban services industry experienced profound changes under multiple intertwined pressures. Financial budgets were tightened and adjusted downward, and the level of account receivables in the industry was far from being optimistic. With involution and other competitive chaos, and the influx of local platform companies and other entities into the market, the competition has intensified. Meanwhile, given its huge development potential, the market size of the urban services industry continued to expand and reached more than RMB320 billion in 2024. As estimated by industry research, the urban service industry will continue to grow at an average annual compound growth rate of more than 13% in the next 5 years, presenting huge opportunities for development and broad prospects as a whole.

The Opinions of the State Council of the Central Committee of the Communist Party of China on Comprehensively Promoting the Construction of a Beautiful China《中共中央國務院關於全面推進美麗中國建設的意見》pointed out that, by 2027, green and low-carbon development would be further promoted, the quality of ecological environment would continue to improve, and the living environment of urban and rural areas would be significantly improved. The 2024 Central Economic Work Conference and the Report on the Work of the Government 2025 both placed emphasis on the implementation of a more proactive fiscal policy and the adoption of a series of integrated debt policies for local debts to address the problem of enterprise accounts in arrears. The relevant authorities introduced a series of policies in relation to the reform of the bidding market and restoration of market order. Updates to a series of industry standards such as the intelligent sanitation system, environmental hygiene facilities and waste separation were also launched, which have brought benefits to the industry, at the same time ushering in the needs and challenges of standardisation of service contents and innovation of operation and management models.

During the Reporting Period, the Group implemented the strategy of optimising incremental projects while revitalising existing projects, and stepped up its effort in the high-quality expansion of urban services projects in key regions. It also continued to improve the service quality of its existing projects and its refined management capability, optimised the management of the full lifecycle of customers, participated in industry research and the preparation of local municipal plans, actively conducted public welfare activities such as publicity of waste separation and green and low-carbon lifestyles, endeavouring to explore the application of technologies and innovation of services to build up the core competitiveness of the Group. During the Reporting Period, the Group received awards such as the "Top 10 Influential Enterprises in Urban Services of the Year", "Innovation Award of Municipal Appearance and Environment Industry" and "Top 30 Highest Innovative Value", further enhancing its brand influence and market recognition, and demonstrating the Group's enormous potential in terms of technological innovation, market expansion and sustainable development.

Currently, the hazardous waste industry is in a phase of oscillating adjustment as a whole and is struggling with the predicament of overcapacity, shortage of raw materials and declining profits. Facing the severe challenges of acute imbalance of supply and demand in the industry, continuously declining market prices and the continuous compression of survival space of enterprises, as well as unfavorable changes in the operating environment, the Group prudently assessed and made an impairment provision for goodwill of RMB237.7 million, which has caused a significant impact on the profit for the year. Despite the difficulties, the Group has always given priority to ensuring stable operations and to reduce costs and increase efficiency through collective efforts, at the same time actively exploring ways to efficiently develop its incremental business. During the Reporting Period, project companies such as Shandong Pingfu fully tapped the potential of existing resources and actively utilized their advanced technologies, and have therefore basically established the ability to comprehensively handle and recycle hazardous waste in the organic silicon industry. Through a series of proactive response measures, each hazardous waste project is striving to withstand the "bleak winter" of the industry and ensure the robust survival and development of the Company.

COMPANY CONTROL

During the Reporting Period, the industry environment changed drastically and the market demand became increasingly diversified. The Group responded swiftly and continued to push forward the structural adjustment and reform of the authorisation system, enhanced the control of service quality and deepened the internal control management and risk prevention and control. In the urban services and hazardous waste businesses, the Group built a standardised management system to enhance quality and increase efficiency by leveraging digital intelligence means.

During the Reporting Period, the Group continued to promote the upgrade of digital intelligence and established platforms such as the operation subject identification and data collection system, the refined urban services operational management system and the Chongqing Banan business system for operation, management and services, in order to promote the digital intelligence of operational management. Simultaneously, the Group upgraded the construction and application of functional management system to effectively improve the management efficiency of financial, human resources, vehicles and supply chain systems, laying the foundation for refined management of staff and vehicles efficiency.

CHAIRMAN'S STATEMENT

In order to build a more comprehensive risk prevention and control system, during the Reporting Period, the Group revised and improved the comprehensive investment evaluation process, standardised the decision-making procedures for major issues, enhanced the efficiency in responding to changes in the industry and controlling risks, thereby building up a strong line of defence for compliance. Meanwhile, we strengthened the identification and assessment of risks, and improved the response to and control of major risks such as payment cycles in the industry and extreme weather by such means as setting up a reward and punishment linkage mechanism and adopting hierarchical cooperation. We also standardised the auditing and compliance rectification procedures, and improved the accountability mechanism to create a closed-loop control mechanism to ensure the effective operation and continuous optimisation of the internal control and risk management systems.

In terms of safety and environmental management, the Group has always taken "safety first" as its core principle. The Group carried out dynamic risk identification in a timely manner, examined its operational procedures in all aspects and promptly implemented control measures, so as to reduce safety risks at source. Targeted emergency drills based on different scenarios and risk types were also carried out frequently in order to build up the team's emergency response capability through simulation. At the same time, the Group incorporated training on laws, regulations and accident cases into its regular work with a view to guiding all employees to strictly abide by the bottom line of safety and environmental protection and to build up a strong line of defence through safety awareness, hence safeguarding the safe, stable and sustainable development of its businesses on all fronts.

SUSTAINABLE DEVELOPMENT

Based on the environmentally-friendly nature of its business, the Group actively responded to the "Dual Carbon" strategy and systematically deepened its work in relation to environmental, social and governance (ESG), which has been recognised by international rating agencies. Under the guidance of policies, the Group pushed forward its operation services towards the direction of energy saving, highly efficient, green and low-carbon, facilitating the continuous improvement of the ecological environment of urban and rural areas and actively fulfilling its mission of "making the living environment better". In terms of urban services business, the Group continued to promote the upgrade and application of new energy vehicles and equipment, to push forward the transformation towards green and intelligent operations. It actively responded to the impacts and opportunities brought by climate change, enthusiastically engaged in win-win services in the community and actively advocated the concept of green lifestyle, striving to optimise the living environment in urban and rural areas. In terms of hazardous waste business, the Group actively optimised the hazardous waste disposal processes. It introduced technologies such as air cannons for incineration system and pyrolysis of organic materials, and promoted the application of new energy-saving and green processing technologies for fly ash from incineration of hazardous waste and other aspects. It also efficiently disposed of raw materials of hazardous wastes, and enhanced the efficiency of energy utilisation and optimised the allocation of energy mix through distributed photovoltaic power, using residual heat for steam power generation and energy storage devices, which has ensured the safe operation of non-hazardous treatment and resource recycling projects, hence contributing to the construction of a beautiful China with practical actions.

The needs of stakeholders are always the top priority of the Group. Consistent efforts have been made to improve its customer service management system as service quality and customer satisfaction were regarded as the "foundation" of the Group's business development. In terms of supply chain management, the Group adhered to the principle of green procurement, strictly implemented the supplier admission mechanism, and built up an efficient information system platform for dynamic management of its suppliers throughout the entire cycle. At the same time, the Group maintained close interactions with its suppliers through regular communications and meetings, special surveys, training and exchanges, etc., so as to work together to achieve mutual benefits and win-win results, and to jointly promote the construction of a sustainable supply chain.

Firmly adhering to the values of "Being Committed, Creating Value, and Sharing with Others", the Group paid attention to the health of employees and improved the protection mechanism for their rights and interests. We also comprehensively strengthened the team building and talent development at all levels, including professional management personnel at the headquarters, persons in charge of regional projects and skilled business personnel, so as to cope with the general trend of diversified business service contents.

OUTLOOK

In 2025, the adverse impact of the external environment will continue to deepen with profound and far-reaching shifts in economic growth momentum and business operation models. The industry will still be facing great pressure as a whole with arduous tasks of development. However, the introduction of various government policies will promote the standardised and orderly operation of the industry and expand the rooms for development of urban services. Riding on this trend, the Group will further adjust and optimise its organisational management, strengthen its investment and resources allocation in key regions, and actively pursue synergistic development for high-quality expansion of the market. In the face of the cash flow pressure in the industry, we will closely monitor various policies such as government debt repayment and the renewal of subsidies for sanitation equipment, so as to proceed with application and filing in a timely manner. We will also strengthen customer management to enhance their trust and satisfaction, at the same time strengthening our cash flow management to guard against operational risks.

Service quality is the cornerstone of the Group's business development. We will promote standardised management pilot program to effectively control the quality of operations. Besides, we will develop the product line of "Zero Carbon Economy – Waste Separation and Recycling", and expand into businesses such as special regional property management and intelligent parking, in a bid to further shape our product capabilities and provide all-rounded solutions for the sustainable development of the city by creating an one-stop urban and environmental service platform to meet the growing and diversified needs of customers.

CHAIRMAN'S STATEMENT

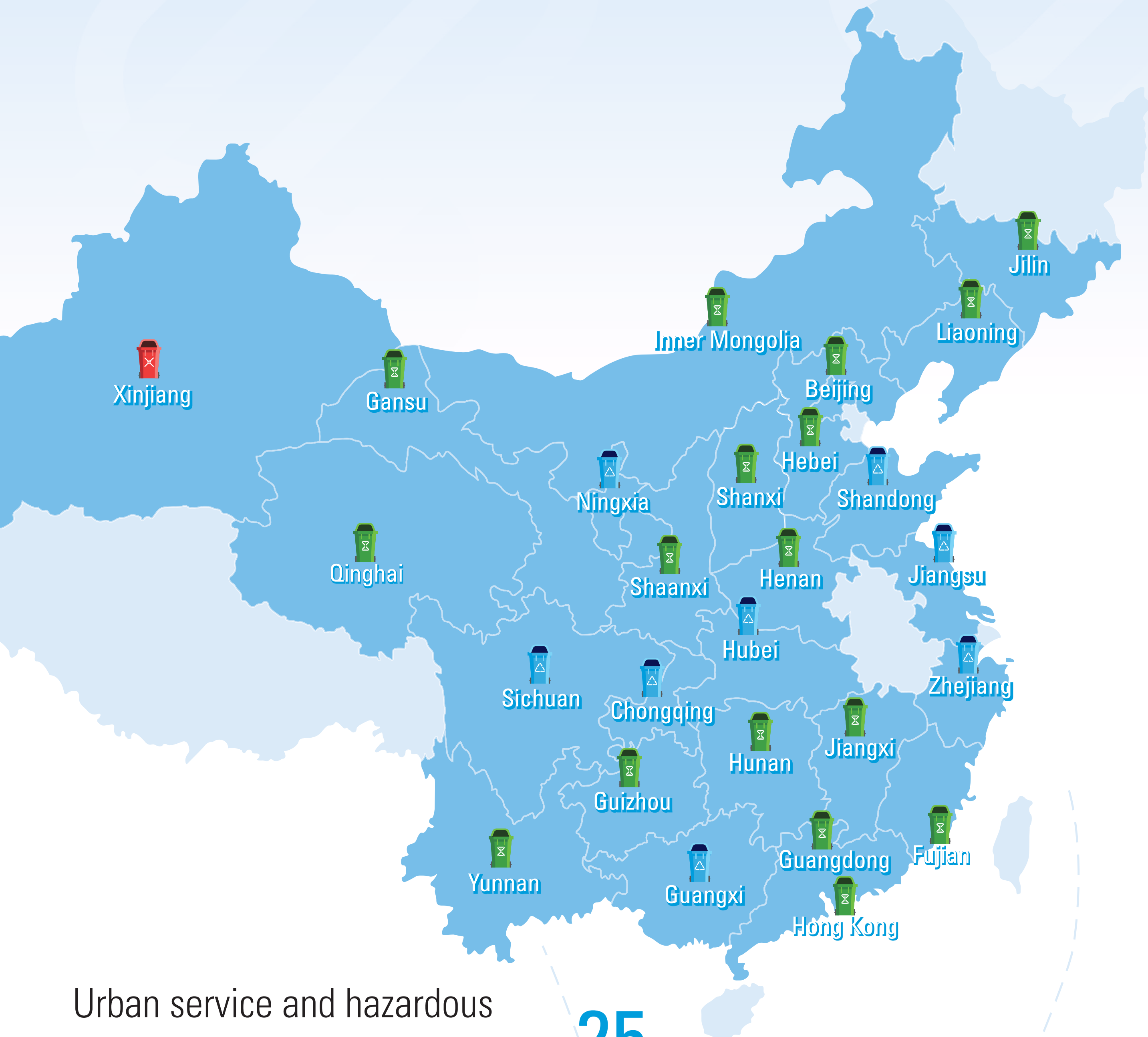
Technological innovation will be the core impetus for the Group's future development. The Group will strengthen the development of digital platforms and consolidate its internal resources to realise digital and intelligent management of its business processes with real-time monitoring, hence enhancing the operational efficiency, management standards and risk-resistant capability to meet the requirements on the technical strength and management capability of enterprises after the change of bidding regulations. Meanwhile, the Group will step up its efforts in the development of talent supply chain and building of safety and environmental bottom lines. It will make full use of the labor and vehicle efficiency analysis system to explore rooms for optimisation of projects, enhance the profitability and strengthen the foundation for the development of the Company.

In 2025, we will stay focused on our strategic objectives to overcome challenges and seek breakthroughs by upholding the principle of promoting stability through progress. Abiding by the fundamental principles while innovating, the Group has created its unique values and devoted its all-out effort to promote high-quality development of the Group, striving to realise the beautiful vision of "becoming a reliable, industry-leading and comprehensive service provider for digital and intelligent urban operation".

Finally, on behalf of the Board, I would like to express my sincerest gratitude to the shareholders, customers, suppliers and partners for their strong support to the Group and to all employees for their hard work.

Zhou Min
Chairman of the Board
25 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS



Urban service and hazardous waste treatment projects cover **25** provinces, municipalities, autonomous regions and **1** special administrative region

231 urban service projects contracted under the Group's management

Region where we have hazardous waste treatment business

Regions where we have both urban service and hazardous waste treatment business

Regions where we have urban service business

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

The analysis of the Group's financial results, by business segments, for the years ended 31 December 2024 and 2023 is set out in details below:

	Revenue			Gross profit margin			Profit attributable to shareholders of the Company		
	2024	2023	Change	**2024**	2023	Change	**2024**	2023	Change
	RMB'000	*RMB'000*	*%*	***%***	*%*	*%*	***RMB'000***	*RMB'000*	*%*
Urban services									
– Urban environmental governance services	**5,253,268**	4,060,872	29.4%	**20.9%**	22.0%	(1.1)%			
– Construction services	**57,225**	282,687	(79.8)%	**8.0%**	8.0%	–			
Subtotal	**5,310,493**	4,343,559	22.3%	**20.8%**	21.1%	(0.3)%	**388,237**	339,340	14.4%
Hazardous waste treatment business									
– Hazard-free waste disposal projects	**364,875**	314,480	16.0%	**4.5%**	17.7%	(13.2)%	**(35,113)**	9,448	N/A
– Recycling and reuse projects	**171,584**	232,279	(26.1)%	**6.0%**	16.7%	(10.7)%	**203**	13,202	(98.5)%
Subtotal	**536,459**	546,759	(1.9)%	**5.0%**	17.2%	(12.2)%	**(34,910)**	22,650	N/A
Others	**180,744**	167,295	8.0%	**10.8%**	8.2%	2.6%	**4,341**	6,807	(36.2)%
Business results	**6,027,696**	5,057,613	19.2%	**19.1%**	20.2%	(1.1)%	**357,668**	368,797	(3.0)%
Corporate and other unallocated income and expenses, net							**(331,975)**	(84,063)	294.9%
Total							**25,693**	284,734	(91.0)%

BUSINESS REVIEW

The Group is principally engaged in urban services, hazardous waste treatment business and waste electrical and electronic equipment treatment business.

The coverage of the Group's businesses have extended to 19 provinces, 4 autonomous regions, 2 municipalities and 1 special administrative region all across Greater China.

URBAN SERVICES

Urban services refer to services in relation to environmental hygiene maintenance and management, such as road cleaning, garbage collection and transportation, garbage transportation station management, public toilet management and other services. Generally, the Group utilises existing public facilities, including garbage transportation stations and public toilets, to provide comprehensive urban services. The Group's urban services primarily cover comprehensive road cleaning, garbage sorting, garbage collection and transportation, garbage transportation station management, public toilet management, manure collection and transportation, greenway maintenance, river cleaning services and property management services (the "**Urban environmental governance services**").

As at 31 December 2024, the Group had 231 urban services projects, the movements of which, during the year ended 31 December 2024, were as follow:

	Chinese Mainland projects	Hong Kong, China projects	Total number of projects
As at 1 January 2024	186	–	186
Newly added	29	6	35
Acquisition of a subsidiary *(note)*	–	38	38
Terminated to operate	(19)	(9)	(28)
As at 31 December 2024	196	35	231

Note:

On 25 June 2024, the Group acquired a 85%-equity interest in Shiny Glory Services Limited (the "**Shiny Glory**") (丞美服務有限公司), a company principally engaged in urban services in Hong Kong. At the date of acquisition, Shiny Glory had 38 urban services projects in operation. Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

The following table sets for an analysis of the urban services projects obtained as at 31 December 2024:

	Chinese Mainland projects through public tender	Hong Kong, China projects through public tender	Hong Kong, China projects through acquisition	Total
Number of urban services projects obtained	29	6	29	64
Total contract value *(RMB million)*	6,090.9	330.9	1,425.7	7,847.5
Estimated annual revenue *(RMB million)*	875.1	112.3	509.5	1,496.9

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, the Group successfully won a total of 35 urban services projects through public tender with total contract value and estimated annual revenue amounting to approximately RMB6,421.8 million and RMB987.4 million, respectively.

During the year ended 31 December 2024, the Group had recorded a total revenue of approximately RMB561.9 million in respect of these 64 projects located in Chinese Mainland and Hong Kong.

The Group operates its urban services projects under the following models:

Operating Models	Chinese Mainland projects	Hong Kong, China projects	Total number of projects
Operation & Maintenance ("**O&M**")			
• Urban Butler Integrated Service Project	7	–	7
• Comprehensive Cleaning Project	97	2	99
• Traditional Environmental Hygiene Service Project	85	33	118
Public-Private-Partnership ("**PPP**")			
• Build-Operate-Transfer ("**BOT**")	3	–	3
• Transfer-Operate-Transfer	4	–	4
Total	196	35	231

Under the O&M model, the Group acts as a third-party professional municipal operator for operation and maintenance for its customers, i.e., the local government, which usually outsource the municipal projects whose construction has been completed or nearly completed to the Group. With the rising specifications and requirements for urban governance stipulated by the policies in the PRC, improving the operational efficiency of urban management, enhancing the efficiency of the utilization of financial funds and reducing the cost of public services have become the core demands of the government competent authorities. Based on traditional environmental hygiene services, the Group has expanded its business boundary horizontally to strengthen its urban service capabilities on all fronts. Through the integration of its industrial chain, the Group has effectively integrated government services such as full regional sweeping and cleaning, garbage sorting, resource utilization, municipal maintenance, greening management and maintenance, garbage sorting and transportation, cityscape management and control, and digital urban management, thereby building a new urban management mode of "management + service + operation". The Group has developed an independent smart urban management platform to create the smart urban butler integrated service.

As of 31 December 2024, the Group had a total of 7 urban butler projects in operation, with an annual service fee amounting to approximately RMB1.0 billion and a total contract value exceeding RMB7.4 billion, which demonstrated the Group's "leading position" as an urban butler in the industry. In the future, the Group will continue to focus on urban butler projects and expand the depth and breadth of such business.

Under the PPP model, the Group enters into operating concession arrangements with the local governments which regulate the scope and price of services that the Group provides by utilising the assets, and also set out the treatment of any significant residual interests in the assets at the end of the term of the arrangements.

ACQUISITION OF SHINY GLORY

On 25 June 2024, the Group completed the acquisition of Shiny Glory at a total consideration of HK$43,925,000. Shiny Glory became a subsidiary of the Company and the financial results of which shall be consolidated into financial statements of the Group since then. Shiny Glory is a well-established service provider for urban services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services in Hong Kong. As at 31 December 2024, Shiny Glory had a total of 35 urban service projects with total contract value and estimated annual revenue amounting to approximately RMB1,756.6 million and RMB621.8 million, respectively. The Directors consider that the acquisition of Shiny Glory will enable the Group to achieve rapid growth of environmental sanitation services in the Hong Kong market and accelerate our accumulation of service operation experience in similar projects overseas, thus being an important initiative for the Group to achieve leapfrog development.

HAZARDOUS WASTE TREATMENT BUSINESS

Hazardous waste treatment business comprises the provision of hazard-free waste disposal services and sale of recycling and reuse products.

Disposal is mainly used for waste on which no other proper treatment methods are available. Hazard-free waste disposal aims to eliminate or minimize negative effect that hazardous waste may have on the environment. Landfill and incineration are two of the most common treatment methods for solid hazardous waste. For liquid hazardous waste, common treatment methods include flocculation and purification. Before being disposed of, hazardous waste needs to undergo certain pretreatment methods based on its nature. Common pretreatment methods include physical-chemical and solidification or stabilization.

Under the hazard-free waste disposal services, the Group processes and safely disposes of hazardous waste for industrial companies and medical institutions and charge them waste treatment fees. The Group’s business mainly cover collection, transportation, storage and disposal of wastes such as medical waste and industrial solid waste.

MANAGEMENT DISCUSSION AND ANALYSIS

By recycling waste methanol and mixed alcohol acquired by the Group, through its advanced recycling and reuse technology, the Group is able to produce related products such as methanol, ethanol, propanol and butanol and generates revenue from sales of these products. In addition, the reutilization technology also covers the storage, transportation, treatment, dehydration and product separation systems of silicon copper slag and etching solution wastewater, deodorization facilities and related auxiliary facilities. The wet disposal process is used to separate and recycle silicon copper slag, which becomes a useful supplement to the hazard-free business.

As at 31 December 2024, the Group had 10 hazardous waste treatment projects (2023: 11 projects) in operation. As of 31 December 2024, treatment facilities of our projects that engaged in hazard-free waste disposal had a total designed treatment capacity of 419,716 tons per annum (2023: 423,366 tons) and treatment facilities of projects that engaged in recycling and reuse had a total designed treatment capacity of 280,000 tons per annum (2023: 270,000 tons).

OTHER BUSINESS

Other business represents waste electrical and electronic equipment treatment business. As of 31 December 2024, the Group had 2 revenue-generating waste electrical and electronic equipment treatment projects.

The Group procures waste electrical and electronic appliances mainly from local waste electrical and electronic appliances recycling stations. Types of equipment we dismantle include computers, refrigerators, television sets, washing machines and air conditioners.

For the year ended 31 December 2024, revenue from our waste electrical and electronic equipment treatment business amounted to approximately RMB180.7 million (2023: RMB167.3 million), representing approximately 3.0% (2023: 3.3%) of the Group's total revenue.

FINANCIAL PERFORMANCE

REVENUE AND GROSS PROFIT MARGIN

The Group's total revenue increased by approximately 19.2% from approximately RMB5,057.6 million for the year ended 31 December 2023 to approximately RMB6,027.7 million for the year ended 31 December 2024, primarily due to increase in revenue from the Group's urban services.

The Group's gross profit margin decreased from 20.2% for the year ended 31 December 2023 to 19.1% for the year ended 31 December 2024, primarily due to decrease in gross profit margin from hazardous waste treatment business.

Urban services

The following table sets forth an analysis of the revenue and gross profit margin of the Group's urban services:

	Urban environmental governance services			Construction services			Total		
	2024	2023	Change	**2024**	2023	Change	**2024**	2023	Change
Revenue *(RMB'000)*	**5,253,268**	4,060,872	29.4%	**57,225**	282,687	(79.8)%	**5,310,493**	4,343,559	22.3%
Gross profit margin	**20.9%**	22.0%	(1.1)%	**8.0%**	8.0%	–	**20.8%**	21.1%	(0.3)%

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB5,310.5 million (year ended 31 December 2023: RMB4,343.6 million). As at 31 December 2024, the Group had a total of 231 urban services projects (31 December 2023: 186).

- Urban Environmental Governance Services

An analysis of the revenue and gross profit margin, by geographical location of the operations, is follows:

	Revenue			Gross profit margin		
	2024	2023	Changes	**2024**	2023	Changes
	RMB'000	*RMB'000*	*%*	***%***	*%*	*%*
Chinese Mainland	**4,918,512**	4,060,872	21.1%	**21.9%**	22.0%	(0.1)%
Hong Kong	**334,756**	Nil	N/A	**6.1%**	Nil	N/A
Total	**5,253,268**	4,060,872	29.4%	**20.9%**	22.0%	(1.1)%

During the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB5,253.3 million (year ended 31 December 2023: RMB4,060.9 million) from its urban services projects. The increase was mainly attributable to (i) numbers of urban services projects successfully won through public tenders; and (ii) acquisition of Shiny Glory during the year.

The gross profit margin of the Urban Environmental Governance Services in Chinese Mainland was 21.9% (year ended 31 December 2023: 22.0%).

The gross profit margin of the Urban Environmental Governance Services in Hong Kong was 6.1% (year ended 31 December 2023: Nil).

- Construction services

During the year ended 31 December 2024, the Group had service concession contracts on a BOT basis in respect of its urban services. The urban services facilities under construction were mainly located in Shandong Province. During the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB57.2 million (year ended 31 December 2023: RMB282.7 million) from its construction services for urban services projects.

The gross profit margin of construction services was 8.0% (year ended 31 December 2023: 8.0%). 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. Construction revenue is recognised by using the percentage-of-completion method.

Hazardous waste treatment services

During the year ended 31 December 2024, the Group recorded a total revenue of RMB536.5 million (year ended 31 December 2023: RMB546.8 million) from its hazardous waste treatment services projects.

The Group's gross profit margin of its hazardous waste treatment services projects decreased from 17.2% for the year ended 31 December 2023 to 5.0% for the year ended 31 December 2024.

The following table sets forth an analysis of the sales price of the Group's hazardous waste treatment service projects:

	Hazard-free waste disposal projects			**Recycling and reuse projects**			**Total**		
	2024	2023	Change	**2024**	2023	Change	**2024**	2023	Change
Revenue *(RMB'000)*	**364,875**	314,480	16.0%	**171,584**	232,279	(26.1)%	**536,459**	546,759	(1.9)%
Actual treatment/sales volume *(tons)*	**285,637**	230,027	24.2%	**46,994**	54,867	(14.3)%	**332,631**	284,894	16.8%
Average sales price *(RMB/ton)*	**1,277**	1,367	(6.6)%	**3,651**	4,233	(13.7)%	**1,613**	1,919	(15.9)%

- Hazard-free waste disposal projects

  As at 31 December 2024, the Group has 8 hazard-free waste disposal projects in operation. The plants were mainly located in Shandong Province, Sichuan Province and Jiangsu Province.

  The actual treatment volume of the Group's hazard-free waste disposal projects increased from 230,027 tons for the year ended 31 December 2023 to 285,637 tons for the year ended 31 December 2024. The increase was mainly attributable to (i) the increase in actual treatment volume resulting from the full-year operations of the Group's Industrial Hazardous Waste Treatment Project in Zigong City, Sichuan Province* (四川省自貢市工業危險廢物處置項目) and the Suining Hazardous Waste Treatment Project in Xuzhou City, Jiangsu Province* (江蘇省徐州市睢寧危險廢物處置項目), both of which commenced operations in the second half of 2023; and (ii) the increase in treatment volume from the Beijing Enterprises Urban Environmental Resources (Yichang) Limited* (北控城市環境資源(宜昌)有限公司).

  * *For identification purpose only*

  The average sales price of the Group's hazard-free waste disposal projects decreased from RMB1,367 per ton for the year ended 31 December 2023 to RMB1,277 per ton for the year ended 31 December 2024. The decrease was primarily due to (i) more competitors entering the hazard-free waste disposal business; and (ii) reduced production by upstream industrial enterprises, leading to decrease in demand for hazard-free waste treatment services.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin of the Group's hazard-free waste disposal projects decreased to 4.5% for the year ended 31 December 2024 (2023: 17.7%). The decrease was mainly attributable to (i) decrease in average sales price from RMB1,367 per ton for the year ended 31 December 2023 to RMB1,277 per ton for the year ended 31 December 2024; and (ii) insufficient in utilisation rates of treatment capacities of certain hazard-free waste disposal projects.

- Recycling and reuse projects

  As at 31 December 2024, the Group had 2 recycling and reuse projects in operation. The plants were mainly located in Ningxia Province and Hubei Province.

  The sales volume of the Group's recycling project decreased from 54,867 tons for the year ended 31 December 2023 to 46,994 tons for the year ended 31 December 2024. The decrease was mainly attributable to (i) lower demand for copper scrap recycling as a result of reduced production by upstream industrial enterprises; and (ii) temporary suspension of butanol refining production in the first half of the year due to the technical modification of the butanol tower of the plant located in Ningxia Province.

  The average sales price of the Group's recycling and reuse projects decreased from RMB4,233 per ton for the year ended 31 December 2023 to RMB3,651 per ton for the year ended 31 December 2024 mainly due to (i) changes in sales mix include a decrease in the sales volume of copper scrap and an increase in the sales volume of methanol, and (ii) a decrease in the market price of methanol and ethanol during the period. Accordingly, the gross profit margin of the Group's recycling and reuse products decreased from 16.7% for the year ended 31 December 2023 to 6.0% for the year ended 31 December 2024.

IMPAIRMENT OF GOODWILL

During the year ended 31 December 2024, the financial performance of two Cash-Generating Units（"**CGU**"），寧夏北控睿源再生資源有限公司(Ningxia Beijing Enterprises Ruiyuan Recycling Resources Limited)（"**Ningxia**"）and青島北控資源與環境技術有限公司(Qingdao Beijing Enterprises Resources and Environmental Technology Limited)（"**Qingdao Group**"）, under hazardous waste treatment business declined due to increasing industry competition and reduced profitability. The Group recognised an impairment of goodwill directly attributable to the Ningxia CGU and Qingdao Group CGU (collectively the "**two CGUs**"）in an aggregate amount of RMB237.7 million.

During the year ended 31 December 2024, the operational performance of the two CGUs fell below expectations. For the Ningxia CGU, new market entrants established their production facilities within Ningxia's industrial zone, causing Ningxia CGU to lose market share to these competitors. Given the erosion of its market share, the Ningxia CGU implemented a price reduction strategy to realign with the prevailing market conditions. For the year ended 31 December 2024, the Ningxia CGU reported a profit of RMB637,000, representing a decrease of approximately 96.4% as compared with that of approximately RMB17,960,000 for the year ended 31 December 2023.

For Qingdao Group CGU, the operational performance was fell below expectations, primarily due to the intensified competition in the hazardous waste treatment business market, which led to a continuous decrease in the unit price. Furthermore, demand for hazardous waste treatment services unexpectedly dropped as upstream industrial enterprises reduced production or shut down operations during the year ended 31 December 2024. With market demand contracting significantly, a price reduction strategy became necessary to maintain its market share, which has led to a substantial decline in the market's average unit price. For the year ended 31 December 2024, the Qingdao Group CGU reported a profit of RMB19,000, representing a decrease of approximately 99.9% as compared with that of approximately RMB13,378,000 for the year ended 31 December 2023. Since the profit of the two CGUs significantly decreased, there was an indicator for the goodwill impairment.

The business valuations of the two CGUs under income approach were performed by Valtech Valuation Advisory Limited (2023: Valtech Valuation Advisory Limited), an independent professionally qualified valuer, based on values in use calculation using cash flow projections which are based on financial forecast approved by senior management covering a period of 5 years. The discounted cashflow method under income approach is considered and accepted as the income-producing ability of the CGU is the critical element affecting value from a participant perspective, and reasonable projections of the amount and timing of future income are available for the CGU.

As a result of the material decline in operational performance, the Group holds a prudent view on the business prospect of the two CGUs, resulting in change in the assumptions used in the valuations as of 31 December 2024 compared with those in 31 December 2023. More prudent assumptions compared with previous year lead to lower valuations of the two CGUs. For the valuation of Ningxia CGU, the 5-year compound annual growth rate ("**CAGR**") of revenue decreased significantly from 9.9% in previous year to 5.0% in this year. The projected gross profit margin (excluding depreciation and amortization) was dropped from a flat 20.2% throughout the projection period in previous year to a gradually improving range of 16.5% to 20.5% in this year.

For the valuation of Qingdao Group CGU, the 5-year revenue CAGR decreased significantly from 13.6% in previous year to 5.0% in this year. The projected gross profit margin (excluding depreciation and amortization) was dropped from a flat 32.6% throughout the projection period in previous year to a gradually improving range of 23.0% to 30.6% in this year.

Details of basis and assumptions of the valuation and background of goodwill were set out in the note 17 to the financial statements in this annual report and the prospectus of the Company dated 30 December 2019, respectively.

Other income and gains, net

Other income and gains, net for the year ended 31 December 2024 decreased to RMB52.9 million, as compared to last year of RMB97.0 million. The decrease was mainly due to decrease in interest income, government grants, VAT refunds and VAT super deduction.

Administrative expenses

Administrative expenses for the year ended 31 December 2024 increased to RMB593.5 million, as compared to the corresponding period of last year of RMB523.7 million. The increase was mainly due to continuous business expansion in urban services.

Other expenses

Other expenses for the year ended 31 December 2024 increased to RMB48.7 million, as compared to the corresponding period of last year of RMB30.9 million. The increase was mainly due to increase in impairment losses of trade receivables and environmental decommissioning fees receivable during the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs mainly represented interests on bank and other borrowings. The decrease in finance costs was mainly due to the decrease in the market interest rates charged on offshore bank borrowings during the year ended 31 December 2024.

Impairment loss on goodwill

The impairment loss on goodwill represented the write-down of the carrying amounts of certain goodwill arising from the acquisitions of the hazardous waste treatment business during the year ended 31 December 2024. This was due to the adverse impacts on operating performances and market conditions of hazardous waste treatment business.

Income tax expense

The income tax expense increased from RMB86.0 million for the year ended 31 December 2023 to RMB108.9 million for the year ended 31 December 2024, mainly due to continuous business expansion in urban services.

Property, plant and equipment

Property, plant and equipment consist of buildings, plant and machinery, leasehold improvements, furniture, fixtures and equipment, motor vehicles, construction in progress. The decrease in property, plant and equipment for the year ended 31 December 2024 was mainly due to depreciation provided during the year ended 31 December 2024.

Right-of-use-assets

Right-of-use assets represented right to use assets over the life of leases, which consist of buildings, motor vehicles and leasehold lands. Decrease in right-of-use assets was due to depreciation provided during the year ended 31 December 2024.

Goodwill

The decrease in goodwill was due to impairment loss recognised for hazardous waste treatment business in the amount of RMB237.7 million during the year ended 31 December 2024.

Service concession arrangements

Service concession arrangements represented arrangements involving the Group as a provider of urban services on behalf of the relevant government agencies for a period of 15 to 28 years. The decrease was mainly due to the amortisation provided during the year ended 31 December 2024.

Trade and bills receivables

Increase in trade and bills receivables was mainly due to continuous business expansion in urban services.

Environmental decommissioning fee receivable

Environmental decommissioning fees receivable represented government subsidies receivable from the PRC central government for the Group's waste electrical and electronic equipment treatment services projects.

Prepayments, deposit and other receivables

Increase in prepayments, deposits and other receivables was mainly due to (i) the increase in guarantee deposits held by customers; and (ii) the increase in prepaid expenses.

Cash and cash equivalents

Cash and cash equivalents decreased by RMB141.1 million which was mainly due to purchase of property, plant and equipment during the year.

Trade and bills payables

Trade and bills payables represented payables due to third parties for the procurement of raw materials used for Group's hazardous waste treatment business and fuel used by Group's mechanized vehicles and other consumables used for urban services. The increase was mainly due to the increase in procurement as a result of the continuous business expansion in the Group's urban services.

Other payables and accruals

Other payables and accruals mainly represented payables for acquisition of property, plant and equipment, accruals for the Group's expenses, lease liabilities and payables to related parties and non-controlling shareholders. The increase was mainly due to increase in accruals for the Group's expenses and payables for acquisition of property, plant and equipment.

Interest-bearing bank borrowings

Increase in bank and other borrowings was mainly due to drawdown of bank borrowings during the year ended 31 December 2024 for the purposes of development in the Group's urban services.

MANAGEMENT DISCUSSION AND ANALYSIS

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 denominated in HK$ and RMB. Surplus cash is generally placed in short-term deposits denominated in HK$ and RMB.

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB939.7 million (31 December 2023: approximately RMB1,080.7 million).

As at 31 December 2024, the Group's bank and other borrowings amounted to RMB2,632.0 million (31 December 2023: RMB2,562.1 million).

The net gearing ratio (defined as bank and other borrowings, net of cash and cash equivalents (the "**Net Debt Amounts**"), divided by the total equity) was 44.4% as at 31 December 2024 (31 December 2023: 38.5%). The increase in net gearing ratio was mainly due to increase in the Net Debt Amounts as a result of business expansion during the year.

Capital expenditure

During the year ended 31 December 2024, the Group's total capital expenditures were RMB627.7 million (2023: RMB919.7 million), out of which RMB496.1 million, RMB1.2 million, RMB33.8 million, RMB56.6 million and RMB40.0 million (2023: RMB583.2 million, RMB10.0 million, RMB35.7 million, RMB290.8 million and Nil) were paid for the additions of property, plant and equipment, other intangible assets, right-of-use assets, service concession arrangements and acquisition of a subsidiary, respectively.

FUTURE OUTLOOK

Under the diverging paces of global economic recovery, the end demand remains sluggish which poses huge challenges on the development of the industry. However, the ongoing macro policies issued by various departments across the country will continue to form policy synergies and provide favourable policy conditions for the stable operation of the economy. The Group will closely follow China's policy direction of the "Opinions on Accelerating the Comprehensive Green Transition of Economic and Social Development", take the core measures of new energy application and household waste resource treatment, deepen technological innovation and business model innovation, and proactively respond to the policy synergies, so as to lay a solid foundation for long-term development.

In 2025, upholding the “efficiency enhancement, innovation-driven and value exploration” principal strategy, the Group will promote the overall business upgrades, with a focus on room for profitability and investment returns. In respect of the urban service business, in order to actively mitigate cash flow risks and improve its solvency position, the Group will formulate a transformation plan based on the current situation and promote the strategy of “High-quality Development” in full force. In other words, the Group will adhere to the business strategy of “stability first” with an aim to improve its profitability, reduce growth rate and control risks, and continuously enhance its core competitiveness, thereby forming a new landscape of “sound profitability, stable growth and low risk” for its operation.

The core path for its “high-quality development” will be: focusing on the two major business pillars of high-quality existing projects and high-quality incremental projects, the Group will take improving internal management and innovating the product business as the core support to systematically build an operation system for “high-quality development”. In terms of the hazardous waste business, the Group will explore the circular economy model, develop high value-added treatment technologies and enhance the efficiency of resource utilization.

The Group will focus on innovation-driven and technology-enabled research and development of intelligent environmental sanitation equipment, low-carbon technologies and digital platforms to develop its differentiated competitive edge through technological breakthroughs, and continue to improve the mechanism for the application of innovation results in order to strengthen cross-business synergies. In terms of risk management and control and sustainable development, the Group will improve its environmental, social and corporate governance framework to systematically reduce carbon footprint in operations. In addition, it will strengthen the dynamic risk monitoring mechanism and optimize the cash flow management to support its goal of sustainable development. The Group will continuously enhance its operational efficiency through refined cost management and expansion of high value-added businesses. Under the guidance of the high-quality development strategy, we are committed to driving the sustainability of the Group along the steady path of high-quality development, and creating stable long-term value for the investors.

CHARGES ON THE GROUP’S ASSETS

The secured bank and other borrowings of the Group as at 31 December 2024 are secured by:

(i) pledge over the Group’s equity interest in subsidiaries and a non-controlling shareholder’s equity interest in a subsidiary as at 31 December 2024 and 2023; and

(ii) pledges over certain of the Group’s property, plant and equipment, right-of-use assets and operating concession rights as at 31 December 2024 and 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

At 31 December 2024, performance guarantees of RMB132,062,000 (2023: Nil) were given by bank and insurance companies in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Certain of the subsidiaries of the Group have their assets and liabilities denominated in HK$. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If HK$ appreciates/depreciates against RMB, the Group would record a(n) decrease/increase in the Group's net asset value. During the year ended 31 December 2024, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 67,219 employees (31 December 2023: 56,776 employees) with total staff cost of approximately RMB2,880.3 million incurred for the year ended 31 December 2024 (year ended 31 December 2023: approximately RMB2,474.4 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 24 June 2024 (after trading hours), Global Start Development Limited (the "**Global Start**") (寰始發展有限公司), an indirect subsidiary of the Company owned as to 85% by Beijing Enterprises Urban Services Group Limited (北控城市服務集團有限公司) and 15% by Mr. Xiong Jianrui, entered into the sale and purchase agreement with Mr. Tam Wai Tong, pursuant to which Global Start has agreed to purchase and Mr. Tam Wai Tong has agreed to sell the non-interest bearing exchangeable bond in the principal amount of HK$20,000,000 issued by Lapco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8472), which entitles the bondholder to exchange for all the issued share capital of Shiny Glory at the consideration of HK$29,500,000 (equivalent to RMB26,845,000). On 25 June 2024, as all of the conditions precedent under the sale and purchase agreement has been fully satisfied, the completion has taken place in accordance with the terms of the sale and purchase agreement. Upon completion, Global Start became the holder of the exchangeable bond and has exercised the exchange right to exchange all the outstanding principal amount of the exchangeable bond for the entire issued share capital of Shiny Glory. Accordingly, the Shiny Glory has become an indirect non-wholly owned subsidiary of the Company, and the financial results of which was consolidated into the financial statements of the Group.

Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2024.

IMPORTANT EVENT AFFECTING THE GROUP AFTER THE REPORTING PERIOD

There was no important event affecting the Group since 31 December 2024 and up to the date of this report.

DIVIDEND

The Board proposed to pay a final dividend of HK1.3 cents per ordinary share (the "**Proposed Final Dividend**") for the year ended 31 December 2024 (2023: HK1.5 cents). The Proposed Final Dividend is subject to shareholders' approval at the annual general meeting of the Company to be held on June 2025, and is payable to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 11 June 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting the environmental sustainability. The Group is committed to maintaining sustainable working practises and pays close attention to ensure all resources are efficiently utilised. The environmental policies and performance of the Company for the year ended 31 December 2024 containing the information required under Appendix C2 to the Listing Rules are set out in the Environmental, Social and Governance Report which will be published on the Stock Exchange's website and the Company's website at the same time as the publication of the annual report of the Company.

COMPLIANCE WITH REGULATIONS

The Group is not aware of any instances of material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Cap. 622), Listing Rules, and other applicable local laws and regulations in various jurisdictions during the year ended 31 December 2024.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Group understands that it is important to maintain good relationship with customers and provide the services in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner. The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2024.

The Company's corporate governance policies and practices are applied and implemented in the manners as stated in the below Corporate Governance Report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Group strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for shareholders.

The Company adopted the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). In the opinion of the Board, throughout the year ended 31 December 2024, the Company had complied with all the applicable code provisions set out in the CG Code. The Board has reviewed the practice at least annually and made appropriate changes if considered necessary.

The Board will continue to annually review the compliance of the CG Code so as to safeguard and maximise the benefit of the stakeholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry to all the Directors, all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

BOARD OF DIRECTORS

ROLE AND DELEGATION

The Board is responsible for the leadership and directing and supervising the Group's businesses, strategic decisions and performance. The Board meets regularly to make decision on all major matters of the Group, including the approval and monitoring of all material acquisitions and disposals, material contracts, notifiable and/or connected transactions, appointment or re-appointment of Directors and the financial performance in pursuit of its strategic goals. The Board is also responsible for developing and reviewing the appropriate corporate governance practices applicable to the Company's circumstances and ensuring processes and procedures are in place to achieve the Company's corporate governance objectives. The Board has delegated the leadership and day-to-day operation of the Group to the chief executive officer (the "Chief Executive Officer") and the management of the Group.

All Directors have timely access to all relevant information of the Company and the advice of the management. Any Director may also seek independent professional advice in appropriate circumstances at the Company's expenses upon reasonable request made to the Board.

CORPORATE GOVERNANCE REPORT

COMPOSITION

The Board currently comprises the following Directors:

Executive Directors

Mr. Zhou Min *(Chairman)*
Mr. Zhao Kexi *(Chief Executive Officer)*
Mr. Li Haifeng
Mr. Li Li
Mr. Zhou Chen

Independent Non-executive Directors (the "INEDs")

Mr. Wu Tak Kong
Dr. Du Huanzheng
Ms. Judith Yu

The Board has met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having at least three INEDs (representing at least one-third of the Board). In addition, Mr. Wu Tak Kong, an independent non-executive Director, has the appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this annual report. Save as disclosed in the section headed "Directors and Senior Management", there is no relationship (including financial, business, family or other material/relevant relationship) among the Board members.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently, the Chairman is Mr. Zhou Min and the Chief Executive Officer is Mr. Zhao Kexi. The roles of the Chairman and the Chief Executive Officer are clearly defined and segregated to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them.

The Chairman has executive responsibilities, provides leadership to, and oversees the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. With the support of the executive Directors and the company secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and are provided with adequate and accurate information in a timely manner.

The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders as outlined later in this Corporate Governance Report.

The Chief Executive Officer, leading the Group's management, is accountable to the Board for the overall implementation of the Company's strategies and the management of the operations of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers that the INEDs can provide independent advices on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

The Company has received a written annual confirmation from each of the INEDs confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs are independent.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board has undertaken the responsibility for performing the corporate governance duties of the Company including:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(v) to review the Company's compliance with the CG Code and disclosures in the Company's Corporate Governance Report.

NOMINATION POLICY AND BOARD DIVERSITY

The nomination committee of the Company (the "Nomination Committee") shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders for election as Directors at general meetings or appoint as additional Directors to the Board or Directors to fill casual vacancies in accordance with the nomination policy of the Company (the "Nomination Policy"). In the nomination process, the Nomination Committee shall consider candidates from a wide variety of backgrounds, identify and nominate potential candidates and makes recommendations for the Board's consideration and approval.

When assessing the suitability of a proposed candidate for directorships, the Nomination Committee shall consider the following factors:

- accomplishment and experience in the industry, in particular, in the environmental protection segment;
- reputation for integrity;
- commitment in respect of available time and relevant interest;
- merit and contribution to the Board;
- contribution to diversity of the Board; and
- in the case of INEDs, the independence of the candidate.

The above factors are for reference only, and not meant to be exhaustive and conclusive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

The Board adopted a Board diversity policy (the "Board Diversity Policy") formulated by the Company in accordance with the requirements of the Listing Rules. It aims to set out the approach to achieve diversity on the Board. The Board endeavours to ensure that it has a balance of skills, experience and diversity of perspectives which are appropriate to the requirements of the Group's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, nationality and ethnicity, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy and the Nomination Policy from time to time to ensure the continued effectiveness of such policies.

The Board has reviewed the structure, size, composition and diversity of the Board, the implementation and effectiveness of the Board Diversity Policy as well as the nomination and appointment procedure of directors during the year. As at the date of this Corporate Governance Report, there are eight Directors with extensive experience and/or professional backgrounds to formulate and give direction of the Group's corporate strategy and business development. The composition, experience and balance of skills on the Board are regularly reviewed by a core of members with longstanding and deep knowledge of the Group alongside new Directors who bring fresh perspectives and diverse experiences to the Board. The process for the nomination of Directors is led by the Nomination Committee. The Board considered that the Board was sufficiently diverse in terms of balance of skills and experience.

In term of gender diversity, Ms. Judith Yu has been appointed as an Independent Non-Executive Director on 7 June 2023. Ms. Yu possesses the knowledge, work experience and business competence required to serve as a Director of the Company. As such, the Board believes that she has sufficient time to devote to the Company, and will contribute experience and knowledge, and give valuable advice to the Company. Besides, the Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and the senior management levels.

TENURE

In accordance with the Second Amended and Restated Memorandum of Association and Articles of Association of the Company (the "Articles of Association"), all Directors are subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

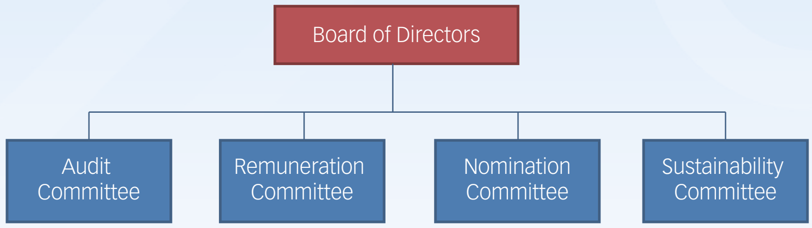
Upon appointment to the Board, each newly appointed Director would receive a comprehensive induction package covering the statutory and regulatory obligations of a director of a listed company. Meanwhile, each newly appointed Director would have obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law.

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged trainings for all Directors in the form of seminar and provision of training materials. Guidance notes and memorandum are issued to all Directors where appropriate, to ensure awareness of best corporate governance practices.

	Corporate Governance/Updates on laws, rules & regulations	
Name of Directors	**Read materials**	**Attended seminars/ briefings**
Executive Directors		
Mr. Zhou Min *(Chairman)*	✓	✓
Mr. Zhao Kexi *(Chief Executive Officer)*	✓	✓
Mr. Li Haifeng	✓	✓
Mr. Li Li	✓	✓
Mr. Zhou Chen	✓	✓
Independent non-executive Directors		
Mr. Wu Tak Kong	✓	✓
Dr. Du Huanzheng	✓	✓
Ms. Judith Yu	✓	✓

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged for appropriate directors and officers liability insurance to indemnify its Directors against liabilities arising out of legal action on corporate activities. Such insurance coverage is reviewed and renewed with consultant advice on an annual basis.



BOARD COMMITTEES

The Board has established four Board committees to strengthen its functions and corporate governance practices, namely, audit committee (the "Audit Committee"), Nomination Committee, Remuneration Committee (the "Remuneration Committee") and Sustainability Committee (the" Sustainability Committee"). The Audit Committee, the Nomination Committee and the Remuneration Committee perform their specific roles in accordance with their respective written terms of reference. The terms of reference of these committees stipulating their respective authorities and responsibilities are available on the Company's website.

AUDIT COMMITTEE

The Audit Committee comprises all three INEDs, namely Mr. Wu Tak Kong (chairman), Dr. Du Huanzheng and Ms. Judith Yu. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to develop and review the Group's policies. The Audit Committee is also responsible for making recommendation to the Board on the appointment of the external auditor and approving the remuneration and terms of engagement of the external auditor. The Audit Committee is required to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee had reviewed the Group's consolidated financial statements for the year ended 31 December 2024. Throughout the year ended 31 December 2024, three Audit Committee meetings were held to review and discuss, inter alia, with the management of the Company and the external auditors the accounting principles and practices adopted by the Group, the interim and annual results, as well as internal controls, risk factors and other financial reporting matters, during which all INEDs were present throughout the meeting. Details of the individual attendance records of each INED at the meetings are set out in the section headed "Board and Board Committees Meetings" in the Corporate Governance Report.

The Board agreed with the Audit Committee's proposal for selection and re-appointment of Messrs. Deloitte Touche Tohmatsu as the Company's external auditor for the year 2024. The recommendation will be put forward for shareholder's approval at the AGM of the Company.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected suitable accounting policies and applied them consistently (except for the adoption of revised standards, amendments to standards and interpretation); adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The responsibility of Deloitte Touche Tohmatsu, the Company's external auditor, is set out on pages 68 to 72 of the "Independent Auditor's Report" in this annual report.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's auditor and the predecessor auditor for the year ended 31 December 2024 are set out as follows:

Services rendered for the Group	Fee paid/ payable to RMB'000
Audit services:	
– annual financial statements	3,076
Non Audit services:	
– agreed-upon procedure engagement in relation to interim financial report	592
Total	3,668

REMUNERATION COMMITTEE

The Remuneration Committee comprises one executive Director and two INEDs, namely Mr. Li Haifeng, Dr. Du Huanzheng (chairman) and Mr. Wu Tak Kong, respectively.

The Company has adopted the model set out in code provision E.1.2(c)(ii) of the CG Code as its Remuneration Committee model under which the Remuneration Committee shall make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

The primary duties of the Remuneration Committee include the following:

(1) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(2) to review and determine, with delegated responsibilities and authorisation by the Board, the remuneration packages of individual executive Directors and senior management with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration of non-executive Directors and INEDs;

(4) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(5) to review and approve compensation payable to executive Directors and senior management for any loss of termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(6) to review and approve compensative arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(7) to ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration.

Throughout the year ended 31 December 2024, one Remuneration Committee meeting was held. Details of the individual attendance records of each member of the Remuneration Committee at the meeting are set out in the section headed "Board and Board Committees Meetings" in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee comprises one Executive Director and two INEDs, namely Mr. Zhou Min (chairman), Mr. Wu Tak Kong and Ms. Judith Yu, respectively.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board on the appointment or re-appointment of members of the Board and succession planning for members of the Board.

Throughout the year ended 31 December 2024, one Nomination Committee meeting was held. Details of the individual attendance records of each member of the Nomination Committee at the meeting are set out in the section headed "Board and Board Committees Meetings" in this Corporate Governance Report.

SUSTAINABILITY COMMITTEE

The Sustainability Committee comprises two Executive Directors and one INED, namely Mr. Zhao Kexi (chairman), Mr. Zhou Chen and Mr. Wu Tak Kong, respectively.

The primary duties of the Sustainability Committee are monitoring and reporting to the Board on the implementation and effectiveness of the environmental, social and governance ("ESG") management. It also prioritises the material ESG issues, evaluates the risks and opportunity due to climate change, review and monitors the achievement of environmental targets and evaluates the impacts of the ESG performances of the Company on its stakeholders, including employees, shareholders, customers, suppliers, business associates and local communities.

Throughout the year ended 31 December 2024, two Sustainability Committee meetings was held. Details of the individual attendance records of each member of the Sustainability Committee at the meeting are set out in the section headed "Board and Board Committees Meetings" in this Corporate Governance Report.

BOARD AND BOARD COMMITTEES MEETINGS

The individual attendance records of each Director at the meetings of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Sustainability Committee and the annual general meeting held for the year ended 31 December 2024 are set out in the following table:

	Meetings attended/held					
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Sustainability Committee**	**Annual General Meeting**
Executive Directors						
Mr. Zhou Min *(Chairman)*	4/4	–	1/1	–	–	1/1
Mr. Zhao Kexi *(Chief Executive Officer)*	4/4	–	–	1/1	2/2	1/1
Mr. Li Haifeng	4/4	–	–	–	–	1/1
Mr. Li Li	4/4	–	–	–	–	1/1
Mr. Zhou Chen	4/4	–	–	–	2/2	1/1
Independent non-executive Directors						
Mr. Wu Tak Kong	4/4	3/3	1/1	1/1	2/2	1/1
Dr. Du Huanzheng	4/4	3/3	–	1/1	–	1/1
Ms. Judith Yu	4/4	3/3	–	–	–	1/1

The Board is committed to ensuring independent views and input are available for the Board's discussion. Throughout the year ended 31 December 2024, the Chairman held one meeting with the INEDs without the presence of the executive Directors. Regular Board meetings of each year are scheduled in advance to facilitate maximum attendance of Directors. In addition, any Director may make request to the Chairman of the Board in writing to request for independent professional advice to assist the relevant Director to discharge his duties. During the year, the Board has reviewed the implementation and effectiveness of such mechanism to ensuring the availability of independent view to the Board.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for overseeing the risk management, ESG risk management and internal control systems on an on-going basis, and reviewing the effectiveness of the Group's risk management, ESG risk management and internal control systems at least annually covering material controls, including financial, operational and compliance controls, to ensure that the systems in place are adequate and effective, so as to safeguard the interests of the shareholders of the Company and the assets of the Group.

The Group continuously integrated Environmental, Social and Governance risk ("ESG risk") management to all areas of its business operations. Therefore, ESG risk assessment was carried out this year to actively manage environmental and social risks within its sphere of influence.

The Board understands that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated to the management the design, implementation and monitoring of the risk management and internal control systems on an on-going basis. The Audit Committee has also delegated with overseeing and reviewing the effectiveness of the risk management and internal control systems of the Group.

The audit and supervision department of the Company (the "Audit and Supervision Department") carries out an independent evaluation of key business processes and controls in accordance with its normal procedures.

Their recommendations and remedial measures will be taken to rectify the deficiencies accordingly.

An on-going process has been established for identifying, evaluating and managing the significant risks faced by the Group. The process involves:

(i) Risk Identification: identify risks that may potentially affect the Group's businesses and operations;

(ii) Risk Evaluation: consider the impact on the business and the likelihood of their occurrence; and

(iii) Risk Management: perform on-going and periodic monitoring of the risks and ensure that appropriate internal control processes are in place.

The Audit and Supervision Department performs the internal audit function and assists the Board to set up effective policies and guidelines for risk management and internal controls, and is responsible for the regular review on the execution of these policies and guidelines.

In addition, the Company may engage independent consultant (the "Independent Consultant") to conduct review of the internal control system and risk management of the Group as and when necessary.

The Board, through the Audit Committee, has conducted a review on the Group's risk management and internal control systems which covered financial, operational, compliance procedural and risk management functions and internal control matters identified by the Independent Consultant. It also conducts review on the internal audit functions with particular emphasis on the scope and quality of management's on-going monitoring of risks and of the internal control systems and the works of the Independent Consultant. During the annual review, the Audit Committee also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

Based on the assessment and information made by the Independent Consultant and the management, the Audit Committee considered that the risk management and internal control systems of the Group of the reporting year are effective and adequate.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

The Group has strictly abided by relevant laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》 and Anti-Money Laundering Law of the People's Republic of China 《中華人民共和國反洗錢法》, and has adopted the Measures for the Administration of Rewards and Punishments in Auditing and Supervision 《審計監察獎懲管理辦法》, Anti-fraud Management Regulation 《反舞弊管理制度》, Supervision and Audit Regulation 《監察審計制度》, and Code of Business Conduct 《商業行為準則》, which standardize the work procedures of audit and supervision and prohibit misconducts such as abusing power, insider trading, money laundering and conflicts of interest.

The Group had no judicial litigation cases involving corruption, bribery, money laundering, insider trading and conflicts of interest throughout the year of 2024.

INTEGRITY RISK PREVENTION AND CONTROL

The Group has developed and published the Code of Business Conduct 《商業行為準則》, which emphasizes on strengthening the management of ethics and integrity, bribery and benefits, gifts and entertainment, insider trading and fraud, etc. The responsible personnel in contravention of relevant provisions will be liable to punishments such as warnings, recording of demerit, demotion, dismissal, termination of labor contracts in accordance with the Administration of Rewards and Punishments in Auditing and Supervision 《審計監察獎懲管理辦法》, and corresponding monetary penalties will be imposed according to the remuneration system. If a crime is constituted, the case shall be referred to the judicial authorities for prosecution in accordance with the law, devoting joint efforts to create a clean and fair working environment.

To avoid damage to the Company due to conflicts of interest, the Group strictly prevents integrity risks in all aspects of daily operations, develops a list of prohibitive regulations in important production levels such as procurement and capital transfer, and manages key personnel through interest declarations. During the year, we focused on conducting anti-fraud inspections against project companies. We conducted four unannounced audits in total, carried out in-depth communication with project companies after the inspections, formulated rectification measures, and supervised the implementation of such rectification measures.

The detail information regarding the Whistleblowing Policy and Anti-Corruption and Anti-Bribery policies are set out in the Company's "2024 Environmental, Social and Governance Report".

INSIDE INFORMATION

The Company has taken appropriate measures to identify inside information and preserve its confidentiality until proper dissemination via the electronic publication system operated by the Stock Exchange. Every senior management of the Company 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. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Board for taking appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide, the course of actions for rectifying the problem and avoiding recurrence.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than Directors) for the year ended 31 December 2024 is as follows:

Remuneration band	Number of individuals
HK$1,000,001 to HK$1,500,000	3

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 of the Listing Rules are set out in notes 10 and 11 to the financial statements in this annual report, respectively.

COMPANY SECRETARY

Mr. Zhang Xiangyu, the company secretary of the Company (the "Company Secretary"), is a full time employee of the Company. Throughout the year ended 31 December 2024, Mr. Zhang has complied with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

CONVENING AN EXTRAORDINARY GENERAL MEETING (THE "EGM") BY SHAREHOLDERS

Pursuant to article 58 of the Articles of Association, the Board may whenever it thinks fit call an EGM. EGM shall also be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders of the Company may at any time send their enquiries to the Board for the attention of the Company Secretary via email (ir@beurg.com) or directed to the Company's head office and principal place of business in Hong Kong at Units 6706-6707, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Shareholders of the Company may also make enquiries with the Board at general meetings of the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

If a shareholder of the Company wishes to put forward proposals at an annual general meeting/EGM which is to be held, such shareholder, who is duly qualified to attend and vote at such general meeting, shall follow the procedures as set out below which are required in accordance with the Articles of Association and the Listing Rules:

1. A shareholder of the Company shall validly serve on the Company Secretary his/her written and signed notice of intention to propose a resolution at the annual general meeting/EGM.

2. The foregoing documents shall be lodged at the Company's head office and principal place of business in Hong Kong at Units 6706-6707, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

3. The period for lodgement of the foregoing notices required under the Articles of Association shall commence on the day after the despatch of the notice of the annual general meeting/EGM and end no later than 7 days prior to the date of the annual general meeting/EGM and such period shall be at least 7 days.

4. The notice will be verified with the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to consider to include the proposed resolutions in annual general meeting/EGM.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

COMMUNICATION WITH SHAREHOLDERS

The Group also has a proactive investor relations programme that keeps stakeholders abreast of the Group's latest development and discloses relevant information to the public in a timely manner. Information in relation to the Group is disseminated to Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents, together with the latest corporate information and news, are also made available on the Company's website. During the year ended 31 December 2024 and up to the date of this Corporate Governance Report, the management of the Group held various meetings with potential investors and participated in investor and press conferences. The Company's general meetings are valuable forums for the Board to communicate directly with Shareholders.

The Board has reviewed the implementation and effectiveness of the channels of communication with the shareholders and other stakeholders during the year and considered that the related policies were able to facilitate an open and ongoing communication with the Shareholders on fair disclosure basis.

CONSTITUTIONAL DOCUMENTS

Throughout the year ended 31 December 2024, there was no other significant change in the constitutional documents. The Articles of Association is available on both the websites of the Company and the Stock Exchange.

DIVIDEND POLICY

The objective of the Company's dividend policy (the "Dividend Policy") is to allow shareholders of the Company to participate in the Company's profits, while also ensuring that adequate reserves are retained for future prospects of the Group. According to the Dividend Policy, in deciding whether to declare or recommend any dividend distribution, the Board shall take into account, including but not limited to, the following factors:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- the level of the Group's debts to equity ratio, return on equity, contractual restrictions and relevant financial covenants;
- taxation considerations;
- general economic conditions, business cycle of the Group's businesses and other internal or external factors that may have an impact on the businesses or financial performance and position of the Group;
- statutory and regulatory restrictions; and
- other factors that the Board deems relevant.

Any declaration and payment of dividend shall remain to be determined at the discretion of the Board and subject to the compliance with all applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhou Min (周敏), aged 61, was appointed as our Director on 26 March 2019 and was re-designated as our non-executive Director and chairman on 9 April 2019. On 1 August 2022, Mr. Zhou was re-designated as an executive Director and continued to act as chairman.

Mr. Zhou is primarily responsible for leading our Board, ensuring the effective operation of our Board and providing business strategy and management advice to our Board. From May 2001 to May 2014, Mr. Zhou served as the executive director and chief financial officer of BE Zhongkecheng Environmental where he was primarily responsible for its financial management. Since May 2014, Mr. Zhou has been the chairman of BE Zhongkecheng Environmental where he has been primarily responsible for its overall management. From August 2008 to March 2016, Mr. Zhou served as an executive director of Beijing Enterprises Water Group limited ("BEWG") and was primarily responsible for overseeing its daily operations, corporate development, administrative management, capital operations and risk control. Since March 2016, Mr. Zhou has been an executive director and the chief executive officer of BEWG where he has been primarily responsible for its overall operations management.

Mr. Zhou received his bachelor's degree in law from National University of Defense Technology (中國人民解放軍國防科學技術大學) (now known as 中國人民解放軍國防科技大學) in the PRC in June 2002, and his executive master's degree of business administration from Tsinghua University (清華大學) in the PRC in January 2008. He is the father of Mr. Zhou Chen, an executive Director.

Mr. Zhao Kexi (趙克喜), aged 49, was appointed as our Director on 26 March 2019 and was re-designated as our executive Director on 9 April 2019. Mr. Zhao is also our president and Chief Executive Officer. He is primarily responsible for the overall management of our Group. Since December 2016, Mr. Zhao has been serving as the chairman of the board and general manager of Qingdao Beijing Enterprises Resources and Environmental Technology Limited* (青島北控資源與環境技術有限公司), an indirectly owned subsidiary of the Company principally engaged in construction and operation of urban garbage recycling and utilization facilities.

Prior to joining our Group, from August 1999 to December 2003, Mr. Zhao worked at Mianyang Yiduoyuan Real Estate Development Co., Ltd.* (綿陽市益多園房地產開發有限責任公司), a company principally engaged in real estate business, where he was primarily responsible for its financial matters. From December 2003 to June 2008, Mr. Zhao served as the head of the auditing department of Beijing Enterprises Zhongkecheng Environmental Protection Group Limited* (北控中科成環保集團有限公司) ("BE Zhongkecheng Environmental"), a subsidiary of BEWG principally engaged in water treatment, where he was primarily responsible for supervising auditing related matters. From June 2008 to November 2016, Mr. Zhao held several positions at BEWG, where he last served as a vice president and was primarily responsible for investment management and auditing related matters.

Mr. Zhao received his bachelor's degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 2005, and his executive master's degree of business administration from Tsinghua University (清華大學) in the PRC in June 2016. Mr. Zhao received his certificate of certified public accountant from the Ministry of Finance of the PRC (中華人民共和國財政部) in April 2006 and his certificate of senior international finance manager (高級國際財務管理師) from the International Financial Management Association in March 2014.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Haifeng (李海楓), aged 54, was appointed as our Director on 26 March 2019 and was re-designated as our non-executive Director on 9 April 2019. On 1 August 2022, Mr. Li was re-designated as an executive Director. Mr. Li is primarily responsible for providing business strategy and management advice to our Board.

From September 1992 to September 2000, he served as an assistant president of Peking University Founder Group Co., Ltd.* (北大方正集團有限公司), a company principally engaged in information technology, medical and financial services, where he was primarily responsible for human resources, export and import function and securities investment. From January 2001 to December 2005, he served as an executive vice president of Founder Xintiandi Software Technology Co. Ltd. (方正新天地軟件科技有限公司), an information management solution provider where he was primarily responsible for overseeing overseas marketing and logistic arrangements.

From September 2006 to July 2008, Mr. Li served as a supervisor of BE Zhongkecheng Environmental where he was primarily responsible for exploring business opportunities in the PRC. Since August 2008, Mr. Li has been an executive director and vice president of BEWG where he has been primarily responsible for coordinating overseas business and capital market.

From April 2010 to April 2013, Mr. Li served as an independent non-executive director of Simsen International Corporation Limited (now known as Huarong International Financial Holdings Limited (華融國際金融控股有限公司)), a company principally engaged in securities, corporate finance and asset management and listed on the Main Board of the Stock Exchange (stock code: 993), where he was primarily responsible for providing independent advice to the board. From June 2011 to 1 February 2023, Mr. Li act as chairman and an executive director of Carry Wealth Holdings Limited (恒富控股有限公司), a garment manufacturer listed on the Main Board of the Stock Exchange (stock code: 643), where he has been primarily responsible for providing overall strategy to the company.

Mr. Li received his bachelor's degree in law from Peking University (北京大學) in the PRC in July 1992.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Li (李力), aged 59, was appointed as our Director on 26 March 2019 and was re-designated as our non-executive Director on 9 April 2019. On 1 August 2022, Mr. Li was re-designated as an executive Director. Mr. Li is primarily responsible for providing business strategy and management advice to our Board.

Mr. Li Li was a senior engineer, a technical quality director and vice president of the First Design & Research Institute (now known as First Design and Research Institute M1 China Co., Ltd.). Mr. Li Li served as various key positions of 北京桑德環保集團有限公司 (Beijing Sound Environmental Group Company Limited*) from 2001 to 2010.

Mr. Li joined BEWG in October 2010. In February 2014, Mr. Li started to serve as an executive director at BEWG and became an executive president in March 2016. Mr. Li Li is also an executive director of Shandong Hi-Speed New Energy Group Limited (formerly known as Beijing Enterprises Clean Energy Group Limited) (Stock Code: 1250).

Mr. Li Li graduated from Xian Jiaotong University in mechanical engineering and PhD in engineering at School of Environment, Tsinghua University. He is also a Senior Engineer and qualified Senior Project Manager.

Mr. Zhou Chen (周塵), aged 34, was appointed as our executive Director on September 1, 2021. Mr. Zhou joined the Company in January 2021. He has been a director of three wholly-owned subsidiaries of the Company, namely Beijing Enterprises Urban Environmental Services Group Limited* (北控城市環境服務集團有限公司), Beijing Enterprises Urban City (Beijing) Environmental Technology Limited* (北控城市(北京)環境科技有限公司) and Beijing Enterprises Urban Environmental Resources (PRC) Limited* (北控城市環保資源投資(中國)有限公司). Mr. Zhou has been appointed as the president assistant of the Company since May 2021, where he has been primarily responsible for business development. Prior to joining the Company, from May 2013 to October 2016, Mr. Zhou worked at METROLINX, a public agency engaging in public transportation services for the Ontario government in Canada, as a supervisor of financial operations and special projects, and was responsible for the financial system product design, financial process and operational management matters of the electronic payment business under the agency. From August 2019 to December 2020, Mr. Zhou served as an overseas strategy and business manager of Jingdong Digits Technology Holding Co., Ltd. (京東數字科技控股股份有限公司) (now known as Jingdong Technology Holding Co., Ltd. (京東科技控股股份有限公司)), and was responsible for the overseas strategy of electronic payment and local business, business product strategy and business analysis.

Mr. Zhou obtained a Bachelor degree of Accounting, Finance and Economics (Honours) from the Rotman School of Management, University of Toronto in 2013, a Master degree of business administration from the School of Economics and Management of Tsinghua University in 2019, and a Master degree of Science from the MIT Sloan School of Management in 2019. Mr. Zhou was admitted as a member of the Chartered Professional Accountants of Canada (CPA Canada) and a member of the Canadian Institute of Chartered Accountants (CICA) in 2016. Mr. Zhou is the son of Mr. Zhou Min, the Chairman of the Board.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Tak Kong (胡德光), aged 59, was appointed as our independent non-executive Director on 19 December 2019.

From 1987 to 1997, Mr. Wu served as an auditor at accounting firms, served as an accountant and a company director of a company principally engaged in import and export business, an accountant of a clothing retail chain trading company where he was primarily responsible for general accounting management, supervision and administrative matters. From 1998, Mr. Wu served as an accounting manager of Kao Chemical (Hong Kong) Limited (花王化學(香港)有限公司), a Japanese company principally engaged in the trading and manufacturing of polyurethane for chemical products where he was primarily responsible for the management of the accounting departments in Hong Kong office and the factory in the PRC for eleven years. From 2009 to 2017, Mr. Wu was primarily responsible for accounting managements, financial compliance and audit matters in various companies. Mr. Wu currently serves as a sole proprietor of his own firm.

Besides, Mr. Wu had ever served as non-executive directors of the following listed companies in Hong Kong From November 2017 to January 2020, he took the position of an independent non-executive director of Ta Yang Group Holdings Limited (大洋集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1991). From November 2017 to June 2020, Mr. Wu took the position of a non-executive director of Kong Sun Holdings Limited (江山控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 295).

Mr. Wu was admitted as a member of the Association of Chartered Certified Accountants in October 2002. He has been a member of the Hong Kong Institute of Certified Public Accountants since March 2003 and obtained practising certificate in Hong Kong from May 2015. Furthermore, Mr. Wu was admitted as a fellow member of the Hong Kong Securities and Investment Institute in April 2022 and a fellow member of the Hong Kong Institute of Directors in August 2018 respectively. Mr. Wu received his master’s degree in business administration from The Hong Kong Polytechnic University with credit in October 2008.

Dr. Du Huanzheng (杜歡政), aged 62, was appointed as our independent non-executive Director on 19 December 2019. From 1984 to August 2013, Dr. Du successively served as a lecturer, associate professor and professor presenting economics, circular economy and statistics related at Jiaxing College (嘉興學院) and became its vice president in April 2003. Since July 2014, Dr. Du has been serving as a professor at Tongji University (同濟大學) where he was primarily responsible for circular economy related teaching and research work. Since March 2018, Dr. Du has been a doctoral supervisor and professor of United Nations Environment Program – Tongji Institute of Environment for Sustainable Development (聯合國環境署 — 同濟大學環境與可持續發展學院) at Tongji University, where he has been primarily responsible for circular economy related courses teaching and research work. Dr. Du is also a director of Circular Economy Research Institute (循環經濟研究所) at Tongji University.

Dr. Du is a member of the Expert Consultant Committee of the Inter-Ministerial Joint Conference on the Development of Circular Economy of NDRC (國家發改委發展循環經濟工作部際聯席會議專家諮詢委員會), a vice director of Environmental Management Committee of Society of Management Science of China (中國管理科學學會環境管理專業委員會), an expert of China Association of Circular Economy (中國循環經濟協會) and a member of the Investment and Financing Expert Committee of China Association of Circular Economy (中國循環經濟協會投融資專家委員會). Dr. Du has led various national and provincial research projects in the circular economy field. Dr. Du was selected as a finalist for The Circulars 2019, the world's premier circular economy award program, in the Leadership Category in March 2019.

Dr. Du received his bachelor's degree in economy in July 1984 and his master's degree in economy in July 1996 from Renmin University of China (中國人民大學) in the PRC. He also received his doctor's degree of philosophy from University of Tsukuba in Japan in January 2012.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Judith YU (楊莉珊), aged 58, was appointed as our independent non-executive Director on 7 June 2023.

Ms. Judith Yu is a Member of The 14th National Committee of the Chinese People's Political Consultative Conference (CPPCC) and currently a Standing Committee Member of The 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC). She is also an Executive Vice President of HK Association for the Promotion of Peaceful Reunification of China since 2018 and a Vice President of Hong Kong Beijing Association since 2015.

She is now a Chairman of Hong Kong Chamber of Commerce in China (HKCCC), which is based in Beijing, facilitating the economic and cultural exchange between Hong Kong and Mainland China. As the CEO and Executive Director of HKI China Land Limited, Ms. Judith Yu plays an instrumental role in leading the corporation to excel in the industry sector of real estate development since 2005.

Ms. Yu has a passion for youth development. With her extensive experience serving the community as a Director of Child Development Matching Fund (CDMF) and a Vice Chairman of Child Development Initiative Alliance (CDIA) as well as a Steering Committee Member of Child Development Fund (CDF), she is poised to extend her commitment to nurturing the youth generation as a respected Chairman of Quality Mentorship Network (QMN).

As a responsible citizen, Ms. Yu had actively engaged in various social service and charitable activities to serve Hong Kong. She is fully committed and dedicated to the well-being of the local community as a Chief Executive Vice President of Kowloon East Association Limited.

Ms. Yu had been graduated from University of Warwick with a Bachelor Degree in Science in Management in 1989.

SENIOR MANAGEMENT

Mr. Chen Zhen (陳震), aged 55, has been our vice president since September 2017 and has been primarily responsible for the overall management of hazardous waste treatment service segment of our Group.

Prior to joining our Group, from March 2001 to March 2008, Mr. Chen served as a senior project manager of strategy and planning department of CITIC Group Corporation (中國中信集團有限公司) ("CITIC Group"), a financial services provider where he was primarily responsible for strategic business planning and project management. From January 2007 to December 2007, he also served as a deputy business general manager at Karazhanbas Oilfield of the CITIC Group primarily engaged in oil extraction, where he was primarily responsible for oil field procurement management and crude oil sales management. From December 2007 to December 2012, Mr. Chen served as a deputy general manager and a member of joint venture committee of Tianshi Group Energy Co., Ltd. (天時集團能源有限公司), a subsidiary of CITIC Group principally engaged in crude oil development and production, where he was primarily responsible for the management of administration, human resources, finance, procurement and crude oil sales. From September 2013 to July 2015, Mr. Chen served as the general manager of BOMCO-Beijing Offshore Petroleum Engineering Technology Co., Ltd. (北京寶石海洋石油工程技術有限責任公司), an offshore drilling services provider where he was primarily responsible for overseeing business, financial and administrative management. From July 2015 to July 2017, Mr. Chen served as the president of Guangdong Zuanda Petrochemical Group (廣東鑽達石油化工集團), a company principally engaged in petrochemical products business, where he was primarily responsible for overall business development.

Mr. Chen received his bachelor's degree in welding technology and equipment from Xiangtan University (湘潭大學) in the PRC in July 1991, and his master's degree in management science and engineering from Beijing University of Science and Technology (北京科技大學) in the PRC in March 2001.

Ms. Yip Man Ki (葉文奇), aged 44, has been appointed as the Chief Financial Officer since December 2022, where she is primarily responsible for the supervision and management of finance of our Group.

Ms. Yip currently serves as the group senior finance manager and the financial controller (overseas division) of BEWG. Ms. Yip has extensive experience in financial management, corporate finance, and mergers and acquisitions. She also has extensive auditing experience from her previous employment with Grant Thornton Hong Kong Limited.

Ms. Yip has been a fellow member of the Association of Chartered Certified Accountants since October 2010 and obtained a bachelor degree of business administration with a major in accounting from The Hong Kong University of Science and Technology in October 2002.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Company and of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Principal activities of the principal subsidiaries comprise urban service business, hazardous waste treatment business and waste electrical and electronic equipment treatment business, details of which are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 73 to 78.

The Board proposed to pay a final dividend of HK1.3 cents per ordinary share for the year ended 31 December 2024 (2023: HK1.5 cent). The Proposed Final Dividend is subject to shareholders' approval at the annual general meeting of the Company to be held on Tuesday, 3 June 2025, and is payable to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 11 June 2025.

BUSINESS REVIEW

A discussion and review on the business activities of the Group, including an indication of likely future development in the Group's businesses and an analysis of the Group's performance during the year ended 31 December 2024 using financial key performance indicators are provided in the "Chairman's Statement" set out on pages 4 to 8 and sections headed "Financial Highlights", "Business Review" and "Financial Performance" under "Management Discussion and Analysis" set out on pages 9 to 25 of this annual report.

The financial risk management objectives and policies of the Group can be found in note 43 to the financial statements. Description of principal risks and uncertainties that the Group may be facing, environmental policies and performance of the Group, compliance with relevant laws and regulations which have a significant impact on the Group and relationship with stakeholders are set out in "Management Discussion and Analysis" on pages 9 to 25 of this annual report. These discussions form part of this report.

CLOSURES OF REGISTER OF MEMBERS

FOR ANNUAL GENERAL MEETING

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

FOR ENTITLEMENT TO PROPOSED FINAL DIVIDEND

The register of members will be closed from Monday, 9 June 2025 to Wednesday, 11 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the Proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 June 2025. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the Proposed Final Dividend will be paid on or around Friday, 4 July 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, the assets, liabilities and non-controlling interests of the Group as at 31 December 2024 and for the last four financial years, as extracted from the published audited financial statements, as restated as appropriate, is set out on page 168 of this annual report. This summary does not form part of the audited financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in note 46 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 33 to the financial statements.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

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

Month/Year	Number of ordinary shares repurchased	Price per share Highest	Lowest	Aggregate consideration paid
		(HK$)	*(HK$)*	*(HK$)*
January 2024	39,700,000	0.60	0.51	22,569,180
Total:	39,700,000			22,569,180

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

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to the shareholders amounted to approximately RMB106.3 million.

DONATIONS

During the year ended 31 December 2024, the Group made charitable and other donations amounting to RMB262,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, purchases attributable to the Group's five largest suppliers and revenue from the Group's five largest customers accounted for approximately 11% and 17% of the Group's total purchases and total revenue, respectively.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Zhou Min *(Chairman)*
Mr. Zhao Kexi *(Chief Executive Officer)*
Mr. Li Haifeng
Mr. Li Li
Mr. Zhou Chen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Tak Kong
Dr. Du Huanzheng
Ms. Judith Yu

In accordance with articles 83(3) and 84 of the Articles of Association of the Company, Mr. Li Haifeng, Mr. Li Li and Ms. Judith Yu shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

The Company has received annual confirmation of independence from each of the INEDs pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has duly reviewed the independence of each of these Directors. The Company considered that all INEDs meet the independence guidelines set out in Rule 3.13 of the Listing Rules and as at the date of this annual report all of them are still considered to be independent.

BOARD CHANGES AND CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

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

– Mr. Zhao Kexi resigned as a member of the Remuneration Committee on 5 June 2024;

– Mr. Li Haifeng was appointed as a member of the Remuneration Committee on 5 June 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out on pages 44 to 51 of this annual report.

DIRECTORS' SERVICE CONTRACTS

All executive Directors had entered into service agreements and all independent non-executive Directors had entered into letters of appointment with the Company which are subject to retirement by rotation and re-election in accordance with the Articles of Association.

No Director proposed for re-election at the 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.

DIRECTORS' REMUNERATION

The Directors' fees are subject to the approval of the Company's shareholders at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the Remuneration Committee. Save as disclosed in "Directors' and Chief Executive's Remuneration" in note 10 to the financial statements, during the year ended 31 December 2024, none of the Directors waived his emoluments nor has agreed to waive his emoluments for the year. Further details of the Company's Directors' remuneration are set out in note 10 to the financial statements.

Further details of the Remuneration Committee are set out in the Corporate Governance Report on page 35 of this annual report.

EMOLUMENT POLICY

The emolument of each of the Directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

EMPLOYEE BENEFITS

Defined contribution plans

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local governments, the assets of which are held separately from those of the Group. Contributions are made by the subsidiaries based on a percentage of the participating employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central 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 the statement of 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.

Except for voluntary contributions, no forfeited contributions under the above pension schemes and MPF Scheme are available to reduce the contribution payable in future years.

During the year ended 31 December 2024, total contributions to the Group's pension scheme contributions charged to profit or loss amounted to approximately RMB357,095,000 (2023: RMB259,260,000).

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty. The Company has taken out and maintained Directors' and officers' liability insurance which provides appropriate cover for, among others, Directors and officers of the Company throughout the year ended 31 December 2024.

REPORT OF THE DIRECTORS

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code as set out in Appendix C3 of the Listing Rules, were as follows:

LONG POSITIONS IN THE SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

Name of Directors	Personal interests	Family interests	Corporate interests	Interests pursuant to the AIC Agreement as under section 317 of the SFO *(Note 5)*	Total	Approximate percentage of the Company's Issued Share Capital *(Note 1)*
Mr. Zhou Min	–	–	490,476,000 *(Note 2)*	1,949,504,777	2,439,980,777	68.60%
Mr. Zhao Kexi	–	–	39,920,000 *(Note 3)*	2,400,060,777	2,439,980,777	68.60%
Mr. Li Haifeng	1,840,000	–	48,960,000 *(Note 4)*	2,389,180,777	2,439,980,777	68.60%
Mr. Zhou Chen	71,140,000	–	110,440,000 *(Note 6)*	2,258,400,777	2,439,980,777	68.60%

Notes:

1. The approximate percentage was calculated on the basis of 3,556,664,000 Shares in issue as at 31 December 2024.

2. 490,476,000 Shares were held by Star Colour Investments Limited ("Star Colour"), a company wholly-owned by Mr. Zhou Min. Accordingly, Mr. Zhou Min is deemed to have interests in those Shares of Star Colour under the SFO.

3. 39,920,000 Shares were held by Long March Holdings Limited ("Long March"), a company wholly-owned by Mr. Zhao Kexi. Accordingly, Mr. Zhao Kexi is deemed to have interests in those Shares of Long March under the SFO.

4. 48,960,000 Shares were held by Maolin Investments Limited ("MIL"), a company wholly-owned by Mr. Li Haifeng. Accordingly, Mr.Li Haifeng is deemed to have interests in those Shares of MIL under the SFO.

5. On 10 May 2022, BEWG, Beijing Holdings Limited ("BHL"), Star Colour, Long March, Zhihua Investments Limited ("Zhihua"), MIL, Mr. Li Haifeng, Mr. Zhou Chen and ZGC International Holding Limited ("ZGC International") (together referred to as the "Concert Parties") entered into an acting in concert agreement (the "AIC Agreement"). Pursuant to the AIC Agreement, the Concert Parties are acting in concert in respect of their interests in the Company and therefore each of the Concert Parties is deemed to be interested in all the Shares held by them in aggregate under the SFO. As at 31 December 2024, the Concert Parties were interested in an aggregate of 2,439,980,777 Shares of the Company, representing approximately 68.60% of the issued Share capital of the Company. Details of the AIC Agreement are set out in the announcement of the Company dated 10 May 2022.

6. 110,440,000 Shares were held by Faith Access Holdings Limited ("Faith Access"), a company wholly-owned by Mr. Zhou Chen. Accordingly, Mr. Zhou Chen is deemed to have interests in those Shares of Faith Access under the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2024 were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in notes 10 and 40 to the financial statements, no Directors nor a connected entity of a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the year ended 31 December 2024.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND/OR UNDERLYING SHARES

As at 31 December 2024, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

LONG POSITION IN THE SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

Name of shareholders	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued Share capital *(Note 1)*
BEWG	Beneficial owner	1,478,312,777	41.56%
	Interests pursuant to the AIC Agreement	961,668,000	27.04%
	Total:	2,439,980,777	68.60%
Beijing Enterprises Environmental Construction Limited ("BE Environmental") *(Note 2)*	Interest of controlled corporation	2,439,980,777	68.60%
Beijing Enterprises Holdings Limited ("BEHL") *(Note 3)*	Interest of controlled corporation	2,439,980,777	68.60%
Modern Orient Limited ("MOL") *(Note 4)*	Interest of controlled corporation	2,439,980,777	68.60%
Beijing Enterprises Investments Limited ("BEIL") *(Note 4)*	Interest of controlled corporation	2,439,980,777	68.60%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)") *(Note 5)*	Interest of controlled corporation	2,439,980,777	68.60%
BHL *(Note 6)*	Beneficial owner	40,000,000	1.12%
	Interests pursuant to the AIC Agreement	2,399,980,777	67.48%
	Total:	2,439,980,777	68.60%

Name of shareholders	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued Share capital *(Note 1)*
Beijing Enterprises Group Company Limited ("BEGCL") *(Note 7)*	Interest of controlled corporation	2,439,980,777	68.60%
Star Colour *(Note 8)*	Beneficial owner	490,476,000	13.79%
	Interests pursuant to the AIC Agreement	1,949,504,777	54.81%
	Total:	2,439,980,777	68.60%
Long March *(Note 9)*	Beneficial owner	39,920,000	1.12%
	Interests pursuant to the AIC Agreement	2,400,060,777	67.48%
	Total:	2,439,980,777	68.60%
MIL *(Note 10)*	Beneficial owner	48,960,000	1.38%
	Interests pursuant to the AIC Agreement	2,391,020,777	67.22%
	Total:	2,439,980,777	68.60%
Zhihua Investments Limited *(Note 11)*	Beneficial owner	97,920,000	2.75%
	Interests pursuant to the AIC Agreement	2,342,060,777	65.85%
	Total:	2,439,980,777	68.60%
Hu Xiaoyong *(Note 11)*	Interest of controlled corporation	2,439,980,777	68.60%
ZGC International *(Note 12)*	Beneficial owner	60,972,000	1.71%
	Interests pursuant to the AIC Agreement	2,379,008,777	66.89%
	Total:	2,439,980,777	68.60%
Zhongguancun Development Group Co., Ltd. ("ZGCDG") *(Note 12)*	Interest of controlled corporation	2,439,980,777	68.60%

Notes:

1. The approximate percentage was calculated on the basis of 3,556,664,000 Shares in issue as at 31 December 2024. Certain percentage figures included in this table have been subject to rounding adjustments.

2. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG. BEWG is directly held as to approximately 41.56% by BE Environmental. Accordingly, BE Environmental is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG under the SFO.

3. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BE Environmental as detailed in Note 2 above. BE Environmental is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BE Environmental) under the SFO.

REPORT OF THE DIRECTORS

4. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BEHL as detailed in Note 3 above. MOL, a wholly-owned subsidiary of BEIL, and BEIL are the immediate shareholders of BEHL and collectively hold approximately 20.97% of the issued share capital of BEHL. Each of MOL and BEIL is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BEHL) under the SFO.

5. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BEHL, BEIL and MOL as detailed in Notes 3 and 4 above. BEHL is held directly as to approximately 41.19% by BE Group (BVI). MOL is a wholly-owned subsidiary of BEIL, which is in turn directly held as to approximately 72.72% by BE Group (BVI). Accordingly, BE Group (BVI) is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BEIL, MOL and BEHL) under the SFO.

6. 40,000,000 Shares were held by BHL. Pursuant to the AIC Agreement, BHL, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. BHL is wholly-owned by BEGCL.

7. The interest disclosed comprises the Shares of the Company held or deemed to be held by BEWG and such Shares are deemed to be interested by BE Group (BVI) and BHL as detailed in Notes 5 and 6 above. Both BE Group (BVI) and BHL are wholly-owned subsidiaries of BEGCL. Accordingly, BEGCL is deemed to be interested in the Shares of the Company held or deemed to be held by BEWG (through BE Group (BVI) and BHL) under the SFO.

8. 490,476,000 Shares were held by Star Colour. Pursuant to the AIC Agreement, Star Colour, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. Star Colour is wholly-owned by Mr. Zhou Min, an executive Director of the Company. Accordingly, Mr. Zhou Min is deemed to be interested in the Shares of the Company held or deemed to be held by Star Colour under the SFO.

9. 39,920,000 Shares were held by Long March. Pursuant to the AIC Agreement, Long March, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. Long March is wholly-owned by Mr. Zhao Kexi, an executive Director of the Company. Accordingly, Mr. Zhao Kexi is deemed to be interested in the Shares of the Company held or deemed to be held by Long March under the SFO.

10. 48,960,000 Shares were held by MIL. Pursuant to the AIC Agreement, MIL, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. MIL is wholly-owned by Mr. Li Haifeng, an executive Director of the Company. Accordingly, Mr. Li Haifeng is deemed to be interested in the Shares of the Company held or deemed to be held by MIL under the SFO.

11. 97,920,000 Shares were held by Zhihua. Pursuant to the AIC Agreement, Zhihua, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. Zhihua is wholly-owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to be interested in the Shares of Company held or deemed to be held by Zhihua under the SFO.

12. 60,972,000 Shares were held by ZGC International. Pursuant to the AIC Agreement, ZGC International, together with the Concert Parties, were interested in an aggregate of 2,439,980,777 Shares of the Company. ZGC International is a wholly-owned subsidiary of ZGCDG. Accordingly, ZGCDG is deemed to be interested in the Shares of the Company held or deemed to be held by ZGC International under the SFO.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2023.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group carried out the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.33 of the Listing Rules) during the year ended 31 December 2024:

1. THE 2025 FRAMEWORK OPERATING AND MANAGEMENT AGREEMENT

On 30 December 2021, Guangxi Guigang Beijing Enterprises Water Environmental Sanitation Services Limited* (廣西貴港北控水務環衛服務有限公司) ("Guigang Sanitation"), an indirectly wholly-owned subsidiary of the Company entered into a framework operating and management agreement (the "Existing Framework Operating and Management Agreement") with Guangxi Guigang Beijing Enterprises Water Environmental Protection Limited* (廣西貴港北控水務環保有限公司) ("Guigang Environmental Protection"), which is indirectly owned as to 54.5% by BEWG as the single largest shareholder, pursuant to which Guigang Sanitation agreed to provide operating and management services in relation to the domestic waste treatment and transfer in certain areas of Guigang city, Guangxi Zhuang autonomous region, for a term commencing from 1 January 2022 to 31 December 2024. As the Existing Framework Operating and Management Agreement expired on 31 December 2024 and the Company was expected to carry on the transactions contemplated thereunder upon its expiry, Guigang Sanitation and Guigang Environmental Protection entered into the 2025 Framework Operating and Management Agreement on 31 December 2024 whereby the Guigang Sanitation and Guigang Environmental Protection will carry on the transactions of similar natures from time to time under the 2025 Framework Operating and Management Agreement for a term of three years from 1 January 2025 to 31 December 2027, on the terms and conditions substantially the same as those under the Existing Framework Operating and Management Agreement. The annual cap amounts for the transactions under the Framework Operating and Management Agreement for the years ended 31 December 2025, 31 December 2026 and 31 December 2027 are RMB21.1 million, RMB22.2 million and RMB23.3 million, respectively.

2. THE 2025 PROCUREMENT AGREEMENT

On 13 May 2022, Hubei Pingfu Environmental Technology Limited* (湖北平福環境科技有限公司) ("Hubei Pingfu"), an indirectly wholly-owned subsidiary of the Company entered into a procurement agreement (the "Existing Procurement Agreement") with Kunming Wuhua Beijing Enterprises Environmental Industry Development Company Limited* (昆明五華北控環境產業發展有限公司) ("Kunming Wuhua"), which is indirectly owned as to 70% by BEWG, pursuant to which Kunming Wuhua agreed to procure electric trike vehicles and consumables in relation to urban services from Hubei Pingfu, for a term commencing from 13 May 2022 to 31 December 2024. As the Existing Procurement Agreement expired on 31 December 2024 and Kunming Wuhua and the Company were expected to carry on the transactions contemplated thereunder upon its expiry, Hubei Pingfu, Yichang Pingfu (an indirect wholly-owned subsidiary of the Company) and Kunming Wuhua entered into the 2025 Procurement Agreement on 31 December 2024 for a term of three years from 1 January 2025 to 31 December 2027, on the terms and conditions substantially the same as those under the Existing Procurement Agreement, pursuant to which Kunming Wuhua agreed to procure electric trike vehicles and consumables in relation to urban services from Hubei Pingfu and/or Yichang Pingfu. The annual cap amounts for the transactions under the Procurement Agreement for the years ended 31 December 2025, 31 December 2026 and 31 December 2027 are RMB4.4 million, RMB4.2 million and RMB4.2 million, respectively.

REPORT OF THE DIRECTORS

3. THE 2025 VEHICLE AND EQUIPMENT LEASING FRAMEWORK AGREEMENT

On 13 May 2022, Beijing Enterprises Urban Environmental Services Group Limited* (北控城市環境服務集團有限公司), an indirectly wholly-owned subsidiary of the Company entered into a vehicle and equipment leasing framework agreement (the "Existing Vehicle and Equipment Leasing Framework Agreement") with Kunming Wuhua, which is indirectly owned as to 70% by BEWG, pursuant to which Kunming Wuhua agreed to lease vehicles and equipment to BE Environmental and its subsidiaries for a term commencing from 13 May 2022 to 31 December 2024. As the Existing Vehicle and Equipment Leasing Framework Agreement expired on 31 December 2024 and the Company were expected to carry on the transactions contemplated thereunder upon its expiry, BE Environmental and Kunming Wuhua entered into the 2025 Vehicle and Equipment Leasing Framework Agreement on 31 December 2024, pursuant to which BE Environmental and Kunming Wuhua will carry on the transactions of similar nature under the 2025 Vehicle and Equipment Leasing Framework Agreement from time to time on the terms and conditions substantially the same as those under the Existing Vehicle and Equipment Leasing Framework Agreement for a term of three years from 1 January 2025 to 31 December 2027. The annual cap amounts for the transactions under the Vehicle and Equipment Leasing Framework Agreement for the years ended 31 December 2025, 31 December 2026 and 31 December 2027 are RMB2.90 million, RMB2.75 million and RMB2.75 million, respectively.

4. MARKET EXPANSION SERVICES FRAMEWORK AGREEMENT

on 23 December 2024, BE Environmental (an indirect wholly-owned subsidiary of the Company) and BEWG (China) Investment (a wholly owned subsidiary of BEWG, a controlling shareholder) entered into the Market Expansion Services Framework Agreement, pursuant to which BEWG (China) Investment and its associates agreed to provide market expansion services for sanitation and other urban services projects to BE Environmental, for the Term commencing retrospectively from 1 January 2024 to 31 December 2024 (both days inclusive). The amount of the Market Expansion Services Fee in respect of the market expansion services provided by BEWG (China) Investment to BE Environmental during the Term shall not exceed RMB18.6 million.

Pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above have been reviewed by the INEDs, who confirmed that the aforesaid continuing connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors, Deloitte Touche Tohmatsu, were engaged to report on the Group's continuing connected transaction 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 Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Saved as disclosed above, there were no other transactions constituted connected transactions under the Listing Rules during the year ended 31 December 2024.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the facility agreements (the "Facility Agreement(s)") with covenants relating to specific performance of the controlling shareholder which constituted disclosure obligations pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Facility Agreement(s)	Nature of the Facility Agreement(s)	Aggregate amount *(RMB' million)*	Final Maturity	Specific Performance Obligations
29 April 2024	Term loan facility with a bank	450	27 April 2027	(i), (ii), (iii), (iv)
25 November 2024	Term loan facility with a bank	370	24 November 2027	(i), (ii), (iii), (iv)

According to the respective terms and conditions of the Facility Agreement(s), breach of one of the following specific performance obligations will constitute an event of default:

(i) BEGCL is effectively wholly-owned, supervised and/or controlled by The People's Government of Beijing Municipality* (北京市人民政府);

(ii) BEGCL (and/or as may be through its subsidiary or subsidiaries) collectively is BEHL's indirect single largest shareholder with at least 40% effective interest in BEHL's issued ordinary share capital;

(iii) BEHL (and/or as may be through its subsidiary or subsidiaries) collectively is BEWG's indirect single largest shareholder with at least 35% effective interest in BEWG's issued ordinary share capital; and

(iv) BEWG (and/or as may be through its subsidiary or subsidiaries) collectively is the Company's indirect single largest shareholder with at least 30% effective interest in the Company's issued ordinary share capital.

If an event of default occurs, the bank(s) may, by notice to the Company, cancel the Facility Agreement(s), and/or declare all outstanding amounts together with interest and all others amounts accrued to be immediately due and payable and/or payable on demand.

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 40 to the financial statements are connected transactions or continuing connected transactions as defined under the Listing Rules and were exempted and complied with the requirements of Chapter 14A of the Listing Rules. The disclosures required by Rule 14A.71 of the Listing Rules during the year ended 31 December 2024 are provided in the section headed "Continuing Connected Transactions and Connected Transactions" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required under the Listing Rules as at the date of this report.

CORPORATE GOVERNANCE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. In the opinion of the Board, throughout the year ended 31 December 2024, the Company has complied with all the applicable code provisions of the CG Code as set out in Appendix C1 of the Listing Rules.

The Corporate Governance Report is set out in pages 26 to 43 of this annual report.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

Throughout the year ended 31 December 2024, the Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code.

AUDITOR

Ernst & Young ("EY") resigned as the auditor of the Company with effect from 31 October 2024. Deloitte Touche Tohmatsu ("Deloitte") was appointed as the auditor of the Company to fill the casual vacancy following the resignation of EY on 31 October 2024 and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 31 October 2024.

Saved as disclosed above, there has been no other changes of auditors of the Company in any of the preceding three years.

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution will be proposed at the AGM for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company.

EVENT AFTER THE REPORTING PERIOD

There was no significant event affecting the Group after 31 December 2024 and up to the date of this annual report.

APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the Board on 25 March 2025.

On behalf of the Board

Zhou Min
Chairman

25 March 2025

* *For identification purposes only*

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the shareholders of Beijing Enterprises Urban Resources Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Enterprises Urban Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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"), and we have 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.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
We identified the goodwill impairment assessment as a key audit matter as it is significant to the consolidated financial statements and the involvement of significant accounting estimates and assumptions during the impairment assessment process. As disclosed in notes 4 and 17 to the consolidated financial statements, the Group had goodwill which arose from acquisitions of certain companies engaging in urban service business and hazardous waste treatment business in prior years. Based on the impairment assessment performed by management, an impairment loss on goodwill of RMB237,683,000 has been recognised during the current year, and the carrying value of goodwill as at 31 December 2024 is RMB16,551,000 (net of impairment loss of RMB237,683,000). During the process of impairment assessment of goodwill, the management of the Group determine the recoverable amounts of cash-generating units ("CGUs") to which goodwill has been allocated, which are derived from value in use calculations using discounted cash flow models. This is dependent on determination of certain key inputs, including the revenue growth rates and discount rates, which are accounting estimates.	Our procedures in relation to the goodwill impairment assessment included: • Comparing the management's cash flow forecasts in previous year to the actual results to identify any considerations to be included in current year impairment assessment; • Involving our internal valuation experts to assess the appropriateness of discount rates used; and • Assessing whether the revenue growth rates applied in the forecast are determined with appropriate basis including historical experiences and industry trends for identified CGUs.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2024.

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 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 HKFRSs issued by the HKICPA and the disclosure requirements of 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.

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 our agreed terms of engagement, 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 HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

- 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 matters. 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 Leung Po Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	6	**6,027,696**	5,057,613
Cost of sales		**(4,878,861)**	(4,034,791)
Gross profit		**1,148,835**	1,022,822
Other income and gains, net	7	**52,922**	97,021
Administrative expenses		**(593,508)**	(523,706)
Selling and distribution expenses		**(13,389)**	(26,279)
Other expenses		**(48,674)**	(30,937)
Finance costs	9	**(112,310)**	(113,978)
Impairment loss on goodwill	17	**(237,683)**	–
Share of (loss)/profits of joint ventures	20	**(930)**	441
PROFIT BEFORE TAX	8	**195,263**	425,384
Income tax expense	12	**(108,914)**	(86,044)
PROFIT FOR THE YEAR		**86,349**	339,340
Attributable to:			
Owners of the Company		**25,693**	284,734
Non-controlling interests		**60,656**	54,606
		86,349	339,340
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
– Translation of foreign operations		**(3,725)**	(39,628)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
– Translation from functional currency to presentation currency		**7,668**	31,794
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF INCOME TAX		**3,943**	(7,834)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**90,292**	331,506
Attributable to:			
Owners of the Company		**29,636**	276,900
Non-controlling interests		**60,656**	54,606
		90,292	331,506
EARNINGS PER SHARE	14		
– Basic and diluted		**RMB 0.72 cents**	RMB7.91 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**2,582,861**	2,609,776
Right-of-use assets	*16*	**292,263**	309,073
Goodwill	*17*	**16,551**	247,954
Service concession arrangements	*18*	**465,804**	482,197
Other intangible assets	*19*	**15,107**	15,962
Investments in joint ventures	*20*	**48,974**	40,816
Prepayments, deposits and other receivables	*24*	**31,882**	69,527
Deferred tax assets	*31*	**90,221**	66,228
Total non-current assets		**3,543,663**	3,841,533
CURRENT ASSETS			
Inventories	*21*	**74,763**	54,117
Trade and bills receivables	*22*	**3,368,756**	2,494,426
Environmental decommissioning fees receivable	*23*	**333,326**	367,497
Other tax recoverable	*28*	**113,934**	150,413
Prepayments, deposits and other receivables	*24*	**191,924**	125,989
Restricted cash and pledged deposits	*25*	**14,600**	12,068
Cash and cash equivalents	*25*	**939,671**	1,080,749
Total current assets		**5,036,974**	4,285,259
TOTAL ASSETS		**8,580,637**	8,126,792
CURRENT LIABILITIES			
Trade and bills payables	*26*	**595,901**	447,062
Other payables and accruals	*27*	**1,031,548**	809,990
Other taxes payable	*28*	**41,334**	33,340
Income tax payable		**67,035**	33,439
Interest-bearing bank borrowings	*29*	**946,454**	1,270,109
Total current liabilities		**2,682,272**	2,593,940
NET CURRENT ASSETS		**2,354,702**	1,691,319
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,898,365**	5,532,852

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred income	30	**153,075**	160,092
Other payables and accruals	27	**55,688**	62,960
Deferred tax liabilities	31	**60,020**	42,190
Interest-bearing bank borrowings	29	**1,685,572**	1,292,030
Provision for major overhauls	32	**130,352**	123,532
Total non-current liabilities		**2,084,707**	1,680,804
Net assets		**3,813,658**	3,852,048
EQUITY			
Equity attributable to owners of the Company			
Share capital	33	**313,584**	317,405
Reserves	34	**2,769,984**	2,844,375
		3,083,568	3,161,780
Non-controlling interests		**730,090**	690,268
Total equity		**3,813,658**	3,852,048

The consolidated financial statements on pages 73 to 167 were approved and authorised for issue by the board of directors on 25 March 2025 and are signed on its behalf by:

Zhao Kexi
Director

Zhou Chen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital *RMB'000* *(note 33)*	Share premium *RMB'000*	Treasury Shares *RMB'000* *(note 33)*	Capital reserve *RMB'000* *(note 34)*	Merger reserve *RMB'000* *(note 34)*	Exchange fluctuation reserve *RMB'000*	PRC reserve funds *RMB'000* *(note 34)*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2023 (restated)	317,405	317,468	–	854,699	(1,910)	(27,813)	236,389	1,261,522	2,957,760	615,401	3,573,161
Profit for the year	–	–	–	–	–	–	–	284,734	284,734	54,606	339,340
Other comprehensive (expense)/ income for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	(39,628)	–	–	(39,628)	–	(39,628)
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	31,794	–	–	31,794	–	31,794
Total comprehensive (expense)/income for the year	–	–	–	–	–	(7,834)	–	284,734	276,900	54,606	331,506
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	31,502	31,502
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(11,241)	(11,241)
Final 2022 dividend declared *(note 13)*	–	(31,680)	–	–	–	–	–	–	(31,680)	–	(31,680)
Interim 2023 dividend declared *(note 13)*	–	(39,744)	–	–	–	–	–	–	(39,744)	–	(39,744)
Shares repurchased *(note 33)*	–	–	(1,456)	–	–	–	–	–	(1,456)	–	(1,456)
Transfer between reserves	–	–	–	–	–	–	116,029	(116,029)	–	–	–
At 31 December 2023	317,405	246,044	(1,456)	854,699	(1,910)	(35,647)	352,418	1,430,227	3,161,780	690,268	3,852,048
At 1 January 2024	**317,405**	**246,044**	**(1,456)**	**854,699**	**(1,910)**	**(35,647)**	**352,418**	**1,430,227**	**3,161,780**	**690,268**	**3,852,048**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,693**	**25,693**	**60,656**	**86,349**
Other comprehensive (expense)/ income for the year:											
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(3,725)**	**–**	**–**	**(3,725)**	**–**	**(3,725)**
Exchange differences on translation from functional currency to presentation currency	**–**	**–**	**–**	**–**	**–**	**7,668**	**–**	**–**	**7,668**	**–**	**7,668**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**3,943**	**–**	**25,693**	**29,636**	**60,656**	**90,292**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(20,834)**	**(20,834)**
Final 2023 dividend declared *(note 13)*	**–**	**(48,548)**	**–**	**–**	**–**	**–**	**–**	**–**	**(48,548)**	**–**	**(48,548)**
Interim 2024 dividend declared *(note 13)*	**–**	**(38,554)**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,554)**	**–**	**(38,554)**
Shares repurchased and cancelled *(note 33)*	**(3,821)**	**(18,381)**	**1,456**	**–**	**–**	**–**	**–**	**–**	**(20,746)**	**–**	**(20,746)**
Transfer between reserves	**–**	**–**	**–**	**–**	**–**	**–**	**69,719**	**(69,719)**	**–**	**–**	**–**
At 31 December 2024	**313,584**	**140,561**	**–**	**854,699**	**(1,910)**	**(31,704)**	**422,137**	**1,386,201**	**3,083,568**	**730,090**	**3,813,658**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 *RMB'000*	2023 *RMB'000*
OPERATING ACTIVITIES			
Profit before tax		**195,263**	425,384
Adjustments for:			
Depreciation of property, plant and equipment		**488,716**	446,191
Depreciation of right-of-use assets		**41,269**	42,396
Amortisation of service concession arrangements		**72,996**	66,654
Amortisation of other intangible assets		**2,030**	1,950
Write-down/(reversal of write-down) of inventories to net realisable value		**1,998**	(1,901)
Impairment losses of trade receivables and environmental decommissioning fee receivable, net		**31,000**	11,000
Impairment losses of goodwill		**237,683**	–
Interest income		**(9,686)**	(16,564)
Finance costs		**112,310**	113,978
Gain on disposal of items of property, plant and equipment, net		**(3,932)**	(7,536)
(Gain)/loss on the modification of leases		**(2,037)**	347
Share of loss/(profits) of joint ventures		**930**	(441)
Provision for major overhauls		**1,654**	2,466
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		**1,170,194**	1,083,924
Increase in inventories		**(22,644)**	(1,192)
Increase in contract assets		**(46,666)**	(234,094)
(Increase)/decrease in receivables under service concession arrangements		**(9,937)**	25,720
Increase in trade and bills receivables		**(780,236)**	(512,503)
Decrease/(increase) in environmental decommissioning fees receivable		**15,926**	(13,346)
(Increase)/decrease in prepayments, deposits and other receivables		**(34,227)**	35,485
Increase in trade and bills payables		**141,515**	105,506
Increase in other payables and accruals		**48,234**	155,345
Decrease in deferred income		**(7,017)**	(17,023)
CASH GENERATED FROM OPERATIONS		**475,142**	627,822
Corporate income tax paid in the mainland of the People's Republic of China (the "PRC") ("Chinese Mainland")		**(62,040)**	(127,749)
Hong Kong profits tax paid		**(851)**	–
NET CASH FROM OPERATING ACTIVITIES		**412,251**	500,073

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(355,066)**	(727,231)
Capital injection to a joint venture		**(10,703)**	(845)
Acquisition of a subsidiary	35	**(5,226)**	–
Addition of operating concessions		**(1,994)**	(56,745)
Additions to other intangible assets		**(1,175)**	(10,035)
Proceeds from disposal of items of property, plant and equipment		**38,606**	80,284
Interest received		**9,686**	16,564
Decrease in restricted cash and pledged deposits		**8,388**	7,339
Capital withdrawal from a joint venture		**1,615**	–
Additions of right-of-use assets		**–**	(22,423)
Proceeds from disposal of right-of-use assets		**–**	22,250
NET CASH USED IN INVESTING ACTIVITIES		**(315,869)**	(690,842)
FINANCING ACTIVITIES			
Repayment of bank borrowings		**(2,905,623)**	(1,849,003)
Interest paid		**(107,144)**	(107,197)
Dividends paid		**(87,102)**	(71,424)
Principal portion of lease payments		**(42,465)**	(37,336)
Shares repurchased		**(20,746)**	(1,456)
Dividends paid to non-controlling shareholders		**(18,424)**	(11,241)
New bank borrowings raised		**2,943,707**	1,913,223
Capital contributions from non-controlling shareholders		**–**	31,502
Settlement of dividend payable in the prior year		**–**	(10,011)
NET CASH USED IN FINANCING ACTIVITIES		**(237,797)**	(142,943)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(141,415)**	(333,712)
Cash and cash equivalents at beginning of year		**1,080,749**	1,408,854
Effect of foreign exchange rate changes, net		**337**	5,607
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**939,671**	1,080,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Beijing Enterprises Urban Resources Group Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Beijing Enterprises Water Group Limited ("BEWG"), which is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of the Stock Exchange. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is Units 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, the Group was involved in the following principal activities:

- provision of urban services
- provision of hazardous waste treatment services
- provision of waste electrical, electronic equipment treatment services and sale of dismantled products

The consolidated financial statements are presented in Renminbi ("RMB"). During the current year, the functional currency of the Company was changed from Hong Kong dollars ("HK$") to RMB. The directors of the Company have determined that RMB better reflects the primary economic environment in which the entity operates because it is an investment holding company holding subsidiaries with primary economic environment in the PRC and the source of finance is mainly RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the 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 2024 for the preparation of the consolidated financial statements:

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

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

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

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

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

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

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (CONTINUED)

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

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

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

2.2 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-Dependent Electricity*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards – Volume 11*[3]
Amendments to HKAS 21	*Lack of Exchangeability*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[4]

[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 2025.

[3] Effective for annual periods beginning on or after 1 January 2026.

[4] Effective for annual periods beginning on or after 1 January 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.2 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.2.1 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 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 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. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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 HKFRSs 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.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements include 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.

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)

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.

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.

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, other than business combination under common control 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.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations (Continued)

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;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; 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, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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. Other types of non-controlling interests are measured at their fair value.

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).

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, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

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

Investments in joint ventures

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 joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The 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 joint venture's accounting policies to those of the Group. Under the equity method, an investment in 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 joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that 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 joint venture.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments in joint ventures (Continued)

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in 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 "Impairment of Assets" 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 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 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 joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that 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 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 joint venture.

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

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Service concession arrangements

The Group has entered into a number of service concession arrangements with the grantors.

Under these service concession arrangements:

- the grantors control or regulate the services that the Group must provide with the infrastructure, to whom it must provide, and at what price; and

- the grantors control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement, the infrastructure that is used for its entire useful life under the arrangements, or both the Group's practical ability to sell or pledge the infrastructure restricted and continuing right of use of the infrastructure which is given to the grantors throughout the period of the arrangements. The Group is obligated to hand over the infrastructure to the grantors at the end of the operating concession periods.

Consideration given by the grantor

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service. Operating concession (representing the rights to provide urban services and the rights of use of motor vehicles for the provision of the urban services) is stated at cost (i.e., consideration paid to grantors), less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over the respective periods of the service concession arrangements granted to the Group of 15 to 25 years or the estimated useful lives of motor vehicles of 3 to 8 years, as appropriate.

Construction services

Revenue relating to the construction services is accounted for in accordance with the policy for "Revenue recognition" below.

Operating services

Revenue relating to the provision of urban services is accounted for in accordance with the policy for "Revenue recognition" below.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition

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 contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Provision of urban environmental governance services

The Group provides urban services in relation to environmental hygiene maintenance and management for the local governments of Chinese Mainland. Revenue from the provision of urban environmental governance services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) Provision of hazard-free waste disposal services

The Groups provides hazard-free waste disposal services to the industrial companies and medical institutions. Revenue from the provision of hazard-free waste disposal services is recognised at the point in time when the services are provided to the customers.

(c) Sale of recycling and reuse products and sale of dismantled products

The Group sells of recycling and reuse products and dismantled products to customers. Revenue from the sale of recycling and reuse products and sale of dismantled products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Construction services

The Group provides construction services for the local government of Chinese Mainland. 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.

Revenue from other sources

Environmental decommissioning fee income for waste electrical and electronic treatment is recognised when there is reasonable assurance that the government grant will be received and all attaching conditions will be complied with. The fair value of the consideration is determined by discounting all future receipts using an imputed interest rate due to significant financing component.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Lease

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Lease (Continued)

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- 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.

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.

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 lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Lease (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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.

- 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 within "other payables and accruals".

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.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Company's net assets in HK$ to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in exchange fluctuation reserve. Such exchange differences accumulated in the exchange fluctuation reserve are not reclassified to profit or loss subsequently.

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies (Continued)

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 and will be reclassified upon the disposal of the relevant foreign operations.

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 consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the 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. Such grants are presented under "other income and gains".

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Other employee benefits

Defined contribution plans

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in central pension schemes operated by the local governments, the assets of which are held separately from those of the Group. Contributions are made by the subsidiaries based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central 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.

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.

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 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.

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.

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

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.

Buildings 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. 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 properties under construction 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.

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.

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

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.

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.

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)

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.

Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position consists of cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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.

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).

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. 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 by regulation or convention in the market place.

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

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 fair value through profit or loss ("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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, 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.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, environmental decommissioning fees receivables, deposits and other receivables, restricted cash and pledged deposit and cash and cash equivalents) and 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 both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bills receivables, environmental decommissioning fees receivables and contract assets.

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.

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 subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group considered that the credit risk will not increase significantly since initial recognition when contractual payments are more than 30 days past due, based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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 subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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 subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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.

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 and bills receivables, environmental decommissioning fees receivable 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 such as gross domestic product and customer price index.

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.

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 subject to impairment assessment under HKFRS 9 (Continued)

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 and contract assets, where the corresponding adjustment is recognised through a loss allowance account.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

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

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.

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.

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group'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 trade and bills payables, other payables, and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING ESTIMATES

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.

IMPAIRMENT ASSESSMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the recoverable amounts of the CGUs to which the goodwill has been allocated deriving from value in use calculations. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and choose a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. The impairment assessment of CGUs is highly judgmental and is dependent on certain significant inputs including the discount rates and growth rates.

As at 31 December 2024, the carrying amount of goodwill is RMB16,551,000 (2023: RMB247,954,000) (net of accumulated impairment loss of RMB237,683,000 (2023: Nil)).

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the urban services segment provides urban environmental governance services and construction services;

(b) the hazardous waste treatment segment provides hazardous waste treatment services; and

(c) the "others" segment comprise, principally, the waste electrical and electronic equipment treatment services and the sale of dismantled products.

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, which is a measure of adjusted profit for the year attributable to owners of the Company. The adjusted profit for the year attributable to owners of the Company is measured consistently with the Group's profit for the year attributable to owners of the Company except that corporate and other unallocated income and expenses are excluded from such measurement.

5. OPERATING SEGMENT INFORMATION (CONTINUED)

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

	Urban services		Hazardous waste treatment		Others		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue *(note 6)*	**5,310,493**	4,343,559	**536,459**	546,759	**180,744**	167,295	**6,027,696**	5,057,613
Cost of sales	**(4,208,139)**	(3,428,821)	**(509,518)**	(452,448)	**(161,204)**	(153,522)	**(4,878,861)**	(4,034,791)
Gross profit	**1,102,354**	914,738	**26,941**	94,311	**19,540**	13,773	**1,148,835**	1,022,822
Segment results	**572,135**	468,073	**(55,668)**	26,256	**10,771**	15,118	**527,238**	509,447
Corporate and other unallocated income and expenses, net:								
– Corporate gains							**1,626**	7,365
– Finance costs							**(59,234)**	(61,331)
– Impairment losses of goodwill							**(237,683)**	–
– Corporate and other unallocated expenses							**(36,684)**	(30,097)
							(331,975)	(84,063)
Profit before tax							**195,263**	425,384
Income tax expense							**(108,914)**	(86,044)
Profit after tax							**86,349**	339,340
Segmental profit/(loss) for the year	**463,591**	387,372	**(54,934)**	20,845	**9,667**	15,186	**418,324**	423,403
Non-controlling interests	**(75,354)**	(48,032)	**20,024**	1,805	**(5,326)**	(8,379)	**(60,656)**	(54,606)
Owners of the Company	**388,237**	339,340	**(34,910)**	22,650	**4,341**	6,807	**357,668**	368,797
Corporate and other unallocated income and expenses, net							**(331,975)**	(84,063)
							25,693	284,734
Other segment information:								
Share of profit/(loss) of joint ventures	**802**	1,637	**(1,732)**	(1,196)	**–**	–	**(930)**	441
Impairment losses and write-down of inventory to net realisable value recognised in the consolidated statement of profit or loss, net	**23,488**	6,720	**2,777**	2,379	**6,733**	–	**32,998**	9,099
Depreciation and amortisation	**463,089**	444,814	**136,900**	105,173	**5,022**	7,204	**605,011**	557,191
Capital expenditure*	**511,105**	650,382	**114,184**	268,005	**2,414**	1,332	**627,703**	919,719

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, service concession arrangements, other intangible assets and acquisition of a subsidiary.

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For the year ended 31 December 2024

5. OPERATING SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments and impairment losses on goodwill.

Inter-segment sales are charged at prevailing market rates.

The management makes decisions according to operating results of each segment. Therefore, no analysis of segment asset and segment liability is presented.

GEOGRAPHICAL INFORMATION

The Group's operations are located in the Chinese Mainland and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**5,692,940**	5,057,613	**3,398,126**	3,705,768
Hong Kong	**334,756**	–	**23,434**	10
	6,027,696	5,057,613	**3,421,560**	3,705,778

Note:

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

INFORMATION ABOUT MAJOR CUSTOMERS

During the years ended 31 December 2024 and 2023, no revenue from transactions with a single external customer contributed over 10% of the total revenue of the Group.

6. REVENUE

(I) DISAGGREGATION OF REVENUE

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers		
Urban services		
– Urban environmental governance services	**5,253,268**	4,060,872
– Construction services	**57,225**	282,687
	5,310,493	4,343,559
Hazardous waste treatment businesses		
– Hazard-free waste disposal services	**364,875**	314,480
– Sale of recycling and reuse products	**171,584**	232,279
	536,459	546,759
Sale of dismantled products	**128,560**	110,959
	5,975,512	5,001,277
Revenue from other source		
Environmental decommissioning fees income	**52,184**	56,336
	6,027,696	5,057,613

Revenue from urban environmental governance services and construction services is recognised over time. Revenue from hazard-free waste disposal services, sale of recycling and reuse products and sale of dismantled products is recognised at a point in time.

(II) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMERS

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of urban services as at 31 December are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**5,279,256**	4,879,024
After one year	**22,911,487**	21,802,318
	28,190,743	26,681,342

The remaining performance obligations expected to be recognised in more than one year are to be satisfied from 2 to 30 years. The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OTHER INCOME AND GAINS, NET

	2024	2023
	RMB'000	*RMB'000*
Interest income	**9,686**	16,564
Government grants *(note (a))*	**20,256**	29,415
VAT refunds *(note (b))*	**1,285**	10,914
VAT super deduction *(note (c))*	**1,765**	16,619
Gain on disposal of items of property, plant and equipment	**3,932**	7,536
Sales of scarp materials	**3,469**	2,862
Others	**12,529**	13,111
	52,922	97,021

Notes:

(a) The government grants recognised during both years represented grants received from certain government authorities. There are no unfulfilled conditions or contingencies relating to these grants.

(b) Certain subsidiaries are entitled to a refund of 50% to 70% of the VAT paid/payable under the Catalogue of Products and Services related to Recycling Businesses Qualified for Value-Added Tax (VAT) Preferential Treatment (Caishui [2015] No. 78) jointly issued by the PRC State Administration of Taxation and the Ministry of Finance.

(c) Certain subsidiaries are entitled to an additional VAT super deduction of 10% to 15% of the input VAT under the rules issued by the PRC State Administration of Taxation, the Ministry of Finance and the General Administration of Customs China.

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 *RMB'000*	2023 *RMB'000*
Cost of inventories sold *(note (a))*	**324,883**	325,520
Cost of services provided *(note (a))*	**4,480,982**	3,642,617
Depreciation of property, plant and equipment	**488,716**	446,191
Depreciation of right-of-use assets	**41,269**	42,396
Amortisation of service concession arrangements *(note (a))*	**72,996**	66,654
Amortisation of other intangible assets	**2,030**	1,950
Write-down/(reversal of write-down) of inventories to net realisable value *(note (b))*	**1,998**	(1,901)
Impairment losses of trade receivables and environmental decommissioning fees receivable *(note (b))*	**31,000**	11,000
Provision for major overhauls	**1,654**	2,466
Lease payments under short term leases	**67,268**	59,047
(Gain)/loss on the modification of leases	**(2,037)**	347
Auditor's remuneration	**3,076**	3,420
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 10)*):		
Salaries and benefits in kind	**2,523,157**	2,215,128
Pension scheme contributions	**357,095**	259,260
	2,880,252	2,474,388

Notes:

(a) Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

(b) Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. FINANCE COSTS

	2024 *RMB'000*	2023 *RMB'000*
Interest on bank and other borrowings	**98,439**	106,692
Interest on lease liabilities	**8,705**	6,009
Total interest on bank and other borrowings	**107,144**	112,701
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**5,166**	6,781
	112,310	119,482
Less: Interest capitalised	**–**	(5,504)
	112,310	113,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Fees	1,312	1,123
Other emoluments:		
Salaries, allowances and benefits in kind	2,006	1,636
Performance-related bonuses	2,700	2,186
Pension scheme contributions	132	126
	4,838	3,948
	6,150	5,071

EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS:

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance-related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2024					
Executive directors:					
Mr. Zhou Min (Chairman)	164	–	–	–	164
Mr. Zhao Kexi (Chief Executive Officer)	164	1,452	1,900	66	3,582
Mr. Li Haifeng	164	–	–	–	164
Mr. Li Li	164	–	–	–	164
Mr. Zhou Chen	164	554	800	66	1,584
Subtotal	820	2,006	2,700	132	5,658
Independent non-executive directors:					
Mr. Wu Tak Kong	164	–	–	–	164
Dr. Du Huanzheng	164	–	–	–	164
Ms. Judith Yu	164	–	–	–	164
Subtotal	492	–	–	–	492
Total	1,312	2,006	2,700	132	6,150

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS: (CONTINUED)

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance-related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2023					
Executive directors:					
Mr. Zhou Min (Chairman)	139	–	–	–	139
Mr. Zhao Kexi (Chief Executive Officer)	139	1,086	1,590	63	2,878
Mr. Li Haifeng	139	–	–	–	139
Mr. Li Li	139	–	–	–	139
Mr. Zhou Chen	139	550	596	63	1,348
Subtotal	695	1,636	2,186	126	4,643
Independent non-executive directors:					
Mr. Orr Ka Yeung, Kevin (retired on 7 June 2023)	47	–	–	–	47
Mr. Wu Tak Kong	150	–	–	–	150
Dr. Du Huanzheng	139	–	–	–	139
Ms. Judith Yu (appointed on 7 June 2023)	92	–	–	–	92
Subtotal	428	–	–	–	428
Total	1,123	1,636	2,186	126	5,071

There were no other emoluments payable to the independent non-executive directors during both years. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**1,944**	2,734
Performance-related bonuses	**1,237**	388
Pension scheme contributions	**175**	126
Total	**3,356**	3,248

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	**3**	3

During the years ended 31 December 2024 and 2023, no emoluments were paid or payable by the Group to any of the non-director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during both years.

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

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
Chinese Mainland	**115,077**	84,852
Deferred tax *(note 31)*	**(6,163)**	1,192
	108,914	86,044

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

Year ended 31 December 2024

	Hong Kong		**Chinese Mainland**		**Total**	
	RMB'000	**%**	***RMB'000***	**%**	***RMB'000***	**%**
(Loss)/profit before tax	**(75,811)**		**271,074**		**195,263**	
Tax at the domestic income tax rate	**(12,509)**	**16.5**	**67,769**	**25.0**	**55,260**	**28.3**
Lower tax rates of specific provinces or enacted by local authorities	**–**	**–**	**(34,923)**	**(12.9)**	**(34,923)**	**(17.9)**
Tax effect of income not taxable for tax purpose	**(2,161)**	**2.8**	**(12,337)**	**(4.6)**	**(14,498)**	**(7.4)**
Tax effect of expenses not deductible for tax purpose	**543**	**(0.7)**	**81,306**	**30.0**	**81,849**	**41.9**
Utilisation of tax losses previously not recognised	**–**	**–**	**(19,810)**	**(7.3)**	**(19,810)**	**(10.1)**
Tax effect of tax losses not recognised	**15,866**	**(20.9)**	**25,170**	**9.3**	**41,036**	**21.0**
Income tax expense at the effective rate	**1,739**	**(2.3)**	**107,175**	**39.5**	**108,914**	**55.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. INCOME TAX EXPENSE (CONTINUED)

Year ended 31 December 2023

	Hong Kong		Chinese Mainland		Total	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
(Loss)/profit before tax	(75,405)		500,789		425,384	
Tax at the domestic income tax rate	(12,442)	16.5	125,197	25.0	112,755	26.5
Lower tax rates of specific provinces or enacted by local authorities	–	–	(26,022)	(5.2)	(26,022)	(6.1)
Tax effect of income not taxable for tax purpose	(2,069)	2.7	(13,781)	(2.8)	(15,850)	(3.7)
Tax effect of expenses not deductible for tax purpose	1,818	(2.4)	16,981	3.4	18,799	4.4
Utilisation of tax losses previously not recognised	–	–	(28,232)	(5.6)	(28,232)	(6.6)
Tax effect of tax losses not recognised	12,693	(16.8)	11,901	2.4	24,594	5.7
Income tax expense at the effective rate	–	–	86,044	17.2	86,044	20.2

13. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
2024 Interim – HK1.2 cents (2023 interim: HK1.2 cents) per ordinary share	**38,554**	39,744
2023 Final – HK1.5 cents (2022: HK1.0 cents) per ordinary share	**48,548**	31,680
	87,102	71,424

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK1.3 cents (2023: final dividend in respect of the year ended 31 December 2023 of HK1.5 cents) per ordinary share, in an aggregate amount of HK$46,237,000 (equivalent to RMB42,538,000) (2023: HK$53,350,000 (equivalent to RMB48,548,000)), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company	**25,693**	284,734
Number of shares:		
Weighted average number of ordinary shares in issue less treasury shares	**3,558,142,623**	3,599,901,326

No diluted earnings per share for the years ended 31 December 2024 and 2023 was presented as there was no dilutive potential ordinary share in issue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000* (note (a))	Plant and machinery *RMB'000*	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost							
At 1 January 2023	613,474	888,460	70,248	21,865	1,146,901	703,114	3,444,062
Addition	61,854	40,684	9,002	6,174	303,299	162,191	583,204
Disposal	(49,974)	(25,239)	(2,819)	(1,831)	(73,612)	–	(153,475)
Transfer	504,447	92,026	5,690	41	5	(602,209)	–
At 31 December 2023	1,129,801	995,931	82,121	26,249	1,376,593	263,096	3,873,791
Addition	3,616	37,700	89,275	1,730	285,156	78,689	496,166
Acquired on acquisition of a subsidiary *(note 35)*	–	–	–	203	–	–	203
Disposal	(3,350)	(53,531)	(2,621)	(557)	(48,566)	–	(108,625)
Transfer	10,209	10,033	11,406	–	3,407	(35,055)	–
Exchange realignment	–	–	–	28	180	–	208
At 31 December 2024	**1,140,276**	**990,133**	**180,181**	**27,653**	**1,616,770**	**306,730**	**4,261,743**
Depreciation							
At 1 January 2023	(135,451)	(309,404)	(24,469)	(2,604)	(410,194)	–	(882,122)
Provided for the year	(43,856)	(102,820)	(15,511)	(943)	(283,061)	–	(446,191)
Eliminated on disposals	7,594	9,283	–	66	47,355	–	64,298
At 31 December 2023	(171,713)	(402,941)	(39,980)	(3,481)	(645,900)	–	(1,264,015)
Provided for the year	(61,915)	(98,325)	(67,603)	(1,109)	(259,764)	–	(488,716)
Eliminated on disposals	1,402	29,139	1,065	369	41,976	–	73,951
Exchange realignment	–	–	–	(13)	(89)	–	(102)
At 31 December 2024	**(232,226)**	**(472,127)**	**(106,518)**	**(4,234)**	**(863,777)**	**–**	**(1,678,882)**
Carrying values							
At 31 December 2024	**908,050**	**518,006**	**73,663**	**23,419**	**752,993**	**306,730**	**2,582,861**
At 31 December 2023	958,088	592,990	42,141	22,768	730,693	263,096	2,609,776

Notes:

(a) Certain of the Group's buildings with a net carrying amount of RMB242,844,000 (2023: RMB201,363,000) were pledged to secure general banking facilities granted to the Group as at 31 December 2024 (note 29(a)(iii)).

(b) The comparable balances as at 1 January 2023 and 31 December 2023 have been restated due to reclassification.

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis on the following bases:

Buildings	20 to 40 years
Plant and machinery	5 to 10 years
Leasehold improvements	Over the shorter of the lease terms and 2 to 8 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	3 to 8 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. RIGHT-OF-USE ASSETS

	Buildings *RMB'000*	Motor vehicles *RMB'000*	Leasehold land *RMB'000*	Total *RMB'000*
As at 31 December 2024				
Carrying amount	**62,886**	**5,230**	**224,147**	**292,263**
As at 31 December 2023				
Carrying amount	67,742	13,133	228,198	309,073
For the year ended 31 December 2024				
Depreciation charge	**28,913**	**7,903**	**4,453**	**41,269**
For the year ended 31 December 2023				
Depreciation charge	26,459	11,624	4,313	42,396

	2024 ***RMB'000***	2023 *RMB'000*
Expense relating to short-term leases	**67,268**	59,047
Total cash outflow for leases	**118,438**	102,565
Additions to right-of-use assets	**33,788**	35,641

Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term as follows:

Buildings	2 to 15 years
Motor vehicles	2 to 15 years
Leasehold land	34 to 50 years

Certain of the Group's leasehold land with a net carrying amount of RMB55,827,000 (2023: RMB55,827,000) were pledged to secure general banking facilities granted to the Group as at 31 December 2024 (note 29(a)(iii)).

17. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost		
At 1 January	**247,954**	247,954
Acquisition of a subsidiary *(note 35)*	**6,209**	–
Exchange realignment	**71**	–
At 31 December	**254,234**	247,954
Impairment		
At 1 January	**–**	–
Impairment loss recognised in the year	**(237,683)**	–
At 31 December	**(237,683)**	–
Carrying values	**16,551**	247,954

Impairment testing on goodwill

Goodwill acquired through business combinations have been allocated to four (2023: three) CGUs, comprising two (2023: two) CGUs in the hazardous waste treatment segment and two (2023: one) CGUs in the urban services segment. The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as follows:

	2024 RMB'000	2023 RMB'000
Urban service CGUs	**16,551**	10,271
Hazardous waste treatment CGUs	**–**	237,683
Total	**16,551**	247,954

The recoverable amounts of the relevant businesses in each of the above operating segments have been determined by reference to business valuations performed by Valtech Valuation Advisory Limited (2023: Valtech Valuation Advisory Limited), an independent professionally qualified valuer, based on values in use calculation using cash flow projections which are based on financial forecast approved by senior management covering a period of 5 years and based on the assumption that the sizes of the operations remain constant.

Assumptions were used in the value in use calculation of the relevant businesses in the urban services segment and hazardous waste treatment segment as at 31 December 2024 and 2023. The following describes each key assumptions on which the management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted turnover – It is based on China's annual economic growth target set by China government. Management expects that the projected revenue growth to align with China's Gross Domestic Product target.

17. GOODWILL (CONTINUED)

Impairment testing on goodwill (Continued)

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is referenced from historical gross margins in the respective CGUs, adjusted for expected efficiency improvements, and expected market situation.

Business environment – There have been no major changes in the existing political, legal and economic conditions in Chinese Mainland and Hong Kong in which the assessed entity carried on its business.

Discount rates – The pre-tax discount rates applied to the cash flow projections ranged from 12.48% to 17.77% for 2024 (2023: 17.25%) for the business units of the urban services segment, and 8.60% to 14.45% for 2024 (2023: from 8.81% to 14.97%) for the business units of hazardous waste treatment segment, which was determined by reference to the average rates for similar industries and the business risks of the relevant business units.

Growth rate – The growth rate used to extrapolate the cash flows beyond the five-year period was 2% for 2024 and 2023, which are consistent with external sources of information.

During the year ended 31 December 2024, the financial performance of two CGUs under hazardous waste treatment segment recorded a significant drop due to continuous increase in industry competitiveness and decrease in profitability. The directors of the Company have determined impairment of goodwill directly related to two hazardous waste treatment CGUs amounting to RMB237,683,000. The impairment loss are presented as a separate line item on the statement of profit or loss and other comprehensive income. The recoverable amount of urban service CGUs are significantly above the carrying amount of RMB16,551,000 as at 31 December 2024 (2023: the carrying amount RMB10,271,000 of urban service CGU).

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying amount of the respective CGU.

18. SERVICE CONCESSION ARRANGEMENTS

The Group has entered into seven operating concession arrangements with certain governmental authorities in Chinese Mainland on a Build-Operate-Transfer ("BOT") or a Transfer-Operate-Transfer ("TOT") basis in respect of its urban services under HK(IFRIC) - Int 12 Service Concession Arrangements. These operating concession arrangements generally involve the Group as a provider of urban services on behalf of the relevant governmental authorities for a period of 15 to 28 years (the "Operating Concession Periods"), and the Group would be paid for its services over the years of the operating concession arrangements at prices stipulated through a pricing mechanism. The Group is generally entitled to use the fixed assets provided by the governmental authorities, however, the relevant governmental authorities as grantors will control and regulate the scope of services that the Group must provide with the fixed assets. The Group is obliged to hand over the fixed assets to the grantors at the end of the operating concession periods. Each of these operating concession arrangements is governed by a contract.

A summary of the major terms of the operating concession arrangements is set out as follows:

Name of company as operator	Name of project	Location	Name of grantor	Type of operating concession arrangement	Operating concession period
Beijing Enterprises (Cangzhou Hejian) Environmental Service Limited @ 北控(滄州河間)環境服務有限公司	Environmental Sanitation Marketisation Outsourcing PPP Project	Hejian City, Hebei Province	Hejian City Urban Administrative Bureau	TOT on urban services	25 years from 2016 to 2041
Beijing Enterprises (Qinhuangdao) Environmental Service Limited @ 北控城市服務(秦皇島)有限公司	Urban-Rural Integration Garbage Collection and Transportation Facilities Construction PPP Project	Qinhuangdao, Funing District, Hebei Province	Funing District Urban Administrative Integrated Law Enforcement Bureau	TOT on urban services	25 years from 2016 to 2041
Beijing Enterprises Urban Services (Xintian) Limited @ 北控城市服務(新田)有限公司	Rural Domestic Waste Treatment PPP Project	Yongzhou City, Hunan Province	Xintian County Urban Administrative and Law Enforcement Bureau	TOT on urban services	28 years from 2018 to 2046

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18. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Name of company as operator	Name of project	Location	Name of grantor	Type of operating concession arrangement	Operating concession period
Beijing Enterprises Urban Services (Quannan) Limited @ 北控城市服務(全南)有限公司	Quannan County Urban – Rural Sanitation Integration PPP Project	Quannan City, Jiangxi Province	Quannan City Urban Administrative Bureau	TOT on urban services	15 years from 2019 to 2034
Shenzhen Baoan Beijing Enterprises Urban Services Limited @ 深圳寶安北控城市服務有限公司	Xinqiao and Shajing District Urban-Rural Integration PPP Project	Shenzhen, Guangdong Province	Urban Administration & Enforcement Bureau of Bao'an District	BOT on urban services	15 years from 2020 to 2035
Ningjin Beijing Enterprises Urban Environmental Services Limited @ 寧津北控城市環境服務有限公司	Ningjing County Urban-Rural Integration and Greening Improvement PPP Project	Ningjin, Shandong Province	Urban Administration & Enforcement Bureau of Ningjin County	BOT on urban services	20 years from 2022 to 2042
Beijing Enterprises Urban Services (Tangshan) Limited @ 北控城服(唐山)環境衛生管理有限公司	Tangshan City Huanxiang River Environment Improvement PPP Project	Tangshan, Hebei Province	Tangshan Fengrun District Urban and Rural Rongtong Construction Co., Ltd	BOT on urban services	16 years from 2022 to 2038

@ The English names represent the best efforts made by the management of the Group to translate the Chinese names of these subsidiaries as they do not have official English names.

18. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

The considerations paid by the Group for operating concession arrangements are accounted for as intangible assets (operating concessions). The following is the summarised information of the intangible assets (operating concessions) with respect to the Group's operating concession arrangements:

OPERATING CONCESSIONS

	RMB'000
Cost	
At 1 January 2023	318,536
Addition	290,839
Reclassification from receivables under service concession arrangements	86,803
At 31 December 2023	696,178
Addition	56,603
At 31 December 2024	**752,781**
Amortisation	
At 1 January 2023	147,327
Provided for the year	66,654
At 31 December 2023	213,981
Provided for the year	72,996
At 31 December 2024	**286,977**
Carrying values	
At 31 December 2024	**465,804**
At 31 December 2023	482,197

Note: The Group's operating concession rights with a net carrying amount of RMB44,483,000 (2023: RMB50,483,000) were pledged to secure general banking facilities granted to the Group as at 31 December 2024 (note 29(a)(iii)).

18. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

CONTRACT ASSETS

Details of contract assets which are presented as operating concessions are as follows:

	2024	2023
	RMB'000	*RMB'000*
Contract assets arising from construction services:		
Operating concessions	**280,760**	234,094

As at 1 January 2023, contract assets amounted to RMB13,811,000.

Contract assets are initially recognised for revenue earned from the provision of construction services during the period of construction under the service concession arrangements as the rights to considerations have yet to be unconditional. Pursuant to the service concession arrangements, the Group received no payments from the grantors during the construction period and receives service fees when the relevant services are rendered. The contract assets 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.

19. OTHER INTANGIBLE ASSETS

	Computer software
	RMB'000
Cost	
At 1 January 2023	10,218
Addition	10,035
At 31 December 2023	20,253
Addition	1,175
At 31 December 2024	**21,428**
Amortisation	
At 1 January 2023	2,341
Provided during the year	1,950
At 31 December 2023	4,291
Provided during the year	2,030
At 31 December 2024	**6,321**
Carrying values	
At 31 December 2024	**15,107**
At 31 December 2023	15,962

The above intangible assets have finite useful lives and are amortised on a straight-line basis over their estimated useful life of 2 to 10 years.

20. INVESTMENTS IN JOINT VENTURES

	2024 *RMB'000*	2023 *RMB'000*
Share of net assets	**48,974**	40,816

Particulars of the Group's material joint ventures as at the end of the reporting period are as follows:

Name of entity	**Place of registration and business**	**Registered capital**	**Percentage of ownership interest held by the Group**		**Principal activities**
			2024	2023	
Sichuan Jiuzhou Environmental Technology Co., Ltd. 四川九洲環保科技責任有限公司	Chinese Mainland	RMB37,000,000	**39%**	39%	Chemical refining business and sale of chemicals
Neijiang High-tech City Service Co., Ltd. 內江高新技術城市服務有限公司	Chinese Mainland	RMB2,000,000	**–**	49%	Urban services and hazardous waste treatment
FeiCheng Beijing Enterprises Urban Environmental Services Limited 肥城城資北控城市環境服務有限公司	Chinese Mainland	RMB30,000,000	**49%**	–	Urban services and hazardous waste treatment

Note: In the opinion of the directors, all the joint ventures were not individually material to the Group in the current and prior years. Hence, no disclosure of their financial information had been made.

During the year, Neijiang High-tech City Service Co., Ltd. returned the capital to its shareholders and entered the process of deregistration.

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20. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of (losses)/profits and total comprehensive (expense)/income of the joint ventures for the year	**(930)**	441
Aggregate carrying amount of the Group's investments in the joint ventures	**48,974**	40,816

21. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**42,244**	20,922
Finished goods	**32,519**	33,195
	74,763	54,117

22. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**3,420,935**	2,536,528
Less: Allowance for credit losses	**(68,451)**	(55,674)
	3,352,484	2,480,854
Bills receivable	**16,272**	13,572
	3,368,756	2,494,426

As at 1 January 2023, trade receivables amounted to RMB1,974,703,000.

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Other than bills receivable, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables based on the invoice date or revenue recognition date (when the invoices had yet been issued by then) and net of allowance for credit losses, is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within 3 months	**1,363,535**	1,130,234
4 to 6 months	**639,632**	507,607
7 to 12 months	**757,062**	536,089
Over 1 year	**592,255**	306,924
	3,352,484	2,480,854

As at 31 December 2024, total bills receivable amounting to RMB16,272,000 (2023: RMB13,572,000) are held by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 43. All bills received by the Group are with a maturity period of less than one year.

The movements in the loss allowance for impairment of trade receivables during the years are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
At 1 January	**55,674**	44,674
Impairment losses, net	**12,777**	11,000
At 31 December	**68,451**	55,674

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22. TRADE AND BILLS RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date using a provision matrix approach to measure expected credit losses. The provision rates are estimated based on historical data and forward-looking information. The calculation reflects the probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Set out below is the information about the credit risk exposure of the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Current	Less than 3 months	Past due 4 to 6 months	Past due 7 to 12 months	Over 1 year	Total
Expected credit loss rate	**0.34%**	**0.38%**	**0.43%**	**1.53%**	**9.65%**	**2.00%**
Gross carrying amount *(RMB'000)*	**644,000**	**1,002,468**	**531,831**	**734,843**	**507,793**	**3,420,935**
Expected credit losses *(RMB'000)*	**2,169**	**3,784**	**2,276**	**11,243**	**48,979**	**68,451**

As at 31 December 2023

	Current	Less than 3 months	Past due 4 to 6 months	Past due 7 to 12 months	Over 1 year	Total
Expected credit loss rate	0.32%	0.41%	0.40%	0.78%	13.46%	2.19%
Gross carrying amount *(RMB'000)*	472,423	812,075	384,841	531,743	335,446	2,536,528
Expected credit losses *(RMB'000)*	1,534	3,296	1,544	4,138	45,162	55,674

23. ENVIRONMENTAL DECOMMISSIONING FEES RECEIVABLE

	2024 ***RMB'000***	2023 *RMB'000*
Environmental decommissioning fees receivable	**333,326**	367,497

The balance represented government subsidies receivable from the Central Government of the PRC (the "Central Government") for the waste electrical and electronic equipment treatment services. The Group submits the quantities and products dismantled to the government online system on a weekly basis. The Central Government would appoint independent auditors to perform fieldwork audit quarterly or semi-annually, depending on the province practice, to verify the submitted details in the online system posted by the dismantling entities. Auditors' reports would be issued by the independent auditors and submitted to the Central Government for the quantities confirmation results. Subject to the internal procedures for processing the auditors' reports, the Central Government would publish online confirmation notices on its website the quantities of appliances being dismantled and an environmental decommissioning fee would be paid to the entities after the online publication. The whole confirmation process from performing the waste electrical and electronic equipment treatment services until the cash receipt from Central Government ranged from 4 to 5 years (2023: 4 to 5 years).

The Group does not hold any collateral over these balances.

An impairment analysis is performed at each reporting date using the probability of default and loss given default to measure expected credit losses. The probabilities of default rates and loss give default rates are estimated based on settlement ability and published credit ratings. 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 forward-looking credit risk information. As at 31 December 2024, the expected credit loss rates were estimated to range from 1.02% to 6.56% (2023: range from 0.51% to 5.45%). As at the year ended 31 December 2024, the accumulated loss allowance for impairment of the receivables was RMB18,244,000.

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24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepaid expenses	**49,632**	29,300
Guarantee deposits held by customers	**67,687**	42,307
Prepayments for acquisition of property, plant and equipment	**9,837**	46,777
Prepayments for acquisition of land use rights	**10,000**	13,075
Prepayments for purchase of inventories	**20,143**	6,789
Due from related companies *(note a)*	**23,839**	21,082
Due from joint ventures *(note a)*	**2,358**	808
Due from non-controlling shareholders *(note a)*	**1,180**	36
Others	**39,130**	35,342
	223,806	195,516
Portion classified as current assets	**(191,924)**	(125,989)
Non-current portion	**31,882**	69,527

Notes:

(a) The balances with related companies, joint ventures and non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment.

(b) The Group does not hold any collateral or other credit enhancements over these balances.

(c) An impairment analysis is performed on deposits and other receivables at each reporting date using the probability of default to measure expected credit losses. The probabilities of default rates are estimated based on historical settlement ability and published credit ratings. 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 forward-looking credit risk information. As at 31 December 2024, the expected credit loss rates were estimated to range from 0.24% to 1.53% (2023: range from 0.24% to 2.17%). The loss allowance for impairment of the deposits and other receivables during the current and prior years were not significant to the Group.

25. RESTRICTED CASH AND PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	2024 *RMB'000*	2023 *RMB'000*
Cash and bank balances:		
Placed in banks *(note (a))*	**938,271**	1,042,817
Time deposits:		
Placed in banks *(note (a))*	**16,000**	50,000
Total cash and bank balances	**954,271**	1,092,817
Less: Restricted cash and pledged deposits *(note (b))*	**(14,600)**	(12,068)
Cash and cash equivalents	**939,671**	1,080,749

Notes:

(a) At 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB907,801,000 (2023: RMB1,066,981,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and 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.

As at 31 December 2024 and 2023, all pledged deposits and cash and cash equivalents are deposited with creditworthy financial institutions in Hong Kong and major state-owned banks in Chinese Mainland with no recent history of default. Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group assessed that the ECL for all pledged deposits and cash and cash equivalents were insignificant for both years.

(b) Restricted cash and pledged deposits were made to banks for the bill facilities granted.

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26. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**575,901**	437,062
Bills payable	**20,000**	10,000
	595,901	447,062

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**264,193**	107,088
1 to 2 months	**80,488**	55,379
2 to 3 months	**56,464**	51,362
Over 3 months	**174,756**	223,233
	575,901	437,062

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

27. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Accruals	**495,362**	324,312
Contract liabilities *(note (a))*	**11,907**	39,486
Lease liabilities *(note (b))*	**72,957**	93,001
Payable for acquisition of property, plant and equipment	**265,548**	161,391
Payable for service concession arrangements	**96,479**	98,473
Due to related companies *(note (c))*	**4,368**	4,021
Due to non-controlling shareholders *(note (c))*	**66,931**	62,699
Other payables	**73,684**	89,567
	1,087,236	872,950
Portion classified as current liabilities	**(1,031,548)**	(809,990)
Non-current portion	**55,688**	62,960

27. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes:

(a) Details of contract liabilities are as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term advances received from customers:		
Hazardous waste treatment services	**11,346**	38,214
Sale of dismantled products	**561**	1,272
	11,907	39,486

As at 1 January 2023, contract liabilities amounted to RMB25,062,000.

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

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Hazardous waste treatment businesses		
– Hazard-free waste disposal services	**38,214**	24,263
Sale of dismantled products	**1,272**	799
	39,486	25,062

(b) The following is the summarised information of the lease liabilities:

	2024 **RMB'000**	2023 RMB'000
Lease liabilities payables:		
Within one year	**23,534**	42,670
Within a period of more than one year but not exceeding two years	**15,037**	23,418
Within a period of more than two years but not exceeding five years	**17,010**	18,578
Within a period of more than five years	**17,376**	8,335
	72,957	93,001
Less: Amount due for settlement with 12 months shown under current liabilities	**(23,534)**	(42,670)
Amount due for settlement after 12 months shown under non-current liabilities	**49,423**	50,331

The weighted average incremental borrowing rates applied to lease liabilities range from 3.75% to 5.38% (2023: from 4.60% to 6.40%).

(c) The balances with related companies and non-controlling shareholders are unsecured, interest-free and have no fixed terms of repayment, except for an aggregate amount of RMB38,479,000 (2023: RMB30,769,000) advanced from a non-controlling shareholder as at 31 December 2024, which is unsecured, bears interest at the rate of 9% (2023: 9%) per annum and is repayable on demand.

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28. OTHER TAXES RECOVERABLE/PAYABLE

	2024 *RMB'000*	2023 *RMB'000*
Other tax recoverable:		
Value-added tax	**107,926**	125,367
Enterprise income tax	**6,008**	25,046
Total	**113,934**	150,413
Other taxes payable:		
Value-added tax	**29,693**	24,999
Land use tax	**753**	752
Others	**10,888**	7,589
Total	**41,334**	33,340

29. INTEREST-BEARING BANK BORROWINGS

	2024 *RMB'000*	2023 *RMB'000*
Secured bank loans	**632,954**	794,870
Unsecured bank loans	**1,999,072**	1,767,269
Total bank borrowings	**2,632,026**	2,562,139
Less: Amounts due within one year shown under current liabilities	**(946,454)**	(1,270,109)
Amounts shown under non-current liabilities	**1,685,572**	1,292,030
Analysed into:		
Bank loans repayable:		
Within one year	**946,454**	1,270,109
Within a period of more than one year but not exceeding two years	**1,042,013**	585,460
Within a period of more than two years but not exceeding five years	**366,787**	395,180
Within a period of more than five years	**276,772**	311,390
	2,632,026	2,562,139
Fixed-rate borrowings	**1,485,022**	650,200
Floating rate borrowings	**1,147,004**	1,911,939
	2,632,026	2,562,139

29. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

Notes:

(a) Certain of the Group's bank borrowings are secured or guaranteed by:

(i) The pledge over a non-controlling shareholder's equity interest in a subsidiary as at 31 December 2024 and 2023;

(ii) The pledge over the Group's equity interest in subsidiaries as at 31 December 2024 and 2023; and

(iii) Certain of the Group's bank loans are secured by the Group's assets as follows:

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**242,844**	201,363
Right-of-use assets	**55,827**	55,827
Operating concession rights	**44,483**	50,483
Total	**343,154**	307,673

(b) The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024	2023
	RMB'000	*RMB'000*
RMB	**–**	640,000

(c) The effective interest rates per annum on the Group's borrowings are as follows:

	2024	2023
Fixed-rate borrowings	**2.40% – 4.00%**	2.60% – 4.25%
Floating rate borrowings	**2.50% – 5.32%**	2.85% – 5.90%

29. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

Notes: (continued)

(d) Loan agreements of certain bank loans of the Group in an aggregate carrying amount of RMB1,397,152,000 (2023: RMB1,208,800,000) as at 31 December 2024 include covenants imposing specific performance obligations on the substantial shareholder of the Company, among which a breach of any of the following specific performance obligations would constitute events of default on the loan facilities:

(i) Beijing Enterprises Group Company Limited ("BEGCL") is effectively wholly owned, supervised and/or controlled by The People's Government of Beijing Municipality;

(ii) BEGCL (and/or as may be through its subsidiary or subsidiaries) collectively is Beijing Enterprises Holdings Limited's ("BEHL") indirect single largest shareholder with at least 40% effective interest in BEHL's issued ordinary share capital;

(iii) BEHL (and/or as may be through its subsidiary or subsidiaries) collectively is BEWG's indirect single largest shareholder with at least 35% effective interest in BEWG's issued ordinary share capital; and

(iv) BEWG (and/or as may be through its subsidiary or subsidiaries) collectively is the Company's indirect single largest shareholder with at least 30% effective interest in the Company's issued ordinary share capital.

The Group has complied with the relevant covenants at each test date, on or before the end of the reporting period.

30. DEFERRED INCOME

Deferred income of the Group mainly represented government subsidies received in respect of the Group's construction of hazardous waste treatment facilities and purchase of certain industrial land for hazardous waste treatment businesses in the PRC. These subsidies are recognised in profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

31. DEFERRED TAX

Net deferred tax assets/(liabilities) recognised in the consolidated statement of financial position are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Deferred tax assets	**90,221**	66,228
Deferred tax liabilities	**(60,020)**	(42,190)
	30,201	24,038

The components of deferred tax assets and liabilities and their movements during the years are as follows:

	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*	Provision for major overhauls *RMB'000*	Lease liabilities *RMB'000*	Right-of-use assets *RMB'000*	Temporary differences related to service concession arrangements *RMB'000*	Impairment provision *RMB'000*	Unrealised profits arising from intra-group transactions *RMB'000*	Net deferred tax assets/ (liabilities) *RMB'000*
At 1 January 2023	(6,164)	996	29,584	(26,828)	2,966	11,996	12,680	25,230
Credited/(charged) to profit or loss	–	800	(6,594)	6,830	(2,496)	2,878	(2,610)	(1,192)
At 31 December 2023	(6,164)	1,796	22,990	(19,998)	470	14,874	10,070	24,038
Credited/(charged) to profit or loss	–	1,085	(5,127)	3,329	(2,036)	6,095	2,817	6,163
At 31 December 2024	**(6,164)**	**2,881**	**17,863**	**(16,669)**	**(1,566)**	**20,969**	**12,887**	**30,201**

31. DEFERRED TAX (CONTINUED)

Notes:

(a) As at 31 December 2024, the Group has tax losses arising in Hong Kong of RMB344,608,000 (2023: RMB248,450,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses of RMB100,895,000 (2023: RMB72,732,000) arising in the Chinese Mainland that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in certain subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

(b) The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB2,359,756,000 (2023: RMB2,199,467,000) as at 31 December 2024.

32. PROVISION FOR MAJOR OVERHAULS

Pursuant to the hazardous waste management regulation in the PRC, the Group is obliged to prevent the leakage of hazardous and harmful substances after the landfills are full or at the end of the service concession period. The obligation to maintain the landfills 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 expenditure on this maintenance cost is collectively referred to as "major overhaul". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

The movements in the provision for major overhauls of the landfills during the year are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
At 1 January	**123,532**	37,949
Additions	**1,654**	2,466
Reassessment of post-closure provision	**–**	76,336
Increase in discounted amounts arising from the passage of time	**5,166**	6,781
At 31 December	**130,352**	123,532

33. SHARE CAPITAL

SHARES

	2024 *HK$'000*	2023 *HK$'000*
Authorised:		
30,000,000,000 ordinary shares of HK$0.1 each	**3,000,000**	3,000,000

	2024 *RMB'000*	2023 *RMB'000*
Issued and fully paid:		
3,600,000,000 ordinary shares of HK$0.1 each	**313,584**	317,405

The movements in the Company's share capital were as follows:

	Number of ordinary shares of HK$0.1 each	**Nominal value of ordinary shares** ***HK$'000***
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	**30,000,000,000**	**3,000,000**

	Number of shares in issue of HK$0.1 each	Share capital *RMB'000*
Issued and fully paid:		
At 1 January 2023 and 31 December 2023	3,600,000,000	317,405
Shares cancelled *(note)*	(43,336,000)	(3,821)
At 31 December 2024	**3,556,664,000**	**313,584**

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33. SHARE CAPITAL (CONTINUED)

SHARES (CONTINUED)

Note: During the year, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of Purchase	No. of ordinary shares	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
2024				
January	**39,700,000**	**0.600**	**0.510**	**22,569**
2023				
December	3,636,000	0.500	0.425	1,651

During the year ended 31 December 2024, the Company repurchased 39,700,000 (2023: 3,636,000) of its shares on the Stock Exchange at an aggregate consideration of HK$22,569,000 (equivalent to RMB20,746,000) (2023: HK$1,651,000 (equivalent to RMB1,456,000)) (before expenses). The above shares were cancelled during the year ended 31 December 2024 and 3,636,000 shares were not cancelled and remained as treasury shares at 31 December 2023.

34. RESERVES

CAPITAL RESERVE

Capital reserve represents gain or loss arising on acquisition of non-controlling interests and transfer of reserve from capital reduction of the Company.

MERGER RESERVE

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 26 March 2019.

The merger reserve represents the reserve arising from the Reorganisation of the Group in the prior years.

PRC RESERVE FUNDS

The PRC reserve funds are reserves set aside in accordance with the PRC Companies Laws as applicable to the Company's subsidiaries. None of the Group's PRC reserve funds at the end of each of the year were distributable in the form of cash dividends.

35. BUSINESS COMBINATION

On 24 June 2024, Global Start Development Limited, a 85%-owned subsidiary of the Company ("Global Start"), entered into a sales and purchase agreement ("SPA") with an independent third party, pursuant to which Global Start has agreed to purchase an exchangeable bond at a consideration of HK$29,500,000 (equivalent to RMB26,845,000), subject to adjustment in accordance with the terms of the SPA. The exchangeable bond will entitle Global Start to exchange for all the issued share capital of Shiny Glory Services Limited ("Shiny Glory"), which is principally engaged in provision of urban services in Hong Kong. The acquisition was with the objective of expanding the urban service in Hong Kong and has been accounted for as acquisition of business using the acquisition method.

On 25 June 2024, all the conditions precedent under the sales and purchase agreement has been fully satisfied and Global Start becomes the holder of the exchangeable bond, and on the same date, Global Start exercised the exchange right and exchanged all the outstanding principal amount of the exchangeable bond for the entire issued share capital of Shiny Glory at a price of HK$14,671,000 (equivalent to RMB13,351,000), and Shiny Glory becomes a subsidiary of the Company. The final consideration is HK$43,925,000 (equivalent to RMB39,971,000).

The fair values of the identifiable assets and liabilities of Shiny Glory as at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	203
Trade receivables	105,731
Prepayments, deposits and other receivables	13,562
Pledged deposits	10,920
Cash and cash equivalents	34,745
Trade payables	(7,324)
Other payables and accruals	(101,640)
Interest-bearing bank borrowings	(21,986)
Income tax payable	(435)
Deferred tax liabilities	(14)
Total identifiable net assets at fair value	33,762
Goodwill on acquisition	6,209
	39,971
Satisfied by:	
Cash	39,971
Cash consideration paid	(39,971)
Cash and cash equivalents acquired	34,745
Net cash outflow on acquisition included in investment activities	(5,226)
Transaction costs of the acquisition included in cash flows from operating activities	(1,223)
Total net cash outflow	(6,449)

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35. BUSINESS COMBINATION (CONTINUED)

The fair values of the trade receivables, deposits and other receivables as at the date of acquisition amounted to RMB105,731,000 and RMB12,543,000, respectively. The gross contractual amounts of trade receivables, deposits and other receivables were RMB105,731,000 and RMB12,543,000, respectively.

The Group incurred transaction costs of RMB1,223,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

Goodwill arose on the acquisition of Shiny Glory amounted to RMB6,209,000, which was attributable to the profitability and the market share of urban services of Shiny Glory in Hong Kong. The goodwill arising on the acquisition is expected to be not deductible for tax purposes.

Had the above business combination taken place at the beginning of 1 January 2024, the Group's profit for the year would have been RMB91,420,000 and the Group's revenue would have been RMB6,398,151,000.

Included in the profit for the year and revenue for the year is RMB3,786,000 and RMB334,756,000 attributable to the additional business generated by Shiny Glory.

Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

(i) During the year, the Group had non-cash additions and modification to right-of-use assets and lease liabilities of RMB24,457,000 (2023: RMB10,018,000) and RMB22,390,000 (2023: RMB10,018,000), respectively, in respect of lease arrangements for leasehold land, buildings and motor vehicles.

(ii) During the year ended 31 December 2023, provision for major overhauls amounting to RMB76,336,000 are due to the reassessment of post-closure provision for landfills, which have no cash flow impact on the Group.

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

	Interest-bearing bank borrowings *RMB'000*	**Lease liabilities** *RMB'000*
At 1 January 2023	2,470,918	119,936
New leases	–	13,218
Modification of leases	–	(2,853)
Changes from financing cash flows	64,220	(43,345)
Interest on lease liabilities	–	6,009
Exchange realignment	27,001	36
At 31 December 2023	**2,562,139**	**93,001**
New leases	**–**	**33,788**
Modification of leases	**–**	**(11,398)**
Acquisition of a subsidiary *(note 35)*	**21,986**	**–**
Changes from financing cash flows	**38,084**	**(51,170)**
Interest on lease liabilities	**–**	**8,705**
Exchange realignment	**9,817**	**31**
At 31 December 2024	**2,632,026**	**72,957**

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37. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's non-wholly owned subsidiaries that have material non-controlling interests are set out below:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest 2024	2023
Qingdao Beijing Enterprises Resources and Environmental Technology Limited and its subsidiaries ("Qingdao Group")	Chinese Mainland	**35%**	35%

	RMB'000	***RMB'000***
Loss for the year allocated to non-controlling interests:		
Qingdao Group	(9,917)	(145)
Accumulated balances of non-controlling interests:		
Qingdao Group	271,876	281,793

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Qingdao Group	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	**376,301**	357,408
Total expenses	**(376,282)**	(344,030)
Profit and total comprehensive income for the year	**19**	13,378
Current assets	**646,935**	653,811
Non-current assets	**661,517**	700,399
Current liabilities	**(262,691)**	(228,488)
Non-current liabilities	**(235,992)**	(315,972)
Net cash flows from operating activities	**73,396**	87,656
Net cash flows from investing activities	**4,490**	13,036
Net cash flows used in financing activities	**(27,988)**	(48,429)
Net increase in cash and cash equivalents	**49,898**	52,263

38. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bill facilities granted and bank borrowings are included in notes 25 and 29 to the consolidated financial statements.

39. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000
Construction in progress	**13,390**	10,493
Plant and equipment and motor vehicles	**11,534**	22,879
Service concession arrangements	**119,106**	157,639
Investment in a joint venture	**3,997**	–
	148,027	191,011

40. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the years:

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Related companies			
Entrusted operation service income#	*(i)*	**14,849**	13,705
Sale of electric trike vehicles and consumables#	*(ii)*	**1,603**	1,248
Motor vehicles and equipment leasing expenses#	*(iii)*	**2,234**	2,686
Cost of market business expansion services provided#	*(iv)*	**10,047**	–

These related party transactions also constitute continuing connected transactions that are subject to the announcement, reporting and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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For the year ended 31 December 2024

40. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Notes:

(i) The Group entered into an arrangement with a subsidiary of BEWG to provide entrusted operation services for this subsidiary of BEWG.

(ii) The amount represented the income generated from the sale of electric trike vehicles and consumables for the provision of urban services to a subsidiary of BEWG.

(iii) The amount represented the leasing cost of motor vehicles and equipment to a subsidiary of BEWG.

(iv) During the year ended 31 December 2024, the Group engaged a subsidiary of BEWG for services related to market expansion, based on terms mutually agreed between the Group and the related party.

(v) The Group leased two office buildings from subsidiaries of BEWG with lease terms ranging from 2 to 3 years. The rental fees were RMB160,000 and HK$60,400 per month throughout the contract periods. The financial impact of the leases was included in right-of-use assets and lease liabilities in the financial statements for the years ended 31 December 2024 and 2023.

(b) Outstanding balances with related parties:

Other than the balances and transactions detailed in the above and notes 24 and 27 to the financial statements, the Group did not have other significant related party balances as at the end of the reporting period and related party transactions during the reporting period.

(c) Compensation of key management personnel of the Group:

	2024 ***RMB'000***	2023 *RMB'000*
Short term employee benefits	**7,201**	7,853
Post-employment benefits	**219**	189
Total compensation paid to key management personnel	**7,420**	8,042

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the carrying amounts of current financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values largely due to the short term maturities of these instruments, and accordingly, no disclosure of the fair values of these financial instruments is made.

For non-current financial assets and liabilities, in the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the amounts due to non-controlling shareholders, lease and interest-bearing bank borrowings disclosed in notes 27 and 29, respectively, net of cash and cash equivalents and equity of the Group, comprising issued capital, retained profits and other reserves.

The Group monitors capital using a net gearing ratio, which is net debt divided by total equity. Net debt is calculated as interest-bearing bank borrowings less cash and cash equivalents. The Group's policy is to maintain a stable gearing ratio. The gearing ratio as at the end of each of the years was as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Interest-bearing bank borrowings	**2,632,026**	2,562,139
Less: Cash and cash equivalents	**(939,671)**	(1,080,749)
Net debt	**1,692,355**	1,481,390
Total equity	**3,813,658**	3,852,048
Net gearing ratio	**44.4%**	38.5%

43. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 *RMB'000*	2023 *RMB'000*
Financial assets Amortised cost	**4,806,232**	4,059,315
Financial liabilities Amortised cost	**3,734,937**	3,529,622

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and bills receivables, environmental decommissioning fees receivable, deposits and other receivables, balances with related companies and non-controlling shareholders, and cash and cash equivalents, trade and bills payable, other payables, interest-bearing bank borrowings and lease liabilities. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, environmental decommissioning fees receivable, deposits and other receivables, other payables and accruals, trade payables and lease liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The senior management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group's exposure to interest rate risk relates principally to the Group's bank loans with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

The Group is exposed to fair value interest rate risk in relation to restricted cash and pledged deposits, fixed-rate borrowings and lease liabilities in notes 25, 29, 27 respectively. The Group is also exposed to cash flow interest rate risk in relation to floating bank balances and floating rate borrowings in notes 25 and 29 respectively. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, and borrowings denominated in HK$ and RMB.

43. FINANCIAL INSTRUMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Increase/ (decrease) in basis points	**(Decrease)/ increase in profit before tax of the Group** ***RMB'000***
For the year ended 31 December 2024		
RMB	**100**	**(11,470)**
RMB	**(100)**	**11,470**

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax of the Group *RMB'000*
For the year ended 31 December 2023		
RMB	100	(19,119)
RMB	(100)	19,119

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43. FINANCIAL INSTRUMENTS (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.

The Group's businesses are mainly carried out by subsidiaries located in Chinese Mainland and the majority of their transactions are conducted in RMB. The Group, therefore, has minimal transactional currency exposure which arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB/HK$ exchange rate, with all other variables held constant, of the Group's profit before tax arising from RMB denominated financial instruments. There is no significant impact on the Group's equity.

	Increase/ (decrease) in profit before tax *RMB'000*
For the year ended 31 December 2024	
If HK$ strengthens against RMB by 5%	**141**
If HK$ weakens against RMB by 5%	**(141)**

	Increase/ (decrease) in profit before tax *RMB'000*
For the year ended 31 December 2023	
If HK$ strengthens against RMB by 5%	(3,359)
If HK$ weakens against RMB by 5%	3,359

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Therefore, in the opinion of the directors, the credit risk is not significant.

43. FINANCIAL INSTRUMENTS (CONTINUED)

MAXIMUM EXPOSURE AND YEAR-END STAGING AS AT 31 DECEMBER 2024 AND 2023

Management groups financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining a significant increase in credit risk and the calculation of impairment. The gross carrying amount of each financial asset in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2024 and 2023.

To manage credit risk arising from trade receivables and environmental decommissioning fees receivables, the credit quality of the debtors is assessed, taking into account their financial position, historical settlement records, past experience and other factors. The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables and contract assets. In addition, the Group applies the general approach to provide for ECLs prescribed by HKFRS 9 for bill receivables, environmental decommissioning fees receivables, deposits and other receivables, restricted cash and pledged deposits and cash and cash equivalents. The determination of ECLs also incorporates forward-looking information.

The Group has established a policy to perform an assessment as at 31 December 2024 and 2023, 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.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12m ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

The Group classifies its bills receivable, environmental decommissioning fees receivables, deposits and other receivables, restricted cash and pledged deposits and cash and cash equivalents into Stage 1 as described above.

Management also makes periodic collective assessments for the receivables as well as individual assessment on the recoverability of the receivables based on historical settlement records, past experience and other factors. The Group classifies the receivables into different stages by risk and continuously monitored their credit risk. Management believes that there was no material credit risk inherent in the Group's outstanding balances as at 31 December 2024 and 2023.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from the financial assets are set out in notes 22, 23 and 24 to the financial statements.

43. FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. In addition, banking facilities have been put in place for contingency purposes.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of each of the year, based on the contractual undiscounted payments, is as follows:

At 31 December 2024

	Within one year or on demand *RMB'000*	In the second year *RMB'000*	In the third to fifth years, inclusive *RMB'000*	Over five years *RMB'000*	Total *RMB'000*	Carrying amount at 31/12/2024 *RMB'000*
Trade and bills payables	595,901	–	–	–	595,901	595,901
Other payables	523,516	13,286	16,269	31,651	584,722	507,010
Due to related companies	4,368	–	–	–	4,368	4,368
Due to non-controlling shareholders	66,931	–	–	–	66,931	66,931
Interest-bearing bank borrowings	1,011,168	1,073,709	386,135	330,941	2,801,953	2,632,026
	2,201,884	1,086,995	402,404	362,592	4,053,875	3,806,236

At 31 December 2023

	Within one year or on demand *RMB'000*	In the second year *RMB'000*	In the third to fifth years, inclusive *RMB'000*	Over five years *RMB'000*	Total *RMB'000*	Carrying amount at 31/12/2023 *RMB'000*
Trade and bills payables	447,062	–	–	–	447,062	447,062
Other payables	776,461	52,201	65,726	21,071	915,459	416,151
Due to related companies	4,021	–	–	–	4,021	4,021
Due to non-controlling shareholders	62,699	–	–	–	62,699	62,699
Interest-bearing bank borrowings	1,332,571	602,443	409,731	321,664	2,666,409	2,562,139
	2,622,814	654,644	475,457	342,735	4,095,650	3,492,072

44. PERFORMANCE GUARANTEES

At 31 December 2024, performance guarantees of RMB128,476,000 (2023: Nil) and RMB3,586,000 (2023: Nil) were given by a bank and insurance companies respectively in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantee have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantee will be released upon completion of the service contracts.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT ASSET			
Investment in a subsidiary		**1,184,645**	1,184,645
CURRENT ASSETS			
Due from subsidiaries		**945,218**	1,264,385
Prepayments		**29**	333
Cash and cash equivalents		**5,858**	10,587
Total current assets		**951,105**	1,275,305
CURRENT LIABILITIES			
Other payables and accruals		**763,901**	348,075
Interest-bearing bank borrowings		**–**	374,500
Total current liabilities		**763,901**	722,575
NET CURRENT ASSETS		**187,204**	552,730
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,371,849**	1,737,375
NON-CURRENT LIABILITY			
Interest-bearing bank borrowings		**–**	270,000
Net assets		**1,371,849**	1,467,375
EQUITY			
Share capital	*33*	**313,584**	317,405
Reserves *(note)*		**1,058,265**	1,149,970
Total equity		**1,371,849**	1,467,375

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45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve *RMB'000*	Share premium *RMB'000*	Treasury shares *RMB'000*	Exchange fluctuation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2023 (Restated)	920,031	317,468	–	(7,546)	(41,705)	1,188,248
Profit for the year and total comprehensive income for the year	–	–	–	31,794	2,808	34,602
Final 2022 dividend declared	–	(31,680)	–	–	–	(31,680)
Interim 2023 dividend declared	–	(39,744)	–	–	–	(39,744)
Shares repurchased	–	–	(1,456)	–	–	(1,456)
At 31 December 2023 and 1 January 2024	**920,031**	**246,044**	**(1,456)**	**24,248**	**(38,897)**	**1,149,970**
Profit for the year and total comprehensive income for the year	**–**	**–**	**–**	**7,668**	**4,654**	**12,322**
Final 2023 dividend declared	**–**	**(48,548)**	**–**	**–**	**–**	**(48,548)**
Interim 2024 dividend declared	**–**	**(38,554)**	**–**	**–**	**–**	**(38,554)**
Shares repurchased and cancelled	**–**	**(18,381)**	**1,456**	**–**	**–**	**(16,925)**
At 31 December 2024	**920,031**	**140,561**	**–**	**31,916**	**(34,243)**	**1,058,265**

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46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Tuoketuo) Limited 北控城市服務(托克托)有限公司#	Chinese Mainland 15 March 2016	RMB7,590,000	–	100	Urban services
Beijing Enterprises Cleaning (Beijing) Urban Environmental Service Limited 北控清道夫(北京)城市環境服務有限公司@	Chinese Mainland 1 March 2017	RMB1,960,000	–	51	Urban services
Beijing Enterprises Urban Services (Xinji) Limited 北控城市服務辛集有限公司#	Chinese Mainland 12 April 2016	RMB15,000,000	–	100	Urban services
Beijing Enterprises (Henan) Environmental Development Limited 北控(河南)環境發展有限公司@	Chinese Mainland 6 May 2016	RMB6,278,000	–	73	Urban services
Beijing Enterprises Urban Services (Renhua) Limited 北控城市服務(仁化)有限公司#	Chinese Mainland 1 June 2016	RMB4,000,000	–	100	Urban services
Beijing Enterprises (Tangshan) Urban Service Limited 北控(唐山)環境服務有限公司#	Chinese Mainland 28 July 2016	RMB6,000,000	–	100	Urban services
Beijing Enterprises (Cangzhou Hejian) Urban Service Limited 北控(滄州河間)環境服務有限公司#	Chinese Mainland 30 September 2016	RMB23,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Nong'an) Limited 北控城市服務(農安)有限公司#	Chinese Mainland 11 November 2016	RMB14,500,000	–	100	Urban services
Beijing Enterprises Urban Services (Liquan) Limited 北控城市服務(禮泉)有限公司#	Chinese Mainland 16 November 2016	RMB9,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Nanxiong) Limited 北控城市服務(南雄)有限公司#	Chinese Mainland 22 November 2016	RMB7,000,000	–	100	Urban services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Zhongning) Limited 北控城市服務(中寧)有限公司@	Chinese Mainland 2 December 2016	RMB2,100,000	–	70	Urban services
Beijing Enterprises (Qinhuangdao) Urban Service Limited 北控城市服務(秦皇島)有限公司@	Chinese Mainland 27 December 2016	RMB18,000,000	–	90	Urban services
Beijing Enterprises Urban Services (Hohhot Saihan District) Limited 北控城市服務(呼和浩特市賽罕區)有限公司#	Chinese Mainland 11 April 2017	RMB25,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Shaanxi) Limited 北控城市服務(陝西)有限公司#	Chinese Mainland 29 December 2016	RMB29,814,750	–	100	Urban services
Beijing Enterprises Urban Services (Wugong) Limited 北控城市服務(武功)有限公司#	Chinese Mainland 16 March 2017	RMB3,642,400	–	100	Urban services
Beijing Enterprises (Tangshan) Urban Services Limited 北控(唐山)城市服務有限公司#	Chinese Mainland 30 March 2017	RMB5,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Hohhot Huimin District) Limited 北控城市服務(呼和浩特市回民區)有限公司#	Chinese Mainland 11 April 2017	RMB17,000,000	–	100	Urban services
Beijing Enterprises Urban Investment (Sichuan) Limited 北控城市服務(四川)有限公司@	Chinese Mainland 18 May 2017	RMB20,000,000	–	60	Urban services
Beijing Enterprises Urban Investment Guizhou) Limited 北控環境投資(貴州)有限公司@	Chinese Mainland 24 November 2016	RMB13,116,667	–	55	Urban services
Beijing Enterprises Urban Services (Xuyong) Limited 北控城市服務(敘永)有限公司@	Chinese Mainland 9 August 2017	RMB2,600,000	–	60	Urban services

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For the year ended 31 December 2024

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Dafang) Limited 北控城市服務(大方)有限公司#	Chinese Mainland 24 August 2017	RMB1,890,000	–	100	Urban services
Beijing Enterprises Urban Services (Wuchuan) Limited 北控城市服務(務川)有限公司#	Chinese Mainland 1 June 2017	RMB18,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Keyouzhongqi) Limited 北控城市服務(科右中旗)有限公司#	Chinese Mainland 9 May 2017	RMB6,566,000	–	100	Urban services
Guangxi Guigang Beijing Enterprises Water Environmental Sanitation Services Limited 廣西貴港北控水務環衛服務有限公司#	Chinese Mainland 13 September 2013	RMB5,000,000	–	100	Urban services
Guangxi Guigang Beijing Enterprises Water Medical Waste Treatment Limited 廣西貴港北控水務醫療廢物處理有限公司#	Chinese Mainland 4 July 2014	RMB5,000,000	–	100	Hazardous waste treatment
Beijing Enterprises Urban City (Beijing) Environmental Technology Limited 北控城市(北京)環境科技有限公司#	Chinese Mainland 28 March 2017	RMB741,300,000	–	100	Provision of business management services
Jiangxi Beijing Enterprises Urban Mineral Co., Ltd. 江西北控城市礦產有限公司@	Chinese Mainland 21 February 2011	RMB30,000,000	–	59	Provision of waste electrical and electronic equipment treatment services
Shaanxi Beijing Enterprises Recycling Resources Limited 陝西北控再生資源有限公司@	Chinese Mainland 18 May 2010	RMB26,540,000	–	65	Provision of waste electrical and electronic equipment treatment services
Shandong Pingfu Environmental Services Limited 山東平福環境服務有限公司@	Chinese Mainland 25 January 2008	RMB47,280,000	–	65	Hazardous waste treatment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Cangzhou Nanpi) Limited 北控城市服務(滄州南皮)有限公司#	Chinese Mainland 30 October 2017	RMB23,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Qindu) Limited 北控城市服務(秦都)有限公司@	Chinese Mainland 31 October 2017	RMB15,000,000	–	75	Urban services
Ningjin Beijing Enterprises Urban Services Limited 寧津北控城市服務有限公司@	Chinese Mainland 9 August 2017	RMB3,000,000	–	51	Urban services
Beijing Enterprises Urban Services Chengde Limited 北控城市服務承德有限公司#	Chinese Mainland 10 November 2017	RMB15,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Quannan) Limited 北控城市服務(全南)有限公司#	Chinese Mainland 17 November 2017	RMB50,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Yongshou) Limited 北控城市服務(永壽)有限公司@	Chinese Mainland 31 October 2017	RMB5,025,000	–	75	Urban services
Beijing Enterprises Urban Services (Cangzhou Suning) Limited 北控城市服務(滄州肅寧)有限公司#	Chinese Mainland 4 January 2018	RMB8,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Gansu) Limited 北控城市服務(甘肅)有限公司@	Chinese Mainland 15 December 2017	RMB8,650,000	–	60	Urban services
Weifang Beijing Enterprises Environmental Technical Limited 濰坊北控環境技術有限公司@	Chinese Mainland 13 June 2016	RMB77,400,000	–	33*	Hazardous waste treatment
Chongqing Beijing Enterprises Recycled Resources Limited 重慶北控再生資源有限公司@	Chinese Mainland 4 November 2010	RMB64,270,000	–	65	Waste electrical and electronic equipment treatment services

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Environmental Resources (Yichang) Limited 北控城市環境資源(宜昌)有限公司#	Chinese Mainland 23 August 2017	RMB50,000,000	–	100	Solid waste disposal
Beijing Enterprises Urban Services (Qingshuihe) Limited 北控城市服務(清水河)有限公司#	Chinese Mainland 8 January 2018	RMB5,200,000	–	100	Urban services
Beijing Enterprises Urban Services (Changwu) Limited 北控城市服務(長武)有限公司@	Chinese Mainland 23 January 2018	RMB4,000,000	–	80	Urban services
Beijing Enterprises Urban Services (Xiuwen) Limited 北控城市服務(修文)有限公司@	Chinese Mainland 2 February 2018	RMB10,000,000	–	55	Urban services
Beijing Enterprises Urban Services (Wugong) Town Sanitation Services Limited 北控城市服務(武功)城鎮環衛服務有限公司@	Chinese Mainland 3 May 2018	RMB3,850,000	–	70	Urban services
Beijing Enterprises Urban Services (Heshun) Limited 北控城市服務(和順)有限公司#	Chinese Mainland 9 May 2018	RMB3,950,000	–	100	Urban services
Beijing Enterprises Urban Services (Weicheng) Limited 北控城市服務(渭城)有限公司@	Chinese Mainland 2 May 2018	RMB14,000,000	–	70	Urban services
Beijing Enterprises Urban Services (Binzhou) Limited 北控城市服務(彬州)有限公司@	Chinese Mainland 3 May 2018	RMB9,800,000	–	70	Urban services
Beijing Enterprises Urban Services (Baoding Tangxian) Limited 北控城市服務(保定唐縣)有限公司#	Chinese Mainland 10 April 2018	RMB9,100,000	–	100	Urban services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Lankao) Limited 北控城市服務(蘭考)有限公司#	Chinese Mainland 28 March 2018	RMB16,603,300	–	100	Urban services
Beijing Enterprises (Chuxiong) Urban Management Limited 北控(楚雄)環境管理有限公司#	Chinese Mainland 7 May 2018	RMB4,650,000	–	100	Urban services
Chuxiong Beijing Enterprises Urban Technology Limited 楚雄北控環保科技有限公司#	Chinese Mainland 10 May 2018	RMB4,960,000	–	100	Urban services
Beijing Enterprises Urban Services (Liquan) Town Sanitation Services Limited 北控城市服務(禮泉)城鎮環衛服務有限公司@	Chinese Mainland 3 May 2018	RMB10,000,000	–	60	Urban services
Beijing Enterprises Urban Services (Longnan) Limited 北控城市服務(隴南)有限公司@	Chinese Mainland 24 May 2018	RMB2,770,000	–	60	Urban services
Beijing Enterprises Urban Services (Yanhe) Limited 北控城市服務(沿河)有限公司@	Chinese Mainland 11 June 2018	RMB10,000,000	–	55	Urban services
Beijing Enterprises municipal and environmental services (Shenyang) Limited 北控(瀋陽)市容環境服務有限公司#	Chinese Mainland 10 July 2018	RMB50,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Xintian) Limited 北控城市服務(新田)有限公司@	Chinese Mainland 26 July 2018	RMB20,000,000	–	90	Urban services
Beijing Enterprises (Tangshan) Municipal Construction Limited 北控(唐山)市政工程有限公司#	Chinese Mainland 3 August 2018	RMB5,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Jixian) Limited 北控城市服務(吉縣)有限公司#	Chinese Mainland 8 August 2018	RMB5,700,000	–	100	Urban services

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Lintao) Limited 北控城市服務(臨洮)有限公司@	Chinese Mainland 23 August 2018	RMB12,780,000	–	60	Urban services
Qihexian Beijing Enterprises Urban Services Limited 齊河縣北控環境服務有限公司@	Chinese Mainland 19 September 2018	RMB100,000	–	36*	Urban services
Guyuanxian Beijing Enterprises Qingdaofu Environmental Services Limited 沽源縣北控清道夫環境服務有限公司@	Chinese Mainland 7 November 2018	RMB6,000,000	–	51	Urban services
Beijing Enterprises Urban Services (Yongzhou) Limited 北控城市服務(永州)有限公司#	Chinese Mainland 13 November 2018	RMB1,935,000	–	100	Urban services
Beijing Enterprises Urban Services (Qingxu) Limited 北控城市服務(清徐)有限公司#	Chinese Mainland 14 September 2018	RMB17,600,000	–	100	Urban services
Yunnan Beijing Enterprises Environmental Service Limited ("Yunnan") 雲南北控環境服務有限公司@	Chinese Mainland 25 July 2017	RMB68,000,000	–	70	Urban services
Beijing Enterprises Urban Resources Exploitation (Zigong) Limited 北控城市環境資源開發(自貢)有限公司#	Chinese Mainland 2 April 2018	RMB100,000,000	–	100	Hazardous waste treatment
Ningxia Beijing Enterprises Ruiyuan Recycling Resources Limited ("Ningxia") 寧夏北控睿源再生資源有限公司@	Chinese Mainland 27 January 2015	RMB120,000,000	–	61	Hazardous waste treatment
Hubei Pingfu Environmental Technology Limited 湖北平福環境科技有限公司#	Chinese Mainland 3 July 2018	RMB20,000,000	–	100	Hazardous waste treatment
Xinjiang Xiyu Beijing Enterprises Environmental Construction Limited 新疆西域北控環境工程有限公司@	Chinese Mainland 8 December 2017	RMB17,500,000	–	66	Hazardous waste treatment

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For the year ended 31 December 2024

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Baoding Dingxing) Limited 北控城市服務(保定定興)有限公司#	Chinese Mainland 10 March 2016	RMB10,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Yichang) Limited 北控城市服務(宜昌)有限公司#	Chinese Mainland 21 January 2019	RMB20,000,000	–	100	Urban services
Jiangsu Beijing Enterprises Jinqiangwei Urban Services Limited 江蘇北控金薔薇城市服務有限公司@	Chinese Mainland 7 January 2019	RMB10,000,000	–	60	Urban services
Xianju Beijing Enterprises Urban Environmental Technology Limited 仙居北控城市環境科技有限公司#	Chinese Mainland 15 October 2018	RMB50,000,000	–	100	Hazardous waste treatment
Beijing Enterprises Zhongyan Properties Management Limited 北京北控中燕物業管理有限公司@	Chinese Mainland 6 December 2018	RMB10,000,000	–	70	Urban services
Beijing Enterprises Urban Services (Shanxi) Limited 北控城市服務(山西)有限公司@	Chinese Mainland 3 September 2018	RMB6,200,000	–	70	Urban services
Beijing Enterprises Urban Services (Zibo) Limited 淄博北控城市服務有限公司@	Chinese Mainland 9 September 2019	RMB16,000,000	–	80	Urban services
Kunming Xishan Beijing Enterprises Environmental Services Limited 昆明西山北控城市環境服務有限公司@	Chinese Mainland 30 July 2019	RMB7,172,000	–	70	Urban services
Beijing Enterprises Urban Services (Kaiyang) Limited 北控城市服務(開陽)有限公司@	Chinese Mainland 28 June 2019	RMB10,000,000	–	55	Urban services
Beijing Enterprises Zhongyan Logistics Limited 北京北控中燕運輸有限公司@	Chinese Mainland 5 August 2019	RMB3,500,000	–	70	Urban services
Beijing Enterprises Urban Services (Shenzhen Baoan) Limited 深圳寶安北控城市服務有限公司@	Chinese Mainland 28 February 2020	RMB110,509,800	–	70	Urban services

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Urban Services (Jiangmen Xinlvrun) Limited 江門新會北控綠潤城市服務有限公司@	Chinese Mainland 23 October 2020	RMB30,000,000	–	51	Urban services
Beijing Enterprises Urban Services (Dali) Limited 大荔北控城市服務有限公司#	Chinese Mainland 24 June 2020	RMB4,066,544	–	100	Urban services
Beijing Enterprises Urban Services (Shandong Zhoucun) Limited 山東周村北控城市服務有限公司#	Chinese Mainland 3 March 2020	RMB10,000,000	–	100	Urban services
Xuzhou Pingfu Beijing Enterprises Urban Environmental Resources Development Limited 徐州平福環保資源開發有限公司@	Chinese Mainland 23 July 2020	USD10,000,000	–	80	Hazardous waste treatment
Beijing Enterprises Urban Services (Guiyang Nanriparian) Limited 貴陽南河岸北控城市服務有限公司@	Chinese Mainland 16 November 2021	RMB10,000,000	–	55	Urban services
Beijing Enterprises Cleaning (Zaozhuang) Urban Environmental Services Limited 北控清道夫(棗莊)城市環境服務有限公司@	Chinese Mainland 15 July 2021	RMB3,000,000	–	51	Urban services
Beijing Enterprises Urban Services (Yutai) Limited 北控城市服務(魚台)有限公司@	Chinese Mainland 13 October 2021	RMB5,000,000	–	36*	Urban services
Beijing Enterprises Urban Services (Ningjin) Limited 北控城市服務寧晉有限公司@	Chinese Mainland 12 July 2022	RMB10,000,000	–	70	Urban services
Beijing Enterprises Urban Services (Tangshan) Limited 北控城服(唐山)環境衛生管理有限公司#	Chinese Mainland 12 July 2022	RMB10,000,000	–	100	Urban services
Beijing Enterprises Urban Services (Anyue) Limited 北控城市服務(安岳)有限公司@	Chinese Mainland 2 March 2022	RMB2,000,000	–	60	Urban services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Zigong Beijing Enterprises Urban Services Technology Limited 自貢北控城市服務科技有限公司@	Chinese Mainland 23 November 2022	RMB2,000,000	–	60	Urban services
Chongqing Beijing Enterprises Urban Services Technology Limited 重慶北控城市環境服務有限公司#	Chinese Mainland 2 November 2022	RMB36,000,000	–	100	Urban services
Chongqing Naide Beijing Enterprises Urban Resources Limited 重慶北控耐德城市環境服務有限公司@	Chinese Mainland 25 November 2022	RMB60,000,000	–	60	Urban services
Shenzhen Beijing Enterprises Urban Environmental Technology Limited 深圳市北控城市環境科技有限公司@	Chinese Mainland 8 November 2021	RMB612,245	–	51	Urban services
Beijing Smart Information Technology Limited. 北京斯碼特信息科技有限公司#	Chinese Mainland 8 November 2022	RMB2,000,000	–	100	Urban services
Yichang Pingfu Technology Limited 宜昌平福科技有限公司#	Chinese Mainland 7 June 2021	RMB8,523,000	–	100	Urban services
Beijing Enterprises Urban Services (Jincheng) Limited 北控城市服務(晉城)有限公司@	Chinese Mainland 30 August 2023	RMB80,000,000	–	70	Urban services
Beijing Enterprises Urban Services (Longkou) Limited 北控城市服務(龍口)有限公司#	Chinese Mainland 31 October 2023	RMB5,000,000	–	100	Urban services
Beijing Enterprises Urban Environmental Services (Tieling) Limited 北控市容環境服務(鐵嶺)有限公司#	Chinese Mainland 18 January 2023	RMB10,000,000	–	100	Urban services
Shenzhen Nanshan Beijing Enterprises City Butler Service Limited 深圳南山北控城市管家服務有限公司#&	Chinese Mainland 4 January 2024	RMB30,000,000	–	100	Urban services
Beijing Enterprises Yi Jie (Luanzhou) Urban Environmental Service Limited 北控易潔(灤州)城市服務有限公司#&	Chinese Mainland 26 January 2024	RMB8,000,000	–	100	Urban services

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Enterprises Yi Jie (Luoyang) Urban Environmental Service Limited 北控易潔(洛陽)城市環境服務有限公司@&	Chinese Mainland 23 February 2024	RMB5,000,000	–	51	Urban services
Anshan Beijing Enterprises Yi Jie Urban Environmental Sanitation Management Limited 鞍山北控易潔城市環境衛生管理有限公司#&	Chinese Mainland 21 November 2024	RMB1,413,000	–	100	Urban services
Beijing Enterprises (Hami) Urban Service Limited 哈密市北控城市服務有限公司@&	Chinese Mainland 4 December 2024	RMB100,000,000	–	80	Urban services
Shiny Glory Services Limited 丞美服務有限公司^	Hong Kong 30 November 1990	HK$5,000,000	–	85	Urban services

Notes:

\# Wholly-foreign-owned enterprises under PRC law

@ Chinese-foreign equity joint venture enterprises under PRC law

* These entities are accounted for as subsidiaries by virtue of the Company's control over them through non-wholly-owned subsidiaries.

& Set up in 2024

^ Acquired in 2024

The English names of the Chinese Mainland entities represent the best effort made by management of the Company to directly translate the Chinese names of these entities as they do not register any official English names.

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. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2025.

FIVE YEAR FINANCIAL SUMMARY

Year ended 31 December 2024

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, as restated as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	(Restated)	(Restated)
Revenue	**6,027,696**	5,057,613	4,253,403	3,693,423	3,132,938
Profit before tax	**195,263**	425,384	367,701	596,781	626,381
Income tax expenses	**(108,914)**	(86,044)	(96,205)	(113,615)	(145,398)
PROFIT FOR THE YEAR	**86,349**	339,340	271,496	483,166	480,983
Attributable to:					
Owners of the Company	**25,693**	284,734	238,579	416,662	379,891
Non-controlling interest	**60,656**	54,606	32,917	66,504	101,092
	86,349	339,340	271,496	483,166	480,983

ASSET, LIABILITIES AND TOTAL EQUITY

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	(Restated)	(Restated)
Total assets	**8,580,637**	8,126,792	7,696,325	6,698,235	5,979,388
Total liabilities	**(4,766,979)**	(4,274,744)	(4,123,164)	(3,234,262)	(2,899,054)
NET ASSETS	**3,813,658**	3,852,048	3,573,161	3,463,973	3,080,334
Equity attributable to owners of the Company	**3,083,568**	3,161,780	2,957,760	2,863,785	2,524,709
Non-controlling interests	**730,090**	690,268	615,401	600,188	555,625
TOTAL EQUITY	**3,813,658**	3,852,048	3,573,161	3,463,973	3,080,334

北控城市資源集團有限公司
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED