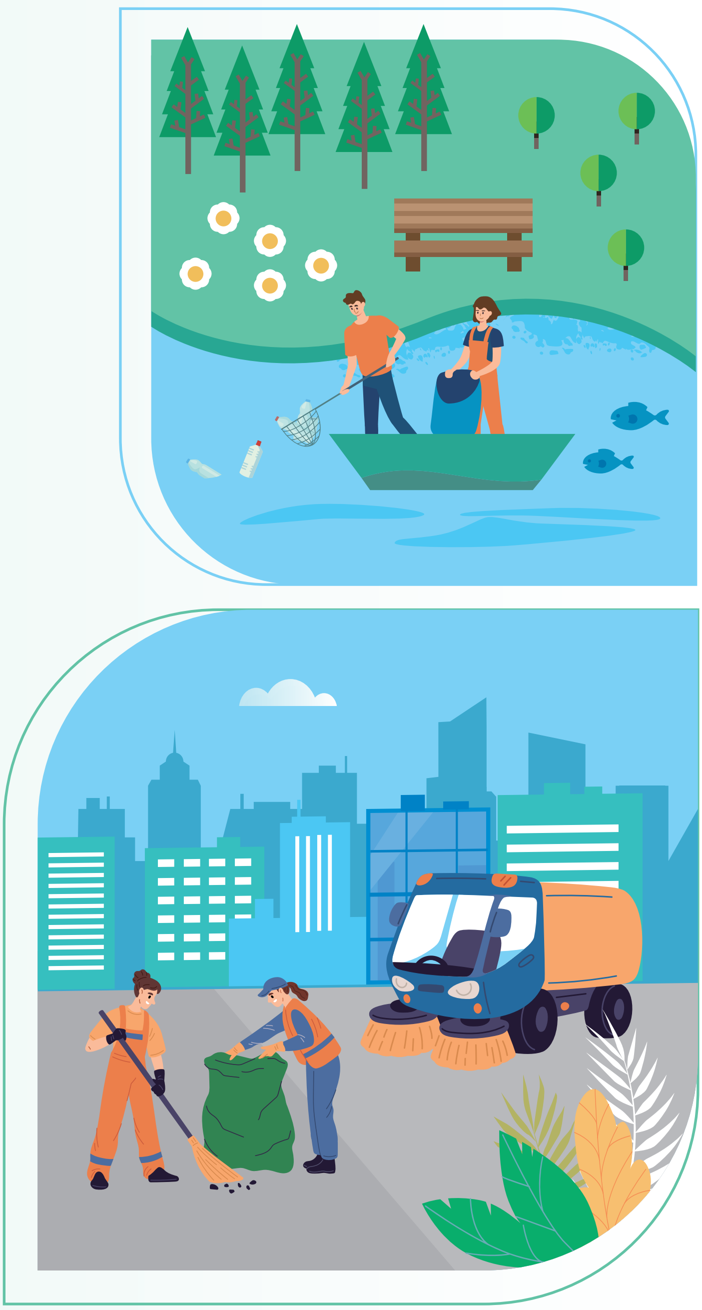
北控城市資源集團有限公司
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3718



# 2025
# INTERIM 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. Wu Tak Kong
Mr. Li Haifeng

## 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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www.becs.cc

## INVESTOR RELATIONS CONTACT

Email Address: ir@beurg.com

## REGISTERED OFFICE

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
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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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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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
Bank of China Limited

# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

In the first half of 2025, the macroeconomic operation remained generally stable and showed improvement, demonstrating strong resilience and vitality. However, due to numerous external uncertainties, the foundation for economic recovery remained weak, the industry faced profound transformations, and competition further intensified. Faced with a complex and severe external environment, Beijing Enterprises Urban Resources Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") have pursued progress while maintaining stability, concentrating on managing existing operations and steadily expanding new growth opportunities. By addressing external uncertainties with the certainty of high-quality development, the Company has driven the continued stable and healthy development of its operations.

### BUSINESS REVIEW

For the six months ended 30 June 2025 (the "Reporting Period"), the Group recorded a revenue of approximately RMB3,039.3 million, representing an increase of approximately 13.1% as compared to the corresponding period of last year. Profit attributable to shareholders of the Company reached approximately RMB32.5 million, representing a decrease of approximately 74.7% as compared to the corresponding period of last year, primarily due to the provision of impairment loss on non-current assets of RMB161.5 million recognised. The Board passed a resolution to propose the distribution of an interim dividend of HK1.8 cents per share.

In 2025, the national government continued to send positive signals, providing solid policy support for the development of the Group's urban services business. In February, the CPC Central Committee and the State Council issued the "Opinions on Further Deepening Rural Reform and Vigorously Promoting Comprehensive Rural Revitalisation《關於進一步深化農村改革紮實推進鄉村全面振興的意見》", which explicitly proposed strengthening rural ecological environment governance, continuously improvements of rural living environment, and building beautiful villages. The "Opinions on Promoting High-Quality Urban Development《關於推動城市高質量發展的意見》" issued in August emphasised promoting the green and low-carbon transformation of urban development, advocating a green and low-carbon lifestyle, advancing urban domestic waste sorting and resource recycling, and reinforcing urban ecological and environmental governance. The Group's development strategy was highly aligned with national policy directions. Adhering to the overarching strategic objective of "High-quality sustainable development", the Group has been actively advancing its "Business Upgrading" strategy, focusing on its core urban services sector. While upholding high-quality standards to horizontally expand premium new projects and continuously strengthen its core business bases, the Group has been also exploring vertical expansions within the urban services field, deepening and broadening its business in segments such as the urban butler integrated services. Furthermore, the Group actively developed diversified business formats and cultivated innovative service products. Through this "horizontal and vertical linkage" development approach, the Group effectively supported the accelerated construction of "zero-waste cities," promoted the improvement of urban and rural living environments, and contributed to the ongoing enhancement of ecological and environmental quality.

# CHAIRMAN'S STATEMENT

In terms of the industry environment, the urban services industry is at a development stage characterised by both short-term pain and long-term opportunities. In the first half of the year, the industry faced multiple pressures and severe challenges. The annualised total amount of public tenders for urban services projects experienced the largest decline in recent years, with a noticeable decrease in large-scale projects, resulting in short-term pressure on market growth. As construction companies increasingly entered the urban services market and the multiple players compete, industry competition has further intensified. At the same time, however, development opportunities in the industry continued to emerge. The transaction volume of urban butler integrated service projects has reached a record high, with business boundary expanding to cover all aspects of urban governance. The urban butler service model has rapidly spread nationwide and become an industry benchmark. The urban services industry showed a trend of deep integration with related industries such as renewable resource recycling and artificial intelligence (AI), constructing new business models and industrial chains that inject fresh growth momentum into the industry. In addition, technological innovation drove industry upgrades, with significant progress in the commercialisation of unmanned sanitation. In the first half of the year, 102 unmanned sanitation pilot projects were launched via public tender, with total contract values exceeding RMB7 billion. Overall, the urban services business remained a "long-term growth industry" featuring continuous expansion, relatively low market concentration, and ongoing technological and model transformation. Technological innovation has become a key driver of development. Leveraging its strong business capabilities in urban services, the Group continued to lead the urban butler service segment. Currently, the Group operates five urban butler integrated service projects, with annual service fees of approximately RMB654.2 million and total contract values exceeding RMB5.4 billion. During the Reporting Period, the Group newly obtained 30 urban services projects through public tender, with total contract values and estimated annual revenue of approximately RMB852.5 million and RMB243.8 million respectively, demonstrating a steady momentum in business expansion. Furthermore, the Group's hazardous waste business confronted development challenges caused by shrinking industry demand and intensified competition on the supply side. The Group has been focusing on targeted measures such as promoting energy conservation, substituting auxiliary materials, and implementing small-scale resource recycling and utilisation initiatives to optimise revenue and reduce costs, thereby ensuring the stable development of the business.

In terms of the fiscal environment and corporate cash flow management, the current fiscal situation across the regions remains challenging, imposing pronounced financial pressure on the industry. In March, the State Council's executive meeting reviewed and approved the "Action Plan for Accelerating the Clearance of Debts to Enterprises (《加快加力清理拖欠企業賬款行動方案》)", introducing various debt-relief measures including special government bonds and subsidies. However, local governments' expenditure control policies, such as reducing procurement budgets and shortening contract cycles, have profoundly affected the industry's funding chain and operating model, leading to a conflict between "high-quality" projects and the government's policy of practicing fiscal prudence and tightening expenditures. In this regard, the Group has firmly upheld cash flow as its lifeline, implemented multiple measures to strictly control receivables, seized opportunities presented by policy-driven debt resolution, and actively supported the application and utilisation of policy-base funds. Currently, 19 projects have been confirmed for inclusion in the debt resolution system, resulting in a significant improvement in collection rate. At the same time, the Group actively revitalised idle assets, including vehicles and equipment, through allocation and leasing. It effectively reduced financing costs and administrative expenses by optimising financing structure and implementing cost-saving and efficiency-enhancing measures such as refining operational management and control. As a result, the Group achieved strong operating cash inflows during the Reporting Period, further consolidating the foundation of financial stability.

# CHAIRMAN'S STATEMENT

## COMPANY CONTROL

During the Reporting Period, guided by the high-quality development strategy, the Group regarded "enhancing the efficiency of existing operations" as its core objective and promoted the optimisation of the Company's operational management and control across multiple dimensions. By implementing a localised dual-track management model of "regional baselines + progressive targets for customised project", the Group has promoting lean management, achieving significant improvements in labour efficiency. The Group has comprehensively deployed the vehicle basic management subsystem and the lean operation system for mechanical operations, enhancing vehicle efficiency management, improving vehicle utilisation and overall operational effectiveness. Relying on the "Urban Service Operation Quality Management Measures《城服作業質量管理辦法》", the Group maintained stable operational quality by strictly enforcing internal quality control systems, and strengthening external customer management, thereby effectively controlling project deductions and minimising losses. Furthermore, the Group actively promoted pilot programs for business and finance integration, conducting specialised operational analysis focused on capital utilisation efficiency and vehicle energy consumption control, thereby driving value creation as well as supporting business decision-making and development.

The Group implemented organisational control guided by the objective of establishing a closed loop for strategic execution. It clarified the three-tier positioning of "strengthening the headquarters, consolidating the regions, and refining the projects", optimised and upgraded the organisational structure, streamlined and merged headquarter-related functions, integrated regional strengths and capabilities, updated the functional roles and organisational design at all levels, and defined the organisational and functional positioning for specialised tasks such as product capability and business management. At the same time, the Group clarified the differentiated division of responsibilities in business line management, delegated operational autonomy to the regions, streamlined business processes, enhanced execution efficiency, promoted a flatter organisational structure, defined multiple-dimensional project group standards and advanced pilot management, with a focus on building a healthy and efficient organisational ecosystem.

During the Reporting Period, the Group continued to advance its digital and intelligent transformation by successively completing the research and development and implementation of several digital tools, including the property management system, archive management system, and audit rectification system. It further promoted the full-process coverage of the bidding and procurement system, simultaneously pushed forward the construction of a three-tier vehicle condition assessment system and a mechanical operation data collection and identification platform. Additionally, the Group vigorously promoted the application of various AI tools in management and business scenarios, achieving improvements in both operational efficiency and management level.

## SUSTAINABILITY

Sustainability is deeply integrated into the Group's development strategy. The Group is committed to building a sound operational foundation characterised by sustainable low-carbon operations, sustainable risk management, sustainable talent development, and sustainable technological innovation, solidifying the foundation of high-quality and sustainable development.

In active response to the national "Dual Carbon" strategy, the Group has always adhered to its corporate mission of "Making the Living Environment Better," driving its production and operations toward greater efficiency and lower carbon emissions through green and low-carbon transformation, thereby contributing to the continuous improvement of urban and rural ecological environments. During the Reporting Period, the Group continued to advance the renewal and application of new energy operational vehicles and equipment, promoting the transition to electrification and intelligence in operational machinery; closely monitored climate change developments, conducting in-depth analysis of its challenges and potential growth opportunities for the business of the Group; optimised its allocation of the energy mix, and accelerated the implementation of waste classification and resource recycling projects. The Group consistently focused on the expectations of all stakeholders, collaborating with suppliers to build a high-quality supply chain, optimising customer lifecycle management, and actively constructing a sustainable value chain. With the outstanding performance in ESG, the Group achieved significant improvements in its S&P CSA score and Wind ESG rating, was selected for the first time for inclusion in the S&P Global "Sustainable Development Yearbook (China Edition) 2025", and was awarded recognitions such as the "Best Progress Company in the Industry" from S&P China and the "ESG Connect Pioneer Star (Environment)" by the Hong Kong Quality Assurance Agency.

During the Reporting Period, the Group continued to strengthen risk and internal control management by enhancing its systems for safety and environmental protection, risk control and compliance, and audit supervision. The system improved its capabilities in safety and environmental management as well as emergency response, implementing a three-tier management and control system for safety and environmental responsibilities. The Group carried out risk identification and control measures, reinforcing its defenses through mechanisms such as risk early warning and on-site inspection rectification. Safety production concepts were promoted through activities such as the "Production Safety Month". Additionally, the Group improved reporting channels, deepened the cultivation of anti-fraud and integrity culture, and strengthened climate-related risk management to enhance its sustainable development capabilities.

# CHAIRMAN'S STATEMENT

The Group always upholds its core value of "people-oriented" and has implemented multiple measures to strengthen team building and talent development, systematically promoting the comprehensive growth of its workforce. In strict adherence to the overarching principles of "differentiation, intensification, and clustering," the Group also has efficiently executed the optimisation and adjustment of organisational structures at all levels, along with the scientific allocation of personnel. Furthermore, aligned with its core operational objectives, the Group has further enhanced its talent acquisition mechanisms, including recruitment and selection, onboarding support, and probationary assistance, while continuously deepening talent lifecycle management to provide a solid talent foundation for its sustainable development.

During the Reporting Period, the Group focused on innovating service layouts and exploring segment sectors, strengthened industry-academia-research integration mechanisms, cultivated new quality productive forces, enhanced technology-driven innovation, advanced the development of emerging businesses and R&D centers, and actively conducted pilot validation for the commercialisation of autonomous driving while promoting its application in different scenarios. These efforts were undertaken to further bolster the Group's market competitiveness and solidify its advantages in sustainable development.

**OUTLOOK**

The growing uncertainties and unpredictable factors in the external environment, coupled with profound and complex structural changes in the global economy and sluggish domestic demand, have posed severe challenges to the survival and development of the urban services and hazardous waste industries amid "stock competition". However, as macro policies become more coordinated and effective in the second half of the year, China's economy is expected to maintain a stable and progressive trajectory, uncovering new opportunities for industry development. Driven by national policies such as the "Dual Carbon" strategy, equipment renewal, and trade-in program, along with technological and capital advancements, the urban services industry will accelerate its transformation. Emerging technologies such as autonomous driving and smart equipment are continuously reshaping the industry landscape, while market differentiation trends become increasingly evident. Simultaneously, the industry continues to face significant challenges in accounts receivable management and cash flow pressure. It is anticipated that, under the dual influence of policy guidance and market selection, the industry will rapidly advance toward a new phase of green and smart transformation, gradually forming a high-quality development landscape focused on technological efficiency, financial resilience, and operational excellence as core competencies.

In the second half of 2025, the Group will closely monitor macro policies and industry developments, consistently anchoring its strategy to high-quality development. With a dual focus on "maintaining high-quality of existing stock" and "pursuing high-quality expansion," the Group will steadily advance its initiatives through lean operations to strengthen efficiency, high-quality expansion to optimise layout, and comprehensive risk prevention to build resilience. With these efforts, the Group will collectively forge a core competitive edge for sustainable development.

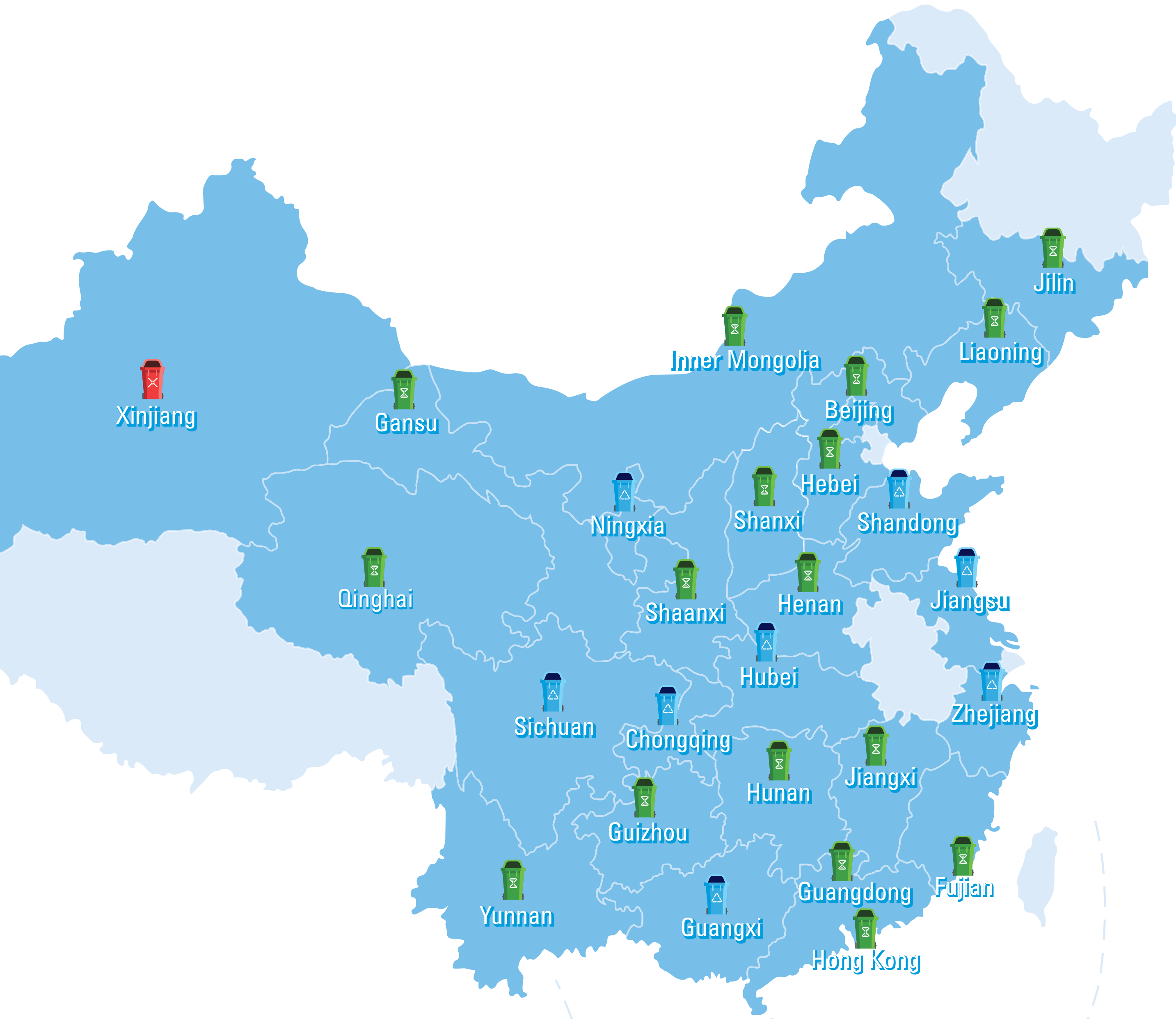
The Group will focus on enhancing organisational development, upgrading the talent supply chain, and strengthening the safety and environmental management system as key initiatives to solidify the Company's foundation and build a resilient organisation. In existing operations, the Group will continue to advance the development and upgrading of both manual and mechanical operation management systems, iteratively optimise cost-reduction and efficiency-improvement solutions, and refine internal control mechanisms for operational quality. Driven by digital transformation and the deep application of AI tools, the Group will continue to enhance operational efficiency and tap into endogenous growth potential. For expansion, the Group will concentrate on developing and promoting digital operational tools, strengthening solution capabilities for complex and innovative projects, and achieving steady growth through targeted breakthroughs. It will focus on precise advancements in niche markets and concentrate efforts to steadily broaden development pathways. Simultaneously, the Group will accelerate the revitalization of idle assets, enhance receivables and cash flow management, safeguard healthy operations of the Company, propelling the Group toward a new stage of sustainable high-quality development with the goal 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 extend our sincere gratitude to all shareholders and business partners for their steadfast support, as well as to every member of our Group for their dedication and hard work.

**Zhou Min**
*Chairman of the Board*

26 August 2025

# MANAGEMENT DISCUSSION AND ANALYSIS




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

**239** 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

## FINANCIAL HIGHLIGHTS

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

| | Revenue | | | Gross profit margin | | | Profit/(loss) attributable to shareholders of the Company | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2025** | 2024 | Change | **2025** | 2024 | Change | **2025** | 2024 | Change |
| | ***RMB'000*** | *RMB'000* | *%* | ***%*** | *%* | *%* | ***RMB'000*** | *RMB'000* | *%* |
| **Urban services** | | | | | | | | | |
| – Urban Environmental Governance Services | **2,660,989** | 2,392,808 | 11.2% | **22.5%** | 22.4% | 0.1% | | | |
| – Construction Services | **3,190** | 9,360 | (65.9)% | **8.0%** | 8.0% | – | | | |
| Subtotal | **2,664,179** | 2,402,168 | 10.9% | **22.4%** | 22.4% | – | **264,786** | 202,121 | 31.0% |
| **Hazardous waste treatment business** | | | | | | | | | |
| – Hazard-free waste disposal projects | **151,158** | 171,606 | (11.9)% | **0.1%** | 4.4% | (4.3)% | **(25,848)** | (30,611) | 15.6% |
| – Recycling and reuse projects | **64,098** | 57,350 | 11.8% | **0.9%** | 4.8% | (3.9)% | **(7,122)** | (2,517) | (183.0)% |
| Subtotal | **215,256** | 228,956 | (6.0)% | **0.3%** | 4.5% | (4.2)% | **(32,970)** | (33,128) | 0.5% |
| **Others** | **159,854** | 56,645 | 182.2% | **9.8%** | 17.1% | (7.3)% | **4,400** | 4,142 | 6.2% |
| **Business results** | **3,039,289** | 2,687,769 | 13.1% | **20.2%** | 20.7% | (0.5)% | **236,216** | 173,135 | 36.4% |
| Impairment loss on non-current assets | | | | | | | **(161,537)** | – | N/A |
| | | | | | | | **74,679** | 173,135 | (56.9)% |
| Corporate and other unallocated income and expenses, net | | | | | | | **(42,159)** | (44,636) | 5.5% |
| **Total** | | | | | | | **32,520** | 128,499 | (74.7)% |

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 30 June 2025, the Group had 239 urban service projects, the movements of which, during the six months ended 30 June 2025, were as follow:

| | Chinese Mainland projects | Hong Kong projects | Total number of projects |
|---|---|---|---|
| As at 1 January 2025 | 196 | 35 | 231 |
| Newly added | 9 | 21 | 30 |
| Terminated to operate | (6) | (16) | (22) |
| As at 30 June 2025 | 199 | 40 | 239 |

The following table sets for an analysis of the urban services projects obtained during the six months ended 30 June 2025:

| | Chinese Mainland projects | Hong Kong projects | Total |
|---|---|---|---|
| Number of urban services projects obtained | 9 | 21 | 30 |
| Total contract value *(RMB million)* | 392.0 | 460.5 | 852.5 |
| Estimated annual revenue *(RMB million)* | 100.5 | 143.3 | 243.8 |

As at 30 June 2025, the Group successfully won a total of 30 urban services projects through public tender with total contract value and estimated annual revenue amounting to approximately RMB852.5 million and RMB243.8 million, respectively. This comprised 9 projects in Chinese Mainland with total contract value and estimated annual revenue amounting to approximately RMB392.0 million and RMB100.5 million, respectively; and 21 projects in Hong Kong with total contract value and estimated annual revenue amounting to approximately RMB460.5 million and RMB143.3 million, respectively.

During the six months ended 30 June 2025, the Group had recorded a total revenue of approximately RMB84.1 million in respect of these 30 projects located in Chinese Mainland and Hong Kong.

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

| Operating Models | Chinese Mainland projects | Hong Kong projects | Total number of projects |
|---|---|---|---|
| Operation & Maintenance ("O&M") | | | |
| • Urban Butler Integrated Service Project | 5 | – | 5 |
| • Comprehensive Cleaning Project | 106 | 2 | 108 |
| • Traditional Environmental Hygiene Service Project | 81 | 38 | 119 |
| Public-Private-Partnership ("PPP") | | | |
| • Build-Operate-Transfer ("BOT") | 3 | – | 3 |
| • Transfer-Operate-Transfer | 4 | – | 4 |
| Total | 199 | 40 | 239 |

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 30 June 2025, the Group had a total of 5 urban butler projects in operation, with an annual service fee amounting to approximately RMB654.2 million and a total contract value exceeding RMB5.4 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.

## 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 minimise 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.

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 30 June 2025, the Group had 10 hazardous waste treatment projects in operation (31 December 2024: 10 projects). Among these, 2 hazardous waste treatment projects provided integrated services encompassing both hazard-free disposal and recycling and reuse treatment services. As of 30 June 2025, the total design treatment capacity of treatment facilities that engaged in hazard-free disposal is 419,716 tons per annum (31 December 2024: 419,716 tons) and total design treatment capacity of treatment facilities that engaged in recycling and reuse is 280,000 tons per annum (31 December 2024: 280,000 tons).

## OTHER BUSINESS

Other business represents waste electrical and electronic equipment treatment business. As of 30 June 2025, 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 dismantled equipment include computers, refrigerators, television sets, washing machines and air conditioners.

For the six months ended 30 June 2025, revenue from our waste electrical and electronic equipment treatment business amounted to approximately RMB159.9 million (six months ended 30 June 2024: RMB56.6 million), representing approximately 5.3% (six months ended 30 June 2024: 2.1%) of the Group's total revenue.

## FINANCIAL PERFORMANCE

### REVENUE AND GROSS PROFIT MARGIN

The Group's total revenue increased by approximately 13.1% from approximately RMB2,687.8 million for the six months ended 30 June 2024 to approximately RMB3,039.3 million for the six months ended 30 June 2025, primarily due to increase in revenue from the Group's urban services.

The Group's gross profit margin decreased from 20.7% for the six months ended 30 June 2024 to 20.2% for the six months ended 30 June 2025, 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, categorized by geographical location of the operation:

| | | **Revenue** | | | **Gross profit margin** | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | Change | **2025** | 2024 | Change |
| | ***RMB'000*** | *RMB'000* | *%* | ***%*** | *%* | *%* |
| Urban Environmental Governance Services | | | | | | |
| – Chinese Mainland | **2,390,018** | 2,392,808 | (0.1)% | **24.3%** | 22.4% | 1.9% |
| – Hong Kong | **270,971** | Nil | N/A | **6.0%** | Nil | N/A |
| Subtotal | **2,660,989** | 2,392,808 | 11.2% | **22.5%** | 22.4% | 0.1% |
| Construction Services | | | | | | |
| – Chinese Mainland | **3,190** | 9,360 | (65.9)% | **8.0%** | 8.0% | – |
| Total | **2,664,179** | 2,402,168 | 10.9% | **22.4%** | 22.4% | – |

During the six months ended 30 June 2025, the Group recorded a total revenue of RMB2,664.2 million (six months ended 30 June 2024: RMB2,402.2 million). As at 30 June 2025, the Group had a total of 239 urban service projects (30 June 2024: 224).

# MANAGEMENT DISCUSSION AND ANALYSIS

- Urban Environmental Governance Services

  During the six months ended 30 June 2025, the Group recorded a total revenue of approximately RMB2,661.0 million (six months ended 30 June 2024: RMB2,392.8 million) from its urban services projects. The growth was mainly due to revenue contributions from a Hong Kong project company which was acquired in June 2024.

  The Company has implemented labor cost control measures by optimizing organizational structure and positions. As a result, the gross profit margin of the Urban Environmental Governance Services in Chinese Mainland improved to 24.3% (six months ended 30 June 2024: 22.4%).

  The gross profit margin of the Urban Environmental Governance Services in Hong Kong was 6.0% (six months ended 30 June 2024: Nil).

- Construction services

  During the six months ended 30 June 2025, the Group had 1 service concession contract on a BOT basis in respect of its urban services. This urban services facility under construction was located in Shandong Province. During the six months ended 30 June 2025, the Group recorded a total revenue of approximately RMB3.2 million (six months ended 30 June 2024: RMB9.4 million) from its construction services for urban services project.

  The gross profit margin of construction services was approximately 8.0% (six months ended 30 June 2024: 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 over time, using an input method.

### *Hazardous waste treatment services*

During the six months ended 30 June 2025, the Group recorded a total revenue of RMB215.3 million (six months ended 30 June 2024: RMB229.0 million) from its hazardous waste treatment services projects.

The Group's gross profit margin of its hazardous waste treatment services projects decreased from 4.5% for the six months ended 30 June 2024 to 0.3% for the six months ended 30 June 2025.

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

| | **Hazard-free waste disposal projects** | | | **Recycling and reuse projects** | | | **Total** | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Six months ended 30 June** | | Change | **Six months ended 30 June** | | Change | **Six months ended 30 June** | | Change |
| | **2025** | 2024 | | **2025** | 2024 | | **2025** | 2024 | |
| Revenue *(RMB'000)* | **151,158** | 171,606 | (11.9)% | **64,098** | 57,350 | 11.8% | **215,256** | 228,956 | (6.0)% |
| Actual treatment/sale volume *(tons)* | **125,719** | 136,683 | (8.0)% | **19,201** | 19,074 | 0.7% | **144,920** | 155,757 | (7.0)% |
| Average sales price *(RMB/ton)* | **1,202** | 1,256 | (4.3)% | **3,338** | 3,007 | 11.0% | **1,485** | 1,470 | 1.0% |

- Hazard-free waste disposal projects

  As at 30 June 2025, the Group has 8 hazard-free waste disposal projects in operation. The plants were mainly located in Shandong Province, Hubei Province, Sichuan Province and Jiangsu Province.

  The average sales price of the Group's hazard-free waste disposal projects decreased from RMB1,256 per ton for the six months ended 30 June 2024 to RMB1,202 per ton for the six months ended 30 June 2025.

  The actual treatment volume of the Group's hazard-free waste disposal projects decreased from 136,683 tons for the six months ended 30 June 2024 to 125,719 tons for the six months ended 30 June 2025. The decrease was mainly attributable to the decrease in actual treatment volume treated by a hazard-free disposal project in Sichuan Province.

  The gross profit margin of the Group's hazard-free waste disposal projects decreased to 0.1% for the six months ended 30 June 2025 (six months ended 30 June 2024: 4.4%). The decrease was mainly attributable to (i) decrease in average sales price from RMB1,256 per ton for the six months ended 30 June 2024 to RMB1,202 per ton for the six months ended 30 June 2025; and (ii) decrease in utilisation rates of treatment capacities of the Group's hazard-free waste disposal projects.

# MANAGEMENT DISCUSSION AND ANALYSIS

- Recycling and reuse projects

  As at 30 June 2025, the Group had 2 recycling and reuse projects in operation. The plants were mainly located in Ningxia Hui Autonomous Region and Hubei Province. The recycling and reuse products include copper scrap, as well as methanol, ethanol, propanol and butanol.

  The sales volume of the Group's recycling project slightly increased from 19,074 tons for the six months ended 30 June 2024 to 19,201 tons for the six months ended 30 June 2025. Meanwhile, the average sales price of the Group's recycling and reuse projects increased from RMB3,007 per ton for the six months ended 30 June 2024 to RMB3,338 per ton for the six months ended 30 June 2025. The average sales price increase was mainly due to the change in sales mix, particularly higher sales of copper scrap, which has a higher market unit price compared to other recycled commodities.

  However, due to rising procurement costs of waste ethanol, the gross profit margin of alcohol products has been compressed. As a result, the Group's gross profit margin for recycling and reuse products decreased from 4.8% for the six months ended 30 June 2024 to 0.9% for the six months ended 30 June 2025.

### *Other income and gains, net*

Other income and gains, net for the six months ended 30 June 2025 decreased to RMB17.9 million, as compared to corresponding period of last year of RMB26.4 million. The decrease was mainly due to decrease in interest income, government grants and VAT refunds and super deduction.

### *Administrative expenses*

Administrative expenses for the six months ended 30 June 2025 decreased to RMB255.8 million, as compared to the corresponding period in 2024 of RMB282.2 million. The decrease was mainly due to the decrease in office rental and salary expenses, resulting from cost control measures and optimization of the organizational structure and positions.

### *Other expenses*

Other expenses for the six months ended 30 June 2025 increased to RMB39.5 million, as compared to the corresponding period of last year of RMB22.1 million. The increase was mainly due to increase in the impairment losses of trade receivables and environmental decommissioning fees receivable during the six months ended 30 June 2025.

### *Finance costs*

Finance costs mainly comprised of interests on bank borrowings. The decrease in finance costs was mainly due to (i) decrease in average bank borrowings; and (ii) decrease in market interest rates charged on bank borrowings during the six months ended 30 June 2025.

### *Impairment loss on non-current assets*

The impairment loss on non-current assets represented the provision of impairment on the carrying amounts of certain property, plant and equipment and other intangible assets from a hazardous waste treatment project during the six months ended 30 June 2025.

Xianju Pingfu Environmental Technology Limited* (仙居平福環境科技有限公司) ("**Xianju Project**") is an indirect wholly-owned subsidiary of the Company established in 2018 and principally engaged in hazardous waste treatment services. In early 2024, unexpected leakage incidents were detected in the surrounding environment of the plant facility, leading to an immediate suspension of operations. Production has been suspended to date and it is expected that additional costs and time will be needed to resume the production of Xianju Project. Considering the current condition of Xianju project, and because of the impact of competitive pressure from other market participants leading to an oversupply of local processing capacity, the sales price has decreased significantly since Xianju Project's commencement of production and is expected to be unlikely to rebound, the Company has strategically decided to cease the operations of Xianju Project to focus on other sustainable growth opportunities and believes a provision of impairment is needed in respect of the assets of Xianju Project.

Xianju Project's non-current assets mainly include property, plant and equipment, right-of-use assets (leasehold land) and other intangible assets in an aggregate amount of approximately RMB201.3 million. Valtech Valuation Advisory Limited, a professional valuation firm accredited with ISO-9001 in valuation advisory services appointed by the Group, assessed the recoverable amount of assets for Xianju Project (being fair value less costs of disposal) to be approximately RMB39.8 million. Therefore, the Group recognized a provision for impairment of assets that amounted to approximately RMB161.5 million for the six months ended 30 June 2025, which includes, among others, (i) the provision for the impairment loss on property and plant of approximately RMB95.4 million; (ii) the provision for the impairment loss on equipment of approximately RMB65.8 million; and (iii) the provision for the impairment loss on other intangible assets of approximately RMB0.3 million.

Details of the provision for impairment of non-current assets of Xianju Project were set out in the announcement of the Company dated 15 August 2025.

# MANAGEMENT DISCUSSION AND ANALYSIS

### *Income tax expense*

The income tax expense increased from RMB58.5 million for the six months ended 30 June 2024 to RMB60.7 million for the six months ended 30 June 2025. The increase was due to continuous business expansion in urban services.

### *Property, plant and equipment*

Property, plant and equipment consist of buildings, plant and machinery, furniture, fixtures and equipment, motor vehicles and construction in progress. The decrease in property, plant and equipment was mainly due to (i) depreciation provided; and (ii) impairment loss of property, plant and equipment during the six months ended 30 June 2025.

### *Right-of-use-assets*

Right-of-use assets consist of buildings, motor vehicles and prepaid land lease premium. Decrease in right-of-use assets was mainly due to depreciation provided during the six months ended 30 June 2025.

### *Goodwill*

Goodwill mainly represented the goodwill arose from the acquisition of subsidiaries engaged in urban services. The changes was due to the foreign exchange difference.

### *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 amortisation provided during the six months ended 30 June 2025.

### *Trade and bills receivables*

Decrease in trade and bills receivables was mainly due to collection of outstanding trade receivables.

### *Environmental decommissioning fees 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, deposits and other receivables*

Increase in prepayments, deposits and other receivables was mainly due to the increase in prepayment for purchase of inventories and amount due from related companies.

### *Cash and cash equivalents*

Cash and cash equivalents increased by RMB117.2 million which was mainly due to the increase in operating cash inflow during the six months ended 30 June 2025.

### *Trade and bills payables*

Trade and bills payables mainly 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 mechanised vehicles and other consumables used for urban services. The decrease was mainly due to the settlement of the bill payable.

### *Other payables and accruals*

Other payables and accruals mainly represented payables for acquisition of property, plant and equipment, accruals for the Group's expenses, dividend payable, lease liabilities and payables to related parties and non-controlling shareholders. The decrease was mainly due to the settlement of the payables for acquisition of property, plant and equipment and settlement of accrued salaries.

### *Interest-bearing bank borrowings*

Decrease in bank borrowings was mainly due to settlement of bank borrowings during the six months ended 30 June 2025.

# 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 30 June 2025, the Group's cash and cash equivalents amounted to approximately RMB1,056.9 million (31 December 2024: approximately RMB939.7 million).

As at 30 June 2025, the Group's bank borrowings amounted to RMB2,597.1 million (31 December 2024: RMB2,632.0 million).

The net gearing ratio (defined as bank borrowings, net of cash and cash equivalents (the "**Net Debt Amounts**"), divided by the total equity) was 40.2% as at 30 June 2025 (31 December 2024: 44.4%). The decrease in net gearing ratio was mainly due to decrease in the Net Debt Amounts during the period.

### *Capital expenditures*

During the six months ended 30 June 2025, the Group's total capital expenditures were RMB127.0 million (six months ended 30 June 2024: RMB310.3 million), out of which RMB97.5 million, RMB12.3 million, nil and RMB17.2 million (six months ended 30 June 2024: RMB286.3 million, RMB11.5 million, RMB11.4 million and RMB1.1 million) were the additions of property, plant and equipment, right-of-use assets, other intangible assets and operating concession, respectively.

## CHARGES ON THE GROUP'S ASSETS

The secured bank borrowings of the Group as at 30 June 2025 are secured by:

(i) pledges over the Group's equity interest in subsidiaries and a non-controlling shareholder's equity interest in a subsidiary as at 30 June 2025 and 31 December 2024; and

(ii) pledges over certain of the Group's property, plant and equipment, right-of-use assets and service concession arrangements as at 30 June 2025 and 31 December 2024.

Save as disclosed above, as at 30 June 2025, the Group did not have any charges on the Group's assets.

## CONTINGENT LIABILITIES

At 30 June 2025, performance guarantees of RMB176,282,000 (31 December 2024: RMB132,062,000) were given by a 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 six months ended 30 June 2025, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 67,198 employees (30 June 2024: 63,396 employees) with total staff cost of approximately RMB1,747.2 million incurred for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB1,582.4 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

There were no significant investments, material acquisition and disposal of subsidiaries by the Group during the six months ended 30 June 2025.

## IMPORTANT EVENT AFFECTING THE GROUP AFTER THE REVIEW PERIOD

There was no other important event affecting the Group since 30 June 2025 and up to the date of this report.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | Notes | Six months ended 30 June<br>**2025**<br>***RMB'000***<br>**(Unaudited)** | <br>2024<br>*RMB'000*<br>(Unaudited) |
|---|---|---|---|
| **REVENUE** | *4* | **3,039,289** | 2,687,769 |
| Cost of sales | | **(2,425,282)** | (2,130,923) |
| Gross profit | | **614,007** | 556,846 |
| Other income and gains, net | *5* | **17,912** | 26,407 |
| Administrative expenses | | **(255,833)** | (282,230) |
| Selling and distribution expenses | | **(6,308)** | (12,080) |
| Other expenses | | **(39,502)** | (22,087) |
| Finance costs | *7* | **(42,350)** | (55,846) |
| Impairment loss on non-current assets | *11* | **(161,537)** | – |
| Share of losses of joint ventures | | **(252)** | (1,104) |
| **PROFIT BEFORE TAX** | *6* | **126,137** | 209,906 |
| Income tax expense | *8* | **(60,703)** | (58,485) |
| **PROFIT FOR THE PERIOD** | | **65,434** | 151,421 |
| Attributable to: | | | |
| Owners of the Company | | **32,520** | 128,499 |
| Non-controlling interests | | **32,914** | 22,922 |
| | | **65,434** | 151,421 |
| Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences: | | | |
| – Translation of foreign operations | | **6,095** | (6,234) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences: | | | |
| – Translation from functional currency to presentation currency | | **–** | 5,289 |
| **OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF INCOME TAX** | | **6,095** | (945) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **71,529** | 150,476 |
| Attributable to: | | | |
| Owners of the Company | | **38,615** | 127,554 |
| Non-controlling interests | | **32,914** | 22,922 |
| | | **71,529** | 150,476 |
| **EARNINGS PER SHARE** | | | |
| Basic and diluted | *9* | **RMB0.91 cents** | RMB3.61 cents |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

| | *Notes* | **30 June 2025 *RMB'000* (Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | *11* | **2,203,598** | 2,582,861 |
| Right-of-use assets | | **284,084** | 292,263 |
| Goodwill | | **16,480** | 16,551 |
| Service concession arrangements | | **460,698** | 465,804 |
| Other intangible assets | | **13,845** | 15,107 |
| Investments in joint ventures | | **48,814** | 48,974 |
| Prepayments, deposits and other receivables | | **29,922** | 31,882 |
| Deferred tax assets | | **83,933** | 90,221 |
| Total non-current assets | | **3,141,374** | 3,543,663 |
| **CURRENT ASSETS** | | | |
| Inventories | | **99,413** | 74,763 |
| Trade and bills receivables | *12* | **3,309,934** | 3,368,756 |
| Environmental decommissioning fees receivable | *13* | **323,091** | 333,326 |
| Other tax recoverable | | **117,356** | 113,934 |
| Prepayments, deposits and other receivables | | **215,618** | 191,924 |
| Restricted cash and pledged deposits | | **11,716** | 14,600 |
| Cash and cash equivalents | | **1,056,857** | 939,671 |
| Total current assets | | **5,133,985** | 5,036,974 |
| **TOTAL ASSETS** | | **8,275,359** | 8,580,637 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2025

| | Notes | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | 14 | 572,995 | 595,901 |
| Other payables and accruals | | 776,439 | 1,031,548 |
| Other taxes payable | | 44,120 | 41,334 |
| Income tax payable | | 58,000 | 67,035 |
| Interest-bearing bank borrowings | 15 | 511,690 | 946,454 |
| Total current liabilities | | 1,963,244 | 2,682,272 |
| **NET CURRENT ASSETS** | | 3,170,741 | 2,354,702 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 6,312,115 | 5,898,365 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred income | | 149,039 | 153,075 |
| Other payables and accruals | | 59,872 | 55,688 |
| Deferred tax liabilities | | 53,337 | 60,020 |
| Interest-bearing bank borrowings | 15 | 2,085,369 | 1,685,572 |
| Provision for major overhauls | | 133,490 | 130,352 |
| Total non-current liabilities | | 2,481,107 | 2,084,707 |
| Net assets | | 3,831,008 | 3,813,658 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 16 | 313,584 | 313,584 |
| Reserves | | 2,766,523 | 2,769,984 |
| | | 3,080,107 | 3,083,568 |
| **Non-controlling interests** | | 750,901 | 730,090 |
| Total equity | | 3,831,008 | 3,813,658 |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued capital *RMB'000* | Share premium *RMB'000* | Treasury shares *RMB'000* | Capital reserve *RMB'000* | Merger reserve *RMB'000* | Exchange fluctuation reserve *RMB'000* | PRC reserve funds *RMB'000* | Retained profits *RMB'000* | Total *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| At 1 January 2024 (audited) | 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 period (unaudited) | – | – | – | – | – | – | – | 128,499 | 128,499 | 22,922 | 151,421 |
| Other comprehensive income/(expense) for the period: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations (unaudited) | – | – | – | – | – | (6,234) | – | – | (6,234) | – | (6,234) |
| Exchange differences on translation from functional currency to presentation currency (unaudited) | – | – | – | – | – | 5,289 | – | – | 5,289 | – | 5,289 |
| Total comprehensive income/(expense) for the period (unaudited) | – | – | – | – | – | (945) | – | 128,499 | 127,554 | 22,922 | 150,476 |
| Shares repurchased and cancelled (unaudited) | (3,821) | (18,381) | 1,456 | – | – | – | – | – | (20,746) | – | (20,746) |
| Final 2023 dividend declared (unaudited) | – | (48,548) | – | – | – | – | – | – | (48,548) | – | (48,548) |
| Dividend declared to non – controlling shareholders (unaudited) | – | – | – | – | – | – | – | – | – | (13,343) | (13,343) |
| Transfer between reserves (unaudited) | – | – | – | – | – | – | 36,576 | (36,576) | – | – | – |
| At 30 June 2024 (unaudited) | 313,584 | 179,115 | – | 854,699 | (1,910) | (36,592) | 388,994 | 1,522,150 | 3,220,040 | 699,847 | 3,919,887 |
| At 1 January 2025 (audited) | **313,584** | **140,561** | **–** | **854,699** | **(1,910)** | **(31,704)** | **422,137** | **1,386,201** | **3,083,568** | **730,090** | **3,813,658** |
| Profit for the period (unaudited) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **32,520** | **32,520** | **32,914** | **65,434** |
| Other comprehensive income for the period: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations (unaudited) | **–** | **–** | **–** | **–** | **–** | **6,095** | **–** | **–** | **6,095** | **–** | **6,095** |
| Total comprehensive income for the period (unaudited) | **–** | **–** | **–** | **–** | **–** | **6,095** | **–** | **32,520** | **38,615** | **32,914** | **71,529** |
| Final 2024 dividend declared (unaudited) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(42,076)** | **(42,076)** | **–** | **(42,076)** |
| Dividend declared to non – controlling shareholders (unaudited) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(12,103)** | **(12,103)** |
| Transfer between reserves (unaudited) | **–** | **–** | **–** | **–** | **–** | **–** | **20,731** | **(20,731)** | **–** | **–** | **–** |
| At 30 June 2025 (unaudited) | **313,584** | **140,561** | **–** | **854,699** | **(1,910)** | **(25,609)** | **442,868** | **1,355,914** | **3,080,107** | **750,901** | **3,831,008** |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **OPERATING ACTIVITIES** | | |
| Cash generated from operations | **473,563** | 168,802 |
| Corporate income tax paid in the People's Republic of China (the "PRC" or "Chinese Mainland") | **(72,954)** | (31,499) |
| Net cash from operating activities | **400,609** | 137,303 |
| **INVESTING ACTIVITIES** | | |
| Purchases of items of property, plant and equipment | **(190,021)** | (190,395) |
| Addition of operating concessions | **(20,461)** | – |
| Capital injection to a joint venture | **(2,308)** | (7,537) |
| Proceeds from disposal of items of property, plant and equipment | **24,619** | 5,966 |
| Decrease in restricted cash and pledged deposits | **2,884** | 11,502 |
| Interest received | **2,217** | 3,809 |
| Dividend received from a joint venture | **2,216** | – |
| Acquisition of a subsidiary | **–** | 21,395 |
| Additions of right-of-use assets | **–** | (1,226) |
| NET CASH USED IN INVESTING ACTIVITIES | **(180,854)** | (156,486) |
| **FINANCING ACTIVITIES** | | |
| Repayments of bank borrowings | **(784,321)** | (1,014,188) |
| Interest paid | **(40,187)** | (53,769) |
| Principal portion of lease payments | **(15,647)** | (20,195) |
| Dividend paid to non-controlling shareholders | **(12,103)** | (4,907) |
| New bank borrowings | **749,352** | 1,285,636 |
| Share repurchased | **–** | (20,746) |
| Net cash (used in) from financing activities | **(102,906)** | 171,831 |
| Net increase in cash and cash equivalents | **116,849** | 152,648 |
| Cash and cash equivalents at beginning of period | **939,671** | 1,080,749 |
| Effect of foreign exchange rate changes, net | **337** | 164 |
| Cash and cash equivalents at end of period | **1,056,857** | 1,233,561 |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

## 1.1 CORPORATE 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 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the six months ended 30 June 2025, 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

## 1.2 BASIS OF PREPARATION

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

## 2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

| | |
|---|---|
| Amendments to HKAS 21 | *Lack of Exchangeability* |

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

## 3. 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 period attributable to owners of the Company. The adjusted profit for the period attributable to owners of the Company is measured consistently with the Group's profit for the period attributable to owners of the Company except that corporate and other unallocated income and expenses are excluded from such measurement.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

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

| | Urban services Six months ended 30 June | | Hazardous waste treatment Six months ended 30 June | | Others Six months ended 30 June | | Total Six months ended 30 June | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| **Segment revenue** ***(Note 4)*** | **2,664,179** | 2,402,168 | **215,256** | 228,956 | **159,854** | 56,645 | **3,039,289** | 2,687,769 |
| Cost of sales | **(2,066,440)** | (1,865,278) | **(214,593)** | (218,691) | **(144,249)** | (46,954) | **(2,425,282)** | (2,130,923) |
| Gross profit | **597,739** | 536,890 | **663** | 10,265 | **15,605** | 9,691 | **614,007** | 556,846 |
| **Segment results** | **365,884** | 291,962 | **(45,480)** | (43,996) | **9,429** | 6,576 | **329,833** | 254,542 |
| Impairment of non-current assets | **–** | – | **(161,537)** | – | **–** | – | **(161,537)** | – |
| | **365,884** | 291,962 | **(207,017)** | (43,996) | **9,429** | 6,576 | **168,296** | 254,542 |
| Corporate and other unallocated income and expenses, net: | | | | | | | | |
| – Interest income | | | | | | | **122** | 142 |
| – Other corporate gains | | | | | | | **–** | 270 |
| – Finance costs | | | | | | | **(22,447)** | (29,367) |
| – Corporate and other unallocated expenses | | | | | | | **(19,834)** | (15,681) |
| | | | | | | | **(42,159)** | (44,636) |
| Profit before tax | | | | | | | **126,137** | 209,906 |
| Income tax expense | | | | | | | **(60,703)** | (58,485) |
| Profit after tax | | | | | | | **65,434** | 151,421 |
| Segmental profit/(loss) for the period | **305,349** | 233,281 | **(207,110)** | (43,800) | **9,354** | 6,576 | **107,593** | 196,057 |
| Non-controlling interests | **(40,563)** | (31,160) | **12,603** | 10,672 | **(4,954)** | (2,434) | **(32,914)** | (22,922) |
| Owners of the Company | **264,786** | 202,121 | **(194,507)** | (33,128) | **4,400** | 4,142 | **74,679** | 173,135 |
| Corporate and other unallocated income and expenses, net | | | | | | | **(42,159)** | (44,636) |
| | | | | | | | **32,520** | 128,499 |
| **Other segment information:** | | | | | | | | |
| Share of profit/(loss) of joint ventures | **564** | 264 | **(816)** | (1,368) | **–** | – | **(252)** | (1,104) |
| Impairment losses | **14,015** | 4,362 | **161,537** | 1,666 | **2,500** | – | **178,052** | 6,028 |
| Write-down of inventories to net realisable value | **–** | – | **3,463** | 5,289 | **–** | – | **3,463** | 5,289 |
| Depreciation and amortisation | **230,940** | 211,970 | **73,442** | 71,854 | **1,061** | 1,975 | **305,443** | 285,799 |
| Capital expenditure* | **98,337** | 242,501 | **27,354** | 67,403 | **1,320** | 441 | **127,011** | 310,345 |

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

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

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

### GEOGRAPHICAL INFORMATION

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

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Chinese Mainland | **2,768,318** | 2,687,769 |
| Hong Kong | **270,971** | – |
| | **3,039,289** | 2,687,769 |

Over 90% of the Group's non-current assets were derived from the Group's operations in Chinese Mainland during the period.

### INFORMATION ABOUT MAJOR CUSTOMERS

During the six months ended 30 June 2025 and 2024, no revenue from transactions with a single external customer contributed over 10% of the total revenue of the Group.

## 4. REVENUE

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Revenue from contracts with customers** | | |
| Urban services | | |
| – Urban environmental governance services | **2,660,989** | 2,392,808 |
| – Construction services | **3,190** | 9,360 |
| | **2,664,179** | 2,402,168 |
| Hazardous waste treatment businesses | | |
| – Hazard-free waste disposal services | **151,158** | 171,606 |
| – Sale of recycling and reuse products | **64,098** | 57,350 |
| | **215,256** | 228,956 |
| Sale of dismantled products | **117,525** | 37,513 |
| | **2,996,960** | 2,668,637 |
| **Revenue from other source** | | |
| Environmental decommissioning fees income | **42,329** | 19,132 |
| | **3,039,289** | 2,687,769 |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 4. REVENUE (CONTINUED)

Revenue from urban environmental governance services, construction services and consultancy 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.

## 5. OTHER INCOME AND GAINS, NET

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest income | **2,217** | 3,809 |
| Government grants *(note (a))* | **6,335** | 9,914 |
| VAT refunds and super deduction *(note (b))* | **1,967** | 3,124 |
| Rental Income of motor vehicles and equipment | **1,726** | 321 |
| Sale of scarp materials | **441** | 633 |
| Consultancy services provided | **–** | 3,851 |
| Others | **5,226** | 4,755 |
| | **17,912** | 26,407 |

*Notes:*

(a) The government grants recognised during the period 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 net 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.

Certain subsidiaries are also entitled to additional VAT super deductions ranging from 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.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 6. PROFIT BEFORE TAX

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

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Cost of inventories sold *(note (a))* | **197,908** | 127,334 |
| Cost of services provided *(note (a))* | **2,201,847** | 1,972,011 |
| Depreciation of property, plant and equipment | **263,810** | 230,691 |
| Depreciation of right-of-use assets | **15,138** | 21,580 |
| Amortisation of service concession arrangements *(note (a))* | **25,527** | 31,578 |
| Amortisation of other intangible assets | **968** | 1,950 |
| Impairment losses of trade receivables and environmental decommissioning fees receivable *(note (b))* | **16,515** | 6,028 |
| Write-down of inventories to net realisable value *(note (b))* | **3,463** | 5,289 |
| Loss/(gain) on disposal of items of property, plant and equipment *(note (b))* | **9,683** | (147) |
| Employee benefit expense (excluding directors' and chief executive's remuneration): | | |
| Salaries and benefits in kind | **1,550,328** | 1,417,324 |
| Pension scheme contributions | **196,877** | 165,051 |
| | **1,747,205** | 1,582,375 |

*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.

## 7. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest on bank borrowings | **39,188** | 57,456 |
| Interest on lease liabilities | **1,670** | 1,817 |
| | **40,858** | 59,273 |
| Increase in discounted amounts of provision for major overhauls arising from the passage of time | **2,163** | 2,077 |
| | **43,021** | 61,350 |
| Less: Interest capitalised | **(671)** | (5,504) |
| | **42,350** | 55,846 |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the current period. No provision for Hong Kong profits tax has been made during the six months ended 30 June 2024 as the Group did not generate any assessable profits in Hong Kong.

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 period based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Chinese Mainland, a number of the Company's subsidiaries enjoy income tax exemptions and reductions, 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 PRC.

| | **Six months ended 30 June** | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax: | | |
| Hong Kong | **889** | – |
| Chinese Mainland | **68,494** | 65,564 |
| Overprovision in prior year | **(7,381)** | (522) |
| Deferred tax | **(1,299)** | (6,557) |
| | **60,703** | 58,485 |

## 9. 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:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Earnings** | | |
| Profit for the period attributable to owners of the Company | **32,520** | 128,499 |
| **Number of shares** | | |
| Weighted average number of ordinary shares in issue less treasury shares | **3,556,664,000** | 3,559,637,495 |

No diluted earnings per share for the six months ended 30 June 2025 and 2024 was presented as there was no dilutive potential ordinary share in issue for both periods.

## 10. DIVIDENDS

During the six months ended 30 June 2025, a final dividend of HK1.3 cents per share in respect of the year ended 31 December 2024 was declared to owners of the Company. The aggregate amount of the final dividend declared and paid amounted to HK$46,237,000 (equivalent to RMB42,076,000).

On 26 August 2025, the Board declared an interim dividend in respect of the six months ended 30 June 2025 of HK1.8 cents (six months ended 30 June 2024: HK1.2 cents) per ordinary share, in an aggregate amount of HK$64,020,000 (equivalent to RMB58,258,000) (six months ended 30 June 2024: HK$42,680,000 (equivalent to RMB38,554,000)).

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group's additions of property, plant and equipment amounted to RMB97,451,000 (six months ended 30 June 2024: RMB286,336,000). In addition, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB34,302,000 (six months ended 30 June 2024: RMB5,819,000).

The Group recognised a provision for the impairment loss of RMB161,243,000 related to property, plant and equipment from a hazardous waste treatment project during the six months ended 30 June 2025. Details of the provision for the impairment loss on non-current assets were set out in the announcement of the Company dated 15 August 2025.

## 12. TRADE AND BILLS RECEIVABLES

| | **30 June 2025** ***RMB'000*** **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Trade receivables | **3,387,728** | 3,420,935 |
| Less: Allowance for credit losses | **(82,465)** | (68,451) |
| | **3,305,263** | 3,352,484 |
| Bills receivable | **4,671** | 16,272 |
| | **3,309,934** | 3,368,756 |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 12. TRADE AND BILLS RECEIVABLES (CONTINUED)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. 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. 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 loss allowance, is as follows:

| | **30 June 2025** ***RMB'000*** **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Within 3 months | **1,197,456** | 1,363,535 |
| 4 to 6 months | **704,974** | 639,632 |
| 7 to 12 months | **731,743** | 757,062 |
| Over 1 year | **671,090** | 592,255 |
| | **3,305,263** | 3,352,484 |

As at 30 June 2025, total bills receivable amounting to RMB4,671,000 (31 December 2024: RMB16,272,000) are held by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 13. ENVIRONMENTAL DECOMMISSIONING FEES RECEIVABLE

| | **30 June 2025** *RMB'000* **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Environmental decommissioning fees receivable | **323,091** | 333,326 |

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. Audit report 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 auditor reports, the Central Government would publish online confirmation notices on its website the quantities of appliances being dismantling appliance 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.

The Group does not hold any collateral over these balances.

## 14. TRADE AND BILLS PAYABLES

| | **30 June 2025** *RMB'000* **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Trade payables | **572,995** | 575,901 |
| Bills payable | **–** | 20,000 |
| | **572,995** | 595,901 |

## 14. TRADE AND BILLS PAYABLES (CONTINUED)

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

| | **30 June 2025** ***RMB'000*** **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Within 1 month | **58,051** | 264,193 |
| 1 to 2 months | **62,161** | 80,488 |
| 2 to 3 months | **49,602** | 56,464 |
| Over 3 months | **403,181** | 174,756 |
| | **572,995** | 575,901 |

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

## 15. INTEREST-BEARING BANK BORROWINGS

| | **30 June 2025** ***RMB'000*** **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Secured bank loans | **669,941** | 632,954 |
| Unsecured bank loans | **1,927,118** | 1,999,072 |
| | **2,597,059** | 2,632,026 |
| Less: Amounts due within one year shown under current liabilities | **(511,690)** | (946,454) |
| Amounts shown under non-current liabilities | **2,085,369** | 1,685,572 |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 16. SHARE CAPITAL

| | **Number of ordinary shares of HK$0.1 each** | Nominal value of ordinary shares *HK$'000* |
|---|---|---|
| Authorised: | | |
| At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025 | **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 2024 | **3,600,000,000** | 317,405 |
| Shares cancelled (Note) | **(43,336,000)** | (3,821) |
| At 30 June 2024 | **3,556,664,000** | 313,584 |
| At 1 January 2025 and 30 June 2025 | **3,556,664,000** | 313,584 |

*Note:*

During the six months ended 30 June 2024, the Company repurchased its own ordinary shares of 39,700,000 on the Stock Exchange at an aggregate consideration of approximately HK$22,569,000 (equivalent to RMB20,746,000) (before expenses). A total of 43,336,000 ordinary shares repurchased were cancelled during the six months ended 30 June 2024.

## 17. COMMITMENTS

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

| | **30 June 2025** ***RMB'000*** **(Unaudited)** | 31 December 2024 *RMB'000* (Audited) |
|---|---|---|
| Construction in progress | **13,390** | 13,390 |
| Plant and equipment and motor vehicles | **19,295** | 11,534 |
| Service concession arrangements | **103,354** | 119,106 |
| Investment in a joint venture | **1,689** | 3,997 |
| | **137,728** | 148,027 |

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 18. RELATED PARTY TRANSACTIONS

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

| | *Notes* | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2025** | 2024 |
| | | ***RMB'000*** | *RMB'000* |
| | | **(Unaudited)** | (Unaudited) |
| Entrusted operation service income# | *(i)* | **7,706** | 8,562 |
| Sale of electric trike vehicles and consumables# | *(ii)* | **–** | 911 |
| Motor vehicles and equipment leasing expenses# | *(iii)* | **273** | 775 |
| Cost of market business expansion services provided# | *(iv)* | **645** | 1,773 |

\# 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.

*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) The amount represented the market consultancy fee paid to a subsidiary of BEWG.

**(b) Transactions with other state-owned entities in Chinese Mainland**

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "Other SOEs"). During the period, the Group had transactions with the Other SOEs including, but not limited to, bank deposits and borrowings and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions is material related party transaction that would require separate disclosure.

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

## 18. RELATED PARTY TRANSACTIONS (CONTINUED)

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

| | Six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Short term employee benefits | **5,212** | 4,707 |
| Post-employment benefits | **110** | 99 |
| | **5,322** | 4,806 |

Save as disclosed above, as at 30 June 2025, the Group had no other material transactions and outstanding balances with related parties.

## 19. 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.

## 20. PERFORMANCE GUARANTEES

As at 30 June 2025, performance guarantees of RMB176,282,000 (31 December 2024: RMB132,062,000) were given by a 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.

## 21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information were approved and authorised for issue by the Board on 26 August 2025.

# DISCLOSEABLE INFORMATION

## DISCLOSURE OF INTERESTS

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

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in 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 for Securities Transactions by Directors of Listed Issuers (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 Director | Personal interests | Family interests | Corporate interests | Other interests | Interests pursuant to the AIC Agreement as under section 317 of the SFO *(Note 6)* | 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 5)* | – | 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 the date of this report.

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 be interested in the Shares of the Company held and deemed to be held by 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 be interested in the Shares of the Company held and deemed to be held by Long March under the SFO.

# DISCLOSEABLE INFORMATION

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 be interested in the Shares of the Company held and deemed to be held by MIL under the SFO.

5. 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 be interested in the Shares of the Company held and deemed to be held by Faith Access under the SFO.

6. 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 30 June 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.

Save as disclosed above, as at 30 June 2025, 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 six months ended 30 June 2025 were rights to acquire benefits by means of the acquisition of Shares or 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 note 18 to the condensed consolidated financial information, 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 six months ended 30 June 2025.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, 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 shareholder | 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% |

# DISCLOSEABLE INFORMATION

| Name of shareholder | 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 *(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 the date of this report. 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 41.03% 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.

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 30 June 2025, 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.

# DISCLOSEABLE INFORMATION

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

During the period under review and up to the date of this report, there has been no change in the board of directors, and there has been no change in directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## 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 any of the above events of default occur, 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.

* *For identification purposes only*

## INTERIM DIVIDEND

The Board declared an interim dividend of HK1.8 cents per ordinary share for the six months ended 30 June 2025, payable to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 11 September 2025.

## CLOSURES OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 9 September 2025 to Thursday, 11 September 2025 (both days inclusive), during which period no transfer of Shares will be registered.

In order to qualify for entitlement to the interim dividend, all properly completed transfer forms accompanied by the relevant Share certificates must be lodged with the 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 Monday, 8 September 2025.

The interim dividend is expected to be paid on or around Wednesday, 8 October 2025.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the period.

# CORPORATE GOVERNANCE

## 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 Company 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 Company. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. For further details of corporate governance practices of the Company, please refer to the "Corporate Governance Report" section contained in the Company's 2024 annual report.

During the six months ended 30 June 2025, the Company has applied the principles of good corporate governance and complied with all code provisions set out in the Corporate Governance Code (Appendix C1 of the Listing Rules of the Stock Exchange).

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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 the Directors, all the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors namely Mr. Wu Tak Kong (the chairman of the Audit Committee), Dr. Du Huanzheng and Ms. Judith Yu. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control of the Company. The interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.