北京控股環境集團有限公司
BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED
(Stock Code 154)

2024
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors:
Mr. CHEN Xinguo *(Chairman)*
Ms. SHA Ning
Mr. YU Jie
Mr. LI Ai *(Chief Executive Officer)*
Mr. NG Kong Fat, Brian

Independent non-executive directors:
Dr. HUAN Guocang
Dr. WANG Jianping
Mr. CHEUNG Ming
Ms. MIAO Li
Dr. LUO Shengqiang

AUDIT COMMITTEE

Dr. HUAN Guocang *(Committee Chairman)*
Dr. WANG Jianping
Dr. LUO Shengqiang

REMUNERATION COMMITTEE

Ms. MIAO Li *(Committee Chairman)*
Dr. HUAN Guocang
Dr. WANG Jianping
Mr. CHEN Xinguo

NOMINATION COMMITTEE

Mr. CHEN Xinguo *(Committee Chairman)*
Dr. HUAN Guocang
Dr. WANG Jianping

COMPANY SECRETARY

Mr. WONG Kwok Wai, Robin

AUTHORISED REPRESENTATIVES

Mr. NG Kong Fat, Brian
Mr. WONG Kwok Wai, Robin

REGISTERED OFFICE

66th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

WEBSITE

http://www.beegl.com.hk

STOCK CODE

154

SHARE REGISTRAR

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

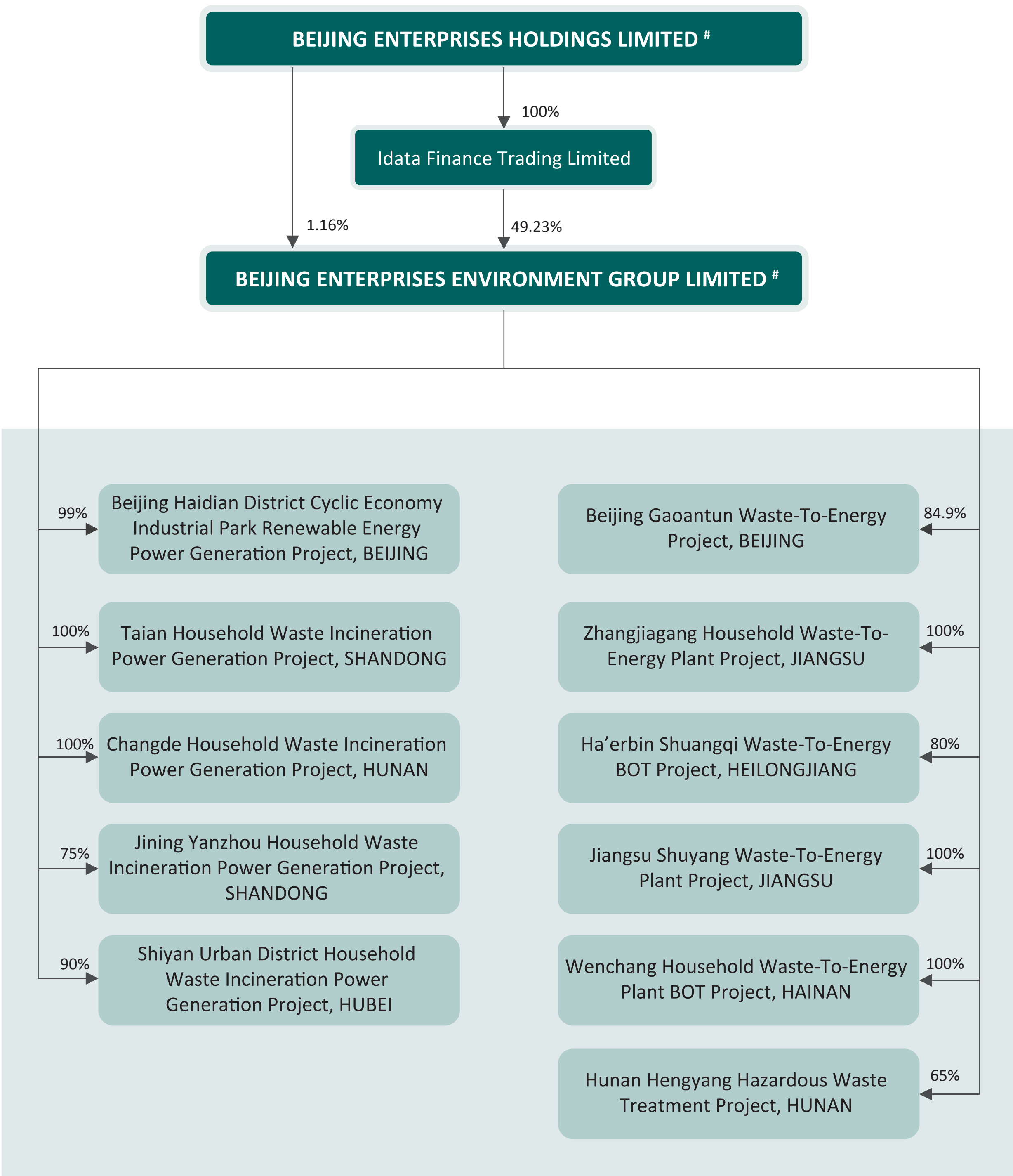
In Hong Kong:
Bank of China (Hong Kong)

In Chinese Mainland:
Agricultural Bank of China
Bank of Beijing
Bank of China
China Construction Bank
China Minsheng Bank
Huaxia Bank
Industrial Bank

* Effective from 31 March 2025

CORPORATE STRUCTURE

27 March 2025

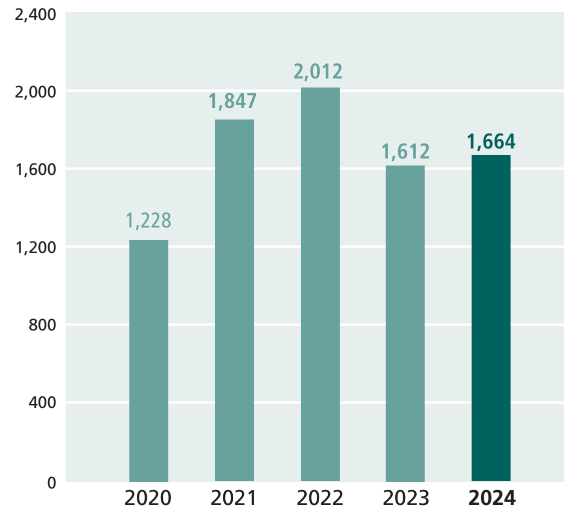


Listed on the Main Board of The Stock Exchange of Hong Kong Limited

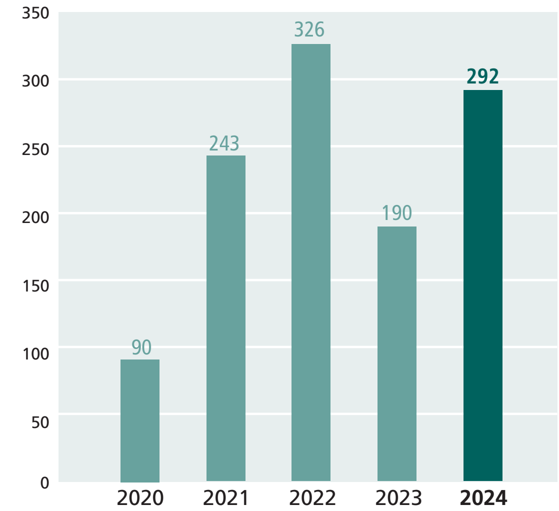
FINANCIAL HIGHLIGHTS

(in RMB million)

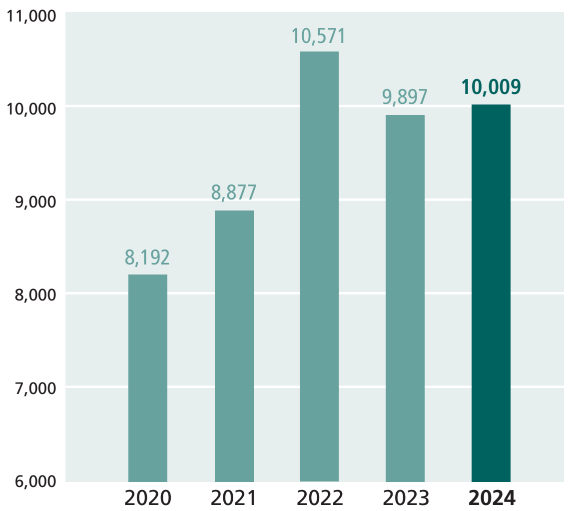
Revenue from Continuing Operations



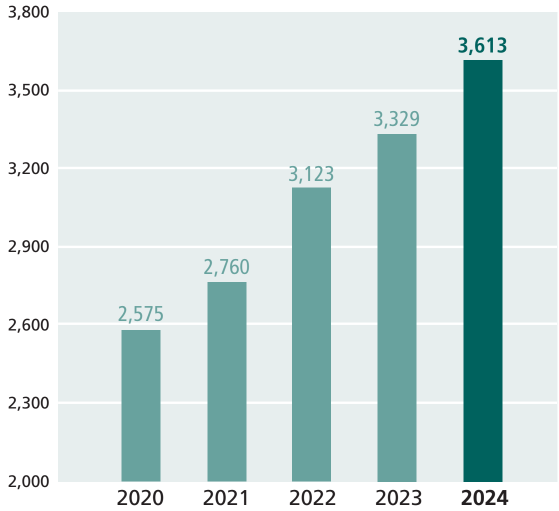
Profit for the Year from Continuing Operations Attributable to Shareholders of the Company



Total Assets



Shareholders' Equity



CHAIRMAN'S STATEMENT

The year 2024 marked a pivotal stage in achieving the objectives of China's "14th Five-Year Plan". Amidst a complex and volatile international landscape, overlapped by the "three-period superimposed" challenges in domestic economic development, and acute and mounting industry pressures, Beijing Enterprises Environment Group Limited ("the Company") has remained committed to its mission of "serving national strategies and spearheading industrial reform". With closely focusing on "revenue growth with operational efficiency and systemic risk prevention" as two priorities, the Company is committed to advance its core competitiveness through business refinement, technological innovation, balanced light and heavy asset development to reinforce corporate safeguards. Therefore, it has culminated in steady operational improvements and delivered supreme results under high-quality development.

Firstly, the Company made advancement in enhancing operations, increasing efficiency and reducing carbon emission. While advancing refined management of existing projects, the Company increased efforts in exploring its operation potential to diversify operations, propelled digital and intelligent construction, optimized financial structures, and strengthened procurement compliance, thus improved its engineering capabilities with significant cost-efficiency gains. In the year, the Company achieved revenue of RMB1,664 million and net profit of RMB377 million. The Company completed a total of 4,660,000 tonnes of household waste intake (excluding sludge), and generated 1,450 million KWh of on-grid electricity. In carbon asset development, it secured over 730,000 green certificates. All these demonstrated its year-on-year growth, with revenue of coordinated sludge treatment business and external heating and steam supply emerging as the most notable contributors to diversified earnings.

Secondly, the Company prioritized innovation and empowered transformation. Adhering to the innovation-driven concept, it devoted more R&D investments in core technologies. The Company drove new growth opportunities in key areas, including "integrated high-efficiency flue gas purification", "efficient technology of coordinated sludge treatment", and "fly ash recycling systems". At the same time, it continued to advance digital-intelligent integration, constructed an innovation platform, and empowered business transformation. The Company put more market expansion efforts, including equipment general contracting, entrusted operation and other asset-light business, and delivered measurable breakthroughs.

Thirdly, the Company strengthened its management and compliance operation. Adhering to risk management and control, the Company focused on preventing risks in key areas and external shocks while balancing development and security. Leveraging national debt resolution policies and the "two new" incentive measures, it accelerated receivables recovery and non-performing asset reduction to refine internal control framework and strengthen its implementation. In addition, it strengthened the ESG regime construction and deeply integrated it into corporate strategy, and supported by enhanced management control to ensure sustained operational stability.

CHAIRMAN'S STATEMENT *(CONTINUED)*

The year 2025 concludes the 14th Five-Year Plan and strategizes the 15th Five-Year Plan. Amidst centennial transformations and industrial reforms, China is advancing comprehensively its green socio-economic transitions. The Company, upholding its operation principle of "Environmental Priority, Mutual Win and Sharing", will proactively embrace the "New Environmental Era", and make contribution to the Chinese-style modernization through "green initiatives". It will continue to advance technological innovation, quality and efficiency in its main businesses while overcoming internal and external pressures. In this regard, it aims to increase its operational efficiency and sustainable capabilities, thus delivering the "Beikong" Approach for constructing Beautiful China and pioneering zero-waste cities.

CHEN XINGUO
Chairman

Hong Kong
27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Continuing Operations – Solid Waste Treatment Business

In 2024, the Group operated ten solid waste treatment projects in Chinese Mainland, including nine household waste incineration power generation projects and a hazardous and medical waste treatment project. The Group's daily treatment capacity of household waste incineration is 12,850 tonnes.

Project Name	**Region**	**Business Model**	**Waste treatment capacity** (tonnes/day)
Household waste incineration power generation projects:			
Zhangjiagang Project (張家港市生活垃圾焚燒發電廠項目)	Jiangsu	BOT	2,250
Haidian Project (北京市海澱區循環經濟產業園再生能源發電廠項目)	Beijing	BOT	2,100
Gaoantun Project (北京高安屯垃圾焚燒項目)	Beijing	BOT	1,600
Yanzhou Project (濟寧市兗州區生活垃圾焚燒發電項目)	Shandong	BOT	1,500
Ha'erbin Project (哈爾濱雙琦垃圾焚燒發電項目)	Heilongjiang	BOT	1,200
Changde Project (常德市生活垃圾焚燒發電項目)	Hunan	BOT	1,200
Taian Project (泰安生活垃圾焚燒發電項目)	Shandong	BOO	1,200
Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目)	Jiangsu	BOT	1,200
Shiyan Project (十堰市城區垃圾焚燒發電項目) *	Jiangsu	BOT	600
Wenchang Project (文昌市生活垃圾焚燒發電廠項目) #	Hainan	BOT	225
Hazardous and medical waste treatment project:			
Hengyang Project (湖南省衡陽危險廢物處置中心項目)	Hunan	BOT	

* construction in progress
\# suspended in operation

Production and operating business

In the face of unfavourable factors such as the increasingly fierce competition in the solid waste market and the continuous backslide of environmental protection policies, the Group vigorously expanded the sources of waste and coordinated business, and achieved notable growth in revenue from coordinated sludge treatment and heating and steam supply, with the operation showing the trend of stable improvement. The Group continued its efforts in scientific and technological innovation. During the year, the Group invested RMB62 million in research and development. The Group actively promoted the development of carbon assets, successfully applied for 733,235 green certificates during the year, and traded more than 18,800 tonnes of carbon emissions quota.

In 2024, the Group completed 4.37 million tonnes of household waste intake (approximately 12,000 tonnes/day), increased by 3.8% year-on-year. The electricity generating volume was 1,728 million kWh, increased by 7.8% year-on-year. The Group generated 1,449 million kWh of on-grid electricity, increased by 7.4% year-on-year. The Group's heating and steam supply volume was 228,600 tonnes, increased by 150% year-on-year. The Group completed 566,000 tonnes of sludge treatment, increased by 44.8% year-on-year.

During the year, the Group's production and operation segment recorded revenue of RMB1,276 million, increased by 12.4% year-on-year and the gross profit was RMB555 million, increased by 8.5% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Project construction, sale of equipment and related services business

The construction of Shiyan Project has achieved its milestone during the year and has commenced trial operation at the beginning of 2025. The Group is moving towards asset-light development and the number of large-scale construction projects is reduced. During the year, the Group's project construction, sale of equipment and related services segment recorded revenue of RMB388 million, decreased by 18.5% year-on-year and the gross profit was RMB48 million, decreased by 16.5% year-on-year.

Discontinued Operation – Ecological Construction Services Segment

The financial contribution of the ecological construction services business to the Group continued to shrink, and the synergy effect between the ecological construction services business and the Group's principal business in solid waste treatment is not obvious. In order to focus its resources on continuing to expand the solid waste treatment market, the Group disposed of its 51% equity interest in 北京北控生態建設集團有限公司 ("Beikong Ecology") in cash consideration of RMB41.49 million in June 2024 and then ceased the operation of the ecological construction services business. A loss of RMB5.49 million from the discontinued operation is attributable to shareholders of the Company during the year.

PROSPECT

2025 is the final year for achieving the objectives of the "14th Five-Year Plan". The Group is well aware of the acute situation ahead and will seize the period of strategic opportunities in the solid waste market in order to seek opportunities amidst challenges. We seek to continuously enhance the utilisation rate of production capacity of the existing projects, implement incremental projects in the market, and create a second growth curve through expanding light asset businesses, including entrusted operation and equipment general contracting, so as to promote the Company's operations to a new level.

FINANCIAL REVIEW

Continuing Operations

Revenue and gross profit

During the year, the Group recorded revenue of RMB1,664.12 million, increased by 3.2% as compared with last year of RMB1,611.80 million. The revenue derived from the solid waste treatment and the sale of electricity and steam amounted to RMB1,275.86 million, increased by 12.4% as compared with last year of RMB1,135.42 million. The revenue derived from the solid waste incineration plant construction, sale of equipment and related services amounted to RMB388.26 million, decreased by 18.5% as compared with last year of RMB476.38 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

The Group's gross profit amounted to RMB603.06 million, increased by 5.9% as compared with last year of RMB569.25 million. The Group's gross profit margin increased from 35.3% to 36.2%.

	Revenue		**Gross profit**		**Gross profit margin**	
	2024 **RMB million**	2023 RMB million	**2024** **RMB million**	2023 RMB million	**2024**	2023
Household waste treatment	**318.14**	294.58				
Other solid waste treatment	**216.52**	145.82				
Sale of electricity and steam	**741.20**	695.02				
	1,275.86	1,135.42	**555.15**	511.85	**43.5%**	45.1%
Waste incineration plant construction, sale of equipment and related services	**388.26**	476.38	**47.91**	57.40	**12.3%**	12.0%
	1,664.12	1,611.80	**603.06**	569.25	**36.2%**	35.3%

Other income

The Group recorded other income of RMB79.88 million during the year, decreased by RMB12.97 million as compared with last year of RMB92.85 million. The other income for the year mainly comprised (i) value added tax refund from solid waste treatment business of RMB60.52 million (2023: RMB57.87 million), (ii) interest income of RMB9.75 million (2023: RMB21.58 million) and (iii) government grants of RMB4.22 million (2023: RMB9.55 million).

Other gain and loss and impairment losses under expected credit losses model, net of reversal

The Group incurred other loss of RMB21.92 million during the year, decreased by RMB27.32 million as compared with last year of RMB49.24 million. The other loss for the year mainly comprised (i) impairment loss on trade receivables of RMB11.83 million (2023: RMB5.01 million); impairment loss of contract assets of RMB6.30 million (2023: Nil) and (iii) net foreign exchange loss of RMB2.42 million (2023: RMB5.97 million). In last year, impairment losses on receivables under service concession arrangements of RMB22.38 million and operating concessions of RMB14.78 million were recognised following the suspension of certain waste treatment facilities.

Administrative expenses

As the Group's cost control measures are effective, the Group's administrative expenses for the year decreased by 11.6% from RMB195.77 million to RMB173.12 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Finance costs

The Group's finance cost for the year decreased by 31.9% from RMB163.27 million to RMB111.11 million was mainly caused by the lump sum loan repayment to a fellow subsidiary of the Company of RMB800 million in October 2023. The Group's finance cost for the year mainly comprised interests on bank loans of RMB47.95 million (2023: RMB47.33 million), interest on a shareholder loan from Idata Finance Trading Limited ("Idata", the immediate holding company of the Company) of RMB41.67 million (2023: RMB41.21 million) and interests on loans from 北京控股財務集團有限公司 ("BG Finance", a fellow subsidiary of the Company) of RMB21.90 million (2023: RMB27.77 million). Interest on a bank loan of RMB1.90 million (2023: RMB0.09 million) incurred for the construction of a household waste incineration plant was capitalised during the year.

Income tax

The Group's income tax expense for the year increased by 27.8% from RMB53.62 million to RMB68.55 million. The Group's effective tax rate for the year was 18.2%, compared to 21.1% for the last year.

Discontinued Operation

As abovementioned, the Group disposed of its 51% equity interest in Beikong Ecology on 19 June 2024. The Group's ecological construction services, being a reportable operating segment of the Group, was solely undertaken by Beikong Ecology. Accordingly, the ecological construction services segment of the Group was classified as a discontinued operation.

The revenue for the period from the discontinued operation was RMB103.19 million, compared to RMB322.70 million in last year. The loss after tax for the period from the discontinued operation was RMB1.00 million, compared to the profit after tax of RMB1.87 million in last year. The cash consideration for the disposal of the discontinued operation was RMB41.49 million. After deducting the net assets disposed (net of non-controlling interests) of RMB45.42 million, a loss on disposal of RMB3.93 million and an income tax of RMB1.25 million are recognised during the year.

EBITDA and Profit for the Year

From continuing operations, before impairment of assets

EBITDA for the year was RMB730.84 million, increased by 6.9% or RMB46.91 million as compared with last year of RMB683.93 million. Profit for the year amounted to RMB326.37 million, increased by 30.7% or RMB76.58 million as compared with last year of RMB249.79 million. Profit for the year attributable to shareholders of the Company amounted to RMB307.43 million, increased by 28.9% or RMB68.98 million as compared with last year of RMB238.45 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

From continuing and discontinued operations

EBITDA for the year was RMB707.67 million, increased by 6.9% or RMB45.54 million as compared with last year of RMB662.13 million. Profit for the year amounted to RMB302.06 million, increased by 49.5% or RMB99.98 million as compared with last year of RMB202.08 million. Profit for the year attributable to shareholders of the Company amounted to RMB286.15 million, increased by 49.9% or RMB95.20 million as compared with last year of RMB190.95 million.

	EBITDA		**Profit for the year**		**Profit attributable to shareholders of the Company**	
	2024 ***RMB million***	2023 *RMB million*	**2024** ***RMB million***	2023 *RMB million*	**2024** ***RMB million***	2023 *RMB million*
Continuing operations						
Solid waste treatment segment	**768.64**	722.23	**405.28**	329.68	**386.36**	318.52
Others segment	**(37.15)**	(38.30)	**(78.91)**	(79.56)	**(78.93)**	(79.74)
	731.49	683.93	**326.37**	250.12	**307.43**	238.78
Less: Impairment of assets	**(18.13)**	(42.16)	**(18.13)**	(49.91)	**(15.79)**	(49.16)
	713.36	641.77	**308.24**	200.21	**291.64**	189.62
Discontinued operation	**(3.08)**	20.36	**(6.18)**	1.87	**(5.49)**	1.33
	710.28	662.13	**302.06**	202.08	**286.15**	190.95

FINANCIAL POSITION

Significant investing and financing activities

During the year, the Group disposed of its 51% equity interest in Beikong Ecology and discontinued its ecological construction services business.

Except for the expansion construction and continuous technical modifications on the existing waste incineration plants, the Group had made no material investment, acquisition and disposal of subsidiaries and associated companies during the year.

Total assets and liabilities

As at 31 December 2024, the Group had total assets and total liabilities amounted to RMB10,009 million and RMB6,092 million, respectively, increased by RMB112 million and decreased by RMB148 million as compared with those as at 31 December 2023, respectively. Net assets of the Group was RMB3,917 million, increased by RMB260 million from the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Property, plant and equipment

Following the disposal of Beikong Ecology, the net carrying amount of the Group's property, plant and equipment decreased by RMB43 million to RMB517 million during the year. The Group's property, plant and equipment mainly comprised those equipped for the Taian Project of RMB484 million, which is operated under the Build-Own-Operate ("BOO") arrangement. During the year, the capital expenditure of the Group amounted to RMB13 million (2023: RMB64 million) and depreciation of RMB38 million (2023: RMB58 million) was recognised in profit or loss.

As the new plant of the Zhangjiagang Project operated under the Build-Operate-Transfer ("BOT") arrangement commenced its operation by 31 December 2023, the old plant of the Zhangjiagang Project operated under the BOO arrangement suspended its operation and its title will be received by the local government. Therefore, the property, plant and equipment related to the old plant of RMB302 million have been classified as non-current assets held for disposal since 31 December 2023.

Goodwill

The Group acquired certain companies engaging in the solid waste treatment business in April 2014 and October 2016 and aggregate goodwill of RMB1,033 million arose from these acquisitions. The Company has appointed an independent professional valuer to assess the goodwill impairment testing at the end of the reporting period. The recoverable amount of the cash generating unit of the solid waste treatment business has been determined based on its value-in-use, which has been determined based on the future cash flows of the solid waste treatment business and discounted to the present values. The Company considered that the key assumptions adopted by the valuation were reasonably conservative and appropriate. As value-in-use value of the relevant cash generating units exceeded its aggregate carrying amount of the relevant assets, the Company is reasonably considered that no impairment provision is necessary for the Group's goodwill as at 31 December 2024.

Right-of-use assets

The Group's right-of-use assets decreased by depreciation of RMB9 million (2023: RMB14 million) to RMB43 million during the year.

Operating concessions

The Group's operating concessions are recognised from the solid waste incineration plants operated under BOT arrangements. As a result of the construction of the Shiyan Project during the year, the net carrying amount of the Group's operating concessions increased by RMB140 million to RMB2,860 million, of which additions to operating concessions of RMB316 million (2023: RMB148 million) was incurred and amortisation of RMB175 million (2023: RMB165 million) was recognised in profit or loss.

Other intangible assets

During the year, the net carrying amount of the Group's other intangible assets increased by RMB4 million to RMB55 million, which mainly comprised the fair value of the operation rights/licenses of RMB32 million and computer software of RMB23 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Receivables under service concession arrangements

The Group's receivables under service concession arrangements are recognised from the household waste incineration plants operated under BOT arrangements with guaranteed waste treatment revenue. As a result of the construction of the Shiyan Project during the year, the carrying amount of the Group's receivables under service concession arrangements increased by RMB50 million to RMB2,483 million.

Contract assets

Following the disposal of Beikong Ecology, the Group's contract assets decreased by RMB297 million to RMB75 million during the year. An impairment loss of RMB6 million (2023: Nil) was recognised during the year.

Inventories

The Group's inventories mainly represented coal and consumables used for the operation of solid waste incineration plants which was decreased by RMB7 million to RMB36 million during the year.

Trade and bills receivables

The Group's trade and bills receivables increased by RMB107 million to RMB814 million (net of impairment of RMB38 million) during the year, which comprised receivables (before impairment) from grid electricity of RMB458 million (increased by RMB63 million), waste treatment services of RMB392 million (increased by RMB120 million), construction and related services of RMB2 million (decreased by RMB64 million). An impairment loss of RMB12 million (2023: RMB5 million) was recognised during the year.

According to the ageing analysis as at 31 December 2024, mainly represented national subsidy of grid electricity of RMB420 million (52% of the total receivables) are unbilled and invoice date of the Group's trade and bills receivables fall within three months amounted to RMB128 million (16% of the total receivables).

Prepayments, deposits and other receivables

The Group's total prepayments, deposits and other receivables decreased by RMB4 million to RMB274 million during the year, which mainly comprised value added tax refund and other taxes recoverable of RMB167 million, prepayments of RMB20 million, balances due from fellow subsidiaries of RMB18 million, deposits and other receivables of RMB69 million.

Bank and other borrowings

During the year, the Group repaid bank loans of RMB79 million, repaid loans from BG Finance of RMB115 million and advanced new bank loans of RMB378 million. As at 31 December 2024, the Group has total bank and other borrowings amounted to RMB4,581 million, which comprised (i) RMB2,478 million (equivalent to HK$2,693 million) from Idata, (ii) RMB1,605 million from commercial banks in Chinese Mainland and (iii) RMB498 million from BG Finance. Excluding the loan from Idata which bears interest at 1.7% per annum, the weighted average interest rate of the Group's bank and other borrowings was reduced from approximately 3.6% to 3.3% per annum.

Deferred income

The Group's deferred income mainly represented PRC government grants and subsidies on solid waste treatment business, which was decreased by amortisation of RMB5 million to RMB149 million during the year.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Trade payables

The Group's trade payables decreased by RMB241 million to RMB619 million during the year and of which the unbilled balance of RMB265 million represented construction monies payable for solid waste incineration plants.

Other payables and accruals

The Group's total other payables and accruals decreased by RMB35 million to RMB379 million during the year. Included in other payables and accruals are loan interest payable to Idata of RMB126 million (increased by RMB44 million) and balances due to fellow subsidiaries of RMB99 million (decreased by RMB4 million).

Liquidity and financial resources

The Group adopts conservative treasury policies in cash management. As at 31 December 2024, the Group had cash and cash equivalents amounted to RMB1,351 million and bank and other borrowings amounted to RMB4,581 million (included the shareholder's loan from Idata of RMB2,478 million).

As at 31 December 2024, the Group has current assets of RMB2,940 million and current liabilities of RMB3,682 million (included the shareholder's loan from Idata of RMB2,478 million). The directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets as at 31 December 2024. In consideration of the stable cash recurring nature of solid waste treatment operations and the undertakings from BEHL and Idata not to demand repayment of the loan due by the Company to Idata until such time when the Group is in a position to repay without impairing its liquidity and financial position, the directors of the Company considered that the Group has sufficient cash resources to finance its operations in the foreseeable future.

Key performance indicators

	2024	2023
From continuing operations:		
Gross profit margin	**36.2%**	35.3%
Operating profit margin	**29.3%**	25.9%
Net profit margin	**18.5%**	12.4%
Return on average equity	**8.4%**	5.9%

	2024	2023
Current ratio *(times)*	**0.80**	0.74
Debt ratio *(total liabilities/total assets)*	**60.9%**	63.1%
Gearing ratio *(net debt/total equity)*	**82.9%**	88.8%

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Capital expenditure and commitment

During the year, the Group's total capital expenditures amounted to RMB338 million and most of which was spent on the construction and modification of waste incineration plants. As at 31 December 2024, the Group has capital commitment for service concession arrangements amounted to RMB11 million.

Charges on the Group's assets

As at 31 December 2024, save as certain solid waste treatment concession rights of the Group, which comprises operating concessions and receivables under service concession arrangements with an aggregate net carrying amount of RMB2,309 million (2023: RMB2,396 million), which are managed by the Group pursuant to the relevant service concession arrangements signed with the grantors, the Group did not have any material charges on the Group's assets.

Foreign exchange exposure

The Company's presentation currency for its consolidated financial statements has been changed from Hong Kong dollars to Renminbi from 1 January 2023. As most of the Group's transactions and assets are denominated and settled in Renminbi, the Board considers that Renminbi is more appropriate as the presentation currency for the Group's consolidated financial statements. During the year, the losses from continuing operations arising on settlement or translation of monetary items of RMB2.42 million (2023: RMB5.97 million) are taken to profit or loss and the net comprehensive loss on translation of foreign operations and the Company's financial statements of RMB2.48 million (2023: income of RMB11.06 million) are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

Contingent liabilities

As at 31 December 2024, indemnities issued to financial institutions for performance bonds in respect of construction and maintenance of waste incineration plants undertaken by subsidiaries amounted to RMB70 million. Save as disclosed herein, the Group did not have any significant contingent liabilities which have not been provided for in the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

Following the disposal of Beikong Ecology during the year, as at 31 December 2024, the Group has 1,166 employees, comparing with 1,248 employees as at 31 December 2023. Total staff cost from continuing operations for the year amounted to RMB285 million, increased by 5.0% as compared with RMB272 million from continuing operations in last year.

The Group's remuneration policy and package are periodically reviewed and generally structured by reference to market terms and individual performance. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHEN Xinguo, aged 57, is the Chairman of the Company and also serve as a Vice President of Beijing Enterprises Holdings Limited ("BEHL", stock code: 392). Mr. Chen is a PRC Senior Economist, graduated from the Department of Industrial Economics and Planned Economics of Renmin University of China and obtained a doctoral degree in economics from Renmin University of China. Prior to joining the Company, Mr. Chen was an Officer and a Deputy Commissioner of Beijing Planning Committee and Beijing Development and Planning Committee from 1994 to 2003. From 2003 to 2021, Mr. Chen was an assistant manager of the investment department of Beijing Holdings Limited, a manager of strategic development department of Beijing Enterprises Group Company Limited, a Deputy General Manager of Beijing Gas Group Company Limited, an Executive Director and a Vice President of China Gas Holdings Limited (stock code: 384). Mr. Chen has substantial experience in business management and development. Mr. Chen was appointed as the Chief Executive Officer, an Executive Director and the Chairman of the Company in August 2021, October 2021 and February 2024 successively. Mr. Chen resigned as the Chief Executive Officer of the Company on 27 March 2025.

Mr. KE Jian, aged 56, is the former Chairman of the Company, a former Vice President of BEHL and a former Executive Director of Beijing Enterprises Water Group Limited ("BEWG", stock code: 371). Mr. Ke is a PRC Chief Senior Accountant, Certified Tax Agent and Senior International Finance Manager. Mr. Ke obtained a bachelor's degree in economics from Beijing College of Finance and Commerce and an MBA degree from Murdoch University, Australia. Mr. Ke joined BEHL since 1997 and has extensive experience in finance and corporate management. Mr. Ke was appointed as an Executive Director of the Company in August 2013 and has resigned on 1 February 2024.

Ms. SHA Ning, aged 54, also serves as a Vice President of BEHL and an Executive Director of BEWG. Ms. Sha is a PRC Chief Senior Accountant, graduated from the Business and Economics Faculty of Heilongjiang Institute of Commerce in 1992, studied Accounting in Beijing School of Business and Capital University of Economics and Business and obtained an EMBA degree from The Hong Kong University of Science and Technology. Ms. Sha joined BEHL in 2001 and has accumulated extensive experience in financial management. Ms. Sha joined the Company in March 2009 and was appointed as an Executive Director of the Company in August 2010.

Mr. YU Jie, aged 54, also serves as the chairman of labour union of BEHL. Mr. Yu is a PRC Economist, an International Senior Human Resources Manager and obtained an MBA degree from City University, Bellevue. Prior to joining the Company, Mr. Yu was a manager of human resources department of Beijing Enterprises Teletron Information Technology Co., Ltd. and a deputy office manager of Beijing Enterprises Investment and Management Co., Ltd. from 2001 to 2007, a deputy manager and manager of human resources department and a President Assistant of BEHL from 2007 to 2018. Mr. Yu has substantial experience in human resources management. Mr. Yu was appointed as an Executive Director of the Company in October 2021.

Mr. LI Ai, aged 46, is the Chief Executive Officer of the Company. Mr. Li is a PRC practising lawyer, obtained a bachelor's degree in law in the PRC in 2001, a master's degree in law from the Faculty of Law of the University of Wollongong, Australia in 2008 and a PhD degree in management science and engineering from the University of Chinese Academy of Sciences in 2024. Prior to joining the Company, Mr. Li worked in the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government from 2009 to 2017. and successively served as the Vice President and General Manager of the Western Region of BEWG from 2017 to 2023. Mr. Li has extensive experience in the development of state-owned enterprises, corporate operations, risk management, etc. Mr. Li was appointed as an Executive Director and a Vice President of the Company in February 2024 and the Chief Executive Officer of the Company on 27 March 2025.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT *(CONTINUED)*

EXECUTIVE DIRECTORS *(CONTINUED)*

Mr. NG Kong Fat, Brian, aged 69, is a member of the Institute of Chartered Accountants of Scotland, graduated from the University of Stirling in Scotland in 1983 and. also served as an independent non-executive director of OneForce Holdings Limited (stock code: 1933). Mr. Ng has substantial experience in corporate, investment and financial management. Mr. Ng joined the Group in July 1993.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. JIN Lizuo, aged 67, obtained a bachelor's degree in economics from Peking University in 1982 and a doctoral degree in economics from Oxford University in 1993. Dr, Jin is the founding president of Chinese Economic Association (UK) and has been engaged in corporate development strategy and management consulting work for a long time. Dr. Jin has been served as an independent non-executive director of NetBrian Technologies Inc. since February 2002, a supervisor of China International Capital Corporation Limited (stock code: 3908) since May 2015 and an independent non-executive director of Dadi International Group Limited (stock code: 8130) since February 2020. Dr. Jin joined the Company in September 2004 and has resigned on 16 January 2025.

Dr. HUAN Guocang, aged 75, is the chief executive officer and one of the founding partners of GCS Capital. Dr. Huan obtained a PhD degree from Princeton University and holds two Master of Arts degrees from Columbia University and the University of Denver. Dr. Huan held the position of Post-Doctoral Fellow at the Center for international and Strategic Studies, Harvard University and pursued a graduate studies program at the Graduate School of Chinese Academy of Social Sciences in Beijing. Prior to founding GCS Capital, Dr. Huan was the chairman and a founding member of Primus Pacific Partners, the head of Asia-Pacific Investment Banking at HSBC, co-head of Asia-Pacific Investment Banking at Citigroup Global Markets Inc., managing director and head of China at BZW Asia and a senior economist at JP Morgan Asia. Dr. Huan joined the Company in January 2008.

Dr. WANG Jianping, aged 67, retired from King & Wood Mallesons in 2024. Dr. Wang holds a bachelor degree in law from the Law School of Peking University in 1982, a master degree in law from the Law School of Harvard University in 1984 and a doctoral degree in law from the Law School of Washington University in Missouri in 1991. Before being admitted as a Chinese lawyer and joining King & Wood Mallesons in 1998, Dr. Wang was further admitted to the Missouri Bar in 1991 and then practiced in St. Louis, Missouri from 1991 to 1997. From 1984 to 1988, Dr. Wang worked with the Legislative Affairs Committee of the Standing Committee of National People's Congress and has participated in the legislation of the Grassland Law, Fishery Law, Bankruptcy Law, Law of Chinese-foreign Cooperative Joint Venture, and Customs Law, etc. Dr. Wang joined the Company in January 2008.

Prof. NIE Yongfeng, aged 79, is a professor at School of Environment, Tsinghua University, a doctoral supervisor for a doctoral program in Radiation Protection and Environment Protection, and a doctoral supervisor for Environmental Science and Engineering. Prof. Nie retired in April 2011, and is currently the deputy director of the Academic Committee of the Ministry of Education Key Laboratory for "Solid Waste Management and Environment Safety", Tsinghua University, a member of each of the Science and Technology Committee, the Municipal Work Committee, and the Resources and Sustainable Development Committee, Ministry of Housing and Urban-Rural Development, a member of the Expert Committee, the China Association of Urban Environmental Sanitation, a member of the Urban Garbage Treatment Professional Committee, the China Association of Environmental Protection Industry. Prof. Nie has solid theoretical foundation and extensive practical experience in urban domestic garbage, industrial solid waste and dangerous waste management, treatment, disposal and resource utilisation technology, and groundwater remediation theory and technology. Prof. Nie joined the Company in January 2014 and has resigned on 16 January 2025.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT *(CONTINUED)*

INDEPENDENT NON-EXECUTIVE DIRECTORS *(CONTINUED)*

Mr. CHEUNG Ming, aged 64, is the vice chairman of a mineral company in Hong Kong. From 2013 to 2017, Mr. Cheung had served as an executive director and the chief executive officer of BEP International Holdings Limited ("BEP", stock code: 2326, renamed as New Provenance Everlasting Holdings Limited). Prior to joining BEP, he had served as the executive director of Hengli & Liqi Furniture Limited ("Hengli"), a Hong Kong company specialising in the production of furniture for sale to Europe markets, and was responsible for the international business development of Hengli. Before joining Hengli, Mr. Cheung had served as the chief executive officer of a Hong Kong based retailing company. Mr. Cheung has extensive business management experience including over 30 years of experience in retail business and international trade in Chinese Mainland, Hong Kong and Taiwan. Mr. Cheung had been leading the companies he served in setting down long-term development blueprints including strategies for corporate and business development as well as brand building to enhance their market competitiveness and profitability, which laid the solid foundation for their sustainable growth in the Greater China and Asia-Pacific regions. Mr. Cheung joined the Company in August 2014.

Ms. MIAO Li, aged 68, is a PRC Senior Economist, graduated from Baoding Normal Technical College in Chemistry in 1981 and has completed the postgraduate course of Applied Sociology in Peking University in 1995. From 1986 to 1998, Ms. Miao successively served as the Deputy Director and Director of Beijing Municipal Commission of Planning. From 2000 to 2023, Ms. Miao successively served as the General Manager and Chairman of Peking University Software Engineering Co., Ltd. Ms. Miao has extensive experience in corporate management and policy research. Ms. Miao joined the Company in May 2024.

Dr. LUO Shengqiang, aged 50, is the president of Beijing Jiukang Jiuli Management Consultancy Co., Ltd., a PRC Chief Senior Accountant and a member of the Chinese Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Dr. Luo graduated from Zhongnan University of Finance and Economics with a bachelor's degree in finance in 1999 and obtained a master's degree and a doctorate degree in accounting from Xiamen University in 2004 and 2007. From 2007 to 2017, Dr. Luo served as the deputy director of the finance department of China National Chemical Corporation Ltd., the deputy chief auditor of China National Bluestar (Group) Co., Ltd., the deputy financial controller of Beijing Womei Advertising Co., Ltd., the chief financial officer of Beijing Zhongmei Huayi Investment Management Co., Ltd. Dr. Luo has extensive experience in finance, accounting and corporate management. Dr. Luo joined the Company on 16 January 2025.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT *(CONTINUED)*

SENIOR MANAGEMENT

Mr. WANG Juwei, aged 56, is a Vice President of the Company. Mr. Wang is a PRC Senior Engineer and graduated from Urban Construction and Engineering Faculty of Beijing Institute of Civil Engineering and Architecture. Prior to joining the Company, Mr. Wang worked at the Beijing Gas Group from 2000 to 2010, served as the Director and Deputy General Manager of Beijing Gas Miyun Co., Ltd., the Deputy General Manager and General Manager of Engineering Construction Management Branch of Beijing Gas Group Company Limited, and the Chairman of Beijing Tianxing Gas Engineering Co., Ltd. from 2010 to 2021. Mr. Wang has substantial experience in planning, market development and engineering construction. Mr. Wang joined the Group in October 2021.

Ms. XU Jiaqi, aged 41, is a Vice President of the Company. Ms. Xu is a PRC Senior Engineer and graduated from Dalian University of Technology and Tianjin University with a Master's Degree of Science in Thermal Engineering. Prior to joining the Company, Ms. Xu served as an assistant to the Director of State Grid Beijing Economics and Technology Research Institute, Chief Engineer of Beijing Gas Energy Development Co., Ltd., Deputy General Manager of District Energy Department of Beijing Enterprises Clean Energy Group Limited and General Manager of Beijing TUS National Gas Energy Technology Co., Ltd. Ms. Xu has substantial experience in thermal engineering and investment and management. Ms. Xu joined the Group in February 2022 and has resigned on 27 March 2025.

Ms. ZHENG Xin, aged 45, is a Vice President of the Company. Ms. Zheng is a PRC Senior Accountant and Chinese Certified Public Accountant. Ms. Zheng graduated from Accounting Faculty of Tianjin University of Finance and Economics and received a Master's Degree in Accounting and Finance from University of Birmingham, United Kingdom. Prior to joining the Company, Ms. Zheng worked at Ernst & Young from 2005 to 2014 and left at the position of senior audit manager. Ms. Zheng joined Beijing Beikong Real Estate Group since 2014 and served as the financial controller of Beijing Beikong Jing O Construction Co., Ltd., Beijing National Alpine Skiing Co., Ltd. and Beijing Beikong Zhi Kai Enterprises Development Co., Ltd. Ms. Zheng has substantial experience in finance and auditing. Ms. Zheng joined the Group in April 2023.

Ms. LI Yanting, aged 42, is an Assistant to President of the Company. Ms. Li is a PRC Intermediate Economist, graduated from Department of Automation of Tsinghua University and received a Master's Degree in Science from Tsinghua University and a Master's Degree in Economics from Peking University. Prior to joining the Company, Ms. Li served as the project manager of IT Construction and Advisory Department of Beijing Engineering Consulting Corporation from 2006 to 2009, assistant to manager and senior manager of Strategic Investment Department of BEHL from 2010 to 2018. Ms. Li has substantial experience in strategic planning, investment and management. Ms. Li joined the Group in April 2023.

Mr. WONG Kwok Wai, Robin, aged 58, is the Financial Controller and the Company Secretary of the Company. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has been worked for an international accounting firm and has substantial experience in financial management and company secretarial. Mr. Wong joined the Group in July 1993.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Save as disclosed hereunder, the board (the "Board") of directors (the "Directors") of the Company believes that the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix C1 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2024.

BOARD OF DIRECTORS

The principal focus of the Board is on the overall strategic development of the Group, while the management is principally responsible for the Group's business operations. The Board provides guidance on business plans and monitors the results of such plans implemented by the management; reviews and approves the Company's financial objectives, plans and major financial activities; establishes the internal control system and the risk management system of the Company and discusses with the management regularly to ensure that such systems are operating effectively. The Board promotes a culture of integrity at the Company and requires all Directors and the management to comply with guidance related to integrity and ethics, including conflicts of interest, related party transactions and the treatment of confidential information.

The Board has a balanced composition of executive and non-executive Directors which can effectively exercise independent judgement. As at 31 December 2024, the Board comprised five executive Directors and six independent non-executive Directors. Details of their backgrounds and qualifications are set out on pages 16 to 18 of this annual report. Every Director is subject to retirement by rotation at least once every three years. There is no relationship (including financial, business, family or other material/relevant relationship) among the Directors. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

During the year ended 31 December 2024, the Board has complied with Rules 3.10(1) and (2), and 3.10A of the Listing Rules to appoint at least three independent non-executive Directors that representing at least one-third of the Board, and at least one independent non-executive Director possesses appropriate professional accounting qualifications or financial management expertise. The independent non-executive Directors have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders.

Dr. JIN Lizuo, Dr. HUAN Guocang, Dr. WANG Jianping. Prof. NIE Yongfeng and Mr. CHEUNG Ming have been serving the Board as independent non-executive Directors for more than nine years and have consistently demonstrated their willingness to exercise independent judgments. All of them have actively participated in Board meetings and Board committee meetings held during the year and have shown themselves able to give constructive and independent advice to the Board over significant issues. Therefore, the Board considers that all of them remain independent, notwithstanding the length of their tenure as independent non-executive Directors. Ms. MIAO Li was appointed as a new independent non-executive Director on 22 May 2024.

The Board considers that all independent non-executive Directors meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

BOARD OF DIRECTORS *(CONTINUED)*

During the year ended 31 December 2024, (i) Mr. LI Ai is appointed as executive Director on 1 February 2024 and obtained the legal advice pursuant to Rule 3.09D of the Listing Rules on the same day; and (ii) Ms. MIAO Li is appointed as independent non-executive Director on 22 May 2024 and obtained the legal advice pursuant to Rule 3.09D of the Listing Rules on 22 April 2024. Each of Mr. Li and Ms. Miao confirmed that he/she understood his/her obligations as a director of a listed issuer.

The Directors are provided with briefings and trainings from time to time to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under relevant statues, laws, Listing Rules and other regulations. The Directors are provided with monthly reports updates which give a balanced and understandable assessment of the Company's performance and financial position to enable the Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

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

Name	Self-reading materials	Attended seminar
Executive Directors		
Mr. CHEN Xinguo	✓	✓
Ms. SHA Ning	✓	—
Mr. YU Jie	✓	✓
Mr. LI Ai (appointed on 1 February 2024)	✓	✓
Mr. NG Kong Fat, Brian	✓	✓
Mr. KE Jian (resigned on 1 February 2024)	—	—
Independent non-executive Directors		
Dr. JIN Lizuo	✓	✓
Dr. HUAN Guocang	✓	—
Dr. WANG Jianping	✓	✓
Prof. NIE Yongfeng	✓	✓
Mr. CHEUNG Ming	✓	✓
Ms. MIAO Li (appointed on 22 May 2024)	✓	✓

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

BOARD OF DIRECTORS *(CONTINUED)*

The Board held three regular meetings during the year ended 31 December 2024. Details of attendance of each Director at the Board meetings, Board committee meetings and general meeting are as follows:

Name	Board meetings	Audit Committee meetings	Remuneration Committee meeting	Nomination Committee meetings	General meeting
Executive Directors					
Mr. CHEN Xinguo	3/3		1/1	1/1	1/1
Ms. SHA Ning	3/3				1/1
Mr. YU Jie	2/3				1/1
Mr. LI Ai	3/3				1/1
Mr. NG Kong Fat, Brian	3/3				1/1
Mr. KE Jian	0/0		0/0	0/1	0/0
Independent non-executive Directors					
Dr. JIN Lizuo	3/3	3/3	1/1	2/2	0/1
Dr. HUAN Guocang	2/3	3/3	1/1	2/2	0/1
Dr. WANG Jianping	3/3	3/3	1/1	2/2	0/1
Prof. NIE Yongfeng	3/3				1/1
Mr. CHEUNG Ming	3/3				1/1
Ms. MIAO Li	1/1				1/1

Under Code Provision C.1.6, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, certain independent non-executive Directors were unable to attend the general meeting of the Company due to other business engagements.

Under Code Provision C.5.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. However, the Company considers it is more efficient to hold Board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the Directors.

CHAIRMAN AND CHIEF EXECUTIVE

The Chairman is responsible for the approval and supervision of the overall strategies and policies of the Group, approval of annual budgets and business plans and evaluation of the Company's performance, whilst the Chief Executive Officer is responsible for the day-to-day operations of the Group and oversight of the management.

Mr. CHEN Xinguo acted as the Chief Executive Officer of the Company with effect from 18 August 2021. On 1 February 2024, Mr. KE Jian resigned as executive Director and the Chairman of the Board and Mr. CHEN Xinguo was appointed as the Chairman of the Board. As a consequence, Mr. Chen assumes the positions of both Chairman of the Board and Chief Executive Officer. This arrangement deviates from code provision C.2.1 as set out in Appendix C1 to the Listing Rules which recommends that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board considers that such arrangement can bring benefits to the Company's business development and management at present, and will not impair the balance of power and authority between the Board and the management of the Company.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

NON-EXECUTIVE DIRECTORS

None of the existing non-executive Directors is appointed for a specific term. All non-executive Directors are subject to retirement by rotation in accordance with the Company's articles of association.

BOARD COMMITTEES

Audit Committee

The Audit Committee was established with written terms of reference in accordance with Rule 3.21 of the Listing Rules and Code Provision D.3. As at 31 December 2024, the members of the Audit Committee comprise three independent non-executive Directors, namely Dr. HUAN Guocang (committee chairman), Dr. JIN Lizuo and Dr. Wang Jianping.

The role and function of the Audit Committee include (i) maintenance of the relationship with the Company's auditors; (ii) review of the Company's financial information; and (iii) oversight of the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee have reviewed the interim and annual results, financial positions, risk management, internal control, impacts of the new accounting standards and management issues of the Group.

Remuneration Committee

The Remuneration Committee was established with terms of reference in accordance with Rule 3.25 of the Listing Rules and Code Provision E.1. As at 31 December 2024, the members of the Remuneration Committee comprise three independent non-executive Directors, namely Dr. JIN Lizuo (committee chairman), Dr. HUAN Guocang and Dr. WANG Jianping and the Chairman of the Board, Mr. CHEN Xinguo. The Remuneration Committee performs an advisory role to the Board, with the Board retaining the final authority to approve executive Directors' and senior management's remuneration.

The role and function of the Remuneration Committee include (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; (iv) to make recommendations to the Board on the remuneration packages of non-executive Directors; (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (vi) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and is otherwise fair and not excessive; (vii) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and (viii) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

Details of remuneration of the Directors and the five highest paid employees are set out in notes 10 and 11 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

BOARD COMMITTEES *(CONTINUED)*

Nomination Committee

The Nomination Committee was established with terms of reference in accordance with Rule 3.27A of the Listing Rules and Code Provision B.3. As at 31 December 2024, the members of the Nomination Committee comprise the Chairman of the Board, Mr. CHEN Xinguo (committee chairman), and three independent non-executive Directors, namely Dr. JIN Lizuo, Dr. HUAN Guocang and Dr. WANG Jianping.

The role and function of the Nomination Committee include (i) review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) review the policy on Board diversity and any measurable objectives for implementing such policy as may be adopted by the Board from time to time, and to review the progress of achieving those objectives; (iii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iv) assess the independence of independent non-executive Directors; and (v) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee has adopted a nomination policy which sets out the following criteria and procedures for nomination of Directors:

Nomination Criteria

In determining the suitability of a candidate, the Nomination Committee shall consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to the following:

(a) Skills and Experience: The candidate should possess the skills, knowledge and experience which are relevant to the business of the Group.

(b) Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company and the balance of skills and experience in board composition.

(c) Availability: The candidate shall be willing to devote adequate time for discharging the duties of a member of the Board and other director position.

(d) Character and integrity: The candidate must satisfy the Board and The Stock Exchange of Hong Kong Limited that he/she is a person of integrity and honesty, and has the character, experience and integrity commensurate with the relevant position as a Director.

(e) Independence: The candidate to be nominated as an Independent Non-executive Director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

BOARD COMMITTEES *(CONTINUED)*

Nomination Committee *(continued)*

Nomination Procedures

(a) If the Board determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate.

(b) The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board.

(c) Upon considering a candidate suitable for the position of Director, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment.

(d) On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate as Director to fill a casual vacancy or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. WONG Kwok Wai, Robin. Details of background and qualification of Mr. Wong are set out on page 19 of this annual report. Mr. Wong has complied with Rule 3.29 of the Listing Rules for taking not less than 15 hours of relevant professional training during the year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules for securities transactions by directors. All the Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. Based on the characteristics of waste treatment business, the Legal and Compliance Department of the Company has continuously identified, evaluated and managed significant risks of the Company and its subsidiaries, covering the areas of safety production, financial security, contract execution and human resources protection. The report of findings has been reviewed by the working committee of the Chief Executive Officer and the Board.

An internal audit department has been established in accordance with Code Provision D.2.5. It has conducted regular review regarding internal control systems of the Company and its subsidiaries and any material defects have been resolved. The report of findings has been reviewed by the working committee of the Chief Executive Officer, the Audit Committee and the Board.

The Company considered that its risk management and internal control systems are effective and adequate.

AUDITORS' REMUNERATION

An analysis of remuneration in respect of services provided by the Company's auditor, Deloitte Touche Tohmatsu, is as follows:

	RMB'000
Annual audit services	2,566
Non-audit services (which included agreed-upon procedures on review of continuing connected transactions and preliminary announcement of annual results, tax compliance and other services)	217
	2,783

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for preparing the accounts and the responsibilities of the auditor to the shareholders are set out on pages 41 to 43 of this annual report. The Directors have confirmed that the Group's consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

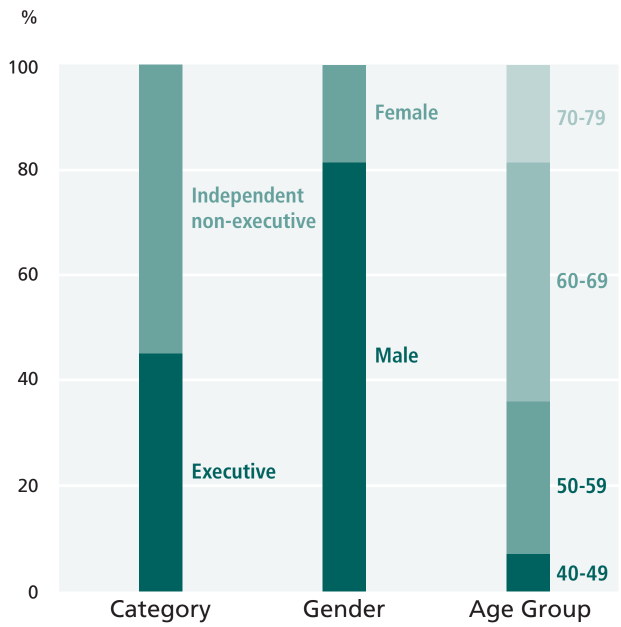
CORPORATE GOVERNANCE REPORT *(CONTINUED)*

DIVERSITY

The Board has adopted a board diversity policy. With the aim of enhancing Board effectiveness and corporate governance level as well as achieving our Group's business objectives, the Company sees increasing diversity at the Board level as an essential element in supporting its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard to the benefits of Board diversity.

During the reporting period, the Company has a solid slate of Directors with diverse perspectives, and varied educational background and professional qualifications. All of the Directors have accumulated experience in their respective field of expertise, and made use of their talent and experience to drive the industry so as to bring sustainable growth to the Company.

As at 31 December 2024, the analysis of the Board diversity is as follows:



The waste incineration industry is traditionally short of female employees. As at 31 December 2024, female employees represented approximately 20% of the Group's total workforce. The Group shall continue to recruit more suitable female employees and maintain gender diversity in workforce.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

SHAREHOLDERS' RIGHTS

The Company recognises the importance of good communications with shareholders and investors and also recognises the value of providing current and relevant information to shareholders and investors. Annual and interim reports offer comprehensive operational and financial performance information to shareholders and the annual and extraordinary general meetings of the Company provide a forum for shareholders to exchange views directly with the Board, which together help enhance and facilitate communication with shareholders. All registered shareholders are entitled to attend the general meetings and notices of meeting are served by post. Shareholders who are unable to attend a general meeting may complete and return to the Company's share registrar the proxy form enclosed with notice of meeting to give proxy to their representatives or chairman of the meeting. The Company considered that the communication with shareholders is effectively conducted.

Shareholders' Right to Convene Extraordinary General Meeting

The articles of association of the Company provides that the Directors may, whenever they think fit, convene an extraordinary general meeting and extraordinary general meetings shall also be convened on requisition, or, in default, may be convened by the requisitionists, all as provided by the Hong Kong Companies Ordinance, which provides that the directors are required to call a general meeting if the company has received requests to do so from shareholders of the company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings.

Shareholders' Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company in Hong Kong, or by fax (+852 2529 3725), or by email to general@beegl.com.hk for the attention of the company secretary.

Shareholders' Right to Put Forward Proposals at General Meetings

The Hong Kong Companies Ordinance provides that, a company must give notice of a resolution if it has received requests that it do so from: (a) the shareholders of the company representing at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The Hong Kong Companies Ordinance also provides that, the request (a) may be sent to the company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

All request shall be sent to the registered office of the Company in Hong Kong, or by fax (+852 2529 3725), or by email to general@beegl.com.hk for the attention of the company secretary.

CORPORATE GOVERNANCE REPORT *(CONTINUED)*

CONSTITUTIONAL DOCUMENTS

On 27 June 2024, a special resolution has been passed by the shareholders of the Company at the annual general meeting to adopt a new Articles of Association of the Company. The new Articles of Association has incorporated and consolidated the amendments to the existing Articles of Association, which are summarised as follows:

(i) to align with the amendments to the Listing Rules in relation to the expansion of the paperless listing regime and electronic dissemination of the corporate communications by listed issuers, including providing that any notice or document, including any corporate communication, may be given or issued by the Company by means of electronic communication or by publication on the Company's website, in addition to the existing means;

(ii) to bring the New Articles of Association in line with the Companies (Amendment) Ordinance 2023, which came into operation on 28 April 2023 and to give the Company greater flexibility to align with technological advances or to accommodate particular circumstances, such that the Company may conduct general meetings by virtual meetings or hybrid meetings, as an alternative to physical meetings requiring attendance in person;

(iii) to include additional details to be specified in a notice of general meeting to allow general meetings to be held by virtual or hybrid meetings;

(iv) to allow the delivery of instruments appointing proxies by electronic means;

(v) to provide for voting by electronic means;

(vi) to remove provisions in the Company's former Memorandum of Association in its entirety;

(vii) to remove all references in relation to nominal value of shares and where appropriate, substituting such references by references to voting rights of shares;

(viii) to remove all references relating to authorised share capital, par value, share premium, share premium account and capital redemption reserve or similar or related wordings and concepts in the existing Articles of Association;

(ix) to abolish the Company's power to convert any shares into stock (or vice versa);

(x) to amend the manner in which the Company may alter its share capital, in light of the abolition of nominal value for shares and the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) relating to the permitted alteration and reduction of share capital;

(xi) to prescribe the manner and form in which notices and documents may be sent to the Shareholders and the time when notices and documents are deemed to be delivered under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

(xii) to insert new definitions and make consequential changes relating to the amendments proposed; and

(xiii) to make some other ancillary and housekeeping amendments.

DIVIDEND POLICY

The Company aims at providing stable and sustainable returns to shareholders. In deciding whether to propose a dividend and in determining an appropriate basis and method for dividend distribution, the Board will take into account, inter alia, the reasonable return in investment of the investors and the Shareholders, the actual and expected financial conditions, business plans, future operations and earnings, capital requirements and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Company's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate.

REPORT OF THE DIRECTORS

The board (the "Board") of directors (the "Directors") of Beijing Enterprises Environment Group Limited (the "Company") present their report and the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 43 to the consolidated financial statements. During the year, the Group discontinued its ecological construction services business following by disposal of its subsidiary, 北京北控生態建設集團有限公司, further details of which are included in note 13 to the consolidated financial statements. There were no other significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of the Group's business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business and key performance indicators of the Company's business can be found in the "Management Discussion and Analysis" set out on pages 7 to 15 of this annual report. This discussion forms part of this directors' report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the Group's financial position at that date are set out in the financial statements on pages 44 to 124 of this annual report.

The Directors do not recommend the payment of any dividend in respect of the year.

EMPLOYEES

As at 31 December 2024, the Group had approximately 1,200 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's remuneration policy and package are periodically reviewed by the management. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on pages 125 and 126 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company had no reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance.

REPORT OF THE DIRECTORS *(CONTINUED)*

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 39% of the Group's revenue from continuing operations for the year and sales to the largest customer included therein amounted to approximately 13%. Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases from continuing operations for the year.

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

DIRECTORS

The Directors during the year were:

Executive Directors:
Mr. CHEN Xinguo
Ms. SHA Ning
Mr. YU Jie
Mr. LI Ai (appointed on 1 February 2024)
Mr. NG Kong Fat, Brian
Mr. KE Jian (resigned on 1 February 2024)

Independent non-executive Directors:
Dr. JIN Lizuo
Dr. HUAN Guocang
Dr. WANG Jianping
Prof. NIE Yongfeng
Mr. CHEUNG Ming
Ms. MIAO Li (appointed on 22 May 2024)

The persons who were directors of the principal subsidiaries of the Company during the year (not including those Directors listed above) were (in alphabetical order of English surname) Messrs. BU Yaming, CAI Zhiyong, CHEN Gang, CHEN Zhaojun, DU Yan, FENG Hailian, GUAN Yinfeng, HAN Yunyi, HU Fang, JIN Fuqing, JU Zheng, LEI Yanqing, LI Xiaoyun, LI Yanting, LIANG Qiping, LIU Runwei, OUYANG Yuewen, QIU Song, SHI Yongliang, SUN Xiaoyan, THIO Seng Tji, TUNG Woon Cheung Eric, WAN Wei, WANG Bingsheng, WANG Juwei, WANG Yu, WANG Zhenhua, WONG Kwok Wai, WU Jisu, XIN Kun, XIONG Lei, ZENG Jun, ZHANG Jing, ZHANG Jipeng and ZHANG Kun.

Subsequent to the end of the reporting period, (i) on 16 January 2025, Dr. JIN Lizuo and Prof. NIE Yongfeng resigned as independent non-executive Directors and Dr. LUO Shengqiang was appointed as an independent non-executive Director; and (ii) on 27 March 2025, Mr. CHEN Xinguo resigned as the Chief Executive Officer of the Company and Mr. LI Ai is appointed as the Chief Executive Officer of the Company.

In accordance with articles 95 and 104(a) of the Company's articles of association, Dr. LUO Shengqiang, Mr. CHEN Xinguo, Dr. WANG Jianping and Mr. CHEUNG Ming will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. None of the Directors is appointed for a specific term.

REPORT OF THE DIRECTORS *(CONTINUED)*

DIRECTORS *(CONTINUED)*

Save as disclosed above, since the date of the Company's 2024 interim report and up to the date of this annual report, there has been no material change in the Directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 16 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

The Board has to seek Shareholders' authorisation at general meetings to fix the Directors' remuneration with reference to individual Directors' duties, responsibilities and performance, the results of the Group as well as the recommendation of the Company's remuneration committee. Further details of the Company's remuneration committee are set out in the corporate governance report on page 23 of this annual report.

PERMITTED INDEMNITY PROVISIONS

In accordance with article 182(a) of the Company's articles of association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (in so far as is permitted by the Hong Kong Companies Ordinance) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the transactions with the immediate holding company and fellow subsidiaries of the Company, further details of which are set out in note 38(a) to the consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

REPORT OF THE DIRECTORS *(CONTINUED)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company (the "Chief Executive") in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

	Number of ordinary shares held, capacity and nature of interest			
Name of Director	Directly beneficially owned	Through a controlled corporation	Total	Percentage of the Company's share capital
Mr. NG Kong Fat, Brian	1,600,000	8,792,755#	10,392,755	0.69

The 8,792,755 ordinary shares are held by Sunbird Holdings Limited, a company controlled by Mr. NG Kong Fat, Brian and his associate.

Save as disclosed above, as at 31 December 2024, none of the Directors and the Chief Executive had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in 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 holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTRACT OF SIGNIFICANCE

Save as the transactions with the immediate holding company and fellow subsidiaries of the Company, further details of which are set out in note 38(a) to the consolidated financial statements, no contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

REPORT OF THE DIRECTORS *(CONTINUED)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2024, the following interests and short positions of 5% or more of the share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in ordinary shares of the Company:

		Number of ordinary shares held, capacity and nature of interest			
Name	Notes	**Directly beneficially owned**	**Through controlled corporations**	**Total**	**Percentage of the Company's total number of issued shares**
Idata Finance Trading Limited ("Idata")		738,675,000	–	738,675,000	49.23
Beijing Enterprises Holdings Limited ("BEHL")	(a)	17,445,000	738,675,000	756,120,000	50.40
Beijing Enterprises Group (BVI) Company Limited ("BEBVI")	(b)	–	756,120,000	756,120,000	50.40
Beijing Enterprises Group Company Limited ("BEGCL")	(b)	–	756,120,000	756,120,000	50.40
Cosmos Friendship Limited ("Cosmos")		347,000,000	–	347,000,000	23.13
Khazanah Nasional Berhad ("Khazanah")	(c)	–	347,000,000	347,000,000	23.13

Notes:

(a) The interest disclosed includes the ordinary shares owned by Idata. Idata is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the ordinary shares owned by Idata.

(b) The interests disclosed include the ordinary shares owned by BEHL and Idata. BEBVI and BEGCL are the immediate holding company and the ultimate holding company of BEHL, respectively. Accordingly, each of BEBVI and BEGCL is deemed to be interested in the ordinary shares owned by each of BEHL and Idata.

(c) The interests disclosed include the ordinary shares owned by Cosmos. Cosmos is a wholly-owned subsidiary of Khazanah. Accordingly, Khazanah is deemed to be interested in the ordinary shares owned Cosmos.

Save as disclosed above, as at 31 December 2024, no person, other than the Director, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

REPORT OF THE DIRECTORS *(CONTINUED)*

ENVIRONMENTAL POLICIES AND PERFORMANCE

In the field of environmental protection, the Group adhered to "Sustainable Development". The Group continued to explore and practice green, low-carbon, and environmentally friendly models of development and strengthened environmental management in production, projects, and operations. The Group vigorously invested and applied energy-saving and emission-reduction technologies to improve the efficiency of energy resources. Taking advantage of its core business, the Group actively communicated the concept of low-carbon environmental protection to the society.

Facing the increasingly stringent environmental protection and emission standards, the Group has carried out continuous technological innovation and management improvement for its solid waste treatment business, so as to improve its solid waste treatment efficiency and reduce emissions in projects and daily operations. During the year under review, the Group has handled 4.37 million tonnes household wastes, 0.57 million tonnes sludge, and generated 1.73 billion kWh electricity.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements on a regular basis.

Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

The solid waste treatment operations of the Group are subject to extensive environmental, safety and health laws and regulations promulgated by the PRC government. During the year under review, certain of the Group's waste incineration plants have not completed the filing for or applied for environmental protection completion acceptance within the prescribed time limit, and therefore they are not entitled to apply for subsequent general construction completion acceptance or licenses. The Directors are of the view that the non-compliance incidents, individually and in aggregate would have no material adverse impact on the operations and financial position of the Group.

Save as aforesaid, during the year under review, to the best of the knowledge of the Directors, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

REPORT OF THE DIRECTORS *(CONTINUED)*

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interest of its stakeholders including customers, suppliers and employees. The Group maintains good relationship and smooth communication channels with the municipal government authorities and regional electricity bureaus in Chinese Mainland, which are major customers of the solid waste treatment operations of the Group. Any reported issues and recommendations will be followed up promptly with the aims of improving service quality in the future. The Group is in good relationships with its suppliers and conducts a fair and strict appraisal of its suppliers on a regular basis.

Being people-oriented, the Group continues to improve and regularly review and update its policies on staff benefits, training, occupational health and safety. The Group encourages and finances its employees to attend training courses in the fields of their job responsibilities. Work life balance is also emphasised. Regular sports and leisure events were organised to strengthen the bonding among employees.

CONNECTED TRANSACTIONS

During the year, the Company and the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Continuing connected transactions

(1) On 20 December 2023, the Company entered into a deposit services master agreement with 北京控股集團財務有限公司 ("BG Finance", a non-wholly-owned subsidiary of BEGCL), pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time for three years from 1 January 2024 to 31 December 2026. The deposit interest rate will not be lower than (i) the benchmark interest rate prescribed by the People's Bank of China; (ii) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group; and (iii) the interest rates offered by BG Finance to other members of BEGCL for the same type of deposits at the same period; and the cumulative daily outstanding deposits balance (in Hong Kong dollars equivalent) placed by the Group with BG Finance (including any interest accrued thereon) during the term of the deposit services master agreement will not exceed RMB21,800,000. Further details of the transactions are set out in the announcement of the Company dated 20 December 2023 and note 38(a)(iii) to the consolidated financial statements. As at 31 December 2024, the deposits placed by the Group with BG Finance amounted to approximately RMB4,661,000. During the year ended 31 December 2024, the Group's interest income from BG Finance recognised in profit and loss amounted to approximately RMB40,000.

(2) On 30 May 2023, 北發合利(濟寧)環保電力有限公司 ("Beifa Jining", a 75% indirectly owned subsidiary of the Company) entered into a steam supply contract (the "Contract") with 山東太陽紙業股份有限公司 ("Sun Paper"). Sun paper wholly owned 濟寧市永悅環保能源有限公司 which holds a 15% equity interest in Beifa Jining. Pursuant to the Contract, Beifa Jining supplies industrial steam to Sun Paper and Sun Paper supplies steam condensate and desalinated water to Beifa Jining, with unit prices mutually agreed between the Contract parties, for the validity period up to 31 December 2025. The annual caps of the fee settlement for the years ending 31 December 2023, 2024 and 2025 are determined at HK$32,000,000, HK$90,000,000 and HK$90,000,000. Further details of the transactions are set out in the announcement of the Company dated 30 May 2023 and note 38(a)(v) to the consolidated financial statements. During the year ended 31 December 2024, the Group's revenue derived from the Contract amounted to approximately RMB5,645,000.

REPORT OF THE DIRECTORS *(CONTINUED)*

CONNECTED TRANSACTIONS *(CONTINUED)*

Continuing connected transactions *(continued)*

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

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

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's facility letter, which contain covenants requiring performance obligations of the controlling Shareholder of the Company. Pursuant to a facility letter dated 2 August 2024 between the Company and China Guangfa Bank Co., Ltd. Hong Kong Branch relating to a one-year revolving loan facility and bank guarantee in aggregate of US$30,000,000, a termination event would arise if (i) BEHL ceased to own, directly or indirectly, at least 50% of the beneficial shareholding, or carrying at least 50% of the voting rights, of the Company; and (ii) BEGCL ceased to beneficially ultimate control over the Company indirectly.

DONATIONS

During the year, the Group's total donations to public welfare projects were approximately RMB180,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, as BEHL is also involved in the solid waste treatment business, the following Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules:

(a) Mr. CHEN Xinguo and Ms. SHA Ning are concurrently vice presidents of BEHL; and

(b) Mr. KE Jian has been a vice president of BEHL.

REPORT OF THE DIRECTORS *(CONTINUED)*

DIRECTORS' INTERESTS IN A COMPETING BUSINESS *(CONTINUED)*

Notwithstanding the fact that the Company and BEHL are both engaged in the solid waste treatment business, the Company considers that there has not been competition between the Company and BEHL in view of the following factors:

(a) clear geographical delineation among solid waste treatment projects;

(b) no direct competition in relation to the supply of household waste and sale of electricity; and

(c) a deed of non-competition has been provided by BEHL in favour of the Company in order to completely avoid any competition between the Company and BEHL.

As the Board is independent from the board of directors of BEHL and the above Directors do not control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the business of BEHL.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 44 to the consolidated financial statements.

AUDITOR

During the year, Ernst & Young resigned as the auditor of the Company and Deloitte Touche Tohmatsu was appointed by the Directors to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

CHEN XINGUO
Chairman

Hong Kong
27 March 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

德勤 • 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

To the members of Beijing Enterprises Environment Group Limited
北京控股環境集團有限公司
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Enterprises Environment Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 124, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

KEY AUDIT MATTER *(CONTINUED)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill	
We identified the impairment assessment on goodwill as a key audit matter due to the involvement of estimation of the recoverable amounts of the group of cash-generating units to which goodwill has been allocated. At 31 December 2024, the Group has goodwill with carrying amount of RMB1,032,747,000 relating to the group of cash-generating units of solid waste treatment segment. Based on the assessment made by management of the Group, no impairment was recognised during the year ended 31 December 2024. Details are disclosed in note 17 to the consolidated financial statements. The recoverable amount of the group of cash-generating units was determined based on the value in use calculations which require the Group to estimate the future cash flows expected to arise from the group of cash-generating units and a suitable discount rate in order to calculate the present value of those cash flows.	Our procedures in relation to the impairment assessment on goodwill included: • Retrospective review revenue growth rate and gross margin being the key assumptions and input adopted by the Group in last year assessment; • Evaluating the key assumptions underpinning the discounted cash flow models, including the revenue growth rates and gross margin based on the historical financial performance and average kWh of electricity generated per ton of waste; • Checking the accuracy and completeness of information used in impairment testing; and • Involving our internal valuation experts to assess discount rates used underpinning the discounted cash flow models by performing re-calculations based on market data and certain company specific parameters, as well as evaluating the parameters applied by the independent valuer.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2024.

OTHER INFORMATION

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Ka Sing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations			
REVENUE	5	**1,664,124**	1,611,798
Cost of sales		**(1,061,065)**	(1,042,546)
Gross profit		**603,059**	569,252
Other income	7	**79,884**	92,846
Other gain and loss		**(3,793)**	(21,852)
Administrative expenses		**(173,123)**	(195,766)
Impairment losses under expected credit losses model, net of reversal		**(18,131)**	(27,383)
PROFIT FROM OPERATING ACTIVITIES	8	**487,896**	417,097
Finance costs	9	**(111,112)**	(163,271)
PROFIT BEFORE TAX		**376,784**	253,826
Income tax	12	**(68,545)**	(53,617)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**308,239**	200,209
Discontinued operation			
(LOSS) PROFIT FOR THE YEAR FROM A DISCONTINUED OPERATION	13	**(6,178)**	1,870
PROFIT FOR THE YEAR		**302,061**	202,079
Attributable to shareholders of the Company:			
– from continuing operations		**291,642**	189,622
– from the discontinued operation		**(5,491)**	1,332
		286,151	190,954
Attributable to non-controlling interests:			
– from continuing operations		**16,597**	10,587
– from the discontinued operation		**(687)**	538
		15,910	11,125
		302,061	202,079
EARNINGS PER SHARE			
From continuing and discontinued operations			
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY – Basic and diluted (RMB cents)	14	**19.07**	12.73
From continuing operations			
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY – Basic and diluted (RMB cents)	14	**19.43**	12.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 **RMB'000**	2023 RMB'000 (Restated)
Profit for the year	**302,061**	202,079
Other comprehensive (expenses) income for the year		
Item that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(39,631)**	(28,135)
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**37,151**	39,197
	(2,480)	11,062
Total comprehensive income for the year	**299,581**	213,141
Attributable to:		
Shareholders of the Company	**283,810**	206,778
Non-controlling interests	**15,771**	6,363
	299,581	213,141

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	**2024 RMB'000**	2023 RMB'000
ASSETS			
Non-current assets:			
Property, plant and equipment	15	**516,536**	560,201
Right-of-use assets	16(a)	**42,652**	51,416
Goodwill	17	**1,032,747**	1,010,296
Operating concessions	18	**2,860,368**	2,720,093
Other intangible assets	19	**55,358**	50,902
Receivables under service concession arrangements	18	**2,395,323**	2,349,195
Prepayments, deposits and other receivables	23	**255**	556
Deferred tax assets	30	**166,033**	159,675
Total non-current assets		**7,069,272**	6,902,334
Current assets:			
Contract assets	20	**74,750**	371,820
Inventories	21	**36,132**	42,988
Receivables under service concession arrangements	18	**87,597**	83,674
Trade and bills receivables	22	**814,184**	707,260
Prepayments, deposits and other receivables	23	**273,264**	276,973
Restricted bank deposits	24	**1,000**	–
Cash and cash equivalents	24	**1,350,768**	1,209,940
		2,637,695	2,692,655
Non-current assets held for disposal	15	**302,173**	302,173
Total current assets		**2,939,868**	2,994,828
TOTAL ASSETS		**10,009,140**	9,897,162

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	25	**1,972,895**	1,972,895
Reserves	26	**1,640,341**	1,356,531
		3,613,236	3,329,426
Non-controlling interests		**303,236**	326,934
TOTAL EQUITY		**3,916,472**	3,656,360
Non-current liabilities:			
Bank and other borrowings	27	**1,967,250**	1,721,509
Provision for major overhauls	28	**14,491**	12,540
Other payables	32	**9,731**	17,337
Deferred income	29	**149,175**	154,414
Deferred tax liabilities	30	**269,723**	262,266
Total non-current liabilities		**2,410,370**	2,168,066
Current liabilities:			
Trade payables	31	**618,664**	860,375
Other payables and accruals	32	**368,835**	396,466
Bank and other borrowings	27	**2,613,704**	2,714,238
Income tax payables		**81,095**	101,657
Total current liabilities		**3,682,298**	4,072,736
TOTAL LIABILITIES		**6,092,668**	6,240,802
TOTAL EQUITY AND LIABILITIES		**10,009,140**	9,897,162

The consolidated financial statements on pages 44 to 124 were approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

CHEN XINGUO
Director

LI AI
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to shareholders of the Company							
	Share capital RMB'000	**Capital reserve** RMB'000	**Exchange fluctuation reserve** RMB'000	**PRC reserve funds** RMB'000 (Note 26(b))	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2023	1,972,895	21,944	28,881	52,782	1,046,146	3,122,648	317,571	3,440,219
Profit for the year	–	–	–	–	190,954	190,954	11,125	202,079
Other comprehensive (expense) income for the year:								
Exchange differences on translation of foreign operations	–	–	(23,373)	–	–	(23,373)	(4,762)	(28,135)
Exchange differences on translation from functional currency to presentation currency	–	–	39,197	–	–	39,197	–	39,197
Total comprehensive income for the year	–	–	15,824	–	190,954	206,778	6,363	213,141
Capital contribution from a non-controlling equity holder of a subsidiary	–	–	–	–	–	–	3,000	3,000
Transfer to People's Republic of China ("PRC") reserve funds	–	–	–	96,882	(96,882)	–	–	–
At 31 December 2023 and 1 January 2024	**1,972,895**	**21,944**	**44,705**	**149,664**	**1,140,218**	**3,329,426**	**326,934**	**3,656,360**
Profit for the year	–	–	–	–	**286,151**	**286,151**	**15,910**	**302,061**
Other comprehensive (expense) income for the year:								
Exchange differences on translation of foreign operations	–	–	**(39,492)**	–	–	**(39,492)**	**(139)**	**(39,631)**
Exchange differences on translation from functional currency to presentation currency	–	–	**37,151**	–	–	**37,151**	–	**37,151**
Total comprehensive (expense) income for the year	–	–	**(2,341)**	–	**286,151**	**283,810**	**15,771**	**299,581**
Capital contribution from a non-controlling equity holder of a subsidiary	–	–	–	–	–	–	**4,778**	**4,778**
Disposal of a subsidiary (note 33)	–	–	–	**(1,865)**	**1,865**	–	**(44,247)**	**(44,247)**
Transfer to PRC reserve funds	–	–	–	**50,629**	**(50,629)**	–	–	–
At 31 December 2024	**1,972,895**	**21,944**	**42,364**	**198,428**	**1,377,605**	**3,613,236**	**303,236**	**3,916,472**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	**2024 RMB'000**	2023 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax			
From continuing operations		**376,784**	253,826
From the discontinued operation		**(4,874)**	2,151
Adjustments for:			
Interest income		**(9,805)**	(22,098)
Depreciation of property, plant and equipment	15	**37,795**	58,315
Depreciation of right-of-use assets	16(a)	**8,764**	13,591
Amortisation of operating concessions	8,18	**175,448**	164,924
Amortisation of other intangible assets	19	**4,599**	3,129
Provision for major overhauls	8	**1,276**	1,221
Loss on disposal of property, plant and equipment		**92**	44
Loss on disposal of a subsidiary	33	**3,929**	–
Impairment of operating concessions	8	**–**	14,781
Impairment of receivables under service concession arrangements, net	8	**–**	22,377
Impairment of contract assets, net	8	**6,304**	–
Impairment of trade and bills receivables, net	8	**11,827**	5,006
Finance costs		**111,767**	166,198
Operating cash flows before movements in working capital		**723,906**	683,465
Decrease (increase) in contract assets		**55,952**	(108,018)
Decrease (increase) in inventories		**6,856**	(903)
Increase in receivables under operating concession arrangements		**(34,345)**	(154,056)
Increase in trade and bills receivables		**(171,871)**	(151,451)
Decrease (increase) in prepayments, deposits and other receivables		**29,446**	(28,903)
(Decrease) increase in trade payables		**(116,771)**	425,947
Decrease in other payables and accruals		**(11,350)**	(23,365)
(Decrease) increase in deferred income		**(5,239)**	913
Cash generated from operations		**476,584**	643,629
Chinese Mainland income tax paid		**(75,220)**	(83,621)
Net cash flows from operating activities		**401,364**	560,008

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	15	**(13,121)**	(64,159)
Proceeds from disposal of property, plant and equipment		**3,364**	25,460
Disposal of a subsidiary	33	**(53,910)**	–
Additions of operating concessions		**(313,822)**	(387,057)
Purchases of other intangible assets	19	**(9,083)**	(16,529)
Deregistration of a joint venture		**–**	5,400
Decrease in time deposits with maturity of more than three months when acquired		**–**	44,663
Placement of restricted bank deposit		**(1,000)**	–
Withdrawal of restricted bank deposit		**–**	483
Interest received		**9,805**	31,822
Net cash flows used in investing activities		**(377,767)**	(359,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from a non-controlling equity holder of a subsidiary		**4,778**	3,000
New bank loans raised		**377,945**	249,619
Repayment of bank loans		**(78,684)**	(573,809)
New other loans raised		**–**	19,852
Repayment of other loans		**(114,720)**	(913,000)
Principal portion of lease payments		**(7,978)**	(14,175)
Interest portion of lease payments		**(791)**	(1,321)
Other interest paid		**(70,537)**	(119,257)
Net cash flows from (used in) financing activities		**110,013**	(1,349,091)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**133,610**	(1,149,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,209,940**	2,328,991
Effect of foreign exchange rate changes		**7,218**	29,949
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,350,768**	1,209,940
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits:			
Placed in banks	24	**1,296,176**	1,176,189
Placed in a financial institution	24	**4,661**	11,794
Time deposits	24	**50,931**	21,957
Less: Restricted bank deposits	24	**(1,000)**	–
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**1,350,768**	1,209,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

Beijing Enterprises Environment Group Limited (the "Company") is a public limited liability company incorporated in Hong Kong and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The immediate holding company of the Company is Idata Finance Trading Limited ("Idata"), which is a limited liability company incorporated in the British Virgin Islands. Idata is a wholly-owned subsidiary of Beijing Enterprises Holdings Limited ("BEHL") whose shares are listed on the Main Board of the Stock Exchange. In the opinion of the directors of the Company, the ultimate holding company of the Company is 北京控股集團有限公司 ("BEGCL"), which is a state-owned enterprise established in the People's Republic of China (the "PRC") and wholly owned by The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (the "Beijing SASAC").

The Company and its subsidiaries (collectively referred to as the "Group") were principally involved in the solid waste treatment business which comprises the provision of waste incineration plant construction and waste treatment services, and the sale of electricity and steam generated from waste incineration. The Group was also previously engaged in ecological construction service business which was discontinued in current year (see note 13).

The functional currency of the Company is Hong Kong Dollars ("HK$"). As the Group's operations are majority based in the PRC, the directors of the Company have chosen Renminbi ("RMB") as the presentation currency of the Group's consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(CONTINUED)*

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

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

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets with amount of RMB742,430,000 as at 31 December 2024. Taking into account the Group's internal resources and undertakings from BEHL and Idata not to demand repayment of the loan of RMB2,477,836,000 due by the Company to Idata within twelve months from date of these consolidated financial statements, the directors of the Company considered that the Group will be able to operate on a going concern basis. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Basis of consolidation: *(continued)*

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

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

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

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards).

Goodwill

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 5 and 20.

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of building, machinery, equipment and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as laptop computers, office equipment). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Leases *(continued)*

The Group as a lessee *(continued)*

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

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

The Group presents lease liabilities within "Other payables and accruals".

Foreign currencies

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Foreign currencies *(continued)*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Employee benefits

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

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

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Borrowing costs

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Government grants

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

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

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

Taxation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Taxation *(continued)*

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

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

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Property, plant and equipment *(continued)*

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

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

Intangible assets

Intangible assets with finite useful lives that are recognised in business combination or acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Group entered into service concession agreements with government authorities and obtained the rights to operate solid waste incineration plants in the PRC. For the service concession arrangements which are within the scope of HK(IFRIC) Interpretation 12 *Service Concession Arrangements*, the non-guarantee receipt rights to receive cash are accounted for as an "operating concession". For the service concession arrangements which are not within the scope of HK(IFRIC)-Int 12, the fair value of the non-guarantee receipt right to receive cash acquired in a business combination is accounted for as an "operating right". Amortisation of "operating concessions" and "operating rights" is provided on the straight-line basis over the respective periods of the operating concessions granted to the respective subsidiaries of the Group.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Cash and cash equivalents

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

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments *(continued)*

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including receivables under service concession, trade receivables, other receivables and contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (continued)

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

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

(i) Significant increase in credit risk

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

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

The Group considers a financial asset in default when contractual payments are 3 years past due. The Group has rebutted the 90 days past due presumption of default as some of the customers of the Group are enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations and there was no history of default in prior years, the directors of the Company considered the default rate is minimal. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (continued)

(iii) Credit-impaired financial assets

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

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

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Service concession arrangements

Concession arrangements are recognised in accordance with HK(IFRIC) - Int 12 Service Concession Arrangements.

HK(IFRIC) - Int 12 is applicable to concession arrangements comprising a public service obligation and satisfying both of the following criteria:

- The concession grantor controls or regulates the services to be provided by the operator using the asset, the infrastructure, the beneficiaries of the services and the prices applied; and

- The grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

The accounting for service concession arrangements is as follows:

Consideration given by the grantor

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

The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for "Investments and other financial assets" below.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets (other than goodwill)" above.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

3.2 MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

Service concession arrangements *(continued)*

Construction services

Revenue and costs relating to construction services and upgrade services are accounted for in accordance with the policy set out for "Revenue recognition" in note 5.

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for construction services under solid waste treatment service contracts in note 5. Costs for operating services are expensed in the period in which they are incurred.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

Key sources of estimation uncertainty

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

Estimated impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amounts of the Group of the group of cash-generating units of waste treatment to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the group of cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill in the consolidated statement of financial position as at 31 December 2024 was RMB1,032,747,000 (2023: RMB1,010,296,000), details of which are set out in note 17 to the consolidated financial statements.

5. REVENUE

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

	2024 **RMB'000**	2023 RMB'000 (Restated)
Continuing operations		
Household waste treatment service income*	**318,143**	294,577
Hazardous and medical waste treatment service income	**22,710**	20,176
Food waste, leachate, sludge and other treatments service income	**193,815**	125,648
Sales of electricity	**701,017**	680,238
Sales of steam	**40,180**	14,782
Waste incineration plant construction and related service income*	**364,864**	443,601
Sale of equipment	**23,395**	32,776
	1,664,124	1,611,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

5. REVENUE *(CONTINUED)*

Disaggregated revenue information

Segment	Solid waste treatment 2024 RMB'000	Solid waste treatment 2023 RMB'000 (Restated)
Continuing operations		
Types of goods or services		
Household waste treatment services*	**318,143**	294,577
Hazardous and medical waste treatment services	**22,710**	20,176
Food waste, leachate, sludge and other treatments services	**193,815**	125,648
Electricity	**701,017**	680,238
Steam	**40,180**	14,782
Waste incineration plant construction and related services*	**364,864**	443,601
Equipment	**23,395**	32,776
Total revenue	**1,664,124**	1,611,798
Geographical markets		
Total revenue from contracts with customers in Chinese Mainland	**1,415,282**	1,376,240
Revenue from another source:		
Imputed interest income	**248,842**	235,558
Total revenue	**1,664,124**	1,611,798
Timing of revenue recognition		
Goods and services transferred at a point in time	**1,053,598**	940,365
Services transferred over time	**361,684**	435,875
Total revenue from contracts with customers	**1,415,282**	1,376,240
Revenue from another source:		
Imputed interest income	**248,842**	235,558
Total revenue	**1,664,124**	1,611,798

* Imputed interest income under service concession arrangements during the year amounting to RMB248,842,000 (2023: RMB235,558,000) was included in the revenue derived from household waste treatment services and waste incineration plant construction and related services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

5. REVENUE *(CONTINUED)*

Performance obligations

Information about the Group's performance obligations from continuing operation is summarised below:

(i) Waste and other treatments

The performance obligations of waste treatment, leachate, sludge and other treatments services are satisfied at the point in time.

(ii) Sale of electricity and steam and equipment

The performance obligation is satisfied when control of the asset is transferred to the customer, generally when the customer obtains the physical possession or the legal title of the electricity, steam and/or equipment and the Group has the present right to payment and the collection of the consideration is probable.

(iii) Construction service of the waste incineration plant

The performance obligation is satisfied over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue from construction services under a service concession arrangement is estimated on a cost plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

(iv) Construction service of the ecological construction (presented as the discontinued operation)

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

Transaction price allocated to the remaining performance obligation for contracts with customer:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION

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

Particulars of the Group's reportable operating segments are summarised as follows:

(a) the solid waste treatment segment engages in the provision of waste incineration plant construction and waste treatment services, and the sale of equipment, electricity and steam generated from waste incineration; and

(b) the others segment comprises corporate income and expense items and investment holding business.

An operating segment regarding the ecological construction services was discontinued in the current year. The segment information reported in note 6 does not include any amounts for these discontinued operations, which are described in more detail in note 13.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit (loss), which is measured consistently with the Group's profit for the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The following table presents the revenue and profit/(loss) information for the years ended 31 December 2024 and 2023 and the total assets and total liabilities information as at 31 December 2024 and 2023 regarding the Group's operating segments:

Year ended 31 December 2024/As at 31 December 2024

Continuing operations

	Solid waste treatment RMB'000	Others RMB'000	Total RMB'000
Segment revenue (note 5)	1,664,124	–	1,664,124
Cost of sales	(1,061,065)	–	(1,061,065)
Gross profit	603,059	–	603,059
Profit (loss) from operating activities	525,084	(37,188)	487,896
Finance costs	(69,447)	(41,665)	(111,112)
Profit (loss) before tax	455,637	(78,853)	376,784
Income tax	(68,493)	(52)	(68,545)
Profit (loss) for the year	387,144	(78,905)	308,239
Segment profit (loss) attributable to shareholders of the Company	370,567	(78,925)	291,642
Segment assets	9,621,860	387,280	10,009,140
Segment liabilities	3,458,053	2,634,615	6,092,668
Other segment information			
Amounts included in the measurement of segment profit or loss:			
Interest income	7,142	2,607	9,749
Impairment of segment assets, net	18,131	–	18,131
Depreciation of property, plant and equipment	36,784	20	36,804
Depreciation of right-of-use assets	8,764	–	8,764
Amortisation of operating concession	175,448	–	175,448
Amortisation of other intangible assets	4,426	21	4,447
Capital expenditure*	337,527	53	337,580

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION *(CONTINUED)*

Year ended 31 December 2023/As at 31 December 2023 (restated)

Continuing operations

	Solid waste treatment RMB'000	Others RMB'000	Total RMB'000
Segment revenue (note 5)	1,611,798	–	1,611,798
Cost of sales	(1,042,546)	–	(1,042,546)
Gross profit	569,252	–	569,252
Profit (loss) from operating activities	455,390	(38,293)	417,097
Finance costs	(122,064)	(41,207)	(163,271)
Profit (loss) before tax	333,326	(79,500)	253,826
Income tax	(53,616)	(1)	(53,617)
Profit (loss) for the year	279,710	(79,501)	200,209
Segment profit (loss) attributable to shareholders of the Company	269,309	(79,687)	189,622
Segment assets#	9,231,909	196,347	9,428,256
Segment liabilities#	3,298,714	2,534,887	5,833,601
Other segment information			
Amounts included in the measurement of segment profit or loss:			
Interest income	18,705	2,645	21,350
Impairment of segment assets, net	42,164	–	42,164
Depreciation of property, plant and equipment	47,870	42	47,912
Depreciation of right-of-use assets	8,742	–	8,742
Amortisation of operating concessions	164,924	–	164,924
Amortisation of other intangible assets	3,084	11	3,095
Capital expenditure*	200,023	15,753	215,776

The ecological construction service segment was disposed on 19 June 2024, the comparative figures have been restated to exclude this segment. Segment assets and segment liabilities of RMB468,906,000 and RMB407,201,000 for this previous segment were not included in this segment assets and liabilities of the total operating segment.

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION *(CONTINUED)*

The accounting policies of the operating segments are same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Chinese Mainland and over 90% of the non-current assets (other than financial assets and deferred tax assets) of the Group are located in Chinese Mainland. Accordingly, in the opinion of the directors of the Company, the presentation of geographical information would provide no additional useful information to the users of the consolidated financial statements.

Information about major customers

During the year, the Group had transactions with two (2023: two) external customers of the solid waste treatment segment, each of which accounted for 10% or more of the Group's total revenue from continuing operations. The revenue generated from sales to each of these customers is set out below:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Continuing operations		
Customer A	**209,303**	219,941
Customer B	**202,255**	178,411

7. OTHER INCOME

An analysis of the Group's other income is as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Continuing operations		
Value added tax refund[1]	**60,515**	57,873
Interest income	**9,749**	21,350
Government grants[2]	**4,219**	9,548
Carbon emissions quota trading income	**1,781**	1,915
Others	**3,620**	2,160
	79,884	92,846

1 The Group is entitled to the value added tax refund upon collection for the electricity generated from waste.

2 Certain of the government grants recognised by the Group during the year represented subsidies received from certain government authorities as incentives to promote energy saving technologies in the local provinces.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

8. PROFIT FROM OPERATING ACTIVITIES

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

	NOTES	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations			
Cost of raw materials consumed		**58,037**	55,049
Cost of waste treatment services rendered[1]		**452,632**	369,651
Cost of waste incineration plant construction services		**324,652**	394,397
Cost of equipment sold		**15,697**	24,583
Employee benefit expense (including directors' remuneration – note 10):			
Wages and salaries		**260,208**	248,134
Pension scheme contributions (defined contribution scheme)[2]		**25,034**	23,540
		285,242	271,674
Less: Amount capitalised		**(7,679)**	(2,409)
		277,563	269,265
Depreciation of property, plant and equipment[3]		**36,804**	47,912
Depreciation of right-of-use assets[4]		**8,764**	8,742
Lease payments not included in the measurement of lease liabilities		**10,067**	6,675
Amortisation of operating concessions[5]	18	**175,448**	164,924
Amortisation of other intangible assets[5]		**4,447**	3,095
Provision for major overhauls[5]	28	**1,276**	1,221
Impairment of operating concessions	18	**–**	14,781
Impairment of receivables under service concession arrangements, net	18	**–**	22,377
Impairment of contract assets, net	20	**6,304**	–
Impairment of trade and bills receivables, net	22(c)	**11,827**	5,006
		18,131	27,383
Loss on disposal of items of property, plant and equipment, net		**92**	44
Auditor's remuneration		**2,566**	2,574
Foreign exchange differences, net		**2,419**	5,966

1 The cost of waste treatment services rendered does not include the recognition of government subsidies of RMB2,635,000 (2023: RMB4,909,000) on the straight-line basis over the expected useful lives of the relevant assets (note 29), which is included in "Cost of sales" in the consolidated statement of profit or loss.

2 There is no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions.

3 Depreciation of property, plant and equipment in a total amount of RMB33,377,000 (2023: RMB35,044,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

4 Depreciation of right-of-use assets in a total amount of RMB746,000 (2023: RMB746,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

5 The amortisation of operating concessions and other intangible assets (excluding computer software amounting to RMB2,612,000 (2023: RMB1,255,000 (restated)) which is included in "Administrative expenses"), and the provision for major overhauls are included in "Cost of sales" in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

9. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	NOTE	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations			
Interest on bank and other borrowings		**111,547**	161,692
Interest on lease liabilities		**791**	1,099
Total interest expenses		**112,338**	162,791
Less: Interest capitalised*		**(1,901)**	(93)
		110,437	162,698
Other finance costs:			
Increase in discounted amounts of provision for major overhauls arising from the passage of time	28	**675**	573
		111,112	163,271

* Interest expenses capitalised during both years arose from specific borrowings.

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**878**	783
Other emoluments:		
Salaries, allowances and benefits in kind	**614**	–
Pension scheme contributions	**61**	–
	675	–
	1,553	783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

10. DIRECTORS' REMUNERATION *(CONTINUED)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2024				
Executive directors:				
Mr. Chen Xinguo*	–	–	–	–
Ms. Sha Ning*	–	–	–	–
Mr. Yu Jie*	–	–	–	–
Mr. Li Ai (appointed on 1 February 2024)	–	614	61	675
Mr. Ng Kong Fat, Brian	109	–	–	109
Mr. Ke Jian* (resigned on 1 February 2024)	–	–	–	–
	109	614	61	784
Independent non-executive directors:				
Dr. Jin Lizuo (resigned on 16 January 2025)	137	–	–	137
Dr. Huan Guocang	137	–	–	137
Dr. Wang Jianping	137	–	–	137
Prof. Nie Yongfeng (resigned on 16 January 2025)	137	–	–	137
Mr. Cheung Ming	137	–	–	137
Ms. Miao Li (appointed on 22 May 2024)	84	–	–	84
	769	–	–	769
Total	878	614	61	1,553
Year ended 31 December 2023				
Executive directors:				
Mr. Ke Jian*	–	–	–	–
Mr. Chen Xinguo*	–	–	–	–
Ms. Sha Ning*	–	–	–	–
Mr. Yu Jie*	–	–	–	–
Mr. Ng Kong Fat, Brian	108	–	–	108
	108	–	–	108
Independent non-executive directors:				
Dr. Jin Lizuo	135	–	–	135
Dr. Huan Guocang	135	–	–	135
Dr. Wang Jianping	135	–	–	135
Prof. Nie Yongfeng	135	–	–	135
Mr. Cheung Ming	135	–	–	135
	675	–	–	675
Total	783	–	–	783

* These directors have also been employed by BEHL and fellow subsidiaries, their emoluments were borne by BEHL and fellow subsidiaries for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

10. DIRECTORS' REMUNERATION *(CONTINUED)*

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

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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for each of the years ended 31 December 2024 and 2023 do not include any director of the Company. Details of the remuneration of the five (2023: five) non-director highest paid employees for the year are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**6,029**	5,975
Pension scheme contributions	**286**	273
	6,315	6,248

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

	Number of employees	
	2024	2023
HK$1,000,001 to HK$1,500,000	**4**	4
HK$1,500,001 to HK$2,000,000	**1**	1
	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

12. INCOME TAX

An analysis of the Group's income tax is as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Continuing operations		
Current – Chinese Mainland		
Charge for the year	**65,596**	98,622
Underprovision in prior years	**1,850**	4,910
	67,446	103,532
Deferred	**1,099**	(49,915)
Total tax charge for the year	**68,545**	53,617

No provision for Hong Kong profits tax has been made for the years ended 31 December 2024 and 2023 as the Group did not generate any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax laws of the PRC, certain subsidiaries of the Group which are engaged in the solid waste treatment business are exempted from corporate income tax for three years starting from the first year they generate revenue and enjoy a 50% tax reduction for the ensuing three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

12. INCOME TAX *(CONTINUED)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., statutory tax rate) to effective tax rate, are as follows:

	2024		2023	
	RMB'000	**%**	RMB'000 (Restated)	% (Restated)
Continuing operations				
Profit before tax	**376,784**		253,826	
Tax at the statutory tax rate	**94,298**	**25.0**	63,457	25.0
Effect of withholding tax on interest income from intercompany loans	**1,045**	**0.3**	2,347	0.9
Tax concession enjoyed	**(56,109)**	**(14.9)**	(33,565)	(13.2)
Underprovision in prior years	**1,850**	**0.5**	4,910	1.9
Income not subject to tax	**(1,796)**	**(0.5)**	(3,188)	(1.3)
Expenses not deductible for tax	**20,313**	**5.4**	15,210	6.0
Tax losses not recognised	**11,584**	**3.1**	6,537	2.6
Tax losses utilised from previous years	**(2,640)**	**(0.7)**	(2,091)	(0.8)
Tax charge at the Group's effective tax rate	**68,545**	**18.2**	53,617	21.1

13. DISCONTINUED OPERATION

Pursuant to an asset transaction agreement dated 13 June 2024 entered into between Beijing Enterprises Environmental Group Limited ("BEEGL", an indirect wholly-owned subsidiary of the Company) and 海南格潤投資有限公司 ("Hainan Gerun", a connected party of a subsidiary of the Company), BEEGL disposed of its entire 51% equity interest in 北京北控生態建設集團有限公司 ("Beikong Ecology") to Hainan Gerun for a cash consideration of RMB41,488,000 through public tender at China Beijing Equity Exchange ("CBEX"). Hainan Gerun has settled the cash consideration to the designated account of CBEX on 12 June 2024 and the disposal transaction was completed on 19 June 2024.

The Group's ecological construction services, being a reportable operating segment of the Group, was solely undertaken by Beikong Ecology. Accordingly, the ecological construction services of the Group was classified as a discontinued operation.

The (loss) profit for the period/year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the ecological construction services operation as a discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

13. DISCONTINUED OPERATION *(CONTINUED)*

Construction services

The performance obligation is satisfied over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

	1 January to 19 June 2024 RMB'000	1 January to 31 December 2023 RMB'000
(Loss) profit for the period/year from the discontinued operation	**(1,000)**	1,870
Loss on the disposal of the discontinued operation (note 33)	**(3,929)**	–
Income tax	**(1,249)**	–
	(6,178)	1,870

The results of the discontinued operation are presented below:

	1 January to 19 June 2024 RMB'000	1 January to 31 December 2023 RMB'000
Revenue	**103,190**	322,700
Other income	**2,386**	544
Cost of sales	**(94,739)**	(285,447)
Other gain and loss	**–**	(656)
Administrative expenses	**(11,128)**	(32,063)
Finance costs	**(655)**	(2,927)
(Loss) profit before tax	**(946)**	2,151
Income tax	**(54)**	(281)
(Loss) profit for the period/year	**(1,000)**	1,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

13. DISCONTINUED OPERATION *(CONTINUED)*

(Loss) profit for the period/year from the discontinued operation includes the following:

	1 January to 19 June 2024 RMB'000	1 January to 31 December 2023 RMB'000
Loss on disposal of property, plant and equipment	**–**	44
Auditor's remuneration	**–**	–

The net cash flows of the discontinued operation are as follows:

	1 January to 19 June 2024 RMB'000	1 January to 31 December 2023 RMB'000
Operating activities	**(52,242)**	(46,776)
Investing activities	**(290)**	357
Financing activities	**19,345**	10,815
Net cash outflow	**(33,187)**	(35,604)

	1 January to 19 June 2024 RMB cents	1 January to 31 December 2023 RMB cents
(Loss) earnings per share:		
Basic and diluted, from the discontinued operation	**(0.37)**	0.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

14. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

From continuing operations

The calculation of the basic earnings per share amount from continuing operations for the year ended 31 December 2024 is based on the profit for the year from continuing operations attributable to shareholders of the Company of RMB291,642,000 (2023: RMB189,622,000, restated), and 1,500,360,150 (2023: 1,500,360,150) weighted average number of ordinary shares during the year.

The Group has no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

From continuing and discontinued operations

The calculation of the basic earnings per share amount from continuing and discontinued operations for the year ended 31 December 2024 is based on the profit for the year from continuing and discontinued operations attributable to shareholders of the Company of RMB286,151,000 (2023: RMB190,954,000), and 1,500,360,150 (2023: 1,500,360,150) weighted average number of ordinary shares during the year.

The Group has no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

From discontinued operations

The calculation of the basic loss per share amount from the discontinued operation for the year ended 31 December 2024 is based on the loss for the year from the discontinued operation attributable to shareholders of the Company of RMB5,491,000 (2023: profit of RMB1,332,000, restated), and the 1,500,360,150 (2023: 1,500,360,150) weighted average number of ordinary shares during the year.

The Group has no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	366,362	64,597	370,677	29,924	22,086	–	853,646
Accumulated depreciation and impairment	(54,529)	(43,333)	(165,176)	(14,583)	(15,824)	–	(293,445)
Net carrying amount	311,833	21,264	205,501	15,341	6,262	–	560,201
Net carrying amount:							
At 1 January 2024	311,833	21,264	205,501	15,341	6,262	–	560,201
Additions	–	–	3,359	9,010	752	–	13,121
Depreciation provided during the year	(10,534)	(4,497)	(18,710)	(2,491)	(1,563)	–	(37,795)
Disposals	(3,336)	–	(42)	(19)	(59)	–	(3,456)
Disposal of a subsidiary (note 33)	–	(12,137)	(1,651)	(846)	(901)	–	(15,535)
At 31 December 2024	297,963	4,630	188,457	20,995	4,491	–	516,536
At 31 December 2024:							
Cost	361,391	28,572	367,132	34,019	14,576	–	805,690
Accumulated depreciation and impairment	(63,428)	(23,942)	(178,675)	(13,024)	(10,085)	–	(289,154)
Net carrying amount	297,963	4,630	188,457	20,995	4,491	–	516,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	441,588	52,159	701,970	21,074	23,255	46,540	1,286,586
Accumulated depreciation and impairment	(77,941)	(25,137)	(272,188)	(13,661)	(15,625)	–	(404,552)
Net carrying amount	363,647	27,022	429,782	7,413	7,630	46,540	882,034
Net carrying amount:							
At 1 January 2023	363,647	27,022	429,782	7,413	7,630	46,540	882,034
Additions	198	12,438	8,416	11,197	766	31,144	64,159
Depreciation provided during the year	(13,190)	(18,196)	(24,338)	(2,070)	(521)	–	(58,315)
Transfer from construction in progress	77,684	–	–	–	–	(77,684)	–
Disposals	(24,058)	–	(100)	(18)	(1,328)	–	(25,504)
Transfer to non-current assets held for disposal (note)	(92,448)	–	(208,259)	(1,181)	(285)	–	(302,173)
At 31 December 2023	311,833	21,264	205,501	15,341	6,262	–	560,201
At 31 December 2023:							
Cost	366,362	64,597	370,677	29,924	22,086	–	853,646
Accumulated depreciation and impairment	(54,529)	(43,333)	(165,176)	(14,583)	(15,824)	–	(293,445)
Net carrying amount	311,833	21,264	205,501	15,341	6,262	–	560,201

Note: In July 2019, the Group entered into a supplementary agreement with a local government authority, pursuant to which the existing solid waste incineration plant of 北控環境再生能源(張家港)有限公司 ("Beikong Zhangjiagang") (the "Old Plant", which was operated under a Build-Own-Operate ("BOO") basis with a concession period of 30 years up to 2038) shall be transferred to the government authority upon the completion of final acceptance of construction of a new solid waste incineration plant of Beikong Zhangjiagang (the "New Plant", which is operated under a Build-Operate-Transfer ("BOT") basis with a concession period of 30 years up to 2052).

As at 31 December 2023, the New Plant was completed and commenced its commercial operation, and the operation of the Old Plant was suspended. The directors of the Company are of the opinion that the Group expected to transfer the title of the Old Plant to the government authority by the end of 2024. Therefore, the property, plant and equipment related to the Old Plant of RMB302,173,000 of Beikong Zhangjiagang was classified as non-current assets held for disposal.

As at 31 December 2024, the transfer of the title of the Old Plant has not yet completed due to the delay of certain administrative procedure by the government authority, the directors of the Company are of the opinion that the title of the Old Plant can be transferred by the end of 2025, and therefore the property, plant and equipment related to the Old Plant of RMB302,173,000 was still classified as non-current assets held for disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings, machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of land and buildings generally have lease terms between 2 and 5 years. Machinery, motor vehicles and other equipment generally have lease terms of 12 months or less and/or are individually of low value and hence the leases of these assets are not recognised as right-of-use assets in accordance with the Group's accounting policy. Generally, the Group is restricted from assigning and sub-leasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	**Leasehold land**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2023	36,834	28,173	65,007
Depreciation provided during the year	(12,845)	(746)	(13,591)
At 31 December 2023 and 1 January 2024	**23,989**	**27,427**	**51,416**
Depreciation provided during the year	**(8,018)**	**(746)**	**(8,764)**
At 31 December 2024	**15,971**	**26,681**	**42,652**

(b) Lease liabilities

The carrying amount of lease liabilities (included under "Other payables and accruals" - note 32) and the movements during the year are as follows:

	2024	2023
	RMB'000	RMB'000
At 1 January	**22,809**	36,984
Accretion of interest recognised during the year	**791**	1,321
Payments	**(8,769)**	(15,496)
At 31 December (note 32)	**14,831**	22,809
Portion classified as current liabilities	**(6,190)**	(5,864)
Non-current portion	**8,641**	16,945

The maturity analysis of lease liabilities is disclosed in note 41(d) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

16. LEASES *(CONTINUED)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**791**	1,321
Depreciation of right-of-use assets	**8,764**	13,591
Expense relating to short-term leases	**5,924**	3,578
Expense relating to leases of low-value assets	**4,143**	3,097
Total amount recognised in profit or loss	**19,622**	21,587

(d) The total cash outflow for leases included in the consolidated statement of cash flows is disclosed in note 35(b) to the financial statements.

17. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost and net carrying amount:		
At 1 January	**1,010,296**	987,845
Exchange realignment	**22,451**	22,451
At 31 December	**1,032,747**	1,010,296

Impairment testing of goodwill

The carrying amount of the goodwill acquired through the acquisition of subsidiaries has been allocated to the solid waste treatment segment of the Group for impairment testing.

The recoverable amount of the solid waste treatment segment has been determined based on a value-in-use calculation using cash flow projections based on financial forecasts of group of cash-generating units approved by senior management covering the service concession periods and based on the assumption that sizes of the operations remain constant perpetually. The pre-tax discount rate applied to the cash flow projections was 8.89% (2023: 9.29%). The growth rate used to extrapolate the cash flows beyond the service concession periods was 2.5% (2023: 2.5%).

Based on the results of the impairment testing of goodwill, in the opinion of the directors of the Company, no impairment provision is considered necessary for the Group's goodwill as at 31 December 2024 (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

17. GOODWILL *(CONTINUED)*

Impairment testing of goodwill *(continued)*

Key assumptions used in assessing the value in use

Assumptions were used in the value-in-use calculation of the solid waste treatment segment for 31 December 2024 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Budgeted turnover: It is based on the projected unguaranteed solid waste treatment volume and the latest solid waste treatment and electricity selling prices up to the date of the forecast.

- Budgeted gross margins: The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

- Business environment: There have been no major changes in the existing political, legal and economic conditions in Chinese Mainland. Under the service concession arrangements, the Group has been granted with priority for renewal of operating rights of its solid waste incineration plants. Given its performance record and its relationship with the grantors, the Group has key advantages over other operators. In addition, the high investment cost has also created an entry barrier for new competitors. Therefore, in the opinion of the directors of the Company, the operating rights of solid waste incineration plants shall be renewed upon expiry, and therefore, the size of the solid waste treatment operation is expected to remain constant under operating period, which enables the Group to generate income under operating period.

- Discount rates: The discount rates used are before tax and reflect specific risks relating to the relevant business units. The pre-tax discount rate implied in the cash flow projections is 8.89 % for the relevant business units (2023: 9.29%).

The recoverable amount is significantly above the carrying amount of the solid waste treatment segment. Management believes that any reasonably possible change in any of above assumptions would not result in impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

18. SERVICE CONCESSION ARRANGEMENTS

The Group has entered into service concession arrangements with governmental authorities in Chinese Mainland on a Build-Operate-Transfer ("BOT") basis in respect of the construction and operation of solid waste incineration plants. These service concession arrangements involve the Group as an operator in (i) constructing the incineration plants (the "Facilities") for those arrangements on a BOT basis; and (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 15 to 30 years (the "Service Concession Periods"), and the Group will be paid for its services over the Service Concession Periods at prices stipulated through a pricing mechanism. The Group is generally entitled to use all the property, plant and equipment of the Facilities, but the relevant governmental authorities as grantors retain the beneficial entitlement to any residual interest in the Facilities at the end of the term of the Service Concession Periods. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the relevant subsidiaries and the relevant governmental authority in Chinese Mainland that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the Facilities to a specified level of serviceability at the end of the Service Concession Periods, and arrangements for arbitrating disputes.

Details of the major terms of the Group's service concession arrangements are set out as follows:

Name of company as operator	Location	Name of grantor	Type of service concession arrangement	Practical processing capacity (tonnes/day)	Service concession period
常德北控生物質能發電有限公司("Changde Beikong", formerly named as 常德中聯環保電力有限公司)	Hunan	常德市環境衛生管理處	BOT	Phase II: 600 Phase III: 600	25 years from 2019 to 2044 27 years from 2020 to 2047
北京北控綠海能環保有限公司 ("Beikong Lvhaineng")	Beijing	北京市海澱區市政市容管理委員會	BOT	2,100	30 years from 2018 to 2048
北京朝陽北控再生能源科技有限公司 ("Chaoyang Beikong", formerly named as 北京高安屯垃圾焚燒有限公司)	Beijing	北京市朝陽區市政市容管理委員會	BOT	1,600	30 years from 2005 to 2034
哈爾濱市雙琦環保資源利用有限公司 ("Ha'erbin Shuangqi")	Heilongjiang	哈爾濱市城市管理局	BOT	Phase I: 400 Phase II: 1,200	30 years from 2013 to 2043 30 years from 2013 to 2043
北控環境再生能源沭陽有限公司 ("Beikong Shuyang")	Jiangsu	江蘇省沭陽縣人民政府	BOT	Phase I: 600 Phase II: 600	30 years from 2015 to 2045 30 years from 2018 to 2048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

18. SERVICE CONCESSION ARRANGEMENTS *(CONTINUED)*

Details of the major terms of the Group's service concession arrangements are set out as follows: *(continued)*

Name of company as operator	Location	Name of grantor	Type of service concession arrangement	Practical processing capacity (tonnes/day)	Service concession period
北控環境（文昌）再生能源有限公司 ("Beikong Wenchang")	Hainan	海南省文昌市人民政府	BOT	225	15 years from 2012 to 2027
北控（衡陽）環境科技有限公司 ("Beikong Hengyang", formerly named as 湖南衡興環保科技開發有限公司)	Hunan	湖南省環境保護廳	BOT	96	25 years from 2017 to 2042
Beikong Zhangjiagang	Jiangsu	張家港市靜脈科技產業園管理委員會	BOT	2,250	30 years from 2021 to 2052
北發合利（濟寧）環保電力有限公司 ("Beifa Jining")	Shandong	濟寧市兗州區綜合行政執法局	BOT	1,500	30 years from 2020 to 2049
十堰北控再生能源開發有限公司 ("Shiyan Beikong")	Hubei	十堰市城市管理執法委員會	BOT	600	28 years from 2023 to 2051

Pursuant to the service concession agreements, the Group is granted the rights to use the land and the property, plant and equipment of the Facilities, which are generally registered under the name of the relevant subsidiaries of the Group, during the Service Concession Periods. The Group is generally required to return the property, plant and equipment to the grantors at a specified level of serviceability at the end of the respective Service Concession Periods under the BOT arrangements. At 31 December 2024, the Group was in the process of applying for the change of registration of the title certificates with respect to the land use right and the buildings of several Facilities to which the Group's service concession arrangements relate. The directors of the Company are of the opinion that the Group is entitled to the lawful and valid occupation or use of these buildings and land and thus the Group would not have any legal barriers in obtaining the title certificates.

Moreover, the Group was in the process of applying for the completion of final acceptance and certain permits of the Facilities from the relevant government authorities up to the date of approval of these consolidated financial statements. The directors and the legal advisor of the Company are of the opinion that the Group is legitimated to operate the Facilities and that the Group would not have any legal barriers which prevent it from obtaining the relevant permits and it is unlikely for the Group to incur any extra costs or administrative sanctions in respect of the matters.

As further explained in the accounting policy for "Service concession arrangements" set out in note 3.2 to the consolidated financial statements, the construction revenue (i.e. revenue from the waste incineration plant construction) rendered by the Group for a service concession arrangement is accounted for as an intangible asset (operating concessions), a financial asset (receivables under service concession arrangements) or a combination of an intangible asset and a financial asset, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

18. SERVICE CONCESSION ARRANGEMENTS *(CONTINUED)*

Operating concessions

	2024 RMB'000	2023 RMB'000
At 1 January:		
Cost	**3,858,910**	3,710,743
Accumulated amortisation and impairment	**(1,138,817)**	(959,112)
Net carrying amount	**2,720,093**	2,751,631
Net carrying amount:		
At 1 January	**2,720,093**	2,751,631
Additions	**315,723**	148,167
Amortisation provided during the year	**(175,448)**	(164,924)
Impairment provided during the year (note)	**–**	(14,781)
At 31 December	**2,860,368**	2,720,093
At 31 December:		
Cost	**4,174,633**	3,858,910
Accumulated amortisation and impairment	**(1,314,265)**	(1,138,817)
Net carrying amount	**2,860,368**	2,720,093

Note: In 2019, a portion of the assets of the solid waste incineration plant of Changde Beikong had been phased out in order to meet the new measures on environmental protection and emission imposed by the PRC government. According to the terms of the service concession agreement and after negotiation with the local government authority, the losses to be suffered by the Group relating to assets to be dismantled would be borne by the Group, while the Group would be compensated by the local government for those assets that can be continued to be used in other phases of the same project. During the year ended 31 December 2023, based on the valuation results as prepared by Vocation (Beijing) International Asset Valuation Co., Ltd. which was jointly engaged by Changde Beikong and the local government authority, a total impairment of RMB55,299,000 should be provided on the plant assets. Impairment of RMB40,518,000 had been provided by the Group in prior years and an additional impairment of RMB14,781,000 has been recognised by the Group during the year ended 31 December 2023. No impairment loss has been recognised by the Group during the year ended 31 December 2024 as the carrying amount of the assets is approximate to its fair value less cost of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

18. SERVICE CONCESSION ARRANGEMENTS *(CONTINUED)*

Receivables under service concession arrangements

	2024 RMB'000	2023 RMB'000
Receivables under service concession arrangements	**2,482,920**	2,432,869
Current portion	**(87,597)**	(83,674)
Non-current portion	**2,395,323**	2,349,195

The receivables under service concession arrangements (including the contract assets therein) are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. The increase in contract assets (set out in note 20) in 2024 was the result of continuing construction of a solid waste incineration plant of the Group during the year. The Group's exposure to credit risk is insignificant and the directors of the Company are of the opinion that the ECL of the contract assets is minimal. The Group's trading terms and credit policy with customers are disclosed in note 22(a) to the consolidated financial statements.

Certain solid waste treatment concession rights of the Group, which comprises operating concessions and receivables under service concession arrangements with an aggregate net carrying amount of RMB2,308,544,000 (2023: RMB2,395,699,000), which are managed by the Group pursuant to the relevant service concession arrangements signed with the grantors, are mortgaged for the Group's bank loans (note 27(c)).

During the year ended 31 December 2023, the pollution discharge permit of the solid waste incineration plant of Wenchang has been expired and failed to be renewed under the current measures on environmental protection and emission imposed by the PRC government, therefore, the plant's operation had been suspended since then and the Group has provided an impairment on the remaining receivables under service concession arrangements of RMB22,377,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. OTHER INTANGIBLE ASSETS

	Operating rights RMB'000	Licences RMB'000	Computer software RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	**106,636**	**22,000**	**20,184**	**148,820**
Accumulated amortisation and impairment	**(77,942)**	**(16,733)**	**(3,243)**	**(97,918)**
Net carrying amount	**28,694**	**5,267**	**16,941**	**50,902**
Net carrying amount:				
At 1 January 2024	**28,694**	**5,267**	**16,941**	**50,902**
Additions	**–**	**7**	**9,076**	**9,083**
Disposal of a subsidiary (note 33)	**–**	**–**	**(28)**	**(28)**
Amortisation provided during the year	**(1,435)**	**(400)**	**(2,764)**	**(4,599)**
At 31 December 2024	**27,259**	**4,874**	**23,225**	**55,358**
At 31 December 2024:				
Cost	**106,636**	**22,007**	**29,232**	**157,875**
Accumulated amortisation and impairment	**(79,377)**	**(17,133)**	**(6,007)**	**(102,517)**
Net carrying amount	**27,259**	**4,874**	**23,225**	**55,358**
31 December 2023				
At 1 January 2023:				
Cost	106,636	22,000	3,655	132,291
Accumulated amortisation and impairment	(76,507)	(16,333)	(1,949)	(94,789)
Net carrying amount	30,129	5,667	1,706	37,502
Net carrying amount:				
At 1 January 2023	30,129	5,667	1,706	37,502
Additions	–	–	16,529	16,529
Amortisation provided during the year	(1,435)	(400)	(1,294)	(3,129)
At 31 December 2023	28,694	5,267	16,941	50,902
At 31 December 2023:				
Cost	106,636	22,000	20,184	148,820
Accumulated amortisation and impairment	(77,942)	(16,733)	(3,243)	(97,918)
Net carrying amount	28,694	5,267	16,941	50,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

19. OTHER INTANGIBLE ASSETS *(CONTINUED)*

Note: Certain subsidiaries acquired by the Group were under service concession arrangements with governmental authorities in Chinese Mainland on a BOO basis for the construction and operation of solid waste incineration plants. The costs of operating rights represent their fair values under the BOO arrangements acquired by the Group in prior years. Details of the major terms of the BOO arrangements are set out as follows:

Name of company as operator	**Location**	**Type of service concession arrangement**	**Practical processing capacity** (tonnes/day)	**Service concession period**
泰安北控環境能源開發有限公司 (“Taian Beikong”)	Shandong	BOO	Phase I: 800	30 years from 2008 to 2038
			Phase II: 1,200	Not yet finalised
Beikong Zhangjiagang (note)	Jiangsu	BOO	Phase I: 600	30 years from 2008 to 2038
			Phase II: 300	30 years from 2014 to 2044

Note: Included in the operating right, RMB27,259,000 (2023: RMB28,694,000) represents the service concession operated by Beikong Zhangjiagang, of which the operation was suspended during the year ended 31 December 2023, the directors of the Company are of the opinion that the entire intangible asset can be recovered upon transfer of the title of the Old Plant as disclosed in note 15, and therefore, no impairment is recognised during the years ended 31 December 2024 and 2023.

20. CONTRACT ASSETS

	2024 **RMB’000**	2023 RMB’000
Contract assets arising from:		
Waste incineration plant construction services	**81,054**	81,609
Ecological construction services	**–**	290,211
Total contract assets	**81,054**	371,820
Impairment (note 8)	**(6,304)**	–
Classified as current assets	**74,750**	371,820

Contract assets are initially recognised for revenue earned from the provision of construction of waste incineration plant services and ecological construction services as the receipt of consideration is conditional or successful completion of construction. Pursuant to the service concession agreements, the Group receives no payment from the grantors during the construction period and receives service fees when the relevant solid waste treatment services are rendered. All contract assets classified as current assets as at 31 December are expected to be recovered or settled within one year. The increase in contract assets (including non-current portion included in operating concessions and receivables under service concession arrangements as set out below) in 2024 was the net result of continuing construction of a solid waste incineration plant of the Group against the disposal of a subsidiary engaged in ecological construction services during the year (note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

20. CONTRACT ASSETS *(CONTINUED)*

Details of contract assets which are presented as operating concessions and receivables under service concession arrangements are as follows:

	2024 **RMB'000**	2023 RMB'000
Operating concessions	**290,119**	51,855
Receivables under service concession arrangements	**148,176**	14,451
	438,295	66,306

21. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Raw materials – coal and consumables	**36,132**	42,988

22. TRADE AND BILLS RECEIVABLES

	2024 **RMB'000**	2023 RMB'000
Trade receivables	**843,361**	731,086
Bills receivable	**8,617**	2,776
	851,978	733,862
Impairment (note (c))	**(37,794)**	(26,602)
	814,184	707,260

Notes:

(a) Various companies of the Group have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one to three months. An ageing analysis of the trade and bills receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade and bills receivables are non-interest-bearing and the Group does not hold any collateral or other credit enhancements over its trade receivable balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

22. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

Notes: *(continued)*

(b) An ageing analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 **RMB'000**	2023 RMB'000
Billed:		
Within 3 months	**127,504**	160,675
4 to 6 months	**86,769**	73,500
7 to 12 months	**69,016**	32,388
1 to 2 years	**40,208**	53,235
2 to 3 years	**47,515**	55,940
Over 3 years	**22,714**	6,731
	393,726	382,469
Unbilled*	**420,458**	324,791
	814,184	707,260

* The unbilled balance represents entitlements to renewable energy tariff subsidies from the sale of electricity of which the credit term is mainly 60 days. It would be billed when certain administration approvals are obtained from the PRC government.

(c) The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**26,602**	21,729
Impairment losses provided during the year, net	**11,827**	5,006
Amount written off as uncollectible	**–**	(133)
Disposal of a subsidiary	**(635)**	–
At 31 December	**37,794**	26,602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

22. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

Notes: *(continued)*

(d) An impairment analysis is performed for the Group's trade and bills receivables at the end of each reporting period, using an ECL model which measures ECLs of trade and bills receivables based on ECL rates estimated by the Group for different groups of customers. The ECL rates used for a provision matrix of customers are estimated with reference to the ageing of the receivables, the credit rating, probabilities of default and loss given default rate of that customer group. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is a summarised information about the credit risk exposure on the Group's trade and bills receivables, by aggregating customer groups into three different tiers based on the ageing of the receivables:

	Average loss rate %	Gross carrying amount RMB'000	ECLs RMB'000
At 31 December 2024			
Tier 1	**0.63**	**323,957**	**2,029**
Tier 2	**4.53**	**103,401**	**4,684**
Tier 3*	**7.32**	**424,620**	**31,081**
	4.44	**851,978**	**37,794**
At 31 December 2023			
Tier 1	0.22	285,067	631
Tier 2	3.55	95,149	3,375
Tier 3*	6.39	353,646	22,596
	3.62	733,862	26,602

* Included impairment losses of RMB27,823,000 (2023: RMB15,996,000) in total recognised as at 31 December 2024 in respect of specific customers as there was no reasonable expectation for recovering the trade receivables from them.

(e) At 31 December 2024, certain trade receivables of RMB50,000 (2023: RMB1,093,000) arising from the provision of solid waste treatment services were pledged to secure a bank loan granted to the Group (note 27(c)).

(f) Included in the Group's trade and bills receivables is an amount of RMB38,000 (2023: RMB616,000) due from a non-controlling equity holder of a subsidiary, arising from transactions carried out in the ordinary course of business of the Group. The balance is unsecured, interest-free and receivable on credit terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2024 RMB'000**	2023 RMB'000
Prepayments		**20,133**	46,034
Deposits and other receivables	(a)	**239,024**	187,756
Due from fellow subsidiaries	(b)	**17,805**	47,182
Due from a non-controlling equity holder of a subsidiary	(b)	**1,598**	1,598
		278,560	282,570
Impairment	(c)	**(5,041)**	(5,041)
		273,519	277,529
Current portion		**(273,264)**	(276,973)
Non-current portion		**255**	556

Notes:

(a) Deposits and other receivables mainly represent value added tax recoverable and deposits with suppliers.

(b) The balances with fellow subsidiaries and a non-controlling equity holder of a subsidiary are unsecured, interest-free and repayable on demand.

(c) The movements in the loss allowance for impairment of deposits and other receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
At 1 January and 31 December	**5,041**	5,041

Other than those other receivables for which impairment losses have been provided, none of the above assets is either past due or impaired and relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

24. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	Notes	**2024 RMB'000**	2023 RMB'000
Cash and bank balances other than time deposits:			
Placed in banks		**1,296,176**	1,176,189
Placed in a financial institution	(c)	**4,661**	11,794
		1,300,837	1,187,983
Time deposits, placed in banks		**50,931**	21,957
		1,351,768	1,209,940
Less: Restricted bank deposits	(d)	**(1,000)**	–
Cash and cash equivalents		**1,350,768**	1,209,940

Notes:

(a) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,196,572,000 (2023: RMB1,047,434,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

(c) At 31 December 2024, RMB4,661,000 (2023: RMB11,794,000) was placed by the Group in 北京控股集團財務有限公司 ("BG Finance", a non-wholly-owned subsidiary of BEGCL and a fellow subsidiary of the Company), which is an authorised financial institution registered under the China Banking Regulatory Commission (note 38(a)(iii)).

(d) At 31 December 2024, a bank deposit of RMB1,000,000 (2023: Nil) was restricted for the performance of an operating concession agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

25. SHARE CAPITAL

	2024		2023	
	Equivalent to		Equivalent to	
	HK$'000	RMB'000	HK$'000	RMB'000
Issued and fully paid:				
1,500,360,150 ordinary shares	**2,227,564**	**1,972,895**	2,227,564	1,972,895

26. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) PRC reserve funds are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investments as applicable to the Group's PRC subsidiaries. None of the Group's PRC reserve funds as at 31 December 2024 was distributable in the form of cash dividends (2023: Nil).

27. BANK AND OTHER BORROWINGS

	Notes	2024 RMB'000	2023 RMB'000
Bank loans			
Unsecured	(b)	**136,204**	40,538
Secured	(c)	**1,469,085**	1,319,490
		1,605,289	1,360,028
Other loans – unsecured			
The immediate holding company	(d)	**2,477,836**	2,423,970
A fellow subsidiary	(e)	**497,829**	612,549
Others	(f)	**–**	39,200
		2,975,665	3,075,719
Total bank and other borrowings		**4,580,954**	4,435,747
Portion classified as current liabilities		**(2,613,704)**	(2,714,238)
Non-current portion		**1,967,250**	1,721,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

27. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes:

(a) At 31 December 2024 and 2023, except for the loan from Idata, the immediate holding company, which is denominated in Hong Kong dollars, the Group's bank and other borrowings are all denominated in RMB.

(b) At 31 December 2024, the Group's unsecured bank loans bear interest at rates ranging from five-year or above Loan Prime Rate (the "LPR") promulgated by the People's Bank of China less 131 basis points to one-year LPR plus 35 basis points (2023: ranging from one-year LPR less 35 to plus 35 basis points) and are repayable by installments up to 2035 (2023: up to 2026).

(c) At 31 December 2024, the Group's secured bank loans bear interest at rates ranging from five-year or above LPR less 87 basis points to one-year LPR plus 35 basis points (2023: ranging from five-year or above LPR less 87 basis points to one-year LPR plus 35 basis points) and are repayable by installments up to 2034 (2023: up to 2034). The loans are secured by mortgage over (i) certain solid waste treatment concession rights of the Group, which comprises operating concessions and receivables under service concession arrangements with an aggregate net carrying amount of RMB2,308,544,000 (2023: RMB2,395,699,000), which are managed by the Group pursuant to the relevant service concession arrangements signed with the grantors (note 18); and (ii) trade receivables of RMB50,000 (2023: RMB1,093,000) arising from the provision of solid waste treatment services (note 22(e)).

(d) The loan represents an advance from Idata as at 31 December 2024 and 2023. At 31 December 2024, the loan bears interest at 1.7% (2023: 1.7%) per annum and is repayable on demand (2023: repayable in December 2024). The loan is extended to be repayable in December 2025 subsequent to the end of reporting period.

(e) At 31 December 2024, the loans advanced from BG Finance, a fellow subsidiary, bear interest at rates ranging from five-year or above LPR less 25 to 40 basis points (2023: ranging from one-year LPR less 25 basis points to five-year or above LPR less 25 basis points and are repayable by installments up to 2035 (2023: up to 2035).

(f) At 31 December 2023, the loans advanced from a non-controlling equity holder of a subsidiary in an aggregated amount of RMB39,200,000, which bear interest at rates ranging from 3.85% to 4.35% per annum and are repayable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

28. PROVISION FOR MAJOR OVERHAULS

Pursuant to the service concession agreements entered into by the Group, the Group has contractual obligations to maintain the waste incineration plants it operates to a specified level of serviceability and/or to restore the plants to a specified condition before it is handed over to the grantors at the end of the service concession periods. These contractual obligations to maintain or restore the waste treatment and power generation plants, except for any upgrade element, are recognised and measured in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis and revised where appropriate.

The movements in the provision for major overhauls of the waste incineration plants during the year are as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**12,540**	10,746
Additional provision	**1,276**	1,221
Increase in discounted amounts arising from the passage of time	**675**	573
At 31 December	**14,491**	12,540

29. DEFERRED INCOME

Deferred income of the Group represented government subsidies in respect of the Group's construction of the waste treatment and power generation plants in Chinese Mainland. The subsidies are interest-free and not required to be repaid, and are recognised in profit or loss on the straight-line basis over the expected useful lives of the relevant assets.

30. DEFERRED TAX

An analysis of the net deferred tax assets/(liabilities) recognised in the consolidated statement of financial position is as follows:

	2024 **RMB'000**	2023 RMB'000
Deferred tax assets	**166,033**	159,675
Deferred tax liabilities	**(269,723)**	(262,266)
	(103,690)	(102,591)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

30. DEFERRED TAX *(CONTINUED)*

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

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Temporary differences related to service concession arrangements RMB'000	Impairment provision RMB'000	Provision for major overhauls RMB'000	Other RMB'000	Net deferred tax assets/ (liabilities) RMB'000
At 1 January 2023 (restated)	(25,571)	(225,547)	95,696	2,907	610	(153,851)
Deferred tax credited/(charged) to profit or loss during the year	2,735	58,904	(12,109)	(35)	–	49,495
Exchange realignment	1,765	–	–	–	–	1,765
At 31 December 2023 and and 1 January 2024	**(23,017)**	**(166,643)**	**83,587**	**2,872**	**610**	**(102,591)**
Deferred tax credited/(charged) to profit or loss during the year (note 12)	**2,656**	**2,172**	**(6,188)**	**488**	**(227)**	**(1,099)**
At 31 December 2024	**(20,361)**	**(164,471)**	**77,399**	**3,360**	**383**	**(103,690)**

Notes:

(a) At 31 December 2024, deferred tax assets have not been recognised in respect of (i) unused tax losses arising in Hong Kong of approximately RMB139,023,000 (2023: RMB119,171,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose; and (ii) unused tax losses arising in Chinese Mainland of RMB219,799,000 (2023: RMB200,071,000) that will expire in one to five years for offsetting against future taxable profit, as they have arisen in certain subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised.

(b) Pursuant to the PRC Corporate Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rates are 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland.

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland (2023: Nil). In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB1,786,036,000 (2023: RMB1,520,724,000) as at 31 December 2024.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

31. TRADE PAYABLES

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

	2024	2023
	RMB'000	RMB'000
Billed:		
Less than 3 months	**148,039**	253,557
4 to 6 months	**56,193**	206,793
7 to 12 months	**27,532**	17,555
Over 1 year	**122,116**	119,476
	353,880	597,381
Unbilled*	**264,784**	262,994
	618,664	860,375

* The unbilled balance represented construction payables for solid waste incineration plants (2023: solid waste incineration plants and ecological construction services) which have not been billed by the suppliers.

Notes:

(a) Included in the Group's trade payables is an amount of RMB21,733,000 (2023: RMB23,296,000) due to a non-controlling equity holder of a subsidiary, arising from transactions carried out in the ordinary course of business of the Group. The balance is unsecured, interest-free and repayable on credit terms similar to those offered by the non-controlling equity holder of a subsidiary to its major customers.

(b) The trade payables are non-interest-bearing and are normally settled within one to six months, except for certain balances of which the settlement period is arising from construction, which will depend on the construction status.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

32. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Other payables	(a)	**80,042**	100,358
Contract liabilities	(b)	**14,688**	56,004
Lease liabilities (note 16(b))		**14,831**	22,809
Accruals		**43,669**	49,111
Due to the immediate holding company	(c)	**126,370**	82,415
Due to fellow subsidiaries	(c)	**98,966**	103,106
Total other payables and accruals		**378,566**	413,803
Portion classified as current liabilities		**(368,835)**	(396,466)
Non-current portion		**9,731**	17,337

Notes:

(a) Other payables are non-interest-bearing and have an average term of three to six months.

(b) Details of contract liabilities are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Short-term advances received from customers in respect of:		
Hazardous and medical waste treatment services	**426**	356
Waste incineration plant construction and related services	**14,262**	14,447
Ecological construction and related services	**–**	41,201
Total contract liabilities	**14,688**	56,004

The decrease in contract liabilities in 2024 was mainly due to the decrease in short-term advances received from customers in relation to the provision of ecological construction and related services during the year.

At 1 January 2023, contract liabilities amounted to RMB67,185,000.

(c) The balances with the immediate holding company and fellow subsidiaries represent interest payable and are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

33. DISPOSAL OF A SUBSIDIARY

As referred to in note 13, on 19 June 2024, the Group discontinued its ecological construction services business at the time of disposal of its subsidiary, Beikong Ecology. The net assets of Beikong Ecology at the date of disposal were as follows:

	19 June 2024 RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment (note 15)	**15,535**
Other intangible assets (note 19)	**28**
Contract assets	**235,287**
Trade and bills receivables	**58,270**
Prepayments, deposits and other receivables	**9,601**
Cash and cash equivalents	**53,910**
Trade payables	**(121,026)**
Other payables and accruals	**(55,659)**
Bank and other borrowings	**(93,200)**
Income tax payables	**(13,082)**
Net assets disposed of	**89,664**

	RMB'000
Loss on disposal of a subsidiary:	
Deferred cash consideration (Note)	41,488
Net assets disposed of	(89,664)
Non-controlling interests (note 34)	44,247
Loss on disposal (note 13)	(3,929)

	RMB'000
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(53,910)

Note: Hainan Gerun has settled the cash consideration to the designated account of CBEX on 12 June 2024 and the cash consideration will be released by CBEX upon the approval of the transaction by government authorities.

The impact of Beikong Ecology on the Group's results and cash flows in the current and prior periods is disclosed in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

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

	Chaoyang Beikong		Ha'erbin Shuangqi		Beifa Jining		Beikong Ecology	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Percentage of equity interest held by non-controlling interests	**15.104%**	15.104%	**20%**	20%	**25%**	25%	**–**	49%
Accumulated balances of non-controlling interests as at 1 January	**162,726**	155,245	**49,069**	42,243	**66,635**	74,775	**44,933**	44,395
Profit (loss) for the year attributable to non-controlling interests	**8,856**	12,151	**9,301**	6,826	**(508)**	(8,131)	**(686)**	538
Disposal of a subsidiary (note 33)	**–**	–	**–**	–	**–**	–	**(44,247)**	–
Exchange realignment	**–**	(4,670)	**–**	–	**–**	(9)	**–**	–
Accumulated balances of non-controlling interests as at 31 December	**171,582**	162,726	**58,370**	49,069	**66,127**	66,635	**–**	44,933

The following table illustrates the summarised financial information of the above subsidiaries:

	Chaoyang Beikong		Ha'erbin Shuangqi		Beifa Jining		Beikong Ecology	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000 (Note)**	2023 RMB'000
Revenue	**191,438**	216,321	**156,574**	121,917	**85,134**	53,307	**103,505**	323,779
Cost of sales and total expenses	**(132,806)**	(135,869)	**(110,068)**	(87,789)	**(87,164)**	(85,831)	**(104,906)**	(322,682)
Profit (loss) for the year/period	**58,632**	80,452	**46,506**	34,128	**(2,030)**	(32,524)	**(1,401)**	1,097
Current assets	**607,861**	508,598	**204,100**	147,532	**163,617**	138,270	**N/A**	451,872
Non-current assets	**670,637**	717,046	**581,155**	593,034	**660,274**	673,850	**N/A**	16,358
Current liabilities	**(48,521)**	(51,650)	**(165,162)**	(146,901)	**(37,823)**	(49,047)	**N/A**	(376,530)
Non-current liabilities	**(92,987)**	(95,584)	**(334,012)**	(348,124)	**(524,752)**	(494,955)	**N/A**	–
Net cash flows from (used in) operating activities	**102,147**	112,464	**56,038**	62,126	**15,101**	20,118	**N/A**	(53,695)
Net cash flows (used in) from investing activities	**(9,766)**	(14,500)	**(17,344)**	(3,557)	**(20,535)**	(46,491)	**N/A**	483
Net cash flows (used in) from financing activities	**(1,237)**	(29,683)	**(37,825)**	(36,057)	**(6,659)**	(462,392)	**N/A**	17,126
Net increase (decrease) in cash and cash equivalents	**91,144**	68,281	**869**	22,512	**(12,093)**	(488,765)	**N/A**	(36,086)

The amounts disclosed above are before any inter-company eliminations.

Note: The summarised financial information is from 1 January to 19 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	5,599,219	36,984	5,636,203
Changes from financing cash flows	(1,217,338)	(15,496)	(1,232,834)
Interest expense	–	1,321	1,321
Foreign exchange movement	53,866	–	53,866
At 31 December 2023 and 1 January 2024	**4,435,747**	**22,809**	**4,458,556**
Changes from financing cash flows	**114,004**	**(8,769)**	**105,235**
Disposal of a subsidiary (note 33)	**(93,200)**	**–**	**(93,200)**
Interest expense	**111,547**	**791**	**112,338**
Foreign exchange movement	**12,856**	**–**	**12,856**
At 31 December 2024	**4,580,954**	**14,831**	**4,595,785**

(b) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 **RMB'000**	2023 RMB'000
Within operating activities	**10,067**	6,675
Within financing activities	**8,769**	15,496
	18,836	22,171

36. CONTINGENT LIABILITIES

Indemnities issued to financial institutions for performance bonds in respect of construction undertaken by subsidiaries are RMB70,000,000 (2023: RMB70,000,000).

Save as disclosed above, as at 31 December 2024, the Group did not have any significant contingent liabilities which have not been provided for in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

37. CAPITAL COMMITMENTS

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

	2024 **RMB'000**	2023 RMB'000
Contracted, but not provided for:		
Service concession arrangements on a BOT basis	**11,420**	413,330

The capital commitments as at 31 December 2024 disclosed above is expected to be incurred in the year ending 31 December 2025.

38. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	**Nature of transactions**	Notes	**2024** **RMB'000**	2023 RMB'000
Immediate holding company:				
Idata	Interest expense	(i)	**41,665**	41,207
Fellow subsidiaries:				
北海北控環境科技發展有限公司 ("Beihai Beikong")	Sale of equipment@	(ii)	**2,880**	22,865
BG Finance	Interest income#	(iii)	**40**	54
BG Finance	Interest expense	(iv)	**21,900**	27,773
北京控股投資管理有限公司 ("BG Management")	Interest expense	(iv)	**–**	45,353
Other related company:				
山東太陽紙業股份有限公司 ("Sun Paper")	Sale of steam#	(v)	**5,645**	2,950

@ These transactions constitutes connected transactions of the Company that are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

38. RELATED PARTY DISCLOSURES *(CONTINUED)*

(a) *(continued)*

Notes:

(i) The interest expense payable to Idata was mutually agreed between the Company (as borrower) and Idata (as lender) under the loan agreement dated 28 March 2022 in the loan principal amount of HK$2,693,300,000. The loan has a three-year tenure, is unsecured and bears interest at 1.7% per annum, which was determined with reference to the prevailing market rates.

(ii) The sale of equipment to Beihai Beikong were mutually agreed between 北京北控環境保護有限公司 (as vendor), a wholly-owned subsidiary of the Company, and Beihai Beikong (as purchaser) under the supply contract dated 3 September 2021. Further details of the transaction are set out in the circular of the Company dated 30 September 2021.

(iii) The interest income received from BG Finance was mutually agreed between the parties under the deposit services master agreement dated 20 December 2023, pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time for the period from 1 January 2024 to 31 December 2026. The deposit rate will not be lower than (i) the minimum interest rate prescribed by the People's Bank of China; (ii) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group; and (iii) the interest rates offered by BG Finance to other members of BEGCL, for the same type of deposits at the same period; and the cumulative daily outstanding deposit balance in Hong Kong dollars equivalent placed by the Group with BG Finance (including any interest accrued thereon) during the term of the agreement will not exceed RMB21,800,000. The deposits placed by the Group with BG Finance as at 31 December 2024 amounted to RMB4,661,000 (2023: RMB11,794,000). Further details of the transaction are set out in the announcement of the Company dated 20 December 2023.

(iv) The interest expenses were paid for loans obtained from BG Finance and BG Management and the interest rates were mutually agreed with BG Finance and BG Management, respectively, with reference to the prevailing market rates.

(v) The sale of steam to Sun Paper were mutually agreed between Beifa Jining, a 75% indirectly owned subsidiary of the Company, and Sun Paper, a connected person of Beifa Jining, under the steam supply contract (the "Contract") dated 30 May 2023. Pursuant to the Contract, Beifa Jining supplies industrial steam to Sun Paper and Sun Paper supplies steam condensate and desalinated water to Beifa Jining, with unit prices mutually agreed between the Contract parties, for the validity period up to 31 December 2025. The annual caps of the fee settlement for the year ending 31 December 2023, 2024 and 2025 are determined at HK$32,000,000, HK$90,000,000 and HK$90,000,000. Further details of the transactions are set out in the announcement of the Company dated 30 May 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

38. RELATED PARTY DISCLOSURES *(CONTINUED)*

(b) Outstanding balances with related parties

(i) Details of the Group's balances with the immediate holding company, fellow subsidiaries and non-controlling equity holders of subsidiaries included in trade and bills receivables, prepayments, deposits and other receivables, trade payables and other payables and accruals as at the end of the reporting period are disclosed in notes 22(f), 23, 31(a) and 32(c) to the consolidated financial statements, respectively.

(ii) Details of the Group's cash deposits placed in a fellow subsidiary and other loans borrowed from the immediate holding company, a fellow subsidiary and a non-controlling equity holder of a subsidiary as at the end of the reporting period are disclosed in notes 24(c), 27(d), 27(e) and 27(f) to the consolidated financial statements, respectively.

(c) Compensation of key management personnel of the Group

	2024	2023
	RMB'000	RMB'000
Short term employee benefits	**15,156**	13,362
Post-employment benefits	**1,072**	897
Total compensation paid to key management personnel	**16,228**	14,259

Further details of directors' emoluments are included in note 10 to the consolidated financial statements.

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

The Company is a state-owned enterprise of the PRC government and is subject to the control of the Beijing SASAC and the ultimate control of the PRC government. The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "Other SOEs"). During the year, the Group had transactions with Other SOEs including, but not limited to, bank deposits and borrowings and utilities consumptions. The directors of the Company consider that the transactions with Other SOEs were activities in the ordinary course of the Group's businesses, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

39. FINANCIAL INSTRUMENTS BY CATEGORY

Categories of financial instruments

	2024 **RMB'000**	2023 RMB'000
Financial assets		
Financial assets at amortised cost	**4,902,258**	4,953,384
Financial liabilities		
Financial liabilities at amortised cost	**5,548,665**	5,638,005

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made.

For other non-current financial assets and financial liabilities, in the opinion of the directors of 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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables under service concession arrangements, trade and bills receivables, contract assets, other receivables, cash and bank balances, trade payables, other payables, bank and other borrowings. These financial instruments are used for the Group's working capital. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are (a) interest rate risk, (b) foreign currency risk, (c) credit risk and (d) liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Interest rate risk

The following table sets out the carrying amounts of the Group's financial instruments as at the end of the reporting period that are exposed to interest rate risk:

		Effective interest rate
	RMB'000	%
31 December 2024		
Floating rate:		
Bank balances	**1,300,827**	**1.25**
Bank and other borrowings	**2,103,118**	**3.27**
Fixed rate:		
Time deposits	**50,931**	**2.62**
Other borrowings	**2,477,836**	**1.70**
31 December 2023		
Floating rate:		
Bank balances	1,187,957	1.25
Bank and other borrowings	1,972,577	3.55
Fixed rate:		
Time deposits	21,957	1.30
Other borrowings	2,463,170	1.74

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its floating rate bank balances and bank borrowings. The analysis is prepared assuming the floating rate bank balances and bank borrowings at the end of reporting period were outstanding for the whole year. For floating rate bank balances, 50 basis points increase and 50 basis points decrease (2023: 50 basis points increase and 50 basis points decrease) are used. For floating rate bank borrowings, 50 basis points (2023: 50 basis points) increase or decrease is used.

If interest rates had been 50 basis points higher for floating rate bank balances and 50 basis point higher for variable-rate bank borrowings/50 basis points lower for floating rate bank balances and 50 basis points lower for floating rate bank borrowings and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease by approximately RMB3,012,000 if interest rate is higher; would increase by approximately RMB3,012,000 if interest rate is lower (2023: decrease by approximately RMB2,860,000 if interest rate is higher; would increase by approximately RMB2,860,000 if interest rate is lower).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Foreign currency risk

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

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in HK$ rate	**Increase/ (decrease) in profit before tax**
	%	RMB'000
2024		
If RMB weakens against HK$	**5**	**(3,629)**
If RMB strengthens against HK$	**(5)**	**3,629**
2023		
If RMB weakens against HK$	5	(3,699)
If RMB strengthens against HK$	(5)	3,699

* Excluding retained profits

(c) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, receivables under service concession agreement, contract assets, time deposits, restricted bank deposits, bank balances and other receivables.

Trade and bills receivables and contract assets arising from contracts with customers

The Group trades only with recognised and creditworthy third parties and receivable balances are monitored on an ongoing basis, and therefore, the management considers that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(c) Credit risk and impairment assessment *(continued)*

Other receivables and the amount due from fellow subsidiaries and a non-controlling equity holder of a subsidiary

The Group has considered the consistently low historical default rate in connection with other receivables and the amount due from fellow subsidiaries and a non-controlling equity holder of a subsidiary, and concluded that credit risk inherent in the Group's such outstanding amount is insignificant.

Receivables under service concession arrangements

For receivables under service concession arrangements, the management makes periodic individual assessment on the recoverability of receivables under service concession arrangements based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the year ended 31 December 2024, the management believes that there is no significant increase in credit risk of receivables under service concession arrangements and the Group recognized no loss allowance (2023: RMB22,377,000) based on 12m ECL assessment.

Restricted bank deposits/time deposits/bank balances

Credit risk on restricted bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for restricted bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(c) Credit risk and impairment assessment *(continued)*

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	**Stage 2** RMB'000	**Stage 3** RMB'000	**Simplified approach** RMB'000	**Total** RMB'000
31 December 2024					
Trade and bills receivables*	**–**	**–**	**–**	**851,978**	**851,978**
Receivables under service concession arrangements	**2,482,920**	**–**	**–**	**–**	**2,482,920**
Financial assets included in deposits and other receivables – Normal#	**253,386**	**–**	**–**	**–**	**253,386**
Restricted bank deposits	**1,000**	**–**	**–**	**–**	**1,000**
Cash and cash equivalents – Not yet past due	**1,350,768**	**–**	**–**	**–**	**1,350,768**
	4,088,074	**–**	**–**	**851,978**	**4,940,052**
31 December 2023					
Contract assets*	–	–	–	371,820	371,820
Trade and bills receivables*	–	–	–	733,862	733,862
Receivables under service concession arrangements	2,432,869	–	–	–	2,432,869
Financial assets included in deposits and other receivables – Normal#	231,495	–	–	–	231,495
Cash and cash equivalents – Not yet past due	1,209,940	–	–	–	1,209,940
	3,874,304	–	–	1,105,682	4,979,986

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix of trade and bills receivables is disclosed in note 22(d) to the consolidated financial statements. The Group's exposure to credit risk of contract assets is not significant and the ECL is minimal.

\# The credit quality of the financial assets (other than contract assets) included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(d) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group has the following loans and borrowings as at the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000
Bank loans	**1,605,289**	1,360,028
Other loans	**2,975,665**	3,075,719
Lease liabilities	**14,831**	22,809
	4,595,785	4,458,556
Analysed into:		
Bank loans repayable:		
Within one year	**79,868**	136,349
In the second year	**82,302**	122,828
In the third to fifth years, inclusive	**427,000**	405,682
Beyond five years	**1,016,119**	695,169
	1,605,289	1,360,028
Other loans repayable:		
Within one year	**2,533,836**	2,577,890
In the second year	**76,000**	56,000
In the third to fifth years, inclusive	**158,929**	204,929
Beyond five years	**206,900**	236,900
	2,975,665	3,075,719
Lease liabilities repayable:		
Within one year	**6,190**	5,864
In the second year	**8,641**	8,304
In the third to fifth years, inclusive	**–**	8,641
	14,831	22,809
Total loans and borrowings	**4,595,785**	4,458,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(d) Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities (other than receipts in advance and contract liabilities) as at 31 December 2024 and 2023, based on the contractual undiscounted payments, is as follows:

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	1 to 2 years RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
At 31 December 2024						
Bank and other borrowings	**3.27**	**2,854,411**	**220,508**	**737,636**	**1,382,141**	**5,194,696**
Trade payables	**–**	**618,664**	**–**	**–**	**–**	**618,664**
Lease liabilities	**5.33**	**9,262**	**6,359**	**–**	**–**	**15,621**
Other payables and accruals (excluding lease liabilities)	**–**	**339,318**	**–**	**–**	**–**	**339,318**
		3,821,655	**226,867**	**737,636**	**1,382,141**	**6,168,299**
At 31 December 2023						
Bank and other borrowings	3.55	2,740,047	188,633	715,123	1,170,323	4,814,126
Trade payables	–	860,375	–	–	–	860,375
Lease liabilities	5.79	8,769	8,793	17,538	–	35,100
Other payables and accruals (excluding lease liabilities)	–	334,990	–	–	–	334,990
		3,944,181	197,426	732,661	1,170,323	6,044,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares to increase share capital.

The Group monitors capital using the gearing ratio, which is calculated based on net debt and total equity. Net debt is calculated as total bank and other borrowings and lease liabilities less cash and cash equivalents. The gearing ratios as at 31 December 2024 and 2023 were as follows:

	2024 **RMB'000**	2023 RMB'000
Total debt	**4,595,785**	4,458,556
Less: Cash and cash equivalents	**(1,350,768)**	(1,209,940)
Net debt	**3,245,017**	3,248,616
Total equity	**3,916,472**	3,656,360
Gearing ratio	**82.9%**	88.8%

42. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 31 December 2024 amounted to RMB742,430,000 (2023: net current liabilities of RMB1,077,908,000) and RMB6,326,842,000 (2023: RMB5,824,426,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Company name	Place of registration and business	Registered capital	Percentage of equity attributable to the Company		Principal activities
			2024 **%**	2023 %	
北京北控環境投資有限公司#	PRC/Chinese Mainland	USD40,000,000	**100**	100	Investment holding
北京北控環境保護有限公司	PRC/Chinese Mainland	RMB75,000,000	**100**	100	Investment holding and provision of waste incineration plant construction and related services
Taian Beikong#	PRC/Chinese Mainland	US$40,700,000	**100**	100	Household waste incineration
Changde Beikong#	PRC/Chinese Mainland	RMB145,652,300	**100**	100	Household waste incineration
Beikong Lvhaineng*	PRC/Chinese Mainland	RMB308,340,000	**99**	99	Household waste incineration
Chaoyang Beikong*	PRC/Chinese Mainland	RMB274,000,000	**84.896**	84.896	Household waste incineration
Beikong Zhangjiagang#	PRC/Chinese Mainland	RMB637,000,000	**100**	100	Household waste incineration
Ha'erbin Shuangqi	PRC/Chinese Mainland	RMB240,000,000	**80**	80	Household waste incineration
Beikong Shuyang	PRC/Chinese Mainland	RMB158,369,000	**100**	100	Household waste incineration
Beikong Wenchang	PRC/Chinese Mainland	RMB20,000,000	**100**	100	Household waste incineration
Beifa Jining	PRC/Chinese Mainland	RMB240,000,000	**75**	75	Household waste incineration
Shiyan Beikong	PRC/Chinese Mainland	RMB91,420,000	**90**	90	Household waste incineration
Beikong Hengyang	PRC/Chinese Mainland	RMB38,090,000	**65**	65	Hazardous and medical waste Treatment
Beikong Ecology*	PRC/Chinese Mainland	RMB101,000,000	**N/A**	51	Provision of ecological construction and related services

\# Registered as wholly-foreign-owned enterprises under PRC law

* Registered as Sino-foreign joint ventures under PRC law

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(CONTINUED)*

All of the above principal subsidiaries are registered as limited liability companies under PRC law and are indirectly held by the Company. The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

44. SUBSEQUENT EVENT

Subsequent to 31 December 2024, Golden States Waste Management Corporation ("GSWM", an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement with 北京金州工程有限公司 (the "Vendor") on 23 January 2025, pursuant to which GSWM agreed to purchase and the Vendor agreed to sell 4% equity interest (the "Target Interest") of Chaoyang Beikong (an 84.896% directly-owned subsidiary of GSWM) at a cash consideration of RMB23,080,000. The Group has paid a security deposit of RMB23,080,000 to the Vendor, which will be released upon the final settlement of the cash consideration of RMB23,080,000 directly by GSWM and the completion of the transfer of the legal title of the Target Interests. Up to the date of publication of this consolidated financial statement, the transaction has not yet completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2024 **RMB'000**	2023 RMB'000
ASSETS		
Non-current assets:		
Office equipment and motor vehicles	**92**	103
Intangible assets	**21**	27
Investments in subsidiaries	**3,932,525**	3,875,082
Total non-current assets	**3,932,638**	3,875,212
Current assets:		
Prepayments, deposits and other receivables	**298,260**	296,473
Cash and cash equivalents	**75,750**	56,812
Total current assets	**374,010**	353,285
TOTAL ASSETS	**4,306,648**	4,228,497
EQUITY AND LIABILITIES		
Equity:		
Share capital	**1,972,895**	1,972,895
Reserves (note)	**(292,486)**	(273,162)
TOTAL EQUITY	**1,680,409**	1,699,733
Current liabilities:		
Other payables and accruals	**148,403**	104,794
Loan from the immediate holding company	**2,477,836**	2,423,970
Total current liabilities	**2,626,239**	2,528,764
TOTAL LIABILITIES	**2,626,239**	2,528,764
TOTAL EQUITY AND LIABILITIES	**4,306,648**	4,228,497

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

CHEN XINGUO *Director*	**LI AI** *Director*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2024

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

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

	Capital reserve	**Exchange fluctuation reserve**	**Accumulated losses**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (restated)	10,371	14,429	(279,335)	(254,535)
Loss for the year and total comprehensive income (expense) for the year	–	39,054	(57,681)	(18,627)
At 31 December 2023	**10,371**	**53,483**	**(337,016)**	**(273,162)**
Loss for the year and total comprehensive income (expense) for the year	**–**	**37,151**	**(56,475)**	**(19,324)**
At 31 December 2024	**10,371**	**90,634**	**(393,491)**	**(292,486)**

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted and restated from the published audited financial statements and the annual report for the year ended 31 December 2023, is set out below:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
RESULTS					
Continuing operations					
Revenue	**1,664,124**	1,611,798	2,011,989	1,846,847	1,228,037
Profit before tax	**376,784**	253,826	393,126	277,059	77,184
Income tax	**(68,545)**	(53,617)	(68,108)	(27,426)	13,253
Profit for the year from continuing operations	**308,239**	200,209	325,018	249,633	90,437
Discontinued operation					
(Loss) profit for the year from a discontinued operation	**(6,178)**	1,870	(43,457)	(45,770)	47,855
Profit for the year	**302,061**	202,079	281,561	203,863	138,292
Attributable to:					
Shareholders of the Company	**286,151**	190,954	303,755	219,163	114,834
Non-controlling interests	**15,910**	11,125	(22,194)	(15,300)	23,458
	302,061	202,079	281,561	203,863	138,292

FIVE YEAR FINANCIAL SUMMARY *(CONTINUED)*

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)	(Restated)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
Total assets	**10,009,140**	9,897,162	10,571,045	8,876,519	8,192,146
Total liabilities	**(6,092,668)**	(6,240,802)	(7,130,826)	(5,776,791)	(5,283,470)
Net assets	**3,916,472**	3,656,360	3,440,219	3,099,728	2,908,676
Equity attributable to:					
Shareholders of the Company	**3,613,236**	3,329,426	3,122,648	2,759,643	2,575,137
Non-controlling interests	**303,236**	326,934	317,571	340,085	333,539
	3,916,472	3,656,360	3,440,219	3,099,728	2,908,676

Note: For presentation purpose, (i) the consolidated results information for the prior financial years were restated following the discontinuous of ecological construction services business during the year ended 31 December 2024; and (ii) the consolidated results, assets, liabilities and non-controlling interests information for the prior financial years were restated following the change in presentation currency of the Group's financial statements from HK$ to RMB during the year ended 31 December 2023.