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

(Incorporated in Bermuda with limited liability)

(Stock code: 371)

INTERIM REPORT 2026

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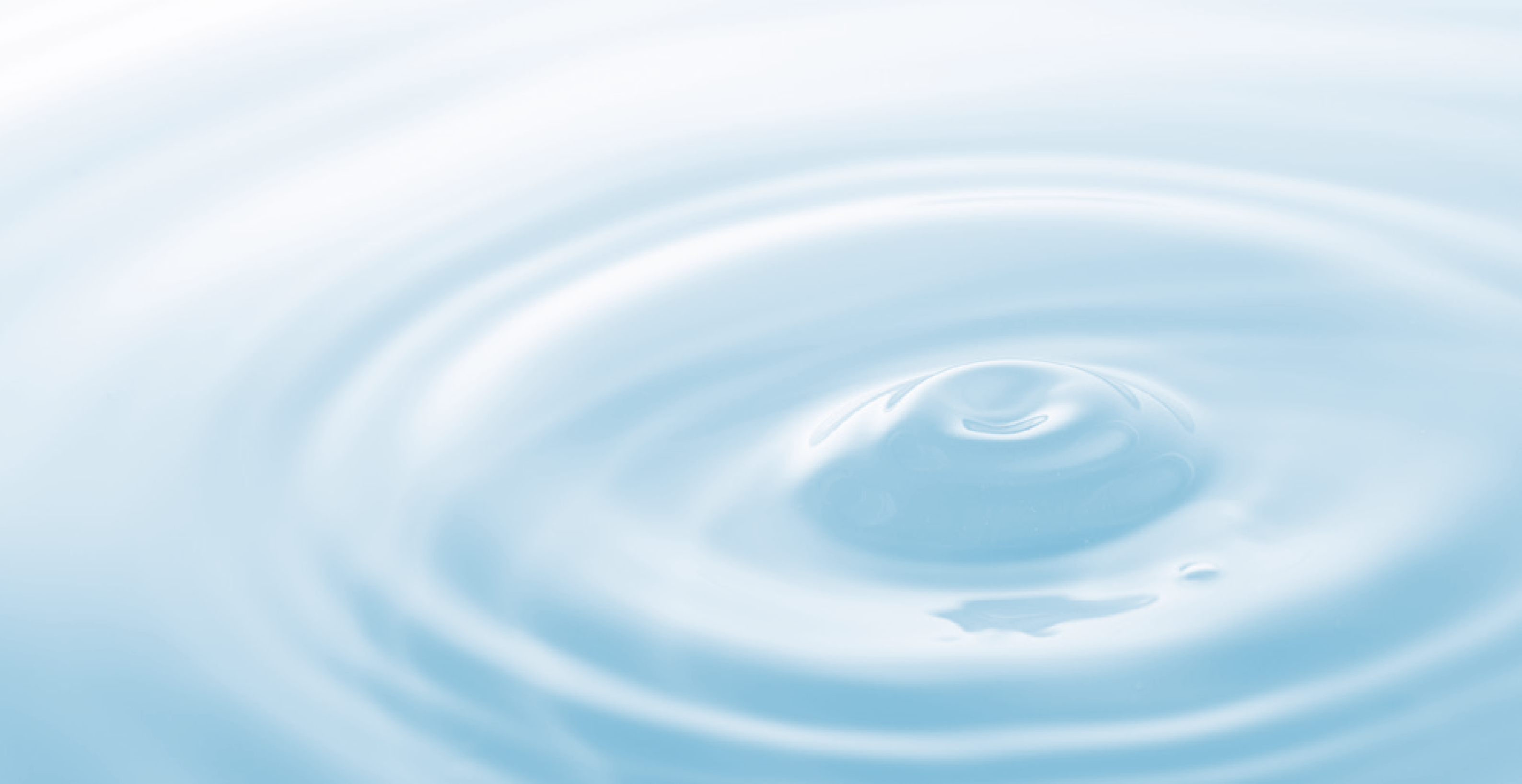

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xiong Bin *(Chairman)*
Mr. Zhou Min *(Vice Chairman)*
Mr. Li Haifeng
Ms. Li Yining
Mr. Zhang Wenjiang
Ms. Zhou Xueyan
Mr. Tung Woon Cheung Eric

Non-executive Director

Mr. Yuan Jianwei

Independent Non-executive Directors

Mr. Shea Chun Lok Quadrant
Mr. Guo Rui
Mr. Chau On Ta Yuen
Mr. Dai Xiaohu
Ms. Chan Siu Chee Sophia

AUDIT COMMITTEE

Mr. Shea Chun Lok Quadrant *(Chairman)*
Mr. Guo Rui
Mr. Chau On Ta Yuen

NOMINATION COMMITTEE

Mr. Xiong Bin *(Chairman)*
Mr. Shea Chun Lok Quadrant
Ms. Chan Siu Chee Sophia

REMUNERATION COMMITTEE

Mr. Guo Rui *(Chairman)*
Mr. Tung Woon Cheung Eric
Mr. Shea Chun Lok Quadrant

SUSTAINABILITY COMMITTEE

Ms. Li Yining *(Chairman)*
Mr. Tung Woon Cheung Eric
Mr. Guo Rui

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric

AUDITORS

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

STOCK CODE

371

WEBSITE

www.bewg.net

REGISTERED OFFICE

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Hamilton HM 08
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

66/F., Central Plaza
18 Harbour Road Wanchai
Hong Kong
Tel: (852) 2105 0800
Fax: (852) 2796 9972

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Conyers Corporate Services (Bermuda) Limited
Richmond House, 12 Par-la-Ville Road
Hamilton HM 08, Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

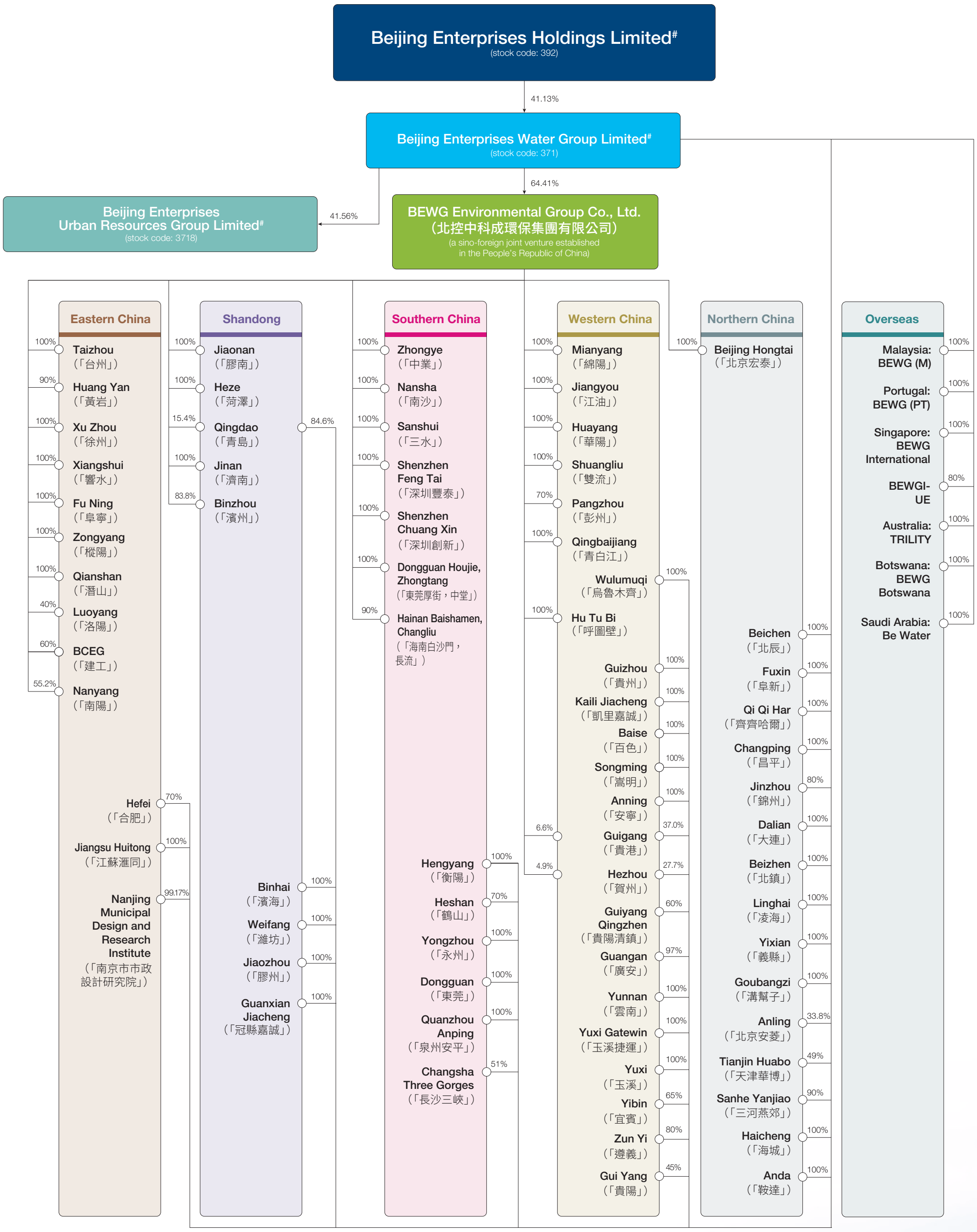
PRINCIPAL BANKERS

In Hong Kong:
Agricultural Bank of China Limited Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited

In Chinese Mainland:
Agricultural Bank of China
Bank of Beijing Co., Limited
Bank of Communications Co., Limited
Bank of China Limited
China Construction Bank Corporation
China Development Bank
Industrial and Commercial Bank of China Limited
The Export-Import Bank of China

GROUP STRUCTURE

30 June 2026



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

Note: *The above group chart only lists out major subsidiaries, associates and joint ventures*

CHAIRMAN'S STATEMENT

Dear shareholders,

2026 marks the first year of the 15th Five-Year Plan of the People's Republic of China and is also a critical year for Beijing Enterprises Water Group Limited (the "Company", together with its subsidiaries, collectively the "Group" or "BEWG") as it advances its strategic transformation in depth. In the face of profound changes in the global environment and adjustments to domestic development conditions, the Group has remained steadfast in its operational philosophy of "customer as the source and innovation as the path forward", taken cash flow as the bottom line and asset quality enhancement as the core, accelerated its transition towards an asset-light model and the development of differentiated operational capabilities, and promoted the deep integration of technological innovation and industrial innovation, thereby building momentum and strengthening its foundation for high-quality and sustainable development.

PERFORMANCE REVIEW

Performance Overview

For the six months ended 30 June 2026, the Group maintained steady business development with new daily design capacity of 244,138 tons and total daily design capacity of 42,566,261 tons. It recorded revenue of RMB9,871,301,000, representing a decrease of 5.6% year-on-year, and profit attributable to shareholders of the Company of RMB687,962,000, representing a decrease of 23.3% year-on-year. Basic earnings per share for the period amounted to RMB6.43 cents. The board of directors of the Company (the "Board") resolved to distribute an interim cash dividend of HK5.54 cents per share to shareholders in recognition of their continuous support for the Group. Shareholders may elect to receive their cash dividend in Hong Kong dollars or Renminbi.

In the first half of 2026, national macro policies advanced simultaneously on both incremental expansion and the optimisation and revitalisation of existing assets, providing strong institutional support for the Group's operational improvement and strategic expansion. On the incremental side, the National Development and Reform Commission of the People's Republic of China incorporated the "water network" and "urban underground pipelines and networks" into the core scope of the development of the "six networks", with emphasis on pipeline inspection and renewal and coordinated plant-network operation and maintenance. This has created additional room for a comprehensive, systematic service model centred on "coordinated plant-network optimisation and efficiency improvement" across the entire domain. With regard to existing assets, Document No. 84 of the Ministry of Finance marked a key policy breakthrough by clarifying that special-purpose bonds may be used for government expenditure forming part of the construction costs of existing PPP projects and construction costs advanced by social capital, while establishing a classified and tiered disposal mechanism. This has paved the way for the optimisation of existing assets and the collection of receivables, thereby facilitating the long-term and steady operation of existing projects and contributing to an overall improvement in the cash flow environment within the industry. Leveraging its strong operational efficiency and full-chain service capabilities, the Group advanced in a coordinated manner on both incremental expansion and the revitalisation of existing assets, laying a solid foundation for improving operational quality and optimising the cash flow structure for the full year.

PERFORMANCE REVIEW *(Continued)*

Performance Overview *(Continued)*

Closely aligned with the annual operational philosophy of "starting with the customer, building on resilience and advancing through innovation", the Group coordinated its efforts across three major areas of "survival – development – assurance". With cash flow as the priority, it intensified efforts in receivables collection, asset disposals and operational relief to consolidate the fundamentals of its business. It accelerated the implementation of innovative initiatives across multiple areas, including pilot projects for integrated plant-network operations, upgrades to operational paradigms, and iterations of products and technologies, accelerating the development of differentiated operational capabilities and a second growth curve. Meanwhile, the foundations in talent, data and systems continued to be strengthened, and the corporate governance system was continuously optimised. During the first half of the year, both operational quality and efficiency improved, laying a solid foundation for a high-quality start to the 15th Five-Year Plan.

Beijing Enterprises Urban Resources Group Limited ("BEURG", stock code: 3718), being a subsidiary of the Group, closely adhered to the high-quality development direction of the 15th Five-Year Plan, focusing on the three strategic priorities of "low risk, steady growth and strong profitability". It coordinated efforts in digital and intelligent development, quality and efficiency enhancement of existing projects, receivables collection, and breakthroughs in innovative businesses. Through deep digital and intelligent empowerment of its operations, BEURG continued to enhance its lean operations system, optimised labour and vehicle efficiency, and comprehensively improved asset operating efficiency. At the same time, leveraging its extensive regional presence, it strictly implemented multi-level high-quality operating principles and consolidated the fundamentals of its existing businesses. In terms of innovative businesses, BEURG promoted technological innovation with its "1+N+X" digital and intelligent urban services product system as the core platform. On 30 June 2026, BEURG published a voluntary announcement on the establishment of a joint venture for cleaning robots, focusing on the research and development and manufacturing of outdoor cleaning robots to drive breakthroughs in innovative businesses. The establishment of the cleaning robot joint venture announced by BEURG represents a pioneering initiative in leveraging technology to empower its core urban services business. It is currently at the stage of establishing the cooperation framework and making preliminary preparations. BEURG will subsequently steadily advance research and development and commercialisation, continuously build differentiated competitive barriers, and support the overall business in achieving steady, high-quality and sustainable long-term development.

Initial results have emerged from the asset-light transformation. In terms of overseas business, the Group established a three-dimensional collaborative system comprising "technology + cost contract + construction management", focusing on cost reduction and efficiency enhancement through refined management, while continuing to export its core technologies overseas. Pilot projects for digital and intelligent entrusted operations progressed in an orderly manner, providing initial validation of the asset-light business model. The supply chain platform, "Beijing Kunpeng Zhicai", further strengthened its positioning as a vertical service platform for the water sector and established long-term cooperation with a number of leading enterprises. In line with the national deployment for a green and low-carbon supply chain, the Group commenced the development of the industry's first evaluation indicator system for green and low-carbon materials, using standardisation as a driver for coordinated green transformation across the industrial chain.

CHAIRMAN'S STATEMENT

CORPORATE MANAGEMENT AND CONTROL

The Group adheres to a market-oriented operating mechanism while, under the authorisation of the Board and relying on the "executive office and six committees" mechanism, the executive management facilitates its sound decision-making. The headquarters manages the operating entities under a strategic management and control model. Currently, the Group has established a three-tier organisational structure comprising headquarters, regions and districts. Going forward, the Group will continue to advance management reforms to achieve an organisational transformation towards a "larger group, smaller headquarters", thereby enhancing organisational efficiency.

During the first half of the year, guided by the implementation of the 15th Five-Year Plan, the Group promoted the transformation of the blueprint into an operational roadmap, established an execution chain linking "planning – objectives – pathways – actions – results", and developed a management excellence system tailored to its own circumstances. At the same time, it advanced the company-wide integration of AI, deploying initiatives along three key strands of business, organisation and employees, with an enterprise-level intelligent agent platform driving improvements in labour efficiency. Substantive progress was also made in the deepening of reforms.

The Group attaches great importance to cash flow security and capital management efficiency. In terms of cash flow management, it continued to strengthen receivables collection and budget support at source, deepen customer communication and intensify efforts to improve cash collections comprehensively. In terms of capital management, the Group dynamically optimised its medium-term to long-term capital planning, clarified its resource allocation strategy, and explored financing potential through multiple measures, thereby continuing to reduce its overall financing costs. During the first half of the year, the Group successfully completed the issuance of multiple tranches of bonds. Overall financing costs steadily declined, while capital efficiency improved significantly, maintaining a reasonable and ample level of liquidity.

SUSTAINABLE DEVELOPMENT

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

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

SUSTAINABLE DEVELOPMENT *(Continued)*

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

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

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

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

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

CHAIRMAN'S STATEMENT

FUTURE PROSPECT

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

Lastly, I would like to extend my sincere gratitude to all shareholders, customers, staff and partners for their continual and tremendous support for the Group.

Xiong Bin
Chairman

26 August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

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

1. FINANCIAL HIGHLIGHTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

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

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

1. FINANCIAL HIGHLIGHTS *(Continued)*

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

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

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June				For the six months ended 30 June			
	2026	2025	*Increase/(Decrease)*		**2026**	2025	*Increase/(Decrease)*	
	RMB'M	*RMB'M*	*RMB'M*	*%*	***RMB'M***	*RMB'M*	*RMB'M*	*%*
1. **Water treatment services**								
Sewage and reclaimed water treatment services								
China								
– Subsidiaries	**4,282.5**	4,278.3	4.2	–	**1,962.5**	2,013.9	(51.4)	(3%)
– Joint ventures and associates					**157.9**	172.9	(15.0)	(9%)
					2,120.4	2,186.8	(66.4)	(3%)
GP ratio	**59%**	60%		(1%)				
Overseas								
– Subsidiaries	**254.0**	238.0	16.0	7%	**15.0**	19.3	(4.3)	(22%)
GP ratio	**17%**	19%		(2%)				
	4,536.5	4,516.3	20.2	–	**2,135.4**	2,206.1	(70.7)	(3%)
Water distribution services								
China								
– Subsidiaries	**1,135.5**	1,206.9	(71.4)	(6%)	**284.4**	308.5	(24.1)	(8%)
– Joint ventures					**102.7**	69.4	33.3	48%
					387.1	377.9	9.2	2%
GP ratio	**40%**	41%		(1%)				
Overseas								
– Subsidiaries	**237.3**	242.4	(5.1)	(2%)	**37.9**	45.9	(8.0)	(17%)
– Joint ventures					**13.2**	14.3	(1.1)	(8%)
					51.1	60.2	(9.1)	(15%)
GP ratio	**27%**	31%		(4%)				
	1,372.8	1,449.3	(76.5)	(5%)	**438.2**	438.1	0.1	–
Subtotal	**5,909.3**	5,965.6	(56.3)	(1%)	**2,573.6**	2,644.2	(70.6)	(3%)

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL HIGHLIGHTS *(Continued)*

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

	Revenue				Profit attributable to shareholders of the Company			
	For the six months ended 30 June				For the six months ended 30 June			
	2026	2025	*Increase/(Decrease)*		**2026**	2025	*Increase/(Decrease)*	
	RMB'M	*RMB'M*	*RMB'M*	*%*	***RMB'M***	*RMB'M*	*RMB'M*	*%*
2. Construction services for the water renovation								
Construction services for comprehensive renovation projects								
– Projects with completion rate more than 10%	**314.0**	247.3	66.7	27%	**51.7**	35.3	16.4	46%
– Interest income	**–**	–	–	–	**154.8**	140.9	13.9	10%
	314.0	247.3	66.7	27%	**206.5**	176.2	30.3	17%
GP ratio	**10%**	12%		(2%)				
Construction of BOT water projects								
– China	**183.6**	464.5	(280.9)	(60%)	**11.8**	53.4	(41.6)	(78%)
GP ratio	**17%**	17%		–				
Subtotal	**497.6**	711.8	(214.2)	(30%)	**218.3**	229.6	(11.3)	(5%)
3. Technical services and sale of machineries	**332.0**	742.2	(410.2)	(55%)	**45.5**	50.4	(4.9)	(10%)
GP ratio	**57%**	34%		23%				
4. Urban resources services	**3,132.4**	3,039.3	93.1	3%	**14.7**	13.5	1.2	9%
GP ratio	**18%**	20%		(2%)				
Business results	**9,871.3**	10,458.9	(587.6)	(6%)	**2,852.1**	2,937.7	(85.6)	(3%)
Others					**(2,164.1)**	(2,040.6)	(123.5)	6%
Total					**688.0**	897.1	(209.1)	(23%)

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW

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

2.1 Water treatment services

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

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

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

Analysis of projects on hand is as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

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

* *Excluded entrustment operation contracts with fixed service fee*

§ *Included a seawater desalination plant*

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

2.1.1 Sewage and reclaimed water treatment services

2.1.1a Chinese Mainland:

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

Southern China

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

Western China

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

* *Excluded entrustment operation contracts with fixed service fee*

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

2.1.1 Sewage and reclaimed water treatment services *(Continued)*

2.1.1a Chinese Mainland: *(Continued)*

Shandong

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

Eastern China

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

Northern China

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

2.1.1b Overseas:

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

MANAGEMENT DISCUSSION AND ANALYSIS

2. BUSINESS REVIEW *(Continued)*

2.1 Water treatment services *(Continued)*

2.1.2 Water distribution services

2.1.2a Chinese Mainland:

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

2.1.2b Overseas:

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

2.2 Construction services for the water renovation

2.2.1 Construction services for comprehensive renovation projects

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

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

2. BUSINESS REVIEW *(Continued)*

2.2 Construction services for the water renovation *(Continued)*

2.2.1 Construction services for comprehensive renovation projects (Continued)

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

2.2.2 Construction of BOT water projects

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

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

2.3 Technical services and sales of machineries

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

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

2. BUSINESS REVIEW *(Continued)*

2.4 Urban resources services

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

3. FINANCIAL ANALYSIS

3.1 Revenue

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

3.2 Cost of sales

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

3.3 Gross profit margin

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

Gross margin for sewage and reclaimed water treatment services:

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

3. FINANCIAL ANALYSIS *(Continued)*

3.3 Gross profit margin *(Continued)*

Gross margin for water distribution services:

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

Gross margin for construction services for comprehensive renovation projects:

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

Gross margin for construction of BOT water projects:

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

Gross margin for technical services and sale of machineries:

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

Gross margin for urban resources services:

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

3.4 Other income

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

3.5 Other operating expenses, net

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

3.6 Administrative expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

3. FINANCIAL ANALYSIS *(Continued)*

3.7 Other gains and losses, net

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

3.8 Finance costs

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

3.9 Share of results of joint ventures

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

3.10 Share of results of associates

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

3.11 Income tax expense

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

3.12 Profit attributable to holders of perpetual capital instruments

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

3.13 Property, plant and equipment

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

3.14 Investment properties

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

3. FINANCIAL ANALYSIS *(Continued)*

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

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

By accounting nature:

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

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

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

3. FINANCIAL ANALYSIS *(Continued)*

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

By accounting nature: *(Continued)*

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

By business nature:

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

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

3. FINANCIAL ANALYSIS *(Continued)*

3.16 Operating concessions

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

3.17 Prepayments, deposits and other receivables

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

3.18 Cash and cash equivalents

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

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

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

3.20 Perpetual capital instruments

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

3.21 Bank and other borrowings

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

3.22 Corporate bonds

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

3. FINANCIAL ANALYSIS *(Continued)*

3.23 Trade payables

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

3.24 Deferred Income

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

3.25 Liquidity and financial resources

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

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

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

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

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

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

3.26 Capital expenditures

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

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

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

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

CHARGES ON THE GROUP'S ASSETS

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

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

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

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

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

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

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

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

FOREIGN EXCHANGE EXPOSURE

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30/06/2026 RMB'000 (unaudited)	30/06/2025 RMB'000 (unaudited)
Revenue	5	**9,871,301**	10,458,861
Cost of sales		**(5,956,738)**	(6,280,225)
Gross profit		**3,914,563**	4,178,636
Interest income		**319,407**	286,789
Other income		**268,059**	308,137
Other operating expenses, net		**(660,999)**	(576,521)
Administrative expenses		**(1,076,167)**	(1,156,532)
Other gains and losses, net		**(456,809)**	(315,131)
PROFIT FROM OPERATING ACTIVITIES	6	**2,308,054**	2,725,378
Finance costs	7	**(1,102,525)**	(1,192,084)
Share of results of joint ventures		**321,719**	285,720
Share of results of associates		**38,513**	57,851
PROFIT BEFORE TAX		**1,565,761**	1,876,865
Income tax expense	8	**(398,332)**	(409,431)
PROFIT FOR THE PERIOD		**1,167,429**	1,467,434
ATTRIBUTABLE TO:			
Shareholders of the Company		**687,962**	897,087
Holders of perpetual capital instruments		**61,769**	61,769
Non-controlling interests		**417,698**	508,578
		1,167,429	1,467,434
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10	***RMB cents***	*RMB cents*
– Basic		**6.43**	8.40
– Diluted		**6.43**	8.40

Details of the cash dividend declared for the period are disclosed in note 9.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	**1,167,429**	1,467,434
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Items that may be reclassified to profit or loss:		
– Exchange differences arising on translation of foreign operations	**(106,853)**	99,106
– Fair value changes on derivative financial instruments	**(28,868)**	(106,052)
– Loss reclassified to profit or loss on hedged items	**30,009**	30,857
	(105,712)	23,911
Items that will not be reclassified to profit or loss:		
– Share of other comprehensive expense of a joint venture	**(839)**	(4,432)
– Change in fair value of equity investments designated at fair value through other comprehensive income	**(17,952)**	(8,339)
	(18,791)	(12,771)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD, NET OF INCOME TAX	**(124,503)**	11,140
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,042,926**	1,478,574
ATTRIBUTABLE TO:		
Shareholders of the Company	**559,431**	896,880
Holders of perpetual capital instruments	**61,769**	61,769
Non-controlling interests	**421,726**	519,925
	1,042,926	1,478,574

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**30/06/2026**	31/12/2025
		RMB'000	*RMB'000*
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**7,879,230**	8,841,596
Right-of-use assets		**770,344**	813,382
Investment properties		**423,197**	423,197
Goodwill		**3,200,319**	3,505,144
Operating concessions		**11,795,242**	12,037,138
Other intangible assets		**361,157**	352,628
Investments in joint ventures		**10,739,831**	10,570,380
Investments in associates		**3,380,939**	3,320,698
Equity investments designated at fair value through other comprehensive income		**585,269**	607,276
Financial assets at fair value through profit or loss		**538**	538
Amounts due from contract customers		**8,098,820**	7,774,840
Receivables under service concession arrangements	*12*	**54,636,997**	55,482,455
Trade receivables	*13*	**13,507,808**	13,697,453
Prepayments, deposits and other receivables	*14*	**765,706**	604,217
Deferred tax assets		**827,955**	735,882
Total non-current assets		**116,973,352**	118,766,824
Current assets			
Inventories		**396,502**	340,878
Amounts due from contract customers		**4,111,194**	4,998,893
Receivables under service concession arrangements	*12*	**11,548,019**	10,392,044
Trade receivables	*13*	**11,661,933**	11,589,007
Prepayments, deposits and other receivables	*14*	**9,246,633**	9,190,537
Restricted cash and pledged deposits		**193,119**	181,730
Cash and cash equivalents		**8,111,947**	9,567,491
Total current assets		**45,269,347**	46,260,580
TOTAL ASSETS		**162,242,699**	165,027,404

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30/06/2026 RMB'000 (unaudited)	31/12/2025 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital	*15*	**834,250**	834,250
Perpetual capital instruments		**3,489,535**	3,489,535
Reserves		**26,528,944**	26,821,044
		30,852,729	31,144,829
Perpetual capital instruments		**4,235,019**	4,235,019
Non-controlling interests		**20,621,637**	20,675,515
		24,856,656	24,910,534
TOTAL EQUITY		**55,709,385**	56,055,363
Non-current liabilities			
Other payables and accruals	*16*	**754,743**	865,581
Bank and other borrowings		**37,424,800**	41,864,328
Corporate bonds		**17,467,104**	15,269,346
Lease liabilities		**131,365**	130,529
Provision for major overhauls		**872,097**	760,642
Deferred income		**599,601**	634,220
Deferred tax liabilities		**4,854,151**	4,847,262
Total non-current liabilities		**62,103,861**	64,371,908
Current liabilities			
Trade payables	*17*	**15,402,743**	16,974,195
Other payables and accruals	*16*	**7,714,520**	7,602,541
Income tax payables		**1,289,592**	1,327,381
Bank and other borrowings		**16,926,872**	14,626,205
Corporate bonds		**2,999,064**	3,998,254
Lease liabilities		**31,260**	35,023
Derivative financial instrument		**65,402**	36,534
Total current liabilities		**44,429,453**	44,600,133
TOTAL LIABILITIES		**106,533,314**	108,972,041
TOTAL EQUITY AND LIABILITIES		**162,242,699**	165,027,404

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to shareholders of the Company																	
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Shares held under share award scheme RMB'000	Share option and share award reserve RMB'000	Capital reserve RMB'000	Property revaluation reserve RMB'000	Fair value reserve RMB'000	Defined benefit plan reserve RMB'000	Exchange fluctuation reserve RMB'000	PRC reserve funds RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Perpetual capital instruments RMB'000	Total RMB'000	Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2026 (audited)	834,250	2,323,393	3,028,266	(45,233)	9,744	(1,470,010)	104,285	(596,633)	(47,525)	(3,551,637)	4,584,087	(20,120)	22,502,427	3,489,535	31,144,829	4,235,019	20,675,515	56,055,363
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	644,932	43,030	687,962	61,769	417,698	1,167,429
Other comprehensive (expense)/income for the period:																		
Exchange fluctuation reserve of foreign operations	-	-	-	-	-	-	-	-	-	(110,881)	-	-	-	-	(110,881)	-	4,028	(106,853)
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	(17,952)	-	-	-	-	-	-	(17,952)	-	-	(17,952)
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	-	-	(839)	-	-	-	-	-	(839)	-	-	(839)
Fair value changes on derivative financial instrument	-	-	-	-	-	-	-	-	-	-	-	(28,868)	-	-	(28,868)	-	-	(28,868)
Loss reclassified to profit or loss on hedged items	-	-	-	-	-	-	-	-	-	-	-	30,009	-	-	30,009	-	-	30,009
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	-	(17,952)	(839)	(110,881)	-	1,141	644,932	43,030	559,431	61,769	421,726	1,042,926
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,507	4,507
Capital contributions from non-controlling equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,378	41,378
Dividends paid to non-controlling equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(471,489)	(471,489)
Distributions declared to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	(43,030)	(43,030)	(61,769)	-	(104,799)
Repurchase of its own shares by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Final 2025 cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(808,501)	-	(808,501)	-	-	(808,501)
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	111,346	-	(111,346)	-	-	-	-	-
At 30 June 2026 (unaudited)	834,250	2,323,393*	3,028,266*	(45,233)*	9,744*	(1,470,010)*	104,285*	(614,585)*	(48,364)*	(3,662,518)*	4,695,433*	(18,979)*	22,227,512*	3,489,535	30,852,729	4,235,019	20,621,637	55,709,385

* *These reserve accounts comprise the consolidated reserves of RMB26,528,944,000 (unaudited) (31 December 2025: RMB26,821,044,000) in the condensed consolidated statement of financial position as at 30 June 2026.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to shareholders of the Company																	
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Shares held under share award scheme RMB'000	Share option and share award reserve RMB'000	Capital reserve RMB'000	Property revaluation reserve RMB'000	Fair value reserve RMB'000	Defined benefit plan reserve RMB'000	Exchange fluctuation reserve RMB'000	PRC reserve funds RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Perpetual capital instruments RMB'000	Total RMB'000	Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	834,250	2,323,393	3,028,266	(45,233)	9,744	(1,470,010)	104,285	(602,203)	(45,848)	(3,604,971)	4,187,790	18,122	22,944,581	3,488,929	31,171,095	4,235,019	20,556,316	55,962,430
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	–	842,026	55,061	897,087	61,769	508,578	1,467,434
Other comprehensive income/(expense) for the period:																		
Exchange fluctuation reserve of foreign operations	–	–	–	–	–	–	–	–	–	87,759	–	–	–	–	87,759	–	11,347	99,106
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	–	–	–	–	–	–	(8,339)	–	–	–	–	–	–	(8,339)	–	–	(8,339)
Share of other comprehensive expense of a joint venture	–	–	–	–	–	–	–	–	(4,432)	–	–	–	–	–	(4,432)	–	–	(4,432)
Fair value changes on derivative financial instruments	–	–	–	–	–	–	–	–	–	–	–	(106,052)	–	–	(106,052)	–	–	(106,052)
Loss reclassified to profit or loss on hedged items	–	–	–	–	–	–	–	–	–	–	–	30,857	–	–	30,857	–	–	30,857
Total comprehensive (expense)/income for the period	–	–	–	–	–	–	–	(8,339)	(4,432)	87,759	–	(75,195)	842,026	55,061	896,880	61,769	519,925	1,478,574
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	47,971	47,971
Issuance of perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	1,995,049	1,995,049	–	–	1,995,049
Repayment of perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,994,122)	(1,994,122)	–	–	(1,994,122)
Share of reserves of associates	–	–	–	–	–	(9,301)	–	–	–	–	–	–	–	–	(9,301)	–	–	(9,301)
Dividends paid to non-controlling equity holders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(483,511)	(483,511)
Distributions declared to holders of perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	(55,061)	(55,061)	(61,769)	–	(116,830)
Final 2024 cash dividends paid	–	–	–	–	–	–	–	–	–	–	–	–	(831,960)	–	(831,960)	–	–	(831,960)
Transfer to reserves	–	–	–	–	–	–	–	–	–	–	128,740	–	(128,740)	–	–	–	–	–
At 30 June 2025 (unaudited)	834,250	2,323,393	3,028,266	(45,233)	9,744	(1,479,311)	104,285	(610,542)	(50,280)	(3,517,212)	4,316,530	(57,073)	22,825,907	3,489,856	31,172,580	4,235,019	20,640,701	56,048,300

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**1,600,982**	2,429,679
Hong Kong Profit Tax paid	**(189)**	(368)
Chinese Mainland corporate income tax paid	**(434,717)**	(456,800)
Overseas taxes paid	**(32,554)**	(33,058)
Net cash from operating activities	**1,133,522**	1,939,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(313,488)**	(324,790)
Additions of operating concession	**(107,015)**	(99,547)
Additions of other intangible assets	**(23,272)**	(10,400)
Disposal of subsidiaries	**205,902**	–
Proceeds from disposal of items of property, plant and equipment	**84,670**	70,520
Decrease (increase) in investments in joint ventures	**137**	(6,808)
Increase in restricted cash and pledged deposits	**(11,389)**	(43,569)
Bank interest received	**52,669**	43,165
Other investing cash flows, net	**73,472**	184,655
Net cash used in investing activities	**(38,314)**	(186,774)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank and other borrowings	**(9,403,635)**	(7,709,451)
Repayment of corporate bonds	**(3,000,000)**	(2,000,000)
Repayment of perpetual capital instruments	**–**	(1,994,122)
Interest paid	**(1,149,959)**	(1,120,813)
Dividends paid to non-controlling equity holders	**(471,489)**	(483,511)
Other financing cash flows, net	**(147,783)**	(102,315)
Principal portion of lease payments	**(21,678)**	(26,207)
Issuance of perpetual capital instruments	**–**	1,995,049
Issuance of corporate bonds	**4,200,000**	3,700,000
New bank and other borrowings	**7,521,320**	5,638,679
Net cash used in financing activities	**(2,473,224)**	(2,102,691)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,378,016)**	(350,012)
Cash and cash equivalents at beginning of period	**9,567,491**	9,008,971
Effect of foreign exchange rate changes, net	**(77,528)**	(10,815)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**8,111,947**	8,648,144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

1. CORPORATE INFORMATION

Beijing Enterprises Water Group Limited (the "Company" or "BEWG") is a limited liability company incorporated in Bermuda and whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the six months ended 30 June 2026, the Company and its subsidiaries (collectively the "Group") was involved in the following principal activities:

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

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

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

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

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

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

2. BASIS OF PREPARATION

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

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

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

3. ACCOUNTING POLICIES

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

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

Application of amendments to HKFRS Accounting Standards

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

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

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

4. OPERATING SEGMENT INFORMATION

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

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2026

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2025

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by operating segment:

30 June 2026

	Sewage and reclaimed water treatment and construction services *RMB'000* (unaudited)	Water distribution services *RMB'000* (unaudited)	Technical and consultancy services and sales of machineries *RMB'000* (unaudited)	Urban resources services *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Segment assets:					
Operating segments	**108,861,891**	**22,296,058**	**8,364,771**	**8,812,862**	**148,335,582**
Corporate and other unallocated items					**13,907,117**
					162,242,699

31 December 2025

	Sewage and reclaimed water treatment and construction services *RMB'000* (audited)	Water distribution services *RMB'000* (audited)	Technical and consultancy services and sales of machineries *RMB'000* (audited)	Urban resources services *RMB'000* (audited)	Total *RMB'000* (audited)
Segment assets:					
Operating segments	110,279,098	22,726,268	9,395,829	8,594,588	150,995,783
Corporate and other unallocated items					14,031,621
					165,027,404

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

	Six months ended 30/06/2026 RMB'000 (unaudited)	Six months ended 30/06/2025 RMB'000 (unaudited)
Revenue from external customers:		
Chinese Mainland	**8,745,483**	9,494,495
Elsewhere	**1,125,818**	964,366
	9,871,301	10,458,861

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

Information about major customers

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

5. REVENUE

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

	Six months ended 30/06/2026 RMB'000 (unaudited)	Six months ended 30/06/2025 RMB'000 (unaudited)
Revenue from contracts with customers		
Sewage and reclaimed water treatment services	**4,536,475**	4,516,318
Construction services	**497,655**	711,807
Water distribution services	**1,372,786**	1,449,290
Technical and consultancy services and sales of machineries	**331,953**	742,157
Urban services	**2,722,982**	2,664,179
Hazardous waste treatment services and sale of recycling and reuse products	**409,450**	375,110
	9,871,301	10,458,861

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

5. REVENUE *(Continued)*

Revenue from contracts with customers

Disaggregated revenue information

Revenue of construction services and urban services is recognised over time. Revenue of sewage and reclaimed water treatment services, technical and consultancy services, water distribution services, hazardous waste treatment services and sales of machineries, recycling and reuse products is recognised at a point in time.

6. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of sewage and reclaimed water treatment services rendered	**1,782,538**	1,700,347
Cost of construction services	**434,267**	601,033
Cost of water distribution services	**742,750**	801,512
Cost of technical and consultancy services rendered and machineries sold	**144,068**	486,179
Cost of urban services	**2,139,215**	2,040,913
Cost of hazardous waste treatment services and sale of recycling and reuse products	**400,104**	358,842
Amortisation of operating concessions*	**313,796**	291,399
Amortisation of other intangible assets*	**38,498**	34,902
Depreciation of property, plant and equipment	**394,222**	493,168
Depreciation of right-of-use assets	**33,615**	36,054
Impairment losses recognised on non-current assets included in other operating expenses	**125,269**	161,244

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

6. PROFIT FROM OPERATING ACTIVITIES *(Continued)*

Impairment loss on financial assets under expected credit loss model, net

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Impairment losses recognised on:		
– receivables under service concession arrangements, net	**70,068**	84,926
– amounts due from contract customers, net	**59,441**	43,672
– trade receivables, net	**176,859**	156,765
– other receivables, net	**49,007**	1,178
	355,375	286,541

7. FINANCE COSTS

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank and other loans	**791,815**	958,039
Interest on corporate bonds	**270,824**	240,452
Interest on lease liabilities	**4,229**	5,907
Total interest expense	**1,066,868**	1,204,398
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**35,929**	32,198
Total finance costs	**1,102,797**	1,236,596
Less: Interest included in cost of construction services	**(272)**	(44,512)
	1,102,525	1,192,084

8. INCOME TAX EXPENSE

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

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

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

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong	**3,437**	4,166
Current tax – Chinese Mainland	**424,665**	422,511
Current tax – Elsewhere	**28,617**	24,041
Under provision in prior years	**35,486**	–
Deferred tax	**(93,873)**	(41,287)
Total tax expense for the period	**398,332**	409,431

9. INTERIM DIVIDEND

During the current interim period, a final dividend of HK9.25 cents per share in respect of the year ended 31 December 2025 (six months ended 30 June 2025: a final dividend of HK9.1 cents per share in respect of the year ended 31 December 2024) was declared and approved by the shareholders of the Company. The amount was included in other liabilities as at 30 June 2026 and was subsequently paid the shareholders of the Company on 20 July 2026.

On 26 August 2026, the Board has resolved to declare an interim cash dividend of HK5.54 cents (six months ended 30 June 2025: HK7.35 cents) per ordinary share amounting to a total of approximately RMB481,525,000 (six months ended 30 June 2025: RMB673,127,000). The interim dividend is payable on 26 October 2026 to the shareholders of the Company whose names appear on the Company's register of members on 10 September 2026.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

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

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to shareholders of the Company	**687,962**	897,087
Distribution related to the perpetual capital instruments	**(43,030)**	(55,061)
Earnings for the purpose of basic earnings per share and diluted earnings per share *(note a)*	**644,932**	842,026

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(Continued)

	Six months ended	
	30/06/2026	30/06/2025
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of the basic earnings per share and diluted earnings per share *(note b)*	**10,028,110,377**	10,028,110,377

Notes:

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

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

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group's additions of property, plant and equipment amounted to RMB313,488,000 (six months ended 30 June 2025: RMB324,790,000). There were disposals of property, plant and equipment with an aggregate carrying amount of RMB81,156,000 (six months ended 30 June 2025: RMB70,227,000) during the six months ended 30 June 2026.

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS *(Continued)*

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

	30/06/2026	31/12/2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Billed:		
Within 3 months	**2,632,567**	2,608,934
4 to 6 months	**1,762,765**	1,764,742
7 to 12 months	**2,857,416**	2,598,190
Over 1 year	**4,295,271**	3,420,178
	11,548,019	10,392,044
Unbilled:		
Non-current portion*	**54,636,997**	55,482,455
Total	**66,185,016**	65,874,499

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

13. TRADE RECEIVABLES

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

13. TRADE RECEIVABLES *(Continued)*

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

	30/06/2026 ***RMB'000*** **(unaudited)**	31/12/2025 *RMB'000* (audited)
Billed:		
Within 3 months	**3,285,999**	3,470,536
4 to 6 months	**1,445,718**	1,713,619
7 to 12 months	**2,266,335**	2,227,717
Over 1 year	**4,663,881**	4,177,135
Balance with an extended credit period	**29,682**	29,682
	11,691,615	11,618,689
Unbilled*	**13,478,126**	13,667,771
	25,169,741	25,286,460
Portion classified as current assets	**(11,661,933)**	(11,589,007)
Non-current portion	**13,507,808**	13,697,453

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30/06/2026	31/12/2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Prepayments	**470,996**	419,998
Deposits and other debtors	**4,694,004**	4,807,033
Advances to subcontractors and suppliers	**1,992,998**	2,006,814
Due from joint ventures	**3,360,553**	3,035,944
Due from associates	**85,674**	74,838
Due from non-controlling equity holders	**256,254**	248,937
Due from other related parties	**62,168**	62,491
	10,922,647	10,656,055
Impairment	**(910,308)**	(861,301)
	10,012,339	9,794,754
Portion classified as current assets	**(9,246,633)**	(9,190,537)
Non-current portion	**765,706**	604,217

15. ISSUED CAPITAL

	30/06/2026	31/12/2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Issued and fully paid:		
10,046,609,871 ordinary shares of HK$0.10 each	**834,250**	834,250

A summary of the movements in the Company's issued share capital during the six months ended 30 June 2026 is as follows:

	Number of ordinary shares in issue	**Issued capital**	**Share premium account**	**Total**
		RMB'000	***RMB'000***	***RMB'000***
At 1 January 2026 (audited) and 30 June 2026 (unaudited)	**10,046,609,871**	**834,250**	**2,323,393**	**3,157,643**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

16. OTHER PAYABLES AND ACCRUALS

	30/06/2026	31/12/2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accruals	**699,238**	1,029,887
Other liabilities	**3,827,664**	3,331,107
Contract liabilities	**1,109,060**	1,341,526
Due to subcontractors	**41,242**	50,859
Due to joint ventures	**1,142,296**	1,159,685
Due to associates	**146,552**	160,821
Due to other related parties	**410,339**	409,634
Other taxes payables	**1,092,872**	984,603
	8,469,263	8,468,122
Portion classified as current liabilities	**(7,714,520)**	(7,602,541)
Non-current portion	**754,743**	865,581

17. TRADE PAYABLES

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

	30/06/2026	31/12/2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 3 months	**9,332,931**	9,421,846
4 to 6 months	**1,220,852**	1,204,829
7 months to 1 year	**997,035**	1,009,530
Over 1 year	**3,791,868**	5,270,546
Balance with extended credit period	**60,057**	67,444
	15,402,743	16,974,195

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

18. CONTINGENT LIABILITIES

Guarantees

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

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

19. CAPITAL COMMITMENTS

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

	30/06/2026 ***RMB'000*** **(unaudited)**	31/12/2025 *RMB'000* (audited)
Contracted, but not provided for:		
New service concession arrangements on:		
Transfer – Operate – Transfer basis	**71,315**	74,974
Build – Operate – Transfer basis	**4,257,949**	5,237,721
Build – Own – Operate basis	**99,626**	120,247
Construction in progress	**4,692**	11,254
Plant and equipment and motor vehicles	**34,903**	124,368
	4,468,485	5,568,564

In addition, the Group had the following commitments provided to joint venture (including the Group's share of commitments made jointly with other joint ventures), which are not included in the above:

	30/06/2026 ***RMB'000*** **(unaudited)**	31/12/2025 *RMB'000* (audited)
Contracted, but not provided for:		
Capital contribution to joint ventures	**969,947**	1,368,722
Capital contribution	**9,012,100**	9,012,100
	9,982,047	10,380,822

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

20. RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions during the six months ended 30 June 2026 and outstanding balances with related parties as at 30 June 2026:

(i) Included in the trade receivables of the Group as at 30 June 2026 was an aggregate amount of RMB2,392,000 (31 December 2025: RMB2,392,000) due from 北京北控環保工程技術有限公司, a wholly-owned subsidiary of Beijing Enterprises Holdings Limited ("BEHL"), which is a substantial beneficial shareholder of the Company, arising from the sewage treatment equipment trading 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 to the major customers of the Group.

(ii) A loan and related interest receivables of RMB54,138,000 (31 December 2025: RMB54,138,000) were provided to a non-controlling equity holder of a subsidiary. The balance is unsecured, bears of the benchmark interest rate for 3 to 5-year RMB loans published by the People's Bank of China increased by 25% per annum and is repayable on demand and is classified as a current asset.

(iii) Included in the amounts due to related parties of the Group as at 30 June 2026 was an advance from a related party of SGD15,386,000 (equivalent to RMB82,779,000) (31 December 2025: SGD15,353,000 (equivalent to RMB83,828,000)). The amount is unsecured, bears interest at a fixed rate of 2.5% per annum and is repayable by quarterly instalments. Interest expense of RMB1,004,000 (six months ended 30 June 2025: RMB1,036,000) was recognised in profit or loss during the six months ended 30 June 2026.

(iv) Included in the amounts due to related parties of the Group as at 30 June 2026 was an advance from a related party of SGD5,913,000 (equivalent to RMB31,811,000) (31 December 2025: SGD5,755,000 (equivalent to RMB31,423,000)). The amount is unsecured and interest free.

(v) The Group had provided management services and sales of goods to joint ventures of the Group for RMB19,338,000 (six months ended 30 June 2025: RMB17,273,000) and the fee was charged based on terms mutually agreed between the Group and the joint ventures during the six months ended 30 June 2026.

(vi) The Group had leased certain office premises to an associate of the Group for RMB1,164,000 (six months ended 30 June 2025: RMB1,058,000) which were charged based on terms mutually agreed between the Group and the associate during the six months ended 30 June 2026.

20. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2026 and outstanding balances with related parties as at 30 June 2026: *(Continued)*

(vii) Beijing Enterprises Group Finance Co. Ltd. ("BG Finance") is a non-wholly-owned subsidiary of Beijing Enterprises Group Company Limited ("BEGCL") and an associate of BEHL and acts as a platform for members of BEGCL and BEHL for the provision of intra-group facilities through financial products including deposit-taking, money lending and custodian services. On 23 December 2020, the Company and BG Finance entered into a 2020 deposit services master agreement (the "2020 Deposit Agreement") whereby the Company and BG Finance continue to carry out the transactions of similar nature from time to time under the 2020 Deposit Agreement for three years from 1 January 2021 to 31 December 2023, with the terms and conditions substantially the same as those under the deposit services master agreements and its supplemental agreements signed by both parties in 2015 and 2017.

On 20 December 2023, the Company and BG Finance entered into the 2024 Deposit Services Master Agreement (the "2024 Deposit Agreement") whereby the Company and BG Finance continue to carry out the transactions of similar natures from time to time under the 2024 Deposit Agreement for three years from 1 January 2024 to 31 December 2026, with the terms and conditions substantially the same as those under the 2020 Deposit Agreement.

On 18 February 2025, the Company and BG Finance entered into the 2025 Supplemental Agreement (the "2025 Supplemental Agreement"), pursuant to which, the Company and BG Finance agreed to revise the maximum cumulative daily outstanding deposit balances placed by the Group with BG Finance (including any interest accrued thereon) (the "annual caps") from RMB710,000,000 to RMB980,000,000 in relation to the provision of the Deposit Services for the remaining terms of the 2024 Deposit Agreement.

On 13 February 2026, the Company and BG Finance entered into the 2026 Deposit Services Master Agreement (the "2026 Deposit Agreement"), whereby the Company and BG Finance continue to carry out the transactions of similar natures from time to time under the 2026 Deposit Agreement from 13 February 2026 to 31 December 2028, with the terms and conditions substantially the same as those under the 2024 Deposit Agreement and 2025 Supplemental Agreement. Under the 2026 Deposit Agreement, the annual caps were revised from RMB980,000,000 to RMB2,566,000,000.

The deposits placed by the Group with BG Finance as at the end of the reporting period amounted to RMB1,409,251,000 (31 December 2025: RMB846,890,000). The related interest income recognised in profit or loss during the period was not significant to the Group.

20. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2026 and outstanding balances with related parties as at 30 June 2026: *(Continued)*

(vii) *(Continued)*

The above related party transaction also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The Group has also entered into several loan agreements with BG Finance since 2019. Loans borrowed from BG Finance by the Group as at the end of the reporting period amounted to RMB4,466,637,000 (31 December 2025: RMB4,574,974,000) and bear interest at floating rates ranging from 2.65% to 4.35% per annum (2025: from 2.73% to 4.35% per annum). The related interest expenses recognised in profit or loss during the six months ended 30 June 2026 and 2025 were not significant to the Group.

The above related party transaction also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

(viii) On 13 January 2020, the capital injection in cash by ABC Financial Asset Investment Co., Ltd (農銀金融資產投資有限公司) ("ABC Financial") into Beijing Enterprises (Guangxi) Holdings Co., Ltd. (北控水務(廣西)集團有限公司) (the "Bei Kong Guangxi Capital Injection"), a subsidiary of the Group, was completed. Prior to completion of the Bei Kong Guangxi Capital Injection, the Group had entered into transactions with Agricultural Bank of China Limited* (中國農業銀行股份有限公司) ("ABC") and its subsidiaries ("ABC Group") relating to the provision of deposit services, settlement and other financial services. Upon completion of the Bei Kong Guangxi Capital Injection, ABC Financial holds 45.55% of Bei Kong Guangxi. As ABC is the ultimate controlling shareholder of ABC Financial, members of ABC Group have become connected persons of the Group. Hence, such transactions became continuing connected transactions of the Group following completion of the Bei Kong Guangxi Capital Injection pursuant to Chapter 14A of the Listing Rules. The maximum daily aggregate deposits placed by the Group with ABC Group (including any interest accrued thereon) for three financial years ending 31 December 2023 to 2025 shall not exceed RMB3,000,000,000, respectively.

The deposits placed by the Group with ABC Group as at 30 June 2026 amounted to RMB573,040,000 (31 December 2025: RMB599,024,000). The related interest income recognised in profit or loss during the six months ended 30 June 2026 and 2025 were not significant to the Group.

The above related party transaction also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

20. RELATED PARTY DISCLOSURES *(Continued)*

(a) The Group had the following material transactions during the six months ended 30 June 2026 and outstanding balances with related parties as at 30 June 2026: *(Continued)*

(viii) *(Continued)*

The Group has also entered into several loan agreements with ABC since 2016. Loans borrowed from ABC as at the end of the reporting period amounted to RMB4,556,593,000 (31 December 2025: RMB4,569,088,000) and bear interest rates ranging from 2.40% to 3.15% per annum (31 December 2025: from 2.60% to 3.26% per annum). Interest expenses recognised in profit or loss during the six months ended 30 June 2026 and 2025 were not significant to the Group.

The above related party transaction also constitutes a connected transaction as defined in Chapter 14A of the Listing Rules.

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

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "Other SOEs"). During the period, the Group had transactions with the Other SOEs including, but not limited to, the sale of piped water, provision of sewage treatment and construction services, bank deposits and borrowings, and utilities consumptions. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies are not carried out on non-market terms and do not depend on whether or not the customers are the Other SOEs. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions is material related party transaction that would require separate disclosure.

(c) Compensation of key management personnel of the Group

	Six months ended	
	30/06/2026	30/06/2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short term employee benefits	**1,093**	7,231
Pension scheme contributions	**12**	70
Total compensation paid to key management personnel	**1,105**	7,301

Save as disclosed above, at 30 June 2026, the Group had no other material transactions and outstanding balances with related parties.

21. FAIR VALUE AND FAIR VALUE HIERARCHY

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

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include the lowest level inputs which are significant to the fair value measurement for the asset or liability that are not based on observable market data (significant unobservable inputs).

21. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following tables illustrate some of the Group's financial assets and financial liabilities that are measured at fair value at the end of each reporting period.

	Fair value measurement using			
	Quoted prices in active markets *RMB'000* **(Level 1)**	**Significant observable inputs** *RMB'000* **(Level 2)**	**Significant unobservable inputs** *RMB'000* **(Level 3)**	**Total** *RMB'000*
At 30 June 2026 (unaudited)				
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	**62,023**	**43,536**	**479,710**	**585,269**
Financial assets at fair value through profit or loss ("FVTPL")	**–**	**–**	**538**	**538**
Derivative financial instrument	**–**	**(65,402)**	**–**	**(65,402)**
Total	**62,023**	**(21,866)**	**480,248**	**520,405**
At 31 December 2025 (audited)				
Equity investments designated at FVTOCI	82,748	45,038	479,490	607,276
Financial assets at FVTPL	–	–	538	538
Derivative financial instrument	–	(36,534)	–	(36,534)
Total	82,748	8,504	480,028	571,280

During the current interim period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurement (31 December 2025: Nil).

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

The management considers that the carrying amounts of all other financial assets and liabilities recorded at amortised cost in the condensed consolidated financial information approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

22. DISPOSAL OF SUBSIDIARIES

The net assets of subsidiaries at the date of disposal were as follows:

	30/06/2026 *RMB'000* *(note (a))*
Net assets disposed/liquidated of:	
Property, plant and equipment	653,888
Right-of-use assets	29,565
Goodwill	286,994
Trade receivables	115,996
Deferred tax assets	9,218
Inventories	7,509
Prepayments, deposits and other receivables	220,915
Cash and cash equivalents	32,443
Trade payables	(214,092)
Other payables and accruals	(237,114)
Deferred Income	(2,608)
Bank and other borrowings	(222,500)
Lease liabilities	(5)
Non-controlling interests	4,507
	684,716
Loss on disposal of subsidiaries, net	(446,371)
	238,345
Satisfied by:	
Cash	238,345

22. DISPOSAL OF SUBSIDIARIES *(Continued)*

An analysis of the net inflow in respect of the disposal of subsidiaries is as follows:

	2026
	RMB'000
Cash consideration	**238,345**
Cash and bank balances disposed of	**(32,443)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**205,902**

Notes:

(a) The Group completed the following material disposal of subsidiaries during the six months ended 30 June 2026:

(i) in April 2026, the Group disposed of an indirect non-wholly-owned subsidiary engaging in the provision of waste treatment services in the PRC, for a cash consideration of RMB51,750,000.

(ii) in May 2026, the Group liquidated an indirect non-wholly-owned subsidiary ("the subsidiary") engaging in the provision of waste treatment services in the PRC, with nil consideration. The court assigned a liquidator to take over the subsidiary, with all the relevant activities of the subsidiary subject to direction by the liquidator. As a result, the Group lost control of the company and has therefore deconsolidated the subsidiary from its consolidated financial statements.

(iii) in May 2026, the Group disposed of an indirect non-wholly-owned subsidiary engaging in the provision of water distribution services in the PRC, for a cash consideration of RMB186,595,000.

23. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and represented to conform with the current period's presentation for certain line items.

24. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited condensed consolidated financial information was approved and authorised for issue by the board of directors on 26 August 2026.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2026, the interests and short positions of the directors 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 maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Long positions in the shares and/or underlying shares of the Company

Name of Directors	Capacity	Total Interests in number of ordinary shares of the Company	Approximate percentage of the issued share capital of the Company *(Note 2)*
Mr. Zhou Min	*Note 1*	363,622,118	3.61935%
Mr. Li Haifeng	Beneficial Owner	1,740	0.00002%
Mr. Tung Woon Cheung Eric	Beneficial Owner	590,404	0.00588%

(ii) Long positions in the shares and/or underlying shares of the associated corporation

Associated corporation	Name of Directors	Capacity	Total Interests in number of ordinary shares of the associated corporation	Approximate percentage of the issued share capital of the associated corporation *(Note 5)*
Beijing Enterprises Urban Resources Group Limited ("BEURG")	Mr. Zhou Min	*Note 3*	2,439,980,777	68.60%
	Mr. Li Haifeng	*Note 4*	2,439,980,777	68.60%

DISCLOSURE OF INTERESTS *(Continued)*

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations *(Continued)*

Notes:

1. Mr. Zhou Min was deemed (by virtue of the SFO) to be interested in 363,622,118 ordinary shares of HK$0.10 each in the share capital of the Company ("Shares") as at 30 June 2026. These shares were held in the following capacity:

   a. 52,831,240 Shares were held in a beneficial owner capacity.

   b. 307,676,110 Shares and 3,114,768 Shares were held by Tenson Investment Limited and Star Colour Investments Limited ("Star Colour"), respectively, both of which are wholly and beneficially owned by Mr. Zhou Min, the vice chairman and an executive director of the Company.

2. The percentage represented the number of Shares over the total issued Shares of the Company as at 30 June 2026 of 10,046,609,871 Shares.

3. Mr. Zhou Min was deemed (by virtue of the SFO) to be interested in 2,439,980,777 ordinary shares of BEURG of HK$0.10 each ("BEURG Shares") as at 30 June 2026. These BEURG Shares were held in the following capacity:

   a. 490,476,000 BEURG Shares were held by Star Colour which is wholly and beneficially owned by Mr. Zhou Min, the vice chairman and an executive director of the Company.

   b. 1,949,504,777 BEURG Shares were held by Star Colour which entered into an acting in concert agreement (the "AIC Agreement") with the Company, Beijing Holdings Limited ("BHL"), Long March Holdings Limited, Zhihua Investments Limited, Maolin Investments Limited ("MIL"), Mr. Li Haifeng, Mr. Zhou Chen and ZGC International Holding Limited (together referred to as the "Concert Parties") on 10 May 2022. Pursuant to the AIC Agreement, the Concert Parties are acting in concert in respect of their interests in BEURG and therefore each of the Concert Parties is deemed to be interested in all the shares held by them in aggregate under the SFO. As at 30 June 2026, each of the Concert Parties were interested in an aggregate of 2,439,980,777 BEURG Shares, representing approximately 68.60% of the issued share capital of the BEURG. Details of the AIC Agreement are set out in the announcement of the Company dated 10 May 2022.

4. Mr. Li Haifeng was deemed (by virtue of the SFO) to be interested in 2,439,980,777 BEURG Shares as at 30 June 2026. These BEURG Shares were held in the following capacity:

   a. 50,800,000 BEURG Shares were held in a beneficial owner capacity.

   b. 2,389,180,777 BEURG Shares were held by Mr. Li Haifeng which entered into the AIC Agreement with the Company, BHL, Star Colour, Long March Holdings Limited, Zhihua Investments Limited, Mr. Zhou Chen, ZGC International Holding Limited and MIL on 10 May 2022. Pursuant to the AIC Agreement, the Concert Parties are acting in concert in respect of their interests in BEURG and therefore each of the Concert Parties is deemed to be interested in all the shares held by them in aggregate under the SFO. As at 30 June 2026, each of the Concert Parties was interested in an aggregate of 2,439,980,777 BEURG Shares, representing approximately 68.60% of the issued share capital of the BEURG. Details of the AIC Agreement are set out in the announcement of the Company dated 10 May 2022.

5. The percentage represented the number of BEURG Shares over the total issued shares of BEURG as at 30 June 2026 of 3,556,664,000 shares.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations *(Continued)*

(iii) Long positions in awarded shares of the Company

The interests of the Directors in the awarded Shares of the Company are separately disclosed in the section "Share Award Scheme" below.

Save as disclosed above, as at 30 June 2026, there were no interest or short position of the directors or chief executives of the Company in the Shares, the underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), that are 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 or the SFO.

Directors' Right to Acquire Shares

Save as disclosed under the heading "Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" and "Share Award Scheme", at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debenture of the Company granted to any director or their respective spouse or children under the age of 18, 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 of the Company to acquire such rights in any other body corporate.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed under the heading "Related Party Disclosures" in note 20 to the condensed consolidated financial information, there were no other transactions, arrangements or contracts of significance to which the Company, any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly subsisted during the period under review.

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2026, so far as was known to the directors or chief executives of the Company, the following persons (not being a director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Shares and/or underlying Shares of the Company

Substantial Shareholders	Capacity	Total Interests in number of ordinary shares of the Company	Approximate percentage of the issued share capital of the Company *(Note 8)*
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	Beneficial Owner	4,121,604,070	41.03%
Beijing Enterprises Holdings Limited ("BEHL")	Beneficial Owner/Interest of controlled corporation	4,132,107,070 *(Note 1)*	41.13%
Modern Orient Limited ("MOL")	Interest of controlled corporation	4,132,107,070 *(Note 2)*	41.13%
Beijing Enterprises Investments Limited ("BEIL")	Interest of controlled corporation	4,132,107,070 *(Note 2)*	41.13%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)")	Interest of controlled corporation	4,132,107,070 *(Note 3)*	41.13%
Beijing Enterprises Group Company Limited ("BEGCL")	Interest of controlled corporation	4,169,189,070 *(Note 4)*	41.50%
Three Gorges Capital Holdings (HK) Co., Limited ("TGC HK")	Beneficial Owner	515,952,000	5.14%
Three Gorges Capital Holdings Co., Ltd ("TGC")	Interest of controlled corporation	515,952,000 *(Note 5)*	5.14%
Yangtze Ecology and Environment (HK) Investment Limited ("YEE HK")	Beneficial Owner	872,121,436	8.68%
Yangtze Ecology and Environment Co., Ltd. ("YEE")	Interest of controlled corporation	872,121,436 *(Note 6)*	8.68%
China Three Gorges Corporation ("CTG")	Interest of controlled corporations	1,588,495,436 *(Note 7)*	15.81%

DISCLOSEABLE INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' Interests in Shares and Underlying Shares *(Continued)*

Long positions in the Shares and/or underlying Shares of the Company (Continued)

Notes:

(1) The interest disclosed comprises 10,503,000 Shares directly owned by BEHL and 4,121,604,070 Shares owned by BE Environmental. BE Environmental beneficially holds 4,121,604,070 Shares (representing approximately 41.03% in the share capital of the Company). BE Environmental is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the Shares owned by BE Environmental.

(2) The interest disclosed comprises 10,503,000 Shares directly owned by BEHL and 4,121,604,070 Shares owned through BE Environmental. MOL and BEIL are the immediate shareholders of BEHL and collectively hold approximately 20.97% of the issued share capital of BEHL. Accordingly, each of MOL and BEIL is deemed to be interested in the Shares owned by BEHL through BE Environmental.

(3) The interest disclosed comprises the Shares owned by BEIL and MOL (through BEHL and BE Environmental). BEHL is held directly as to approximately 41.19% by BE Group (BVI). MOL is a wholly owned subsidiary of BEIL, which is in turn directly held as to approximately 72.72% by BE Group (BVI). Accordingly, BE Group (BVI) is deemed to be interested in the Shares indirectly owned by BEIL and MOL (through BEHL and BE Environmental).

(4) The interest disclosed comprises the Shares owned by BE Group (BVI) as detailed in note (3) above and 37,082,000 Shares owned by BHL. BE Group (BVI) and BHL are wholly-owned subsidiaries of the BEGCL. Accordingly, BEGCL is deemed to be interested in the Shares indirectly owned by BE Group (BVI) and BHL.

(5) The interest disclosed comprises the Shares owned by TGC HK which beneficially holds 515,952,000 Shares (representing approximately 5.14% in the share capital of the Company). TGC HK is a wholly-owned subsidiary of TGC. Accordingly, TGC is deemed to be interested in the Shares owned by TGC HK.

(6) The interest disclosed comprises the Shares owned by YEE HK which beneficially holds 872,121,436 Shares (representing approximately 8.68% in the share capital of the Company). YEE HK is a wholly-owned subsidiary of YEE. Accordingly, YEE is deemed to be interested in the Shares owned by YEE HK.

(7) The interest disclosed comprises (i) 515,952,000 Shares owned by TGC HK, a direct wholly-owned subsidiary of TGC which is in turn directly held as to 30% by CTG, 40% by China Three Gorges Investment Management Co., Ltd., 10% by China Three Gorges Technology Co. Ltd. and 10% by China Yangtze Power Co., Ltd. ("CYP"). CYP is directly held as to 43.47% by CTG, 3.60% by China Three Gorges Construction Engineering Corporation ("CTG Construction") and 1.86% by CTG Logistics Management (Beijing) Co., Ltd. ("CTG Management"), both CTG Construction and CTG Management are direct wholly-owned subsidiaries of CTG; (ii) 200,422,000 Shares owned by China Yangtze Power International (Hongkong) Co., Ltd., a direct wholly-owned subsidiary of CYP; and (iii) 872,121,436 Shares held by YEE HK, a direct wholly-owned subsidiary of YEE, which is in turn directly held as to 100% by CTG.

(8) The percentage represented the number of Shares over the total issued Shares of the Company as at 30 June 2026 of 10,046,609,871 Shares.

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any persons (other than the directors or the chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DISCLOSEABLE INFORMATION

SHARE AWARD SCHEME

The Company had adopted a share award scheme (the "Share Award Scheme") on 17 December 2018. The purpose of the Share Award Scheme was to recognise the contributions by certain employees, directors and consultants of the Group and encourage them for the continual operation and development of the Group, and attract excellent talent for further development of the Group.

The Share Award Scheme would be valid and effective for a term of five years commencing on the adoption date and ending on the expiry of the trust period which may be extended by the Board at its absolute discretion. On 14 December 2023, the Board resolved to extend the Share Award Scheme for further five years after the expiry of an initial five-year term until 16 December 2028. As at the date of this interim report, the remaining life of the Share Award Scheme is approximately two years and four months.

Pursuant to the Share Award Scheme, the Company shall cause to pay the trustee the sum for the purchase of the existing awarded Shares and the related expenses. The trustee shall purchase the existing Shares from the market and shall hold such Shares until they are vested in accordance with the scheme rules. The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust (including but not limited to the awarded Shares). Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all vesting conditions (i.e. performance targets) to the vesting of the awarded Shares, the awarded Shares shall be held by the trustee on behalf of the selected participants until the end of the vesting period. The selected participants are not required to pay any purchase price for the vested Shares. The awarded Shares will be transferred by the trustee to the selected participants.

The maximum aggregate number of Shares which can be held by the trustee under the Share Award Scheme at any single point in time shall not exceed 2% of the total issued share capital of the Company from time to time. 18,499,494 Shares, representing approximately 0.18% of the ordinary Shares in issue as at the date of this interim report (i.e. 26 August 2026), were held by the trustee pursuant to the Share Award Scheme. Accordingly, the number of Shares that the trustee may further purchase from the open market for the purpose of the Share Award Scheme as at 26 August 2026 was 182,432,703 Shares, representing approximately 1.82% of the ordinary Shares of the Company in issue as at the date of this interim report.

The maximum number of existing Shares which may be awarded to a selected participant under the Share Award Scheme in any 12-month period shall not exceed 1% of the total issued share capital of the Company from time to time. If the selected participant, who is a director of the Company or service provider (if applicable), the maximum number of existing Shares which may be awarded to him/her under the Share Award Scheme in any 12-month period shall not exceed 0.1% of the total issued share capital of the Company from time to time.

DISCLOSEABLE INFORMATION

SHARE AWARD SCHEME *(Continued)*

The number of awarded Shares to be available for grant are both 200,932,197 Shares as at 1 January 2026 and 30 June 2026, respectively.

During the six months ended 30 June 2026, no awarded Shares were outstanding, granted, vested, cancelled or lapsed in accordance with the terms of the Share Award Scheme. The number of Shares that may be issued in respect of awarded Shares granted under the Share Award Scheme during the six months ended 30 June 2026 divided by the weighted average number of Shares in issue during the six months ended 30 June 2026 was therefore not applicable.

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

During the period under review and up to the date of this report, the change in directorate and the composition of the committee of the Board are as follows:

– Mr. Zhou Min was redesignated from the chief executive officer (the "CEO") to the vice chairman of the Company on 27 March 2026.

– Ms. Wang Zhupin was appointed as the CEO of the Company on 27 March 2026, and was appointed as an executive director of Shandong Hi-Speed New Energy Group Limited (Stock Code: 1250) on 22 July 2026.

Directors' updated biographies are available on the website of the Company.

Save as disclosed above, since the issue date of the Annual Report 2025, there has been no change in the Board, and there has been no change in directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of the Agreement(s)/ Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount *(million)*	Final Maturity	Specific performance obligations
11 January 2019	Issuance of medium-term notes	RMB1,000	January 2029	*Note 1*
20 January 2022	Issuance of medium-term notes	RMB1,000	January 2027	*Note 4*
16 December 2022	Green loan facilities with a bank	RMB3,764	December 2027	*Note 2*
23 March 2023	Issuance of medium-term notes	RMB1,000	March 2028	*Note 4*
12 March 2024	Issuance of medium-term notes	RMB1,000	March 2027	*Note 4*
18 March 2024	Green loan facilities with a bank	RMB2,650 *Note 6*	1+2 years *Note 5*	*Note 2*
18 April 2024	Issuance of medium-term notes	RMB500	5+N years *Note 3*	*Note 4*
4 July 2024	Issuance of medium-term notes	RMB500	July 2027	*Note 4*
4 July 2024	Issuance of medium-term notes	RMB500	July 2034	*Note 4*
6 November 2024	Facilities with a bank	RMB2,400	November 2026	*Note 2*
9 January 2025	Issuance of medium-term notes	RMB600	January 2030	*Note 4*
9 January 2025	Issuance of medium-term notes	RMB400	January 2035	*Note 4*

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Date of the Agreement(s)/ Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount *(million)*	Final Maturity	Specific performance obligations
18 November 2025	Issuance of medium-term notes	RMB1,000	November 2028	*Note 4*
18 November 2025	Issuance of medium-term notes	RMB1,000	November 2030	*Note 4*
8 December 2025	Issuance of medium-term notes	RMB1,000	December 2030	*Note 4*
13 April 2026	Issuance of medium-term notes	RMB1,500	April 2031	*Note 4*
8 May 2026	Issuance of medium-term notes	RMB1,500	May 2031	*Note 4*
17 June 2026	Issuance of medium-term notes	RMB1,200	June 2031	*Note 4*
6 July 2026	Issuance of medium-term notes	RMB1,200	July 2031	*Note 4*

Notes:

1. (i) BEHL owns or controls at least 35% of the voting rights in the Company; (ii) BEHL supervises the Company; (iii) BEHL is directly or indirectly the single largest shareholder of the Company; and/or (iv) the nominees of BEHL comprise the majority of the Board.

2. (i) BEHL owns, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of voting rights in the Company, free from any security; (ii) BEHL supervises the Company and/or have management control over the Company; (iii) BEHL is directly or indirectly the single largest 'shareholder of the Company; (iv) BEGCL owns, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any security; (v) BEGCL is directly or indirectly the single largest shareholder of BEHL or supervises BEHL; and (vi) BEGCL is effectively wholly-owned, supervised and controlled by the People's Government of Beijing Municipality* (北京市人民政府) ("Beijing Municipality").

3. The reset date of each coupon rate is the redemption date. The Company has the right to choose to redeem the principal at the face value plus accrued interest on the first reset date of the coupon rate of the medium-term note and every subsequent interest payment date. The reset date of coupon rate is the corresponding day of every five years from the first reset date of coupon rate. The end of the fifth interest-bearing year is the first reset date of coupon rate. From the sixth interest bearing year, the coupon rate is reset every five years.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Notes: (Continued)

4. (i) BEGCL owns or controls, directly or indirectly, at least 35% of the voting rights of the Company; (ii) BEGCL supervises the Company; (iii) BEGCL is directly or indirectly the single largest shareholder of the Company; and (iv) the nominees of BEGCL comprise the majority of the members of the Board.

5. The maturity date of each tranche of the facilities is 364 days after the first utilization date of each tranche of facilities, and each tranche of the facilities is extendable twice for one-year term at the discretion of the bank.

6. The aggregate amount of the facilities had been subsequently increased in accession mechanism for an additional amount of RMB300,000,000 from RMB2,350,000,000 to RMB2,650,000,000 in accordance with the terms of the facilities agreement.

According to the respective terms and conditions of the Agreements, breach of the above specific performance obligations will constitute events of default. If an event of default occurs, (a) the bank or syndicate of banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand; or (b) the Company may be required to redeem the medium-term notes after conclusion of the meeting of the noteholders; or (c) holders of medium-term notes may have the option to sell back the medium-term notes to the Company.

* *For identification purposes only*

DISCLOSEABLE INFORMATION

PURCHASE, SALE AND REDEMPTION OF ITS SECURITIES BY THE GROUP

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

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

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

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

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

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company (including sale of treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2026. As of 30 June 2026 and during the reporting period, the Company did not hold any treasury shares.

DISCLOSEABLE INFORMATION

INTERIM DIVIDEND

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

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

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

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

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

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

DISCLOSEABLE INFORMATION

INTERIM DIVIDEND *(Continued)*

If any beneficial owners of shares of the Company which are registered in the name of a nominee (e.g. HKSCC Nominees Limited), trustee or registered holder in any other capacity elect to receive all (but not part) of the interim dividend in RMB, they should make appropriate arrangements with such nominees, trustees or registered holders in order to effect the receipt of the interim dividend in RMB. The Company shall not be responsible for any costs, taxes or duties associated therewith or arising therefrom and such costs will be borne solely by the beneficial owners of such shares of the Company. If no such arrangements are in place, such beneficial owners of shares of the Company (despite having elected to receive the interim dividend in RMB) shall receive the interim dividend in HKD.

Shareholders should seek professional advice with their own tax advisors regarding any possible tax implications of the interim dividend payment.

CLOSURE OF REGISTER OF MEMBERS

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Company is committed to maintain the quality of corporate governance so as to ensure better transparency of the Company, protection of shareholders' and stakeholders' rights and enhance shareholder value. In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listed Rules") during the six months ended 30 June 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks that may be exposed to the Group and ensuring that the Group maintains sound and effective risk management and internal control systems in order to safeguard the interest of shareholders and the assets of the Group. The Board had delegated such responsibility to the Audit Committee which shall oversee management in designing, implementing and monitoring the risk management and internal control systems.

The Audit Committee, on behalf of the Board, reviews and monitors the effectiveness of risk management and internal control systems of the Group in accordance with policies and practices of the Company and receives reports on the effectiveness of these systems periodically.

RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

The Group has a risk management division in place. Among them, the risk management division should be responsible for organizing and setting up a risk management mechanism regarding corporate objectives so as to identify, control, acknowledge and manage the risks faced by the Group. In particular, the Group applies strict guidelines and procedures that monitor and control each investing unit for its investment, with the aim to mitigate risk exposure and external impacts and ensure that the risk management process is in line with the relevant objective. On the other hand, audit division carries out an independent review of key business processes and controls in accordance with its normal procedures and the recommendations and remedial measures are taken to rectify the deficiencies accordingly. The Group from time to time handles inside information in accordance with the procedures and guidelines, updates the internal control system when there are changes to business environment or regulatory guidelines, and follows up with various departments and business segments to ensure the timely implementation of the recommendations.

The Board believes that there is an adequacy of resources in terms of staff qualifications and experience, training programmes and budget of the internal audit function as well as those relating to the ESG performance and reporting of the Group.

The Board considers that enhanced risk management and internal control systems of the Group were effective and adequate for the six months ended 30 June 2026. No significant areas of concern that may affect the financial, operational and compliance control functions of the Group have been identified.

COMPLIANCE WITH APPENDIX D2 TO THE LISTING RULES

Save as disclosed in this interim report, information of the Group with respect to the matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not changed materially from the information disclosed in the 2025 annual report of the Company.