北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

# BEIJING ENTERPRISES HOLDINGS LIMITED

Stock Code : 392

## Annual Report 2024

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# I. CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. YANG Zhichang *(Chairman)*
Mr. XIONG Bin *(Chief Executive Officer)*
Mr. GENG Chao
Mr. TUNG Woon Cheung Eric

### Independent Non-Executive Directors

Mr. WU Jiesi
Mr. LAM Hoi Ham
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

## AUDIT COMMITTEE

Mr. WU Jiesi
Mr. LAM Hoi Ham *(Committee Chairman)*
Dr. YU Sun Say

## REMUNERATION COMMITTEE

Mr. YANG Zhichang
Mr. WU Jiesi *(Committee Chairman)*
Mr. LAM Hoi Ham

## NOMINATION COMMITTEE

Mr. YANG Zhichang *(Committee Chairman)*
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

## INVESTMENT COMMITTEE

Mr. YANG Zhichang *(Committee Chairman)*
Mr. LAM Hoi Ham
Ms. CHAN Man Ki Maggie

## COMPANY SECRETARY

Mr. TUNG Woon Cheung Eric

## STOCK CODE

392

## WEBSITE

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## SHARE REGISTRAR

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## REGISTERED OFFICE

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## AUDITOR

Deloitte Touche Tohmatsu
*Certified Public Accountants*
*Registered Public Interest Entity Auditor*

## LEGAL ADVISERS

### Hong Kong Law

Mayer Brown

### PRC Law

East & Concord Partners

# II. ANNUAL HIGHLIGHTS

## (I) RESULTS HIGHLIGHTS

1. Revenue amounted to approximately RMB84.064 billion, representing an increase of 2.1% over last year.

2. Profit attributable to shareholders amounted to approximately RMB5.123 billion, representing an increase of 5.0% over last year if excluding the impact of the one-off events last year.

3. Basic and diluted earnings per share amounted to RMB4.07.

4. The Board recommended the payment of a final dividend of HK$0.77 per share for 2024, the dividends for the year will be HK$1.62 per share, representing an increase of 1.25% over last year, with a payout ratio of 36.2%, representing an increase of 3.2 percentage points over last year.

## (II) INDUSTRY HIGHLIGHTS

### 1. Beijing Gas

(1) Achieving a LNG processing volume exceeding 1 million tons in the first year of full production of its Tianjin Nangang LNG project.

(2) The former chairman of Beijing Gas was successfully elected as the President of the International Gas Union (IGU) for the term from 2021 to 2024, which was the first of its kind in Chinese history.

### 2. BE Water

(1) Topping the list of China's Top Ten Influential Enterprises in the Water Industry for the past 14 consecutive years.

(2) Being selected as one of the Top 50 Environmental Enterprises in China by Revenue.

(3) Recording positive free cash flow for 3 consecutive years, indicating the effectiveness of its transformation.

(4) Luoyang Jianxi Sewage Treatment Plant, Yuxi Sewage Treatment Plant and Hangzhou Yuhang Sewage Treatment Plant (Phase 4) were included the list of "Green and Low-carbon Benchmark Plants for Sewage Treatment" jointly announced by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development.

### 3. BE Environment

Achieving industry leadership in the operation of its sludge and flue gas drying technology in the Harbin project. The Gao'antun and Tai'an projects also received their first green certificates.

### 4. EEW GmbH

Putting production lines (including sludge) into operation, achieved enhanced operational efficiency and guaranteed its revenue by leveraging high electricity prices, driving its EBITDA to a record high.

# II. ANNUAL HIGHLIGHTS

## (II) INDUSTRY HIGHLIGHTS *(Continued)*

### 5. Yanjing Brewery

Hitting a record high in terms of its revenue, with its net profit exceeding RMB1 billion for the first time, leading the industry with continuous double-digit growth rate.

## (III) FINANCIAL HIGHLIGHTS

1. Continuously propelling its debt structure optimization and reducing the cost of capital.

2. During the year, the issuance scale of Panda Bonds had exceeded RMB10 billion, with issuing rates repeatedly setting record lows for comparable products in the market.

3. For the first time, currency swaps were conducted on the stock of US dollar bonds, effectively lowering the cost of our stock US$ debt.

4. During the year, the finance cost at head office was lowered by more than RMB300 million year-on-year.

## (IV) ESG HIGHLIGHTS

1. The Company scored 55 points in the S&P Global Corporate Sustainability Assessment (S&P Global CSA), exceeding the industry average by 20 points.

2. The Company's shares were included in the first batch of the Hang Seng SCHK SOEs High Dividend Yield ESG Index.

3. BEHL (for two consecutive years) and BE Water were selected as one of the "Top Ten ESG Cases of Beijing State-owned Listed Companies".

4. BE Water was selected as one of the "Beijing-Tianjin-Hebei Pioneer 50 of China ESG Listed Companies".

5. The climate change risk management system under the TCFD framework covered all core businesses of BEHL, and the first Climate Action Progress Report was published during the period.

6. Formulated the Carbon Peak Action Plan of Beijing Enterprises Holdings Limited and established the Carbon Peak and Carbon Neutral Work Leading Group to scientifically promote the transformation to green and low-carbon.

7. Creatively developed the ESG Indicator System of Beijing Enterprises Holdings Limited to make ESG the truly key driving force to promote management innovation, business efficiency and innovative development.

# II. ANNUAL HIGHLIGHTS

## (V) AWARD HIGHLIGHTS

1. The Company was accoladed the Special Prize for Outstanding Achievements in Corporate Culture in Beijing.

2. The Company was awarded the First Prize for the 38th Beijing Modernization Innovation Achievements in Enterprise Management.

3. The Company was honoured the "Outstanding Listed Company Award" granted by Hong Kong Economic Journal for three consecutive years, underscoring the Company's long-term investment value.

4. The Company was awarded the "Good MPF Employer 5 years" by Mandatory Provident Fund Schemes Authority of Hong Kong.

5. The Company was awarded the "Energywi$e Certificate" and "Wastewi$e Certification" by the Hong Kong Green Organisation Certification for the first time.

# III. FINANCIAL SUMMARY

**(I) Financial Summary for the year ended 31 December**

| | **2024** *RMB'000* | 2023 *RMB'000* | **Change** |
|---|---|---|---|
| Turnover | **84,064,089** | 82,313,331 | **2.1%** |
| Gross profit | **11,426,989** | 10,728,653 | **6.5%** |
| Profit for the year | **6,315,474** | 6,401,291 | **–1.3%** |
| Profit attributable to shareholders of the Company | **5,123,085** | 5,498,290 | **–6.8%** |
| Basic EPS (in RMB) | **4.07** | 4.36 | **–6.7%** |
| Total dividend per share (in HK dollars) | **1.62** | 1.60 | **1.3%** |
| EBIT | **10,047,506** | 9,911,505 | **1.4%** |
| EBITDA | **14,206,750** | 14,018,473 | **1.3%** |
| Total assets | **209,752,117** | 204,454,706 | **2.6%** |
| Bank balance and cash | **30,960,207** | 28,858,361 | **7.3%** |
| Shareholders' equity | **84,881,134** | 80,997,724 | **4.8%** |

**(II) Indicator Summary for the year ended 31 December**

| | **2024** | 2023 |
|---|---|---|
| Average finance costs | **3.2%** | 3.7% |
| Current ratio (times) | **0.80** | 0.74 |
| Gross profit margin | **13.6%** | 13.0% |
| Net gearing ratio | **49.1%** | 50.9% |
| Payout ratio (%) | **36.2%** | 33.0% |

**Definitions:**

- **Average finance costs**
  Total interest expenses/Average borrowing for the year
- **Current ratio**
  Current assets/Current liabilities
- **Gross profit margin**
  Gross profit/Turnover
- **Net gearing ratio**
  Net borrowing/Total equity
- **Payout ratio**
  Dividend per share/Earnings per share

# IV. SUMMARY OF OPERATIONAL PERFORMANCE

In 2024, the key operating data are as follows:

| | Unit | 2024 | 2023 | Change |
|---|---|---|---|---|
| **(1) Gas Business** | | | | |
| Natural gas annual sales volume of Beijing Gas | 100 million cubic meters | **238** | 233* | 2.1% |
| Including: | | | | |
| *Annual sales volume in Beijing* | 100 million cubic meters | **173** | 181 | –4.4% |
| *LNG distribution volume* | 100 million cubic meters | **33** | 23 | 43.5% |
| *LNG international trade volume* | 100 million cubic meters | **24** | 16 | 50.0% |
| Natural gas annual sales volume of China Gas | 100 million cubic meters | **419** | 395 | 5.9% |
| Total | 100 million cubic meters | **657** | 628 | 4.6% |
| Shaanxi-Beijing Line Gas Transmission Volume | 100 million cubic meters | **881** | 743 | 18.5% |
| Oil sales volume of VCNG of Rosneft | Million tons | **5.70** | 6.16 | –7.5% |
| **(2) Water Business (in which the Company holds shareholdings)** | | | | |
| Sewage and reclaimed water treatment volume of BE Water | Million tons | **6,339.6** | 6,029.7 | 5.1% |
| Water supply volume of BE Water | Million tons | **2,366.5** | 2,313.4 | 2.3% |
| Total design treatment capacity as of the end of the period | Million tons/day | **43.74** | 43.96 | –0.5% |
| Total operating capacity as of the end of the period | Million tons/day | **33.86** | 33.47 | 1.2% |
| Number of water plants in operation as of the end of the period | | **1,472** | 1,455 | 1.2% |
| **(3) Environment Business** | | | | |
| Domestic waste treatment volume | Million tons | **7.35** | 7.05 | 4.4% |
| Domestic on-grid power generation volume | GWH | **2,280** | 2,222 | 2.6% |
| Overseas waste treatment volume | Million tons | **4.992** | 4.877 | 2.4% |
| Overseas electricity sales volume | GWH | **1,704** | 1,665 | 2.3% |
| Overseas heat sales volume | GWH | **968** | 888 | 9.0% |
| Overseas steam sales volume | GWH | **2,453** | 2,133 | 15.0% |
| Total waste incineration and power generation treatment capacity as of the end of the period | Tons/day | **34,687** | 34,232 | 1.3% |
| **(4) Beer Business** | | | | |
| Total sales volume of Yanjing Brewery | Million kiloliters | **4.004** | 3.94 | 1.6% |
| Sales volume of Yanjing U8 | Million kiloliters | **0.696** | 0.532 | 30.7% |

* *Restated*

# V. CHAIRMAN'S STATEMENT

Dear shareholders:

The year 2024 was a crutial year for Beijing Enterprises Holdings Limited (the "Company" or "BEHL", together with its subsidiaries, collectively referred to as the "Group") in the implementation of the "14th Five-Year Plan" for high-quality development. The Group actively responded to the challenges of complicated economic conditions both domestically and abroad, and followed the key trends of new urbanization, ecological civilization, and "dual carbon" objectives. By seizing the opportunities for technological and industrial reform and adhering to consolidating its foundation and enhancing its value, the Group advanced its "Four Strongholds" construction to lead a new high-quality development layout. During the year, the Group achieved a healthy growth in business volume alongside with the effective quality improvement in its operating results.

## CONSOLIDATING THE FOUNDATION WITH SOLID RESULTS AND CONTINUOUSLY ESCALATING SHAREHOLDERS' RETURNS

The Company recorded a revenue of RMB84.06 billion in 2024, representing a year-on-year increase of 2.1%. EBITDA amounted to approximately RMB14.21 billion, representing a year-on-year increase of 1.3%. The profit attributable to shareholders of the Company amounted to RMB5.12 billion, representing an increase of 5.0% over last year if excluding the impact of the one-off events last year. Basic and diluted earnings per share amounted to RMB4.07. The Board of the Company recommended the distribution of a final dividend of HK77 cents per share with the dividends for the year totalling HK$1.62 per share to its shareholders, representing a year-on-year increase of 1.3%, to reward the long-standing support of shareholders to the Company.

## "FOUR STRONGHOLDS" LEADING THE CONSTRUCTION AND EMBARKING ON A NEW JOURNEY TOWARDS HIGH-QUALITY DEVELOPMENT

- **Adhering to the value philosophy of building the "Four Strongholds"**

  In recent years, the acute and complicated external macro situation has become the norm, along with increasing various risks and challenges, which affected the current business development and performance of the Group. Based on our long-standing value philosophy, the Group has ample strengths and confidence to overcome current risks and challenges to achieve better and higher-quality development.

  The Group adheres to the principal businesses in utilities, energy and environmental protection, and serving national construction, social progress and improvement of people's livelihoods, and is committed to providing high-quality public service products that meet the needs of society and the public. The continuous demand for public infrastructure construction driven by national development, the continuous demand for high-quality public service products fueled by social progress, and the continuous demand for higher quality of life by people have offered the Group with significant potential for business development and enormous opportunities for value creation. By focusing on national development and people's needs and expectations, the Group leveraged our outstanding capabilities and leading performance to the best of their abilities to meet customer needs with high quality and efficiency and earn the faith and trust of the government, society, and the public. The value foundation and development path of the Company are also embedded in this initiative, which is not only inspiring from BEHL's past experience,but also its long-term commitment in the future.

  In 2024, the Company upheld the aforementioned value philosophy and proposed a strategic mission to build the "Four Strongholds", namely, Stronghold in "Business Layout", Stronghold in "Value Creation", Stronghold in "Mechanism Reform", and Stronghold in "Talent Pooling". The Company plans to achieve higher quality, more sustainable and industry-leading development through our efforts in the coming years.

## "FOUR STRONGHOLDS" LEADING THE CONSTRUCTION AND EMBARKING ON A NEW JOURNEY TOWARDS HIGH-QUALITY DEVELOPMENT *(Continued)*

- **Constructing new high-quality development layout under the guidance of "Four Strongholds"**

  **Building a stronghold in business layout and constructing a pillar for high-quality development.** Since its listing in 1997, the Company has continuously adapted to the situation and optimized its business layout through capital operation, laying the foundation for BEHL to become a leading urban infrastructure service provider in China. At present, a new round of technological revolution and industrial reform is reshaping the global industrial layout. The new technological revolution will also bring new momentum and new opportunities for China to build a modern industrial regime and promote high-quality economic development. As the high-end, intelligent, and green industries are the future trends, the Company will also follow the trends and facilitate the upgrading and iteration of its business layout in three aspects: firstly, on the basis of its existing advantageous businesses, upgrading and transforming the principal business segments in terms of technology equipment, business models, and other aspects; secondly, extending and expanding its existing industrial chain and innovation chain focusing on business segments; thirdly, ultilising BEHL as a platform and entwining green low-carbon environmental protection and new energy to plan new layout and explore new business growth points.

  **Building a stronghold in value creation and enhancing high-quality development momentum.** On the one hand, by focusing on the principal businesses, the Company achieved a continuous improvement in asset quality. While strengthening the governance of non-core, inefficient, and loss-making enterprises, the Company optimized the assessment index mechanism, and guided member companies to pay more attention to profitable revenue and cash flow liquidity. On the other hand, centering on unleashing the value of existing high-quality assets, the Company improved the ability of capitalvalue creation through capital operation. The Company revitalized existing assets through various capital operation methods such as restructuring, introducing strategic investment and innovating financing channels to improve asset operation efficiency. Simultaneously, the Company prioritized resources integration, brand building and collaboration services to strengthen the horizontal linkage among various business segments and enhance internal synergy and cooperation.

  **Building a stronghold in mechanism reform and stimulating high-quality development vitality.** Adhering to market-oriented reform direction and using the existing reform experience as a foothold, the Company further refined its corporate governance system, control mechanism, and incentive and restraint mechanism, in a bid to stimulate vibrancy, unleash potential, and strengthen the capabilities at head office. The Company focused on key issues in five key aspects: corporate governance, organizational structure, talent selection and employment, management and control of member companies, and capital operation mechanism, etc.

  **Building a stronghold in talent pooling and enhancing support for high-quality development.** The Company innovated the working methods in the selection, employment, cultivation and management of talents to build a management team with a sense of responsibility, creative thinking, and the ability to solve complicated problems. The Company fully leverages its strengths in attracting high-level talents and explored the more market-oriented mechanism in talent selection and employment, underpinning its high-quality development.

# V. CHAIRMAN'S STATEMENT

## "FOUR STRONGHOLDS" LEADING THE CONSTRUCTION AND EMBARKING ON A NEW JOURNEY TOWARDS HIGH-QUALITY DEVELOPMENT *(Continued)*

- **Taking the "Four Strongholds" construction as the mastermind and building a solid foundation for high-quality development**

  In 2024, taking the construction of "Four Strongholds" as the strategic mastermind, the Company comprehensively implemented various operation and management work throughout the year. Focusing on industrial structure upgrading and green low-carbon environmental protection industries, the Company tracked and stored a batch of potential new-quality productivity projects. By focusing on enhancing efficiency and quality, the Company continuously optimized its debt financing structure. The issuance scale of Panda Bonds reached RMB10 billion, the lowest for comparable products in the market in terms of interest rates. Average interest rates and interest expenses were further reduced, and the finance cost at head office was lowered by RMB300 million year-on-year. The Company's financing anti-risk capability was hence significantly strengthened. The Company actively guided its affiliated enterprises to increase revenue and reduce expenses with significant results achieved, accelerated the disposal of non-core and inefficient assets, and completed the exit of 35 related companies under the BE Group. By focusing on further deepening reforms, the Company implemented 33 reform measures to address key issues, which further expanded the functional roles of the Board and professional committees, successfully completed organizational structure, implemented differentiated management and control of BE Water and achieved a significant progress in the market-oriented talent selection and employment.

  In 2024, the Company achieved a steady improvement in its sustainable development capability. BEHL now holds a leading position in the Asian utilities industry. BEHL scored 55 points in S&P Global Sustainability Assessment (S&P Global CSA), significantly outperforming the industry average. The current credit ratings of BEHL from Moody's and Fitch remained at Baa1 and A respectively. BEHL was included in Hang Seng SCHK SOEs High Dividend Yield ESG Index and Hang Seng High Dividend Yield Index during the year, and was honoured the Outstanding Listed Company Award granted by Hong Kong Economic Journal for three consecutive years. The abovementioned performance fully underscored the Company's long-term investment value and sustainable development capability.

- **Forming a new pattern with vertical extension of gas business and achieving a stable improvement in operation indicators**

  In 2024, Beijing Gas achieved a stable improvement in operation indicators. Revenue for the year amounted to RMB62 billion, representing a year-on-year increase of 0.9%, and profit before taxation amounted to RMB4.2 billion. During the year, the combined gas sales volume was 23.8 billion cubic metres, representing a year-on-year increase of 2.1%.

# V. CHAIRMAN'S STATEMENT

## "FOUR STRONGHOLDS" LEADING THE CONSTRUCTION AND EMBARKING ON A NEW JOURNEY TOWARDS HIGH-QUALITY DEVELOPMENT *(Continued)*

- **Forming a new pattern with vertical extension of gas business and achieving a stable improvement in operation indicators** *(Continued)*

  Beijing Gas achieved a stable performance in its existing natural gas distribution business. With a seamless price pass-through mechanism, the gas sales structure of Beijing remained healthy. The proportion of power generation and heating remained stable at around 70%, and the investment projects of Beijing Pipeline and VCNG of Rosneft had footed stable revenue. It strengthened its control over upstream resources through business extension. The Nangang LNG project was fully put into operation with better than expected performance in its inaugural year, initially forming synergistic advantages in the entire chain of resource-processing-sale. By innovating trade models and optimizing international resource pools, it significantly reduced sourcing costs and effectively enhanced international trade profitability, confidently became the second principal business of Beijing Gas.

  China Gas achieved a gas sales volume of 41.86 billion cubic meters in the financial year, representing a year-on-year increase of 5.9%. During the year, China Gas contributed a profit of RMB648 million to BEHL, a year-on-year increase of 10.9%, which was mainly attributable to closely following national policies and promoting price pass-through in various regions. In the first half of financial year 2024, the dollar margin of gas sales increased by RMB0.02 per cubic meter year-on-year. In 2024, China Gas implemented the bottled-to-piped gas conversion reform and the renovations in old microdistricts, effectively addressing the impact of the real estate's downturn on gas connection business. The LPG business integrated upstream resources, optimized and upgraded the industrial chain to drive the further improvement in trading and terminal profitability. The integrated energy business, biomass and other clean energy projects were successfully implemented, and the industrial and commercial energy storage projects progressed in an orderly manner, gradually forming advantages for industrial synergistic development.

- **Making new achievements in strategic transformation of water business and maintaining a leading position in operational efficiency**

  In 2024, BE Water achieved a revenue of RMB24.27 billion for the year and profit attributable to BEHL amounted to RMB690 million.

  BE Water actively addressed the key trends of the macro-environment and industry change and propelled its business iteration and upgrading. BE Water established companies such as BE Water Technology and Beishui Cloud Service, and achieved a breakthrough development in the equipment manufacturing companies which it invested in. By firmly implementing the light-asset transformation strategy, it achieved a stable improvement in revenue in the water operation business. Over 80% of new projects were entrusted operation and other light-asset models with an optimized business structure. By implementing the business strategy of "Survival, Efficiency and Development", it focused on cash flow and collection of accounts receivables, and had effectively controlled incremental investments with free cash flow remained positive for three consecutive years, resulting in improved profit quality. It increased its investments in technology research and development and developed a new operation paradigm of "Cloud chain end", maintaining industry leadership in operational efficiency along with optimized development momentum. It disposed of inefficient and ineffective assets, optimized debt structure and strengthened cost control, reduced cost expenses by approximately RMB400 million, resulting in optimized cost management.

## "FOUR STRONGHOLDS" LEADING THE CONSTRUCTION AND EMBARKING ON A NEW JOURNEY TOWARDS HIGH-QUALITY DEVELOPMENT *(Continued)*

- **Making new progress in quality and revenue improvement of solid waste business, and significantly strengthening innovation-driven capabilities**

  In 2024, the domestic business of the environment segment achieved a revenue of RMB2.357 billion, and profit before taxation achieved was RMB609 million, representing a year-on-year increase of 4.1%. The overseas EEW GmbH achieved a revenue of RMB6.864 billion, representing a year-on-year increase of 19.1%, and profit before taxation was RMB1.225 billion, representing a year-on-year increase of 35.0%.

  With refining existing projects as a foothold, its domestic business fully explored market channel resources to ensure stable and efficient output of equipment capacity. It actively carried out collaborative businesses such as sludge, food waste, heat supply, and gas supply to expand income sources through multiple channels. It strengthened technological innovation by developing and utilising new technologies such as deacidification in furnace and leachate recirculated spraying, in a bid to reduce material consumption and cut down operating costs. Its domestic projects completed solid waste treatment volume of 7.353 million tons, representing a year-on-year growth of 4.4%. On-grid power generation volume reached 2.28 billion kWh, representing a year-on-year increase of 2.6%. Sludge intake volume increased by 58% year-on-year, and external gas supply volume increased by 78% year-on-year. Simultaneously, it facilitated the governance of inefficient assets and optimized asset quality.

  The overseas EEW GmbH actively expanded its European market presence and explored new development opportunities such as CCUS. It increased waste intake, and expanded energy sales while seizing opportunities to lock in electricity prices and controlled costs reasonably to improve revenue. During the year, it accomplished a waste treatment volume of 4.99 million tons, a year-on-year increase of 2.4%, driving a 9.4% year-on-year increase in energy sales to 5.125 billion kWh.

- **Achieving a new breakthrough in the high-end strategy of beer business and continuously consolidating the development momentum**

  In 2024, beer business achieved a revenue of RMB12.76 billion, representing a year-on-year increase of 3.5%, and profit before taxation achieved was RMB1.555 billion, representing a year-on-year increase of 62.7%. Yanjing Brewery achieved a beer sales volume of 4.004 million kiloliters, representing a year-on-year increase of 1.6%.

  In light of the overall lack-lustre consumption momentum of the beer industry in 2024, the major leading beer manufacturers experienced double reduction in both sales volume and revenue. Yanjing Brewery achieved market breakthroughs and further upgraded its product structure through market strategies such as the hundred-line project, hundred-city project, bulk single product strategy, and Lionk（獅王）high-end brand cultivation. By promoting digital transformation on the supply chain side and premier management system on the production side, it achieved a profit increase of approximately RMB400 million through expanding financial revenue, reducing packaging material consumption, and promoting energy conservation and consumption reduction, with its annual business goal successfully achieved.

# V. CHAIRMAN'S STATEMENT

## OUTLOOK

Looking ahead to 2025, the world is undergoing accelerated transformation in this centenial layout, with the global macroeconomic environment becoming increasingly volatile and external conditions becoming more and more complicated and acute, trade conflicts and tariff barriers may exert greater bombardment on China's trade, technology and other key sectors.

The year 2025 marks the concluding year of China's "14th Five-Year Plan". Amid evolving internal and external circumstances, the Company will continue to adhere to the guidance of building the "Four Strongholds", constantly strengthen its core functions and enhance core competitiveness, consolidate its industry leading position, improve development efficiency and quality, and propel BEHL toward a new journey of high-quality growth.

- **BEHL Headquarters**

  Accelerating investments and cultivating emerging businesses. It will focus on national strategic emerging industries, align with industrial resources in the grand energy and environmental sectors, combine independent development with mergers and acquisitions and create layout opportunites for fostering and expanding new-quality productivity and driving the growth of emerging businesses.

  Advancing continuous value creation. It will strengthen its management and optimize resources structure, and further revitalize inventory assets through capital operation tools such as issuing quasi-REITs products and introducing strategic investors.

  Further deepening reform. It will focus on the "Five Mechanisms" to address prominent challenges it faced, and consolidate the achievement of reform efforts by leveraging institutional construction as the driving force.

  Further strengthening talent "selection, utilization, management and development". Efforts will be intensified in training management personnel, empowering core talent, improving the professional competencies and expanding the global perspectives of personnel in critical roles, optimizing talent recruitment and deployment for business support centers, building expert teams and attracting high-level talents, and developing high-potential talent reserve. A value creation-based incentive mechanism will be established to promote the development of a mid-to-long-term incentive mechanism for eligible enterprises.

## OUTLOOK *(Continued)*

- **Gas Business**

  Beijing Gas will focus on the strategy of "deepening its presence in Beijing while expanding both inside and outside Beijing; focusing on energy with vertical integration", consolidate its advantages in traditional city gas business, steadily enhance the economic efficiency of Nangang project's commissioning and operation, and accelerate the market-oriented operation of the projects.

  China Gas will continue to uphold the strategic philosophy of "facilitating payment collection, expanding gross margin, reducing expenses, strengthening the organization, enhancing quality, and pursuing development", and deepen its focus on "customer orientation" and "value creation". It will continue to advance cost reviews for distribution pricing and the implementation of pricing linkage mechanisms, while promoting the smooth implementation of projects such as "aging neighborhood renovation". It will also continue to integrate upstream and downstream resources in the liquefied petroleum gas industry, promote biomass and other integrated energy projects, focusing primarily on industrial and commercial energy storage projects to drive the development of photovoltaics and other business lines.

- **Water Business**

  2025 marks a pivotal year for deepening the transformation of the water business. BE Water will continue to advance its light-asset transformation strategy, refine free cash flow management and leverage the opportunity of policy-driven debt resolution to sustain a stable development momentum. It will continuously improve operational efficiency. Through regional intensive management and the upgrading of the operation paradigm, and the implementation of the "Cloud chain end" model, the Company will build the core competitiveness for expanding light-asset operation service businesses in the future. It will continue to optimize talent structure, with an aim to achieve the upgrading of the talent structure and boost the vitality of organizational development by upgrading the talent development mechanism, and establishing a mechanism for value creation and sharing.

- **Environmental Business**

  Domestic environmental business will continue to focus on refining existing assets. It will implement lean operational management, pilot promoting a nationwide zoned and centralized management model, as well as an intelligent incineration project management model, while comprehensively expanding diversified businesses such as sludge coordination, steam supply, and heat supply. It will also expedite the construction of technological innovation platforms and the development of application scenarios, enhancing light-asset technology reserves and capability support. It will drive the governance of underperforming assets and optimize the asset structure to lay a foundation for sustainable development.

  The overseas EEW GmbH will focus on industry development trends, continue to monitor fluctuations in the solid waste and electricity spot price market, formulate mid-to-long-term plans for the solid waste resource market, and explore more market-oriented sales channels and pricing strategies. In the production end, it will accelerate the commercial operation of new production lines to expand production capacity and create new revenue streams. It will implement refined management to reduce operating costs of existing projects, and further enhance operational efficiency through technological upgrades and digital management solutions.

## OUTLOOK *(Continued)*

- **Beer Business**

  In 2025, by anchoring higher goals, Yanjing Brewery will constantly enhance its corporate core capabilities and value creation capabilities, and fully consolidate the good growth momentum. It will adhere to its bulk single product strategy, deepen the upgrading of product matrix, drive innovation in both product and marketing through a dual-wheel driving approach, and amplify brand momentum through youthful and multi-dimensional marketing, whereby consolidating its leading position in the industry. It will continue to deepen the development of its premier management system, expedite the digital transformation of the supply chain, continuously strengthen technology empowerment and achievement transformation to promote the improvement of operation efficiency and refined management standard.

  The year 2025 serves as a critical planning year for China's "15th Five-Year Plan". Capitalizing on this strategic opportunity, the Company will advance the "Four Strongholds" strategy by implementing a five-year plan, striving to lay a stronger foundation for transforming BEHL into an enterprise with optimized business operations, enhanced value, improved mechanism, and superior talent during the "15th Five-Year Plan" period, so as to deliver higher-quality products and services to the society and the public, create more value for the sustainable development of the society, make greater contribution to the construction of a beautiful China and the realization of China modernization, while generating greater long-term value for our shareholders.

**YANG Zhichang**
*Chairman*

Hong Kong
27 March 2025

# VI. BUSINESS OF THE GROUP

## (I) BASIC INFORMATION

BEHL is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 392) and is controlled by BE Group, it is the largest overseas investment and financing flagship enterprise controlled by Beijing municipal government.

Established in 1997, BEHL has consistently gained the attention and support of the capital market by virtue of its strengths and strong background support. On the day of its listing, the Company set several records on Hong Kong Stock Exchange in terms of the amount of funds raised from initial public offering, the price-earning multiples, and the over-subscription multiples. After undergoing a series of reforms such as restructuring, transformation and resources integration, the Company has successfully transformed into an integrated urban public utility company upderpinned by gas, water and environmental sectors as well as the related upstream and downstream investment as the principal businesses, with the beer business as a complementary, forming a collaborative development layout. Member enterprises are all taking leading position of the industry or the region, and have a strong influence on the market, ecology and development of related industries.

The Company is currently included as a constituent stock of the Hang Seng China-Affiliated Corporations Index, Hang Seng Composite Index, Hang Seng SCHK Index, Hang Seng SCHK High Dividend Yield Index, Hang Seng SCHK SOEs High Dividend Yield ESG Index and Hang Seng High Dividend Yield Index. In terms of credit rating, the Company obtained a domestic rating of AAA from CCXI, the overseas ratings of A from Fitch Ratings and BBB+ from Moody's Investors Service, all of which are high investment ratings.

In the future, BEHL will join hands with BE Group to fulfill its mission of "serving the national carbon peak and carbon neutral strategy, facilitating sustainable urban development, and building better cities", focus on key drivers of modern urban construction by aligning with national strategic needs, with targeted investment in public services, infrastructure development, ecological and environmental protection, improvement of people's livelihood and strategic emerging industries, and promote equal access to public services and infrastructure connectivity, striving to provide domestic leading and international first-class modern urban integrated services to make cities better.

# VI. BUSINESS OF THE GROUP

## (II) BUSINESS STRUCTURE

To effectively improve its corporate governance standards, increase its exclusive financing channels, and independently reflect its corporate value, the Company adopts the business layout structure of "single business, separate listing" for its principal business, and gives full play to the independent advantages of every business platform through the exclusive listed companies of each business segment.

The main business platform companies held by the Company are leading enterprises in various industries, among which:

Beijing Gas: The largest single city gas transmission and distribution enterprise in China;

China Gas (Stock Code: 384): One of the largest trans-regional, integrated energy suppliers and service providers in China;

BE Water (Stock Code: 371): The largest integrated water company in China, topped the list of China's Top Ten Influential Enterprises in the Water Industry for 14 consecutive years;

BE Environment (Stock Code: 154): One of the large solid waste treatment enterprises in China;

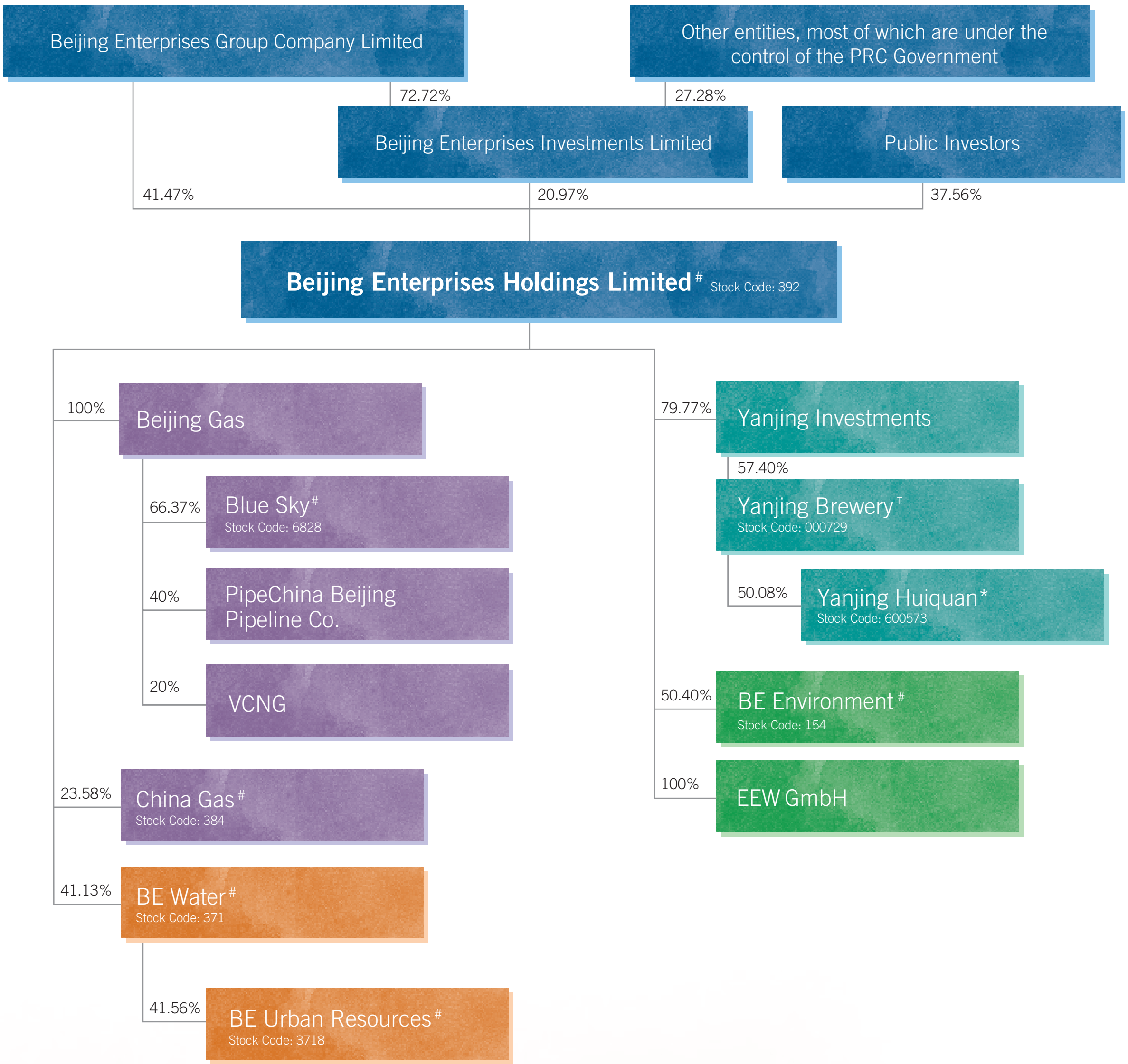
EEW GmbH: Germany's largest and Europe's leading waste-to-energy company;

Yanjing Brewery (Stock Code: 000729): Ranking among China's top three beer brands.

# VI. BUSINESS OF THE GROUP

## (III) CORPORATE STRUCTURE

As at 31 December 2024




* Listed on The Shanghai Stock Exchange

T Listed on The Shenzhen Stock Exchange

\# Listed on The Main Board of The Hong Kong Stock Exchange

# VI. BUSINESS OF THE GROUP

## (IV) MAIN BUSINESS SEGMENTS

### 1. Gas Business

The business scope of gas business encompasses natural gas storage, transmission and sales, as well as urban gas pipeline construction and management, gas for vehicles and vessels and refuelling stations, distributed energy, liquefied petroleum gas, new energy-related technology and product development, natural gas trade and value-added services, etc., with operations spanning upstream resources, midstream transmission and downstream market applications, achieving the development of full industrial chain. The Group achieves annual gas sales volume of more than 65 billion cubic meters, possesses a total gas pipeline network of approximately 600,000 kilometers, and serves over 57 million gas customers. The main enterprises under the Group include Beijing Gas and China Gas.

The Company completed the acquisition of Beijing Gas in 2007 and established the main business framework with city gas as the core. Beijing Gas mainly serves the supply and sales of natural gas in Beijing and its peripheral urban areas. It is the largest single city gas supplier in China's urban gas industry, with the scale of pipeline network, the number of gas users, the annual gas consumption and the annual sales revenue all ranking among the top in China. At the same time, it is also an enterprise with cumulative natural gas supply exceeding 100 billion cubic meters, annual gas supply exceeding 10 billion cubic meters, and daily gas supply exceeding 100 million cubic meters. Beijing Gas holds 40% equity interest in PipeChina Beijing Pipeline Co., which is primarily engaged in the midstream natural gas transmission business and owns and operates the Shaanxi-Beijing Natural Gas Pipeline Lines 1 to 4. Simultaneously, Beijing Gas successfully invested in VCNG project of Rosneft Oil Company in 2017. The project owns the oil and natural gas exploration rights for one of the largest oil and gas fields in East Siberia, signifying Beijing Gas's expansion of its value chain into the upstream sector of the oil and natural gas.

The Company invested in China Gas in 2013 and achieved a nationwide layout of gas business. China Gas operates under a diversified development structure with focus on pipeline natural gas business, while also encompassing liquefied natural gas, liquefied petroleum gas, smart energy services, electricity and new energy, new thermal mining equipment and technology development and application, gas equipment and kitchen utensils, home living services, grid-based "shop-commerce" new retail. As of 30 September 2024, China Gas acquired 662 franchised pipeline gas projects in 30 provinces, municipalities and autonomous regions in China, and owned 32 long-distance natural gas pipelines, 509 compressed/liquefied natural gas refueling stations for vehicles and vessels, one coal-bed methane development project and 120 liquefied petroleum gas distribution projects.

# VI. BUSINESS OF THE GROUP

## (IV) MAIN BUSINESS SEGMENTS *(Continued)*

### 2. Water Business

The water business is mainly operated by BE Water. Established in 2008, BE Water is a flagship enterprise focusing on water recycling and water-related environmental protection, integrating industrial investment, design, construction, operation, technical services and capital operation. With urban water supply and sewage treatment business as its main core, its scale of water treatment excelled the market in China and is currently the largest domestic integrated water company and has topped the list of the Top 10 Influential companies in the Chinese Water Industry for 14 consecutive years.

As of the end of the reporting period, BE Water operated a total of 1,472 water treatment plants and rural sewage treatment facilities, with a total design capacity of approximately 44 million tons/day. Its service coverage spans 20 provinces, 5 autonomous regions, and 4 municipalities directly under the Central Government across Mainland China, as well as overseas markets including Portugal, Singapore, Australia, and Saudi Arabia.

### 3. Environmental Business

The business scope of the environmental business covers household waste incineration and power generation, hazardous and medical waste treatment, sludge disposal and garbage collection and transportation, possessing the world's leading waste incineration technology and project management standard. Currently, the Group has a total of 35 solid waste treatment projects in operation and under construction, with 18 in Mainland China and 17 in Europe. The domestic and overseas waste incineration and power generation treatment capacity reaches 34,687 tons/day. The main enterprises include BE Environment and BEHET, which is based in China, and EEW GmbH, an overseas company headquartered in Germany.

BE Environment is a professional platform engaged in investment, construction and operation in the field of solid waste through capital operation, asset integration and investment operation. BEHET is an enterprise focusing on the development of environmental protection segments such as municipal solid waste, industrial hazardous waste, medical waste, construction waste disposal and ecological environment treatment and restoration.

EEW GmbH, which was wholly acquired by the Company in 2016, is a German enterprise focusing on waste-to-energy utilization, with its main business in waste incineration and power generation, steam supply and district heating. At present, its market share ranks first in Germany, and has 17 waste-to-energy utilization plants with world's first-class technology and equipment in Germany, the Netherlands and Luxembourg. As a leading enterprise in waste incineration and power generation in Germany, EEW GmbH represents the world's first-class standard in terms of equipment standards, operational efficiency, technical level and emission indicators.

### 4. Beer Business

The beer business constitutes an important part of the value investment strategy of BEHL, and the principal enterprise is Yanjing Brewery, with its business scope covers the production and sales of beer products. As a large brewery conglomerate in China and one of the largest beer manufacturers in Asia, Yanjing Brewery boasts an annual beer sales volume of over 4 million kiloliters, and operates over 30 wholly-owned and controlled beer production bases in China. Yanjing Brewery ranks among the Top 100 Enterprises in China's Light Industry, the Top 50 in China's Light Industry Food Industry, and the Top 500 Asian Brands, with a brand value of approximately RMB223.7 billion, and owns renowned domestic beer brands such as Liquan, Huiquan and Xuelu.

# VII. DIRECTORS AND SENIOR MANAGEMENT

## (I) EXECUTIVE DIRECTORS

**YANG Zhichang**, aged 55, is the Executive Director and Chairman of the Company, also serves as Vice General Manager of Beijing Enterprises Group Company Limited. Mr. Yang graduated from the department of management engineering of Beijing University of Posts and Telecommunications with posts and telecommunications management engineering qualification in 1991 and obtains a doctorate degree in management from the department of industrial economics from Chinese Social Science Post-graduate Faculty with enterprise management qualification in 2009. He worked at Beijing University of Posts and Telecommunications from 1991 to 2001. He was a deputy general manager of the sales department of 北京東方廣場 (Beijing Oriental Plaza) of 南方證券公司 (China Southern Securities Co.) from 2001 to 2002. He was a director and vice president of 北京正通網絡通信有限公司 (Beijing Zhengtong Network Communication Co., Ltd.) from 2002 to 2006. He was a manager of the investment development department of Beijing Holdings Limited from 2006 to 2010. From 2010 to 2019, he was a manager of the strategic development department, a manager of the reform and development department and an assistant to general manager of Beijing Enterprises Group Company Limited. From 2019 to 2022, he was an assistant to general manager of Beijing Enterprises Group Company Limited and a director and a general manager of Beijing Holdings Limited. He has been a Vice General Manager of Beijing Enterprises Group Company Limited since 2022. Mr. Yang was appointed as Executive Director and Chairman of the Company in October 2023.

**XIONG Bin**, aged 58, is the Executive Director and CEO of the Company. He also serves as Executive Director and Chairman of Beijing Enterprises Water Group Limited (stock code: 371), Vice Chairman and Non-executive Director of China Gas Holdings Limited (stock code: 384), Assistant to General Manager of Beijing Enterprises Group Company Limited and Director of Beijing Gas Group Co., Ltd. Mr. Xiong is a PRC engineer. He graduated from the Department of Thermal Engineering of the School of Mechanical Engineering of Tongji University, and received an EMBA degree from the School of Economics and Management of the Tsinghua University. Mr. Xiong has joined Beijing Gas Group Co., Ltd. since 1999 from which he has obtained numerous years of experience in public infrastructure facilities management. Also, Mr. Xiong has joined Beijing Enterprises Group Company Limited since 2011 and by working at its Strategic Investment Department, he has enriched his experience in strategic and investment management skills. Mr. Xiong was appointed as Executive Director and Chief Executive Officer of the Company in February 2021.

**GENG Chao**, aged 50, is the Executive Director of the Company. He also serves as the chairman of 北京燕京啤酒集團有限公司(Beijing Yan Jing Beer Group Company Limited) and the chairman of 北京燕京啤酒股份有限公司 (Beijing Yanjing Brewery Co., Ltd.) (listed on The Shenzhen Stock Exchange, stock code: 000729). Mr. Geng graduated from the Liberation Army Engineer Corps Engineering Institute with construction engineering qualification in 1998 and obtain a master's degree in law from Peking University in 2009. He worked at the Policy and Regulation Division and Comprehensively Deepening the Reform of Municipal State-owned Enterprises Work Office of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality from 2004 to 2018. He served as Director of the State-owned Assets Supervision and Administration Commission of People's Government of Shunyi District, Beijing Municipality from 2018 to 2020. Mr. Geng was appointed as Executive Director of the Company in July 2023.

**TUNG Woon Cheung Eric**, aged 54, is the Executive Director of the Company, also serves as an Executive Director, the Chief Financial Officer and Company Secretary of Beijing Enterprises Water Group Limited (stock code: 371). Mr. Tung graduated from York University, Toronto, Canada with a bachelor's honours degree in administrative studies. He is a Hong Kong Certified Public Accountant and a U.S. licensed practice Certified Public Accountant. He is currently an Independent Non-executive Director of South China Financial Holdings Limited (stock code: 619), GR Life Style Company Limited (formerly known as GR Properties Limited) (stock code: 108) and Jinke Smart Services Group Co., Ltd. (stock code: 9666). Mr. Tung joined the Company in June 2000 and was appointed as Executive Director and Company Secretary of the Company in January 2025.

## (II) INDEPENDENT NON-EXECUTIVE DIRECTORS

**WU Jiesi**, aged 73, holds a doctorate degree in Economics. He is the Chairman of Fuhai Yintao Asset Management Co. Ltd. as well as Independent Non-executive Director of Industrial and Commercial Bank of China (Asia) Limited. He conducted post-doctoral research work in theoretical economics at the Nankai University in the PRC and was conferred the professorship qualification by the Nankai University in 2001. During the period from 1984 to 1995, Mr. Wu worked at the Industrial and Commercial Bank of China in a number of positions, including as the President of Shenzhen Branch. From 1995 to 1998, Mr. Wu was Vice Mayor of Shenzhen Municipal Government and from 1998 to 2000 he was the assistant to the Governor of Guangdong province. He was the Chairman of Guangdong Yue Gang Investment Holdings Company Limited and GDH Limited, Director and Honorary President of Guangdong Investment Limited (stock code: 270) (from 2000 to 2005), Non-executive Director of Shenzhen Investment Limited (stock code: 604) (from 2006 to 2020), Independent Non-executive Director of China Taiping Insurance Holdings Company Limited (stock code: 966) (from 2000 to 2020), Non-executive Director of Silver Base Group Holdings Limited (the shares of which were listed on the Hong Kong Stock Exchange and were delisted in December 2023) (from 2008 to 2021) and Independent Non-executive Director of China Citic Bank International Limited (from 2013 to 2022). He has extensive experience in finance and management. Mr. Wu joined the Company in July 2004.

**LAM Hoi Ham**, *Justice of Peace*, aged 86, was graduated from the faculty of economics of The University of Hong Kong, is the founder of the accounting firm H H Lam & Co., and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam was granted Medal of Honour by The Hong Kong Government in 1994 and was appointed a Justice of the Peace in 1997. Mr. Lam previously served as a Standing Committee member of the 10th and 11th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China of Beijing City and served as its Senior Consultant. He was the Vice Chairman of Beijing Overseas Friendship Association and a committee member of Beijing Health Department Overseas Friendship Association, etc. Mr. Lam joined the Company in March 2008.

**YU Sun Say**, *G.B.M., J.P.*, aged 86, is Chairman of the H.K.I. Group of companies, director of a number of manufacturing and investment companies, Independent Non-Executive Director of Tongda Group Holdings Limited (stock code: 698), Wong's International Holdings Limited (stock code: 99) and Fu Shek Financial Holdings Limited (stock code: 2263), Permanent Honorary President of the Chinese General Chamber of Commerce, Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong. Dr. Yu was member of the Standing Committee of the Chinese People's Political Consultative Conference as well as member of the Preparatory Committee for the Hong Kong Special Administrative Region and its Hong Kong Affairs Adviser. Dr. Yu joined the Company in March 2014.

# VII. DIRECTORS AND SENIOR MANAGEMENT

## (II) INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

**CHAN Man Ki Maggie**, *M.H., J.P.*, aged 56, obtained her Bachelor degree in Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1991 and 1992 respectively. She is the founder and managing partner of CMK lawyers, a law firm in Hong Kong, and has over 30 years of experience in providing legal advices and services as a solicitor in Hong Kong. Ms. Chan is also a lawyer in the Guangdong-Hong Kong-Macao Greater Bay Area and her practice institution is Sino-Win Law Firm.

Ms. Chan is an Accredited Mediator and a China-Appointed Attesting Officer in Hong Kong. She is also the founding president of The Small and Medium Law Firms Association of Hong Kong. Furthermore, Ms. Chan is a Specially Invited Mediator of Guangdong Court for Cross-border Commercial Dispute Resolution in the Guangdong-Hong Kong-Macao Greater Bay Area, a Mediator of Shenzhen Qianhai International Commercial Mediation Centre and AALCO Hong Kong Regional Arbitration Centre, an Arbitrator of China Guangzhou Arbitration Commission, Shenzhen Court of International Arbitration, Qingdao Arbitration Commission, South China International Arbitration Centre (Hong Kong) and AALCO Hong Kong Regional Arbitration Centre. Ms. Chan is also a Member of Guangdong-Hong Kong-Macao Greater Bay Area Foreign Law Ascertainment Expert. She is also an independent non-executive director of Wine's Link International Holdings Limited (stock code: 8509), China State Construction Development Holdings Limited (stock code: 830) and Nine Dragons Paper (Holdings) Limited (stock code: 2689).

Ms. Chan has also undertaken various community positions in Hong Kong including being an Ex-officio Member of Election Committee, a member of the Consultation Group on LawTech Development and Chairman of Appeal Tribunal Panel (Building Ordinance). She was awarded the Medal of Honor in 2012 and Justice of the Peace in 2015 by the Government of the Hong Kong Special Administrative Region. Ms. Chan was also conferred with Honorary Fellow by City University of Hong Kong in 2013. She was elected as a Hong Kong Deputy to the National People's Congress of the PRC (the 13th session and 14th session) in 2017 and 2022 respectively, an executive member of the All-China Women's Federation Executive Committee in 2018, a president of All-China Women's Federation Hong Kong Delegates Association Ltd. in 2021 and a Legislative Council Member of the Hong Kong Special Administrative Region in 2022. Ms. Chan joined the Company in September 2022.

## (III) SENIOR MANAGEMENT

**SHA Ning**, aged 54, is Vice President of the Company. Ms. Sha also serves as Executive Director of Beijing Enterprises Water Group Limited (stock code: 371) and Beijing Enterprises Environment Group Limited (stock code: 154). Ms. Sha graduated from the Business and Economics Faculty of Heilongjiang Institute of Commerce in 1992, and studied Accounting in Beijing School of Business and Capital University of Economics and Business. She obtained an EMBA degree from The Hong Kong University of Science and Technology, and was granted the title of PRC chief senior accountant. Ms. Sha has accumulated extensive experience in financial management. Ms. Sha joined the Company in 2001 and was appointed as Vice President of the Company in January 2017.

**CHEN Xinguo**, aged 57, is Vice President of the Company. Mr. Chen also serves as Executive Director and Chairman of Beijing Enterprises Environment Group Limited (stock code: 154). Mr. Chen is a senior economist. He graduated from the Department of Industrial Economics and Planned Economics of Renmin University of China, and received doctorate degree in economics from Renmin University of China. Prior to joining the Company, Mr. Chen was an Officer and a Deputy Commissioner of Beijing Planning Committee and Beijing Development and Planning Committee from 1994 to 2003. From 2003 to 2025, he was an assistant manager of the investment department of Beijing Holdings Limited; a manager of strategic development department of Beijing Enterprises Group Company Limited; a Deputy General Manager of Beijing Gas Group Company Limited; an Executive Director and Vice President of China Gas Holdings Limited (stock code: 384); and the Chief Executive Officer of Beijing Enterprises Environment Group Limited (stock code: 154). He has substantial experience in business management and development. Mr. Chen has been appointed as Vice President of the Company since July 2021.

**ZHANG Yang**, aged 52, is Vice President of the Company. He graduated from Renmin University of China with a bachelor's degree in history. From July 1996 to January 2017, Mr. Zhang worked at Beijing Municipal Sports Committee and Beijing Municipal Bureau of Sports, the General Office of Beijing Municipality and the General Office of the Standing Committee of Beijing Municipal People's Congress. From January 2017 to July 2021, he worked as executive deputy director of general office, director of research office, and general manager of reform and development department of Beijing Enterprises Group Company Limited, and concurrently held the position of Director of Beijing Holdings Limited and Beijing General Municipal Engineering Design & Research Institute Co., Ltd. Mr. Zhang has been appointed as Vice President of the Company since July 2021.

# VIII. REPORT OF THE DIRECTORS

The Board presents their report and the audited financial statements of the Group for the year ended 31 December 2024.

## (I) ABOUT THE COMPANY AND THE GROUP

### 1. Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in "Business of the Group" on pages 16 to 20 and note 6 to the financial statements. There was no significant change in the nature of the Group's principal activities during the year.

### 2. Subsidiaries, Joint Ventures and Associates

Details of the Company's principal subsidiaries, joint ventures and associates at 31 December 2024 are set out in notes 49, 22 and 23 to the financial statements.

### 3. Business Review

The discussion and analysis of the business review of the Group for the year and possible future developments of the Group can be found in the "Management Discussion and Analysis on Results for the Year " set out on pages 72 to 88 of this Report. Key financial performance indicators of the Group can be found in the "Financial Summary" set out on page 6 of this Report. The above discussion and analysis form part of this "Report of the Directors".

The Group's profit for the year ended 31 December 2024 and the financial position of the Company and the Group at that date are set out in the financial statements on pages 94 to 234.

### 4. Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the year under review, to the best of our knowledge, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

# VIII. REPORT OF THE DIRECTORS

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 5. Relationships with Stakeholders

As an integrated urban public utility company, BEHL masters a business structure encompassing gas, water and environmental businesses as well as its upstream, downstream and business-related investments as its principal businesses, coupled with its beer business to build the business layout with complementary and synergistic development. The member enterprises are all in leading positions in their respective industries or regions and exerting strong influence on the market, ecology and development of the relevant industries. It also maintains good relationships with various stakeholders, amongst others:

(1) To the government and regulatory authorities: The Group has always taken compliance with the law as the red line and bottom line for its production and operation. We worked together with the government's administration, leveraged policy spectrum, strengthened communication, enhanced understanding and built up mutual trust in a bid to create and maintain a favourable environment of the rule of law and politics and business for the production and operation of the Company.

(2) To customers and suppliers: The Group adheres to the philosophy of collaboration and mutual prosperity, and regards customers and suppliers as the key lifeline of the Company's production and operation and the common destiny for long-term development. The Group always maintains long-term stable and healthy relationships with its customers and suppliers, proactively promotes the construction of a sustainable supply chain, insists on providing responsible and high-quality products and services to its customers and enhances understanding and co-operation through continuing communication and feedback, so as to ensure that a mutually beneficial and win-win business ecosystem can be created between the two parties during the course of production and operation.

(3) To shareholders and investors: The Group always takes the interests of shareholders and investors as its primary concern and attaches great importance to the concerns of shareholders and investors. It maintains the transparency and timeliness of information disclosure through various forms of communications and interactions including shareholders' meetings, results exchange meetings and roadshows, and proactively listens to the views and suggestions of shareholders and investors to optimise operational decisions, gain the trust and support of shareholders and investors and continue to enhance the value of shareholders.

# VIII. REPORT OF THE DIRECTORS

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 5. Relationships with Stakeholders *(Continued)*

(4) To all employees: Employees are an integral part of the Company as well as the energy and cornerstone of corporate development. The Group endeavours to provide a safe, fair and diversified working environment for its employees and enhance their sense of belonging through comprehensive protection of their rights and interests, systematic vocational training and diversified team building activities to name a few, so as to motivate them to achieve the integration of their personal growth and career development, and to grow and progress together with the Company, and to make contributions to its sustainable development.

(5) To the media: The Group has always maintained a good interactive relationship with the media from beginning to end. We have disseminated information on corporate news and development in a timely manner through press conferences, media interviews and other forms to enhance the understanding and awareness of the media and the public towards the enterprise.

(6) To society: As an important cornerstone of urban functioning and a resource provider for urban public utilities, the Group has always taken "focusing on people's livelihood, safeguarding life and achieving a win-win situation for society" as its core principle, and built an efficient, reliable and stable energy and resource supply and reuse system, proactively fulfilled its social responsibilities, and pushed forward the harmonious development of the economy, the environment and the society.

(7) To social organisations: The Group has always maintained open communication with various social organisations and actively participated in village revitalisation, social welfare, community support to help the disadvantaged groups in society, respond to disaster relief and promote youth development, and join hands with social organisations to propell and safeguard the core values of the society, give back to the society and create harmony.

(8) To the environment: The Group adheres to the green development philosophy and integrates environmental protection into all aspects of our business operations. Through efficient resources utilisation, pollutant emissions control and sustainable technology promotion, the Group reduces the impact of our operations on the ecological environment and promotes the upgrading of environmental protection standards in the industry through innovation, in an effort to constantly improve the ecological environment and enhance the organic integration of the society and the environment.

# VIII. REPORT OF THE DIRECTORS

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 6. Investment Properties and Property, Plant and Equipment

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the year are set out in notes 15 and 16 to the financial statements, respectively.

### 7. Bank and Other Borrowings

Bank and other borrowings of the Group for the year ended 31 December 2024 are set out in note 35 to the financial statements.

### 8. Donations

During the year, the Group's total donations to public welfare projects were approximately RMB4.59 million.

### 9. Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for less than 30% of the Group's turnover and total purchases for the year, respectively.

### 10. Financial Summary for the Last Five Years

A summary of the published results and assets, liabilities and equity of the Group for the last five financial years as extracted from the audited financial statements and the annual report of the Company for the year ended 31 December 2024 is set out on pages 235 to 236. This summary does not form part of the audited financial statements.

# VIII. REPORT OF THE DIRECTORS

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 11. Debentures Issued during the Year

During the year ended 31 December 2024, the following medium-term notes and corporate bonds were issued by the Company to raise funds for the repayment of the Group's existing bank loans:

| **Medium-term notes/Corporate bonds** | **Amount issued** *RMB* | **Interest rate** | **Final maturity** |
|---|---|---|---|
| 2024 Ultra Short-term Commercial Papers Series 1 | 2,000,000,000 | 2.47% | October 2024 |
| 2024 Medium-Term Notes Series 1 | 2,000,000,000 | 2.82% | April 2034 |
| 2024 Scientific and Technological Innovation Corporate Bonds (Series 1 – Category 1) | 1,000,000,000 | 2.24% | May 2027 |
| 2024 Scientific and Technological Innovation Corporate Bonds (Series 1 – Category 2) | 1,000,000,000 | 2.76% | May 2034 |
| 2024 Scientific and Technological Innovation Corporate Bonds (Series 2 – Category 1) | 1,000,000,000 | 2.25% | July 2029 |
| 2024 Scientific and Technological Innovation Corporate Bonds (Series 2 – Category 2) | 1,000,000,000 | 2.54% | July 2034 |
| 2024 Scientific and Technological Innovation Corporate Bonds (Series 3 – Category 1) | 1,000,000,000 | 1.95% | August 2027 |
| 2024 Scientific and Technological Innovation Corporate Bonds (Series 3 – Category 2) | 1,000,000,000 | 2.43% | August 2034 |
| Total | **10,000,000,000** | | |

### 12. Share Capital

Details of movements in the share capital of the Company during the year are set out in note 33 to the financial statements.

The Company currently does not have any effective share option scheme.

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 13. Purchase, Sale or Redemption of Shares of the Company

During the year ended 31 December 2024, the Company bought back a total of 2,200,000 Shares on the Stock Exchange. All the bought back Shares were subsequently cancelled by the Company. Details of the buybacks of such ordinary shares are as follows:

| Month | Number of Shares bought back | Price per share Highest | Lowest | Total consideration paid |
|---|---|---|---|---|
| | | *HK$* | *HK$* | *HK$* |
| January | 100,000 | 26.30 | 26.00 | 2,618,625 |
| March | 800,000 | 23.35 | 22.10 | 18,265,000 |
| April | 1,300,000 | 23.95 | 22.95 | 30,413,750 |
| Total | 2,200,000 | | | 51,297,375 |

The buy-back of the Shares in 2024 was effected by the Directors, pursuant to the mandate from Shareholders received at the last AGM, with a view to benefiting all Shareholders as a whole by enhancing the net asset value per share and earning per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange for the year ended 31 December 2024.

### 14. Maintenance of Sufficiency of Public Float

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

### 15. Equity-linked Agreements

No equity-linked agreements (including share option scheme) were entered into by the Company during the year and no such agreement subsisted at the end of the year.

### 16. Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 51 to the financial statements and in the consolidated statement of changes in equity, respectively.

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 17. Distributable Reserves

At 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of part 6 of the Companies Ordinance amounted to RMB919,454,000 (2023: RMB761,346,000).

### 18. Dividend Distribution

An interim dividend of HK$85 cents per ordinary share was paid by the Company on 1 November 2024. The Board recommended the payment of a final dividend of HK$77 cents (2023: HK$67 cents) per share for the year ended 31 December 2024, payable to shareholders whose names appear on the register of members of the Company on 17 June 2025. Subject to the approval of Shareholders at the 2025 AGM, the final dividend will be paid on 8 August 2025.

The final dividend will be payable in cash to each Shareholder in HK$, and Shareholders can also make an election to receive the same in RMB.

Of which:

(I) If Shareholders elect to receive all of the final dividend in RMB (the Company only arranges for Shareholders to receive all of the final dividend in RMB), they should complete the dividend currency election form, which is expected to be despatched to Shareholders on or about Wednesday, 25 June 2025, and return it to the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 11 July 2025.

(II) If Shareholders elect to receive all of the final dividend in RMB (the Company only arranges for Shareholders to receive all of the final dividend in RMB), the amount shall be at the average benchmark exchange rate of HK$ to RMB announced by the People's Bank of China for the five business days prior to and including the date of the 2025 AGM. Shareholders who are minded to elect to receive all of their dividends in RMB by cheques should note that:

1. Shareholders should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and

2. there is no assurance that RMB cheques can be cleared without handling charges or delay in Hong Kong or that RMB cheques will be honored for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on Friday, 8 August 2025 at the Shareholders' risk.

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 18. Dividend Distribution *(Continued)*

If Shareholders wish to receive the final dividend in HK$ in the usual way, no additional action is required.

Shareholders should seek professional advice with a certified public accountant in Hong Kong or a qualified tax adviser regarding the possible tax implications of the dividend payment on their own.

### 19. Approval of the Financial Statements

The financial statements of the Group for the year ended 31 December 2024 were approved by the Board on 27 March 2025.

### 20. Remuneration Policies

As at 31 December, 2024, the Group had approximately 30,000 employees in total. Guided by the principle of value creation, the Group continuously stimulates the motivation of managers and employees to engage in work and start businesses. The employees' compensation is determined by comprehensively considering factors such as work performance, professional capabilities and experience, prevailing industry practices at that time, and market conditions. The Group regularly reviews its employees' salary policies and benefits, and also provides discretionary bonuses and other rewards to employees based on their performance and individual performance evaluations. In addition to pension benefits, the Group also provides insurance and other welfare benefits to safeguard its employees. In terms of employee cultivation, the Group nurtures and develops talents through multiple channels such as professional training, communication and sharing, and practical exercises. At the same time, it encourages employees to learn independently and improve themselves, so as to achieve common development with the enterprise.

### 21. Retirement Benefit Scheme

The retirement benefit scheme of the Group during the year are set out in note 27 to the financial statements.

## (I) ABOUT THE COMPANY AND THE GROUP *(Continued)*

### 22. Environmental Policy and Performance

Since its establishment, the Company has adhered to the social responsibility mission of "Making Investment for a Better Life". Through transformation, upgrading and responsible investment, the Company has created an ecological pattern of co-development of the utilities segment and the beer industry with gas, water and environment as the main businesses, continued to grow by serving the construction of the national eco-civilisation, providing impetus for the development of a cleaner society, and satisfying the needs of the general public for quality life, and given full play to the advantages of our main businesses and proactively promote the concept of low-carbon and environmental protection to the society.

In 2024, BEHL continued to promote the TCFD system construction work of all its business segments through establishing carbon targets and emission reduction path planning as the starting point to sort out its own development opportunities and actively cope with the critical period full of changes, opportunities and challenges. Yanjing Brewery and solid waste platform launched climate scenario analyses, selected climate scenarios, conducted stress tests based on their ability to adapt to climate change, identified climate risks and formulated strategic plans to cope with them under the guidance of BEHL.

The Company proactively echoed to the call of the national "Dual Carbon" strategies and has formulated the Carbon Peak Action Plan of Beijing Enterprises Holdings Limited. In light of the actual circumstances of various business segments, a Carbon Peak and Carbon Neutrality Task Force has been established to develop specific and practical emission reduction measures and implementation pathways from four key areas, including promoting industrial structure upgrading, advancing low-carbon production and lifestyles, strengthening green and low-carbon innovation capabilities, and exploring carbon asset management. We actively encourage all business units to set actionable climate change management targets based on their operational characteristics and actual circumstances. Based on the Group's strategic plans and actual environmental performance data, the Group commits to achieving carbon peak by 2030.

Meanwhile, in response to institutional investors' focus on the materiality of HSE management, the latest methodologies from rating agencies, such as MSCI, were incorporated into the Company's latest amended HSE policy. The amendments to the "Policy of Health, Safety and Environment (HSE) of BEHL" cover aspects including policy scope, management objectives, plans, measures, and management effectiveness, driving BEHL' HSE standards to align with international practices.

# VIII. REPORT OF THE DIRECTORS

## (II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY

### 1. Directors

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

*(1) Executive Directors*

| | |
|---|---|
| YANG Zhichang | |
| JIANG Xinhao | (resigned on 1 January 2025) |
| XIONG Bin | |
| GENG Chao | |
| TAM Chun Fai | (resigned on 1 January 2025) |
| TUNG Woon Cheung Eric | (appointed on 1 January 2025) |

*(2) Independent Non-executive Directors*

WU Jiesi
LAM Hoi Ham
YU Sun Say
CHAN Man Ki Maggie

In accordance with articles 98 and 107 of the Articles of Association and the recommendation of the Board, Mr. TUNG Woon Cheung Eric, Mr. WU Jiesi, Mr. LAM Hoi Ham and Ms. CHAN Man Ki Maggie will retire and, being eligible, will offer themselves for re-election at the 2025 AGM.

*(3) Directors of Subsidiaries*

The names of directors who have served on the boards of the principal subsidiaries of the Company during the financial year ended 31 December 2024 or during the period from 1 January 2024 up to the date of this report are available on the Company's website (www.behl.com.hk).

### 2. Directors' Changes

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

(i) Mr. JIANG Xinhao resigned as an Executive Director, the Vice Chairman of the Board and a Member of the Investment Committee of the Company on 1 January 2025.

(ii) Mr. TAM Chun Fai resigned as an Executive Director and the Company Secretary of the Company, and ceased to act as an authorised representative of the Company (the "Authorised Representative") under Rule 3.05 of the Listing Rules on 1 January 2025.

(iii) Mr. TUNG Woon Cheung Eric has been appointed as an Executive Director and the Company Secretary of the Company and the Authorised Representative on 1 January 2025.

## (II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY *(Continued)*

### 3. Changes in Directors' Information Required to be Disclosed Pursuant to Rule 13.51B(1) of the Listing Rules

During the year under review and up to the date of this report, changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out as follows:

Ms. CHAN Man Ki Maggie has been appointed as a Mediator of AALCO Hong Kong Regional Arbitration Centre on 1 November 2024, an Arbitrator of AALCO Hong Kong Regional Arbitration Centre on 5 June 2024 and a member of the Consultation Group on LawTech Development on 13 January 2025.

### 4. Directors' and Senior Management's Biographies

Biographical details of the Directors and the Senior Management are set out on pages 21 to 24 of this Report.

### 5. Director's Service Contract

No Director proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### 6. Independence of Independent Non-Executive Directors

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

### 7. Directors' Remuneration

The Board has to seek Shareholders' authorisation at general meetings to fix the Directors' remuneration with reference to individual Director's duties, responsibilities and performance, the results of the Group as well as recommendation of the Remuneration Committee.

Further details of the Remuneration Committee are set out in the Corporate Governance Report on pages 44 to 71 of this Report.

## (II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY *(Continued)*

### 8. Directors' and Chief Executive's Interests in Shares and Debentures

At 31 December 2024, the interests and short positions of the Directors and the Chief Executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) entered in the register required to be kept pursuant to Section 352 of the SFO, or (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in the Listing Rules, were as follows:

*(1) LONG POSITIONS IN SHARES OF THE COMPANY*

| Director | Number of ordinary shares directly beneficially owned | Percentage of the Company's total number of issued shares |
|---|---|---|
| XIONG Bin | 40,000 | 0.003% |
| JIANG Xinhao@ | 20,000 | 0.002% |
| TAM Chun Fai@ | 2,000 | 0.000% |

@ Resigned as a Director on 1 January 2025.

*(2) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATIONS*

| Director | Associated corporation | Number of ordinary shares directly beneficially owned | Percentage of the associated corporations' total number of issued shares |
|---|---|---|---|
| TAM Chun Fai@ | BE Environment | 50,000 | 0.003% |
| YU Sun Say | BE Water | 100,000 | 0.001% |

@ Resigned as a Director on 1 January 2025.

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

## (II) DIRECTORS AND BOARD OF DIRECTORS OF THE COMPANY *(Continued)*

### 9. Directors' Interests in Significant Transactions, Arrangements and Contracts

No Director had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group to which the Company, any of its holding companies, subsidiaries and fellow subsidiaries was a party during the year.

### 10. Arrangement to Acquire Shares or Debentures

At no time during the year was the Company or any of the Company's subsidiaries or the parent company or any subsidiary of the Company's parent company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### 11. Directors' Interests in Competing Business

During the year, none of the Directors had any interest in any business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's business.

### 12. Directors' Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified by the Company against the losses which he/she may incur in the execution of the duties of his/her office, provided that this article shall only have effect in so far as it is not avoided by the Companies Ordinance.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors.

### 13. Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2024.

## (III) CONNECTED TRANSACTIONS

### 1. Related Party Transactions

The Group entered into certain activities with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to the activities in the ordinary course of the Group's business and were negotiated on normal commercial terms and an arm's length basis. Certain transactions set out in note 46 to the financial statements were connected transactions as defined under the Listing Rules and were exempt and complied with the requirements of Chapter 14A of the Listing Rules.

### 2. Continuing Connected Transactions

*(1) 2024 Agreements*

On 28 December 2023, Beijing Gas (an indirect wholly-owned subsidiary of the Company) and Beijing Beiran Enterprises Group Company Limited ("Beiran Enterprises", a wholly-owned subsidiary of BE Group) entered into the 2024 Engineering Services Framework Agreement, the 2024 Comprehensive Services Framework Agreement, the 2024 Sale and Purchase of Gas Framework Agreement, the 2024 Sale and Purchase of Goods Framework Agreement, and the 2024 Leasing Contract (collectively "2024 Agreements"), pursuant to which, Beijing Gas and its subsidiaries and Beiran Enterprises and its associates carry out the transactions in respect of categories of engineering services, comprehensive services, sale and purchase of gas, sale and purchase of goods and leases of properties for three years from 1 January 2024 to 31 December 2026, with the terms and conditions under 2024 Agreements.

Further details of the transaction are set out in the announcements of the Company dated 28 December 2023 and 22 January 2024 and note 46 to the financial statements.

*(2) Financial Services Agreement*

On 2 June 2023, the Company and Beijing Enterprises Group Finance Co., Ltd. ("BE Group Finance", an associate of BE Group) entered into the Financial Services Agreement ("Financial Services Agreement"), pursuant to which, BE Group Finance provides financial services to the Group, including deposit services and loan services, for a term of three years from 28 August 2023.

Pursuant to the Financial Services Agreement, the Group's cumulative daily outstanding deposits balance placed by the Group with Finance Company is subject to an annual cap of RMB8.7 billion in 2024, and the actual maximum amounts of cumulative daily deposits is approximately RMB8.69 billion.

Further details of the transaction are set out in the announcement of the Company dated 2 June 2023 and note 46 to the financial statements.

## (III) CONNECTED TRANSACTIONS *(Continued)*

### 2. Continuing Connected Transactions *(Continued)*

*(3) Opinion from the Independent Non-executive Directors*

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

*(4) Opinion from the Independent Auditor*

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

## (IV) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

*Long Positions:*

| | Number of ordinary shares held, capacity and nature of interest | | | |
|---|---|---|---|---|
| **Name** | **Directly beneficially owned** | **Others** | **Total** | **Percentage of the Company's total number of issued shares** |
| BHL | 3,506,500 | – | 3,506,500 | 0.28% |
| MOL | 100,050,000 | – | 100,050,000 | 7.95% |
| BEIL | 163,730,288 | 100,050,000[a] | 263,780,288 | 20.97% |
| BE Group BVI | 518,187,500 | 263,780,288[b] | 781,967,788 | 62.16% |
| BE Group | – | 785,474,288[c] | 785,474,288 | 62.44% |

*Notes:*

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

(b) The interest disclosed includes the shares owned by BEIL and MOL. BEIL, the holding company of MOL, is held directly as to 72.72% by BE Group BVI. Accordingly, BE Group BVI is deemed to be interested in the shares owned by BEIL and MOL.

(c) The interest disclosed includes the interest in shares held by BE Group BVI as detailed in note (b) and BHL. BE Group BVI and BHL are wholly-owned subsidiaries of BE Group. Accordingly, BE Group is deemed to be interested in the shares held by BE Group BVI, BEIL, MOL and BHL.

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

## (V) SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance obligations of the Company's holding companies which constitute 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 |
|---|---|---|---|---|
| 5 May 2011 | Purchase agreement for issuance of senior notes | US$400 | May 2041 | *Note 1* |
| 1 December 2015 | Subscription agreement for issuance of bonds | US$200 | December 2040 | *Note 1* |
| 17 September 2020 | Subscription agreement for issuance of bonds | EUR500 | September 2025 | *Note 1* |
| 28 April 2021 | Subscription agreement for issuance of bonds | US$300 | May 2026 | *Note 1* |
| 28 April 2021 | Subscription agreement for issuance of bonds | US$400 | May 2031 | *Note 1* |
| 24 March 2023 | Issuance of medium-term notes | RMB4,000 | March 2026 | *Note 2* |
| 12 July 2023 | Issuance of medium-term notes | RMB3,000 | July 2026 | *Note 2* |
| 15 April 2024 | Issuance of medium-term notes | RMB2,000 | April 2034 | *Note 2* |
| 27 March 2025 | Term loan facility with a bank | RMB2,000 | March 2026 | *Note 1* |
| 27 March 2025 | Term loan facility with a bank | RMB3,000 | March 2028 | *Note 1* |

## (V) SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

*(Continued)*

*Notes:*

1. (a) If BE Group does not or ceases to own, directly or indirectly, at least 40% or 50%, where applicable, of the beneficial interest of the Company; (b) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of the Company; and (c) if BE Group ceases to be controlled and supervised, where applicable, by the People's Government of Beijing Municipality or SASAC of Beijing Municipality.

2. (a) If there is a change of control: change of beneficial controller of the Company; and (b) there is a change in credit rating within six months of the date of such change of control: offshore rating of the Company downgraded to non-investment grade.

The Agreements include certain conditions imposing specific performance obligations on the Company's holding companies. Breach of the above specific performance obligations will constitute events of default.

## (VI) CONVENING OF AGM

### 1. Convening of AGM

The 2025 AGM will be held on Thursday, 5 June 2025. The notice of the 2025 AGM is set out in the circular to Shareholders (the "Circular").

The Circular will be despatched to all Shareholders by the Company and will be published on the Company's website (www.behl.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

### 2. Closure of Register of Members

For the purposes of determining Shareholders' eligibility to attend and vote at the 2025 AGM, and entitlement to the final dividend, the register of members will be closed. Details of such closures are set out below:

(i) For determining Shareholders' eligibility to attend and vote at the 2025 AGM:

Latest time to lodge transfer documents for registration . . . . . . . . . 4:30 pm on Friday, 30 May 2025

Closure of register of members . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Monday, 2 June 2025 to Thursday, 5 June 2025 (both dates inclusive)

2025 AGM . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Thursday, 5 June 2025

## (VI) CONVENING OF AGM *(Continued)*

### 2. Closure of Register of Members *(Continued)*

(ii) For determining Shareholders' entitlement to the final dividend:

Latest time to lodge transfer documents for registration . . . . . . . 4:30 pm on Thursday, 12 June 2025

Closure of register of members . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Friday, 13 June 2025 to Tuesday, 17 June 2025 (both dates inclusive)

Record date. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Tuesday, 17 June 2025

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2025 AGM, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

## (VII) AUDITOR OF THE COMPANY

Ernst & Young has resigned as the auditor of the Company with effect from 31 October 2024.

With the recommendation from the Audit Committee, the Board has resolved to appoint Deloitte Touche Tohmatsu as the new auditor of the Company to fill the casual vacancy following the resignation of Ernst & Young and to hold office until the conclusion of the 2025 AGM of the Company, and a resolution for its reappointment as the auditor of the Company will be proposed at the 2025 AGM.

## (VIII) EVENTS AFTER THE BALANCE SHEET DATE

Save for the events set out in note 50 to the financial statements, there is no significant event occurring after the reporting period.

ON BEHALF OF THE BOARD

**YANG Zhichang**
*Chairman*

Hong Kong
27 March 2025

# IX. CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance and considers corporate governance as a core cornerstone for sustainable development. Not only has it strictly complied with the requirements of the Listing Rules and relevant regulations on corporate governance, it also established a relevant governance regime. It has put in place a three-dimensional governance structure encompassing special committees of the Board, risk management framework and internal control system through implementing the governance mechanism of "regulated operation, scientific decision-making, transparent disclosure and efficient execution".

The Company continuously optimises its corporate governance through constant practices to ensure it remains in line with the Company's development progress and industry best practices through annual governance assessments, director's training programmes and stakeholder communication mechanisms.

## (I) CORPORATE GOVERNANCE CODE

The Directors believe that, save as disclosed below, the Company complied with the code provisions of the "Corporate Governance Code" (the "Code Provision") as set out in Appendix C1 to the Listing Rules for the year ended 31 December 2024.

Code Provision C.2.7 requires that the chairman should at least hold one meeting annually with the independent non-executive directors without the presence of other directors. However, no meeting was held between Mr. YANG Zhichang, the chairman of the Board, and the independent non-executive directors of the Company without the presence of other Directors due to business engagements. Therefore, the Company deviates from Code Provision C.2.7. Nevertheless, the Directors are of the view that, at the board meetings of the Company, the independent non-executive directors of the Company may also communicate directly and effectively with each of the executive directors of the Company, including the chairman, through other channels to express their personal views, opinions and suggestions.

Therefore, the Board is of the view that the deviation from this code provision does no thave material impact on the operation of the Board.

## (II) CORPORATE STRATEGY AND CULTURE

The corporate governance strategy of the Company is embodied in three aspects. Firstly, a sound governance structure is the fundamental assurance for protecting Shareholders' rights and interests, and ensures the long-term growth of the Company's value through a decision-making mechanism with clearly defined auhorities and responsibilities. Secondly, it provides the Board with scientific management tools, enabling the Directors to effectively implement their strategic guidance and supervisory duties; and most importantly, premier corporate governance achieves a three-dimensional unity among corporates strategy, board supervision and management execution. Such unity is reflected both in the linking up between the Articles of Association and the Rules of Procedures of the Board Meeting in daily operations as well as the simultaneous achievement of ESG objectives and financial indicators.

# IX. CORPORATE GOVERNANCE REPORT

## (II) CORPORATE STRATEGY AND CULTURE *(Continued)*

The Company's vision is to position itself in "serving the national strategy of "carbon peak and carbon neutrality", facilitating sustainable urban development, and making cities better" by focusing on the principal businesses of gas, water, environment and brewery, as it steps up with low-carbon green transformation and upgrade in persistent adherence to the principle of sustainable development to achieve the mission of facilitating better urban living through energy conservation, emission reduction, pollution reduction, and carbon reduction. For details of the Company's strategic initiatives and key measures for implementing its objectives and vision, please refer to the "Chairman's Statement" and"Management Discussion and Analysis on Results for the Year" in this Report.

The Company has always been greatly invested in cultivating its corporate culture and team spirit and also encouraging staff growth. It strives to nurture a corporate value with "trust, innovative, steadfast and understanding" as its core and build a humanistic, motivated corporate culture with easy and harmonious human contacts integrating the characteristic corporate culture between Beijing and Hong Kong.

## (III) THE BOARD

As the highest decision-making and supervisory body, the Board of the Company assumes the core responsibilities of leading the direction of corporate development, supervising the management operation and protecting the interests of Shareholders. Through the collective decision-making mechanism, the Board exercises professional judgement and prudence in discharging its entrusted duties to achieve efficient governance and sustainable development of the Group in key areas such as strategic planning, risk management and daily operations.

The efficient operation of the Board plays a key role in the success of the Company. On the one hand, the Board ensures that the Company's strategies are highly aligned with the interests of Shareholders, market environment and regulatory requirements through a scientific decision-making mechanism, and provides clear direction to the management. On the other hand, the Board effectively identifies and prevents various types of business risks through its stringent supervisory functions, thereby enhancing corporate risk resistance and market competitiveness. Furthermore, the Board strikes a balance between short-term performance objectives with long-term development strategies to lay the foundation in creating sustainable value for the Company while safeguarding Shareholders' current returns.

To ensure that the Board can fully perform its functions, it continued to optimise its governance mechanisms, including introducing independent directors with diversified professional backgrounds to enhance decision-making independence, carrying out the board effectiveness evaluation to improve governance standards, and organising special training programmes to ensure that the Directors are up-to-date with the latest regulatory requirements and industry best practices. All these measures ensure that the Board can effectively respond to the complicated and volatile market environment and lead the Group to achieve high quality growth.

## (III) THE BOARD *(Continued)*

### 1. Composition of the Board

As of the date of this annual report, the Board comprises eight directors, including four executive directors and four independent non-executive directors. The names and biographical details of the Directors are set out on pages 21 to 23. The list of Directors and their duties and functions are also available on the Company's website as well as the website of the Stock Exchange. The composition of the Board is set out below:

*(1) Executive Directors*

YANG Zhichang
JIANG Xinhao (resigned on 1 January 2025)
XIONG Bin
GENG Chao
TAM Chun Fai (resigned on 1 January 2025)
TUNG Woon Cheung Eric (appointed on 1 January 2025)

*(2) Independent Non-executive Directors*

WU Jiesi
LAM Hoi Ham
YU Sun Say
CHAN Man Ki Maggie

### 2. Role and Responsibility of the Board

As the highest decision-making organisation of the Company, the Board is accountable to the shareholders of the Company and is responsible for leading the Company and overseeing the business, strategic decisions and performance of the Group. It mainly performs the following core duties:

(1) Considering and determining the Group's overall development strategy and medium– and long-term development plans, approving annual operating plan and major business matters, and ensuring that the allocation of resources is highly aligned with strategic objectives. The Board regularly evaluates changes in the market environment and the development of the industry to perform timely adjustments to the strategic direction and provide strategic guidance for the Group's sustainable development.

(2) Establishing a sound and comprehensive risk management regime, regularly attending special reports from the management on major risk issues, and considering the risk management regime and major risk response plans. The Audit Committee under the Board is responsible for overseeing the Group's risk management work to ensure that all business operations are in compliance with the laws, regulations and regulatory requirements.

# IX. CORPORATE GOVERNANCE REPORT

## (III) THE BOARD *(Continued)*

### 2. Role and Responsibility of the Board *(Continued)*

(3) Approving annual financial budget proposals, major investment and financing projects and capital operation matters, and supervising the preparation of financial reports and information disclosure. The Board conducts independent review of the financial reports through the Audit Committee to ensure the truthfulness, accuracy and completeness of the financial information.

(4) Formulating performance appraisal standards for Senior Management, reviewing remuneration incentive schemes and overseeing the building of the talent echelon. The Board regularly evaluates the performance of the management to ensure the management team matches the development strategy of the Company.

(5) Continuously promoting the optimisation of its governance system and improving various governance systems and working mechanisms. The Board attaches great importance to ESG management and regularly reviews the sustainability strategy to facilitate the continuous improvement of environmental, social and governance performance.

By effectively performing the above functions and responsibilities, the Board ensures that the Company achieves scientific decision-making and effective control in key areas such as strategic decision-making, risk control, financial supervision and human resources development, so as to create long-term value for Shareholders and promote the Company's sustainable development.

### 3. Board Diversity Policy

The Board of the Company has adopted and continued to implement a Board Diversity Policy, which is subject to annual review and evaluation by the Nomination Committee. The Board believes that achieving board diversity is a significant approach to enhance the effectiveness of decision-making, improve corporate governance structure and promote the sustainable development of the Group's business. In establishing the board composition, the Company takes into account various factors, including gender ratio, age distribution, cultural and educational background, professional experience, skills expertise and length of service, and also other relevant considerations as deemed necessary by the Board in a timely manner. All Director appointments are conducted in strict accordance with the basic principle of meritocracy. Positive impact of a diverse background on the Board operation is fully evaluated while ensuring the professional qualifications of the candidates.

# IX. CORPORATE GOVERNANCE REPORT

## (III) THE BOARD *(Continued)*

### 3. Board Diversity Policy *(Continued)*

The Company successfully appointed a female director on 1 September 2022, achieving the objective of including at least one female member on the Board as scheduled. During the reporting period, the Board demonstrated good diversity, with members not only possessing different educational backgrounds and professional knowledge structures, but also having extensive practical experience in their respective expertise areas. These diversified perspectives and professional competencies are complementary, providing a more comprehensive perspective for the Board's decision-making and effectively promoting the Company's business innovation and sustainable development.

The Company will continue to improve the mechanism for board diversity, and constantly enhance the quality of the Board's decision-making and the effectiveness of its governance through regular evaluations and policy optimisation. The Board believes that adhering to the development direction of board diversity will provide a solid governance foundation for the long-term sustainable development of the Company. In the future, the Company will make timely adjustment to the specific implementation strategies of the Board Diversity Policy according to the needs of its business development and changes in market environment to ensure that it remains highly synergistic with the development strategy of the Company.

### 4. Members of the Board

The Company provides the Board with an independent decision-making support mechanism and reviews its implementation and effectiveness annually to ensure that the Board can obtain independent views and opinions, including but not limited to: the Directors can obtain professional assistance from various departments of the Company at any time; the Board may engage independent third-party professional organisations to provide advisory opinions when considering major issues, with the relevant costs to be borne by the Company.

After careful verification, the Board confirmed that there is no relationship, including but not limited to financial dealings, business operation, family relationship or other material relationship, among the current Board members that may affect their independent judgement. In the event of transactions or arrangements involving material interests of the Directors or their related parties, the relevant Directors are required to declare interests and abstain themselves from voting, and Directors with conflicts of interest are not counted in the quorum for the relevant resolutions. All Directors are able to exercise their voting rights independently based on their professional judgement to ensure the objectivity and impartiality of the Board's decisions.

## (III) THE BOARD *(Continued)*

### 4. Members of the Board *(Continued)*

The Company attaches great importance to the development of corporate integrity culture. As the core organisaton of corporate governance, the Board has always upheld the highest ethical standards and professional conduct, requiring all Directors and management to strictly comply with the relevant standards in the course of performing their duties, and strengthening the compliance awareness of Directors and management through continuous education and training. The Company believes that a sound integrity culture and a comprehensive mechanism to safeguard the independence of Directors are important foundations for maintaining the effectiveness of corporate governance and the science of decision-making.

### 5. Independent Non-executive Directors/Non-executive Directors

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-executive Directors. It has also complied with Rule 3.10(2) of the Listing Rules in that at least one Independent Non-executive Director possesses appropriate professional accounting qualifications or financial management expertise.

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

The Board considers that all Independent Non-executive Directors meet the specific independence criteria as required by the Listing Rules.

During 2024, the Company has no Non-executive Director and all four Non-executive Directors are Independent Non-executive Directors with the same relevant skills and responsibilities as the Executive Directors to fulfil their roles prudently focusing on the interests of Shareholders. All of them have signed letters of appointment as Directors for a term of three years. Their term of appointment is as follows:

| Name | Term of appointment |
|---|---|
| WU Jiesi | 3 years from 1 April 2024 |
| LAM Hoi Ham | 3 years from 1 April 2024 |
| YU Sun Say | 3 years from 1 March 2023 |
| CHAN Man Ki Maggie | 3 years from 1 September 2022 |

# IX. CORPORATE GOVERNANCE REPORT

## (III) THE BOARD *(Continued)*

### 6. Appointment and Re-election of Directors

In accordance with article 98 of the Articles of Association, all Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) appointed to fill a casual vacancy or as a new member to the Board shall retire and be re-elected at the next annual general meeting of the Company after their appointment. In accordance with article 107 of the Articles of Association, at each AGM, one-third of the Directors (or, if their number is not three or a multiple of three, then the number nearest to one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

### 7. Board Meetings and General Meetings

During the year, the attendance of board meetings and general meetings is set out below:

| | Attendance[1] | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **Board Meeting** | **Audit Committee Meeting** | **Remuneration Committee Meeting** | **Nomination Committee Meeting** | **Investment Committee Meeting** | **Annual General Meeting** |
| *Executive Directors* | | | | | | |
| YANG Zhichang | 5/5 | | 1/1 | 1/1 | 0/0 | 1/1 |
| JIANG Xinhao[2] | 4/5 | | | | 0/0 | 1/1 |
| XIONG Bin | 5/5 | | | | | 1/1 |
| GENG Chao | 5/5 | | | | | 1/1 |
| TAM Chun Fai[2] | 5/5 | | | | | 1/1 |
| *Independent Non-executive Directors* | | | | | | |
| WU Jiesi | 4/5 | 3/3 | 1/1 | | | 1/1 |
| LAM Hoi Ham | 5/5 | 3/3 | 1/1 | | | 1/1 |
| YU Sun Say | 5/5 | 3/3 | | 1/1 | 0/0 | 1/1 |
| CHAN Man Ki Maggie | 5/5 | | | 1/1 | 0/0 | 1/1 |

*Notes:* 1 During the year, no meeting was attended by any Director's alternate.

2 Resigned on 1 January 2025.

## (III) THE BOARD *(Continued)*

### 8. Board Committee

*(1) Audit Committee*

1) Members of the Audit Committee

Mr. LAM Hoi Ham – Committee Chairman
Mr. WU Jiesi
Dr. YU Sun Say

All members of the Audit Committee are Independent Non-executive Directors. The Board is of the view that each member possesses rich business experience and professional expertise in areas such as business operations, accounting, and financial management, enabling them to work together effectively. The composition of the committee complies with the requirements under Rule 3.21 of the Listing Rules.

2) Major Duties of the Audit Committee

- Supervising the completeness of the Company's financial reporting system;
- Reviewing the effectiveness of risk management and internal control systems;
- Regularly assessing financial and other disclosures to Shareholders;
- Evaluating audit process efficacy and auditor independence.

The Company has established the Terms of Reference for the Audit Committee in accordance with Code Provision D.3.3, which have been published on the Company's website. The Committee holds regular meetings to discharge its oversight duties and serves as a key communication channel between the Board and external auditor, thereby ensuring the ongoing objectivity and independence of the audit process.

## (III) THE BOARD *(Continued)*

### 8. Board Committee *(Continued)*

#### *(1) Audit Committee (Continued)*

3) Work performed by the Audit Committee

During the year, the Audit Committee diligently performed its supervisory duties and focused on the following key tasks:

- **Financial Reporting Review:** Reviewed and approved the Company's annual results and interim results; held in-depth discussions with the management on accounting policies and practices adopted.

- **Audit Oversight:** Evaluated the scope of services provided by external auditor (covering both audit and non-audit services); continuously monitored the independence of auditor; reviewed and approved the 2024 audit plan; considered the continuing connected transactions for 2024; provided professional recommendations to the Board on the change of the Company's auditor.

- **Risk Management and Internal Controls:** Reviewed with the management regarding the effectiveness of the risk management and internal control systems.

- **Governance Enhancements:** Reviewed the amendments to the Terms of Reference of the Audit Committee.

#### *(2) Remuneration Committee*

1) Members of the Remuneration Committee

Mr. WU Jiesi – Committee Chairman
Mr. YANG Zhichang
Mr. LAM Hoi Ham

The Remuneration Committee is primarily composed of Independent Non-executive Directors and operates in strict compliance with the relevant provisions of the Listing Rules and the Corporate Governance Code. In accordance with Code Provision E.1.2, the Company has established written terms of reference for the Remuneration Committee, which have been published on the Company's website.

## (III) THE BOARD *(Continued)*

### 8. Board Committee *(Continued)*

#### *(2) Remuneration Committee (Continued)*

##### 2) Major Duties of the Remuneration Committee

- Formulating and recommending to the Board the overall remuneration policy and framework for Directors and Senior Management;

- Reviewing and recommending to the Board the remuneration packages for Directors and Senior Management;

- Ensurng independence and fairness in remuneration decision-making, strictly enforcing the conflict-of-interest avoidance policy (i.e. relevant Directors and their associates shall abstain from determining their own remuneration);

- Conducting regular assessments on remuneration policies to align with the Company's performance and long-term strategic objectives.

The Remuneration Committee is committed to establishing a scientific, rational, and market-competitive remuneration system through the performance of the aforementioned functions, thereby fostering the Company's sustainable development and safeguarding Shareholders' interests.

Adhering to the remuneration philosophy of "balancing rationality and competitiveness", the Company attracts, motivates, and retains top talent through a market-competitive remuneration system to support strategic business development. Our remuneration structure is designed as follows:

- **Basic Salary:** Determined through a comprehensive assessment of market benchmarks, individual qualifications, and professional competencies to ensure its fairness and competitiveness.

- **Equity Incentives:** Long-term incentives are provided to staff through share options scheme (subject to approval at the general meeting and compliance with laws and regulations of the relevant jurisdictions). The granting criteria are based on role requirements, individual performance and contributions to the Company's overall development.

## (III) THE BOARD *(Continued)*

### 8. Board Committee *(Continued)*

#### *(2) Remuneration Committee (Continued)*

##### 2) Major Duties of the Remuneration Committee *(Continued)*

- **Benefits Assurance:** In compliance with the statutory requirements and industry practices in each operating region, the Company offers comprehensive benefits to its employees, including but not limited to statutory and supplementary retirement schemes, extensive insurance coverage and paid leave policies.

Furthermore, the remuneration of the Company's Independent Non-executive Directors does not include any equity-linked or performance-based incentive components (such as share options or stock subsidies) to safeguard the independence and objectivity of their duty performance.

##### 3) Work performed by the Remuneration Committee

In discharging its duties regarding the review of remuneration for Directors and Senior Management, the Remuneration Committee adheres to the principles of prudence and comprehensive assessment, with primary consideration given to the following key factors:

- **Remuneration Assessment Benchmarks:** Remuneration of comparable industry peers; time commitment and workload requirements; scope of responsibilities and risk exposure; remuneration standards for other positions within the Group.

During the year, the Remuneration Committee provided professional recommendations to the Board on the overall remuneration policy and framework for Directors and senior management; reviewed and approved the remuneration package for newly appointed Executive Director and submitted to the Board for approval.

The Remuneration Committee has established a scientific compensation assessment framework to ensure the Company's remuneration policies are aligned with market practices while effectively incentivizing management to create long-term value for Shareholders. All remuneration decisions strictly adhere to the relevant provisions of the Listing Rules and the Corporate Governance Code.

## (III) THE BOARD *(Continued)*

### 8. Board Committee *(Continued)*

#### *(3) Nomination Committee*

1) Members of the Nomination Committee

Mr. YANG Zhichang – Committee Chairman
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

The Nomination Committee is mainly composed of Independent Non-executive Directors, and its operation strictly follows the relevant provisions of the Listing Rules and the Corporate Governance Code. The Company has established the written terms of reference of the Nomination Committee in accordance with Code Provision B.3.1, and the relevant documents have been published on the Company's website.

2) Major core responsibilities of the Nomination Committee

- reviewing the structure, size and diversity of the Board regularly;
- formulating and continuously improving the Director Nomination Policy;
- formulating and maintaining the Board Diversity Policy;
- providing professional advice to the Board on the nomination of director candidates;
- assessing the independence of Independent Non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors;
- formulating and improvig the succession planning for the Board, in particular the Chairman and the CEO.

Through the performance of the above-mentioned functions, the Nomination Committee is committed to building a professional, diverse and efficient Board to enhance the standard of corporate governance and promote the sustainable development of the Company.

## (III) THE BOARD *(Continued)*

### 8. Board Committee *(Continued)*

#### *(3) Nomination Committee (Continued)*

3) Work performed by the Nomination Committee

During the year, the Nomination Committee strictly performed its duties and primarily accomplished the following tasks:

- comprehensively reviewed the structure, size and composition of the Board;
- deeply assessed the independence of the Independent Non-executive Directors;
- considered and approved the proposal for the re-appointment of the retiring Directors;
- considered and made recommendation for the appointment of an Executive Director.

4) Director Nomination Policy

*Nomination Criteria:*

In assessing the qualifications of director candidates, the Nomination Committee will comprehensively consider the following elements:

- **Requirements for Professional Qualification:** The candidate shall possess professional knowledge, skills and industry experience which are relevant to the business of the Group; be able to devote sufficient time in fulfilling the duties as a director; and have good professional ethics and personal character;
- **Diversity Considerations:** Age, cultural background, gender and other diversity factors; and the complementarity with the existing members of the Board in terms of professional background, skills and others;
- **Requirements for Independence:** The candidates for Independent Non-executive Directors must strictly satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

## (III) THE BOARD *(Continued)*

### 8. Board Committee *(Continued)*

*(3) Nomination Committee (Continued)*

4) Director Nomination Policy *(Continued)*

*Nomination Procedures:*

- **Candidate Selection:** Commence the selection process as required by the Board; and consider the candidates recommended by Shareholders;

- **Assessment and Decision-making:** Review the qualifications of candidates through meetings or written resolutions; and submit the detailed resume of the candidate to the Board;

- **Appointment Procedures:** The Board may appoint the candidate as Director to fill a casual vacancy or as an addition to the Board or recommend such candidate to Shareholders for election or re-election (where appropriate) at the general meeting.

The Nomination Committee will continue to optimise the director nomination mechanism to ensure that the composition of the Board is both professional and diverse, providing strategic guidance for the development of the Company.

*(4) Investment Committee*

1) Members of the Investment Committee

Mr. YANG Zhichang – Committee Chairman
Mr. JIANG Xinhao (resigned on 1 January 2025)
Mr. LAM Hoi Ham
Ms. CHAN Man Ki Maggie

2) Major core responsibilities of the Investment Committee

By considering major development plans and transactions, it enhanced the professionalism and prudence of the investment decisions of the Group.

3) Work performed by the Investment Committee

During the year, the Group did not have any major investment projects that required the consideration by the Investment Committee. Therefore, the Investment Committee did not hold any formal meeting.

The Investment Committee will maintain preparations in regular operation to ensure that it can fulfill its duties of consideration in a timely manner when major investment arise and provide professional support for the decision-making of the Board.

## (III) THE BOARD *(Continued)*

### 9. Directors' Training

The Board has always adhered to the following policy: Every newly appointed Director must, upon assuming office, receive a systematic induction training tailored for them in accordance with Code Provision C.1.1. Simultaneously, the Board regularly organises briefings and capability-building activities for all Directors to ensure that they can continuously deepen their understanding of the Company's operations and business, and are fully aware of the duties as Directors under laws and regulations, the Listing Rules and other regulatory requirements.

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

| Name | | Attend seminars/<br>Read training materials |
|---|---|---|
| ***Executive Directors*** | | |
| YANG Zhichang | | √ |
| JIANG Xinhao | (resigned on 1 January 2025) | √ |
| XIONG Bin | | √ |
| GENG Chao | | √ |
| TAM Chun Fai | (resigned on 1 January 2025) | √ |
| ***Independent Non-executive Directors*** | | |
| WU Jiesi | | √ |
| LAM Hoi Ham | | √ |
| YU Sun Say | | √ |
| CHAN Man Ki Maggie | | √ |

Mr. TUNG Woon Cheung Eric was appointed as an Executive Director on 1 January 2025 and has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 23 December 2024, and confirmed that he understood his obligations as a Director.

Pursuant to Code Provision D.1.2, Directors are provided with monthly reports updates which give a balanced and understandable assessment of the Company's performance and financial position to enable the Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

## (III) THE BOARD *(Continued)*

### 10. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code to govern securities transactions by the Directors. After having made specific enquiry to all Directors by the Company, all Directors confirm that they complied with the Model Code.

## (IV) RISK MANAGEMENT AND INTERNAL CONTROL

The Board declares that, as the core body for corporate governance, it has established a comprehensive internal control and risk management system within the Group and assume ultimate responsibility for maintaining the effectiveness of such system. Such system is designed to safeguard Shareholders' rights and interests and the security of the Group's assets, encompassing all key areas such as financial, operational and compliance controls. The Board undertakes to conduct a comprehensive assessment at least annually to ensure that resources allocation, staff qualifications and training budgets for the accounting, internal audit and financial reporting functions are all in line with business requirements.

### 1. Risk Management Framework

*(1) Management principles*

The Group adopts a "bottom-up" comprehensive risk management approach to identify, assess and minimise potential risks in each business unit and functional area through systematic procedures. The Group have established a dynamic risk management mechanism to continuously monitor the key risk factors that affect the realisation of strategic goals.

*(2) Three-level defense system*

- Front line of defence: Each business department and subsidiary takes up the responsibility of prevention and control at front line by integrating the risk management into daily business operations.

- Middle line of defence: Composing of the management team, risk management leading group and professional departments, responsible for the implementation of the risk management system.

- Back line of defence: The Board, the Audit Committee and Internal Audit Department implement independent supervision to ensure the effectiveness of the system.

## (IV) RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

### 2. Risk Management Process

*(1) Risk identification and assessment*

1) Establish a dynamically updated risk database

2) Adopt a risk assessment method that combines quantitative and qualitative approaches

3) Implement risk grading and classification management

4) Track the trend of risk changes regularly

*(2) Control measures*

1) Clarify the risk prevention and control responsibilities at all levels

2) Formulate targeted risk management plans

3) Establish a risk response plan database

### 3. 2024 Annual Assessment Report

*(1) Assessment scope*

1) The effectiveness of design for the risk management system

2) The implementation of internal controls

3) Key financial, operational and compliance processes

4) The appropriateness of resources allocation for relevant functions

*(2) Assessment method*

1) Special inspection by Internal Audit Department

2) Test at critical control points

3) Walk-through tests for business process

4) Analysis of the rationality of resources allocation

## (IV) RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

### 3. 2024 Annual Assessment Report *(Continued)*

*(3) Assessment results*

After a comprehensive assessment, the Board is of the view that the risk management and internal control systems of the Group in 2024 operate effectively and can provide reasonable assurance regarding the reliability of financial reporting and compliant operation.

### 4. Continuous Improvement Plan

The Board will continue to optimise the risk management system, with a focus on enhancing:

1) Construction of risk alert capability

2) Automation control standard

3) Cultivation of professional quality of employees

4) Synergistic efficiency among systems

### 5. Internal Controls for the Handling of Inside Information

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information.

*(1) Management and control measures*

Every Senior Management must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time, including:

1) Establishing an information classification management system

2) Standardising the process of sharing non-public information

3) Formulaing a selective prevention mechanism for disclosure

4) Improving the emergency procedures for information disclosure

## (IV) RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

### 5. Internal Controls for the Handling of Inside Information *(Continued)*

*(2) Handling of violations*

For any violation of relevant policy on inside information, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence, including:

1) Establishing a rapid response mechanism for violations

2) Implementing a hierarchical accountability system

3) Conducting regular compliance inspections

## (V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

As an integrated public utilities service company wholly-owned by Beijing Municipal Government, BEHL operates across the gas supply, water services, environmental protection, and infrastructural facilities sectors. While its operations enjoy a high degree of policy-backed protection and stability, it is still exposed to various risks and uncertainties.

### 1. Analysis of Principle Risks

*(1) Policy and Regulatory Risks*

1) Pricing Controls of Public Utility

Subjected to government-mandated pricing mechanisms, price adjustments of core businesses including gas supply and water services require prior regulatory approval, which may result in delays or lags in their implementation.

In the event of rising upstream costs (e.g. purchase cost of natural gas, cost of electricity) without corresponding adjustments of retail prices, profit margins would be affected directly.

2) Tightening Environmental Policies

Environmental protection operations (e.g., wastewater treatment, waste incineration) partially rely on operation concession and are subject to government-subsidized phases. Subsidy reductions or higher emission standards may increase operating costs.

With the implementation of "Dual Carbon" policy, gas operations may face pressures on transformation in the long run, including replacement by renewable energy sources.

## (V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

*(Continued)*

### 1. Analysis of Principle Risks *(Continued)*

#### *(1) Policy and Regulatory Risks (Continued)*

3) Risks of Government Payment Capability

Certain projects on environmental protection and water services rely on service fee payments from local governments. In the event of local government financial constraints (e.g. declines in land finance), it may result in prolonged payment cycles or increased bad debts.

#### *(2) Market and Operation Risks*

1) Fluctuation on the Cost of Gas Operation

The purchase prices of LNG are exposed to influences of international energy market (e.g., Russia-Ukraine conflict, LNG price fluctuations). In the event that such costs cannot be fully passed through to end-users, our profit margins will be eroded.

2) Intensifying Regional Competition

The water services and environmental protection sectors encounter fierce competition. Central state-owned enterprises (SOEs) (e.g., China Energy Conservation, Everbright Environment) and local SOEs are expanding market share through mergers and acquisitions (M&A), which may erode the market share of BEHL.

Certain private environmental protection enterprises are securing projects via low-price bidding, which exerts influence on the entire industry's profit margins.

3) Slowing Demand Growth

The saturated urbanization momentum of Beijing and surrounding regions has led the demand of traditional water services and gas to a plateau stage. Business growth is depended on exogenous M&A, but cross-regional expansion faces challenges from local protectionism.

#### *(3) Risks from Finance and Debt*

1) Pressure from High Leverage

BEHL merges and acquires certain projects through debt financing, which has resulted in substantial debt and heavy interest burden, exerting pressure on gearing ratio.

Should interest rates go up or financing conditions tighten, we may face elevated debt pressures.

# IX. CORPORATE GOVERNANCE REPORT

## (V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED

*(Continued)*

### 1. Analysis of Principle Risks *(Continued)*

*(3) Risks from Finance and Debt (Continued)*

2) Risks from Exchange Rate Fluctuation

Parts of the revenues from foreign operations are denominated in Eurodollar. While our debt obligations include US dollar-denominated liabilities, fluctuate in RMB exchange rate may impact our financial performance.

*(4) Risks from Strategic Transformation*

1) Uncertainties of New Energy Business Expansion

Future expansion into the new energy sector may encounter challenges including insufficient experience, intense market competition, and government policy. Uncertainties exist regarding the achievement of projected targets.

2) Impacts on Efficiency from Reform to SOEs

As a local state-owned enterprise, BEHL is subject to long decision-making processes. Further enhancements to decision-making and operational efficiency are expected upon the reforms to state-owned enterprises.

### 2. Uncertain Factors Encountered by the Company

*(1) Uncertainties from Policy*

1) Mechanism Reform to Natural Gas Pricing: The pricing of domestic natural gas remains not full market-oriented. Should future price adjustment mechanisms demonstrate more flexibility, profits may improve; however, if policy implementation are lagged, it could sustain cost pressures.

2) Adjustments of Environmental Subsidy Policy: Adjustments of subsidy policies on waste incineration, wastewater treatment and other operations would directly affect the rate of return of projects.

3) Financial Conditions of Local Government: Should the finanical conditions of local government remain under sustained pressure, cash collection of projects on environmental protection and water services could be adversely affected.

## (V) ANALYSIS OF THE PRINCIPAL RISKS AND UNCERTAIN FACTORS ENCOUNTERED *(Continued)*

### 2. Uncertain Factors Encountered by the Company *(Continued)*

*(2) Volatility in Energy Market Price*

1) Trends on International Natural Gas: Should geopolitical conflicts (e.g., the Russia-Ukraine conflict) cause significant price volatility, gas business may experience cost fluctuations.

2) Restructuring Domestic Energy Mix: Should the government accelerate the substitution of natural gas with renewable energy, the long-term demand for gas operations could be affected.

*(3) Evolution in Industry Competitive Landscape*

1) Consolidation Trends on the Industry: Accelerated M&A activities by SOEs and local government-owned enterprises may reshape the industry structure. Our adaptive strategies to align with these challenges does not any show obvious effects.

2) Impacts Brought by New Technology: Emerging innovations including AI-driven operations in gas, water and solid waste management, as well as the distributed integrated energy systems, could fundamentally alter the operating models of conventional utility.

*(4) Impact from Macroeconomic and Financial Market*

1) Trends on Interest Rate: Should central banks globally and the People's Bank of China raise interest rates, we may face higher financial costs.

2) Fluctuations on RMB Exchange Rate: Revenue from foreign operations and the debt denominated in US$ are subject to exchange rates, which could result in additional gains or losses.

*(5) Extreme Climate Events and Contingencies*

1) Impact from Natural Disaster: Temperature variations may alter gas demand; extreme weather events such as floods and droughts could disrupt water supply and environmental facilities operations, incurring additional maintenance costs.

2) Incidents of Safety production: The occurrence of incidents of safety in workplace would not only affect production operations and increase expenditure on repairs and asset replacements, but also adversely affect the reputation and public image of the Company.

## (VI) OPERATION AND MANAGEMENT OF THE COMPANY

### 1. Constitutional Documents

During the year ended 31 December 2024, no changes have been made to the constitutional documents of the Company.

### 2. Chairman and CEO

Mr. YANG Zhichang is the Chairman of the Board, and Mr. XIONG Bin is the CEO. During the year, the Company has complied with Code Provision C.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

### 3. Company Secretary

Mr. TAM Chun Fai, has been the Company Secretary of the Company since 1997. During the year 2024, Mr. Tam took no less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules. Mr. TAM resigned as the Company Secretary of the Company on 1 January 2025.

Mr. TUNG Woon Cheung Eric served as the Company Secretary of the Company since 1 January 2025.

### 4. Diversity Among All Employees

With a strong emphasis on staff diversity at workplace, the Company strictly prohibits discrimination or harassment in relation to factors such as gender, religion, age or disability in the management process of recruitment, remuneration, training and promotion and ensures the absence of any gender-based differentiated treatment, as it seeks to enhance its management standard in staff diversity and foster an equal and friendly workplace. As at 31 December 2024, the proportion of female employees in the Group was 27.53%.

### 5. Dividend Policy

The Company aims at providing stable and sustainable returns to Shareholders and is committed to gradually improving Shareholders returns to the industry average. The Board adopted the Dividend Policy in 2019. In deciding whether to propose a dividend and in determining an appropriate basis and method for dividend distribution, the Board will take into account, inter alia, the reasonable return in investment of the investors and the Shareholders, the actual and expected financial conditions, business plans, future operations and earnings, capital requirements and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Company's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate. Any dividend declared by the Company shall not exceed the amount proposed by the Board.

## (VI) OPERATION AND MANAGEMENT OF THE COMPANY *(Continued)*

### 5. Dividend Policy *(Continued)*

The Board always recognises the close relationship between Shareholders' returns and the high quality and sustainable development of the Company. In order to proactively reward investors and build a long-term, stable, mutual trust and mutually beneficial relationship with Shareholders, the Company has formulated a dividend distribution plan for the years 2024-2026 in April 2024. Having fully considered the Company's current development stage, future capital expenditure plans, cash flow position, and based on adequate communication with the subsidiaries and subject to the provisions of the Articles of Association and dividend policy, it is expected that the dividend per share of the Company for the years 2024-2026 will be not less than 35% of the recurring earnings per share and the dividend per share for the years 2024-2026 will be not less than HK$1.6. The Company may propose a further optimised dividend distribution plan from time to time based on the growth of the financial results of the Company.

### 6. Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for each financial period. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

### 7. Directors' and Auditor's Responsibility Statements

The Directors acknowledged responsibility for reviewing the accounts of the Company prepared by the Finance Department of the Company for the year ended 31 December 2024 and ensuring the accounts are prepared in accordance with the HKFRSs. A statement by the auditor about their reporting responsibilities is contained in the Independent Auditor's Report.

The Board confirmed that it has taken the same view from that of the Audit Committee regarding the appointment of the external auditor.

## (VI) OPERATION AND MANAGEMENT OF THE COMPANY *(Continued)*

### 8. Auditor's Remuneration

During the year ended 31 December 2024, fees paid and payable by the Company to the external auditor of the Company are analysed as follows:

| | *RMB'000* |
|---|---|
| Annual audit service fees paid and payable to auditor of the Company | 9,173 |
| Non-audit service fees paid and payable to auditor of the Company* | 5,480 |
| | 14,653 |

* *Such non-audit services include an agreed-upon procedures engagement in connection with the Group's interim financial report, procedures relating to offering circular for bond issuance and tax compliance services, etc.*

### 9. Anti-Bribery and Anti-Corruption Policy

The Group has in place an anti-bribery and anti-corruption policies and systems for all its employees to eliminate bribery, extortion, and other frauds. Employees are required to act with integrity and to report any suspected bribery and corruptions cases to Discipline Inspection Commission Office of the Company.

### 10. Whistle-Blowing Policy

The Group attaches great importance to integrity and compliance work, pays close attention to anti-bribery, anti-corruption, and anti-unfair competition. The Group has established a whistleblowing policy and system to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially.

The Discipline Inspection Commission Office was also set up to handle matters arising from whistleblower reports in an effective manner. The whistle-blowers are able to raise concern to the Audit Committee. The Group is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

## (VII) SHAREHOLDERS' RIGHTS

### 1. To Convene an Extraordinary General Meeting ("EGM") by Shareholders

Pursuant to Section 566 of the Companies Ordinance, Shareholder(s) holding at least 5% of the total voting rights of all the Shareholders having a right to vote at EGMs can submit a written requisition to convene an EGM.

The written requisition:

(1) must state the general nature of the business to be dealt with at the meeting;

(2) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(3) may consist of several documents in like form;

(4) may be sent to the Company in hard copy form or in electronic form; and

(5) must be authenticated by the person or persons making it.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from the said date.

### 2. To Make Enquiries to the Board

(1) Shareholders should direct their questions about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customers service hotline at (852) 2980 1333.

(2) Enquiries made to the Board may be deposited at the Company's registered office at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the attention of the company secretary.

## (VII) SHAREHOLDERS' RIGHTS *(Continued)*

### 3. To Put forward Proposals at an AGM

Shareholder(s) can submit a written requisition to move a resolution at an AGM pursuant to Section 615 of the Companies Ordinance if they:

(1) represent at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or

(2) represent at least 50 Shareholders who have a right to vote on the resolution at the AGM to which the requests relate.

The written requisition:

(1) may be sent to the Company in hard copy form or in electronic form;

(2) must identify the resolution of which notice is to be given;

(3) must be authenticated by the person or persons making it; and

(4) must be received by the Company not later than:

1) 6 weeks before the AGM to which the requests relate; or

2) if later, the time at which notice is given of that meeting.

### 4. Circulating a Statement at an AGM or at a General Meeting

Shareholder(s) can pursuant to Section 580 of the Companies Ordinance request the Company to circulate to Shareholders entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting, if such Shareholder(s):

(1) represent at least 2.5% of the total voting rights of all Shareholders who have a relevant right to vote; or

(2) at least 50 Shareholders who have a relevant right to vote.

## (VII) SHAREHOLDERS' RIGHTS *(Continued)*

### 4. Circulating a Statement at an AGM or at a General Meeting *(Continued)*

The request:

(1) may be sent in hard copy form or in electronic form to the Company's registered office;

(2) must identify the statement to be circulated;

(3) must be authenticated by the person or persons making it; and

(4) must be received by the Company at least 7 days before the meeting to which it relates.

### 5. To Propose a Person other than a Director for Election as a Director at any General Meeting

Pursuant to article 111 of the Articles of Association, if a Shareholder wishes to propose a person, other than a retiring Director or a person recommended by the Directors, for election as a Director at a general meeting, such Shareholder, who is duly qualified to attend and vote at such general meeting, should lodge a written and signed notice of nomination and a notice signed by the person to be proposed of his willingness to be elected at the Company's registered office or at the Company's share registrar. The notices should be given within the period commencing on the day after dispatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting and such period shall be at least 7 days.

### 6. Communication with Shareholders and Investors

The Board places a strong emphasis on effective and appropriate communication with Shareholders and investors and is of the view that the timely disclosure of corporate information is very important for Shareholders and investors when they make investment decisions. The Company has adopted a shareholder communication policy that aims to ensure all Shareholders to obtain in a timely manner Company information that is comprehensive, identical and easily comprehensible, such that Shareholders are able to exercise their rights in an informed manner and communication between Shareholders and investors and the Company could be enhanced. The Company has conducted review on the implementation and effectiveness of its shareholder communication policy and, taking into account its existing multiple channels for shareholder communication and participation, is of the view that the policy has been implemented in an appropriate and effective manner during the year.

The Company disseminates information on the Group to Shareholders via numerous official channels, including the interim and annual reports, announcements and circulars published in accordance with the Listing Rules. Such published documents as well as latest corporate information are also available for inspection on the Company's website (www.behl.com.hk).

During the year, the Company also responded to the requests and enquiries of members of the investing community such as Shareholders, analysts and the media via results presentations, briefings, roadshows, emails and phone calls.

# X. MANAGEMENT DISCUSSION AND ANALYSIS ON RESULTS FOR THE YEAR

## (I) BUSINESS REVIEW

### 1. Overview

In 2024, the Company proposed a strategic plan to build the "Four Strongholds", namely, "Stronghold in Business Layout", "Stronghold in Value Creation", "Stronghold in Mechanism Reform", and "Stronghold in Talent Pooling", which lays out its direction for high-quality development.

Centered on serving national strategies, strengthening innovation-driven leadership, optimizing resource deployment, and focusing on core industries, the Company advanced comprehensive and refined operations across all business segments to deliver premium products and services to customers. The Company deepened its efforts to enhance the quality and efficiency of traditional industries, accelerated the cultivation of new quality productive forces such as carbon capture and new energy, and continued to invigorate capital value while solidifying the top-level design of institutional reforms. The Company also persisted in elevating market and shareholder value, striving to build a state-owned capital investment company with distinctive features of BEHL.

### 2. Gas Business

#### *(1) Natural Gas Distribution Business*

In 2024, Beijing Gas upgraded its corporate strategy to "deep-rooted presence in Beijing with a balanced expansion both inside and outside Beijing, focusing on energy with vertical extension." In particular, the natural gas distribution business focused on market potential development and service enhancement, with continued consolidation of core regional strengths and systematic expansion into the surrounding regions.

As of the end of 2024, Beijing Gas had a total of about 7.46 million pipeline gas users in Beijing and operated a total length of the natural gas pipelines of about 29,100 kilometers. Among them, in 2024, Beijing Gas developed approximately 158,000 new household subscribers and 3,594 new public sector subscribers in Beijing. New heating boiler subscribers with a total capacity of 1,694 t/h were developed in Beijing.

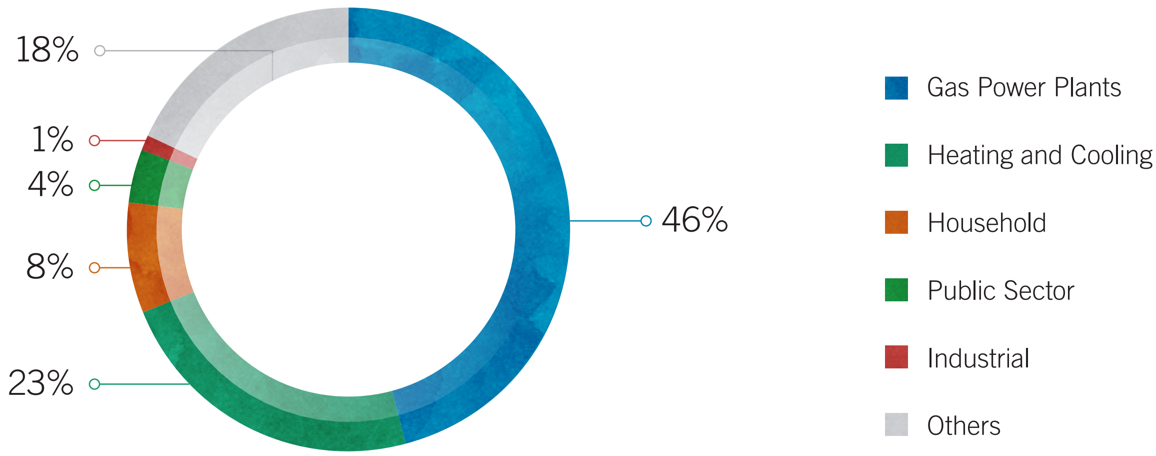
In 2024, Beijing Gas' combined natural gas sales volume was 23.8 billion cubic metres, including 17.3 billion cubic metres of piped gas sales volume in Beijing, representing a year-on-year decrease of 4.4%, which was mainly due to factors such as warmer temperatures.

## (I) BUSINESS REVIEW *(Continued)*

### 2. Gas Business *(Continued)*

#### *(1) Natural Gas Distribution Business (Continued)*

An analysis of the natural gas sales volume accomplished inside Beijing by subscriber sector is shown as follows:




#### *(2) LNG Business*

In 2024, the Phase II and III of Tianjin Nangang LNG project and the outbound pipeline project of Beijing Gas were successively put into operation, effectively enhancing the energy supply assurance in the Beijing-Tianjin-Hebei region with a significant enhancement of emergency supply support capabilities.

At the same time, in terms of domestic business, there has been a substantial increase in the scale of the substitute processing business, striving to achieve steady growth in revenue. Efforts were actively made to accelerate market oriented operations and vigorously facilitate the substitute processing business at the Nangang receiving station. The substitute processing business for a total of 12 ships was completed, effectively improving the turnover rate of the receiving station.

In terms of international business, we strengthened the global trade business layout, enabling natural gas trade business to flourish, and steadily advancing the holding and resale of international spot resources. The Company conducted platform-based order listing transactions for the first time and achieved near-nationwide coverage in domestic trade sales. While maintaining communication and cooperation with mainstream domestic and international suppliers and traders, a “moments” for international trade business has been established to enhance influence in the global market. Throughout the year, 27 shipments of LNG international trade were carried out.

# X. MANAGEMENT DISCUSSION AND ANALYSIS ON RESULTS FOR THE YEAR

## (I) BUSINESS REVIEW *(Continued)*

### 2. Gas Business *(Continued)*

*(2) LNG Business (Continued)*

Following the full operation of the Nangang LNG project, it has driven a 43.5% year-on-year increase in LNG distribution volume to 3.3 billion cubic meters during the year. In addition, the commissioning of the Nangang project has also contributed to the completeness of the industrial chain layout, providing strong support for Beijing Gas to expand its international trade business. Beijing Gas has established a natural gas trade division to coordinate upstream and downstream activities and synergize industrial development, achieving volume of LNG international trade of 2.4 billion cubic meters during the year, representing a year-on-year increase of 50%.

*(3) Natural Gas Transmission Business*

In 2024, PipeChina Group Beijing Pipeline Co., Ltd. ("Beijing Pipeline Co."), in which Beijing Gas is holding its shares, recorded a gas transmission volume of 88.07 billion cubic meters, representing a year-on-year increase of 18.5%.

*(4) VCNG of Rosneft*

In 2024, the PJSC Verkhnechonskneftegaz ("VCNG") project of Rosneft Oil Company, in which Beijing Gas is holding its shares, recorded petroleum sales of 5.70 million tons, representing a year-on-year decrease of 7.5%, being a natural decline in production.

*(5) China Gas*

China Gas Holdings Limited ("China Gas", stock code: 384), in which BEHL is holding its shares, continued to strengthen the foundation of its natural gas business. It closely followed the national policies to implement the price pass-through in various regions, driving further improvement in the comprehensive dollar margin on a year-on-year basis. It accelerated the implementation of the "bottled-to-piped gas conversion" reform and the renovations in old microdistricts, actively addressing the impact of the real estate industry's downturn on gas connection business. It continuously deepened the full-channel layout and business innovation of value-added services, launching new businesses such as kitchen renovation and home renovation, and quickly expanding the market by leveraging the policy benefits of "trade-in or new" programs. It steadily advanced the layout of integrated energy business, accelerating the implementation of energy storage for industrial and commercial use and photovoltaic projects, while its electricity sales business continued to grow steadily. During the 12 months ended 30 September 2024, the total natural gas sales volume increased by 5.9% to 41.86 billion cubic meters, and the LPG sales volume reached 4.03 million tons.

## (I) BUSINESS REVIEW *(Continued)*

### 3. Water Business

BE Water continued to promote regional consolidation reform, enhancing the quality and efficiency of existing asset operations while reducing costs. It has established two major technology platform companies, namely "BE Water Future Technology" and "Beishui Cloud Service," achieving a light-asset transformation through the commercialization of technology and products.

As of the end of 2024, BE Water has entered into service concession arrangements and entrustment agreements for a total of 1,472 water treatment plants and rural sewage treatment facilities, including 1,224 sewage treatment plants and rural sewage treatment facilities, 174 water supply plants, 73 reclaimed water treatment plants, and 1 seawater desalination plant, of which 1,259 were in operation.

As of the end of 2024, the total design capacity was 43.735 million tons/day, including the total design capacity of new projects of 908,274 tons/day during the year and the total design capacity of plants in operation of 33,862,211 tons/day.

### 4. Environmental Business

The environmental business segment of BEHL includes BE Environment and Beijing Enterprises Holdings Environment Technology Co., Ltd ("BEHET"), which is based in China, and EEW GmbH, a German company based in overseas.

In 2024, domestic projects focused on refining existing operations and fully explored market resources for solid waste treatment to ensure stable and efficient output of equipment capacity. It actively carried out collaborative businesses such as sludge treatment, food waste treatment, heat supply, and gas supply, expanding income through multiple channels to offset the impact of the reduction in national subsidies for solid waste projects. Among which, the intake volume of sludge collaborative treatment increased by 58% year-on-year, and the external gas supply increased by 78% year-on-year. Meanwhile, it increased efforts in innovation, continuously developed new technologies, and effectively achieved cost reduction and efficiency enhancement.

EEW GmbH, a German company, with its business coverage in Germany, the Netherlands, and Luxembourg, actively expanded its European market presence in 2024 to increase waste intake. It expanded energy sales while seizing favorable opportunities to lock in electricity prices, enhancing profitability. A comprehensive digital transformation has been implemented to optimize management analysis and operational efficiency to control costs reasonably.

## (I) BUSINESS REVIEW *(Continued)*

### 4. Environmental Business *(Continued)*

(1) As of the end of 2024, the Group had:

- 35 solid waste treatment projects, of which: 18 in China, 17 in Europe; 33 in operation, 2 under construction;

- solid waste incineration and power generation treatment capacity of 34,687 tons/day, of which: 20,655 tons/day in China, 14,032 tons/day in Europe;

(2) In 2024, the Group completed:

- solid waste treatment volume of 12.345 million tons, representing a year-on-year growth of 3.6%. Among which: domestic treatment volume was 7.353 million tons, representing a year-on-year growth of 4.4%, which was mainly due to the year-on-year increase in waste input volume from the Zhangjiagang and Yanzhou projects. The European treatment volume was 4.992 million tons, representing a year-on-year increase of 2.4%, which was mainly due to the year-on-year increase in the industrial, commercial, and municipal waste treatment volume;

- Domestic on-grid power generation volume of 2,280 GWH, representing a year-on-year increase of 2.6%;

- energy sales of 5,125 GWH in Europe, representing a year-on-year increase of 9.4%, mainly attributable to the increased waste processing volumes and enhanced operational efficiency. In particular, sales of electricity amounted to 1,704 GWH, a year-on-year increase of 2.3%; sales of heat amounted to 968 GWH, a year-on-year increase of 9.0%; and sales of steam amounted to 2,453 GWH, a year-on-year increase of 15.0%.

### 5. Beer Business

Yanjing Brewery, with shares held by BEHL, strengthened its strategic leadership in 2024. By continuously deepening the "nine major transformations" in production, marketing, and supply chain to name a few, it significantly enhanced management efficiency, continued to boost operating results and optimize operational efficiency. Among which, the transformation and upgrading of the development model achieved remarkable results in bulk single product and high-end strategies.


Yanjing Brewery successfully created a youthful and high-end Yanjing Brewery brand image through its diversified product matrix, three-dimensional marketing strategy, multi-channel communication methods, and experience-based consumption layout.

## (I) BUSINESS REVIEW *(Continued)*

### 5. Beer Business *(Continued)*

At the same time, it accelerated the transformation of the supply chain and advanced digitalization initiatives, effectively enhancing operational efficiency and achieving steady progress and high-quality development.

In 2024, Yanjing Brewery has further consolidated its base market, maintained steady development in growth markets, achieved effective breakthroughs in certain local markets, and upgraded its market state with improvement in healthiness. Yanjing Brewery achieved a beer sales volume of 4.004 million kiloliters, representing a year-on-year increase of 1.6%, of which, the sales volume of Yanjing U8 recorded 696,000 kiloliters, representing a year-on-year increase of 30.7%, achieving a growth rate of over 30% for two consecutive years. Yanjing Brewery has aligned with the emerging consumer trends by deepening its presence in the medium- and high-end markets and comprehensively rejuvenating its brand marketing. The product feature of Yanjing U8, known for its "low-alcohol content, rich flavor", has been widely recognized by consumers, driving the brand value of Yanjing Brewery to climb to approximately RMB223.695 billion.

## (II) FINANCIAL REVIEW

### 1. By business segment

*(1) General situation*

The revenue of the Group in 2024 was approximately RMB84.064 billion, representing an increase of 2.1% year-on-year. Profit before tax was RMB7.546 billion, representing an increase of 3.8% year-on-year. The profit attributable to shareholders of the Company amounted to approximately RMB5.123 billion, representing an increase of 5.0% over year-on-year if excluding the impact of the one-off events in 2023.

The Group's capital expenditure for the year totalled approximately RMB6.67 billion, including RMB3.10 billion in the gas segment, RMB2.39 billion in the environment segment, and RMB1.18 billion in the beer segment.

*(2) Gas operation*

The revenue from gas sales of the Group in 2024 was approximately RMB62.003 billion, representing an increase of 0.9% year-on-year, and profit before tax was approximately RMB4.850 billion, of which:

1) Natural Gas Distribution Business

The natural gas distribution business and other businesses, including the sale of gas-related equipment and construction services, etc. (including Beijing Gas Blue Sky), contributed a revenue of approximately RMB46.534 billion in 2024, representing a decrease of 6.4% year-on-year, which was mainly attributable to higher temperatures during the 2024 heating season compared to the same period last year, resulting in a year-on-year decline in gas sales volume, and profit before tax was RMB1.490 billion, representing an increase of 3.1% year-on-year, which was mainly attributable to the upward adjustments of non-residential gas selling prices during the current heating season and the strengthened control over costs and expenses.

## (II) FINANCIAL REVIEW *(Continued)*

### 1. By business segment *(Continued)*

#### *(2) Gas operation (Continued)*

2) LNG trade business

The LNG trade contributed a revenue of approximately RMB15.469 billion in 2024, representing an increase of 31.7% year-on-year, which was mainly due to the full-scale production of Tianjin Nangang LNG project, contributing to the growth of the LNG trade.

3) Natural Gas Transmission Business

In 2024, the Group's share of profit, through its 40% equity interests in Beijing Pipeline Co., amounted to approximately RMB2.3 billion, representing a year-on-year decrease of 6.0%, which was mainly due to the one-off cost adjustment to increase profit by Beijing Pipeline Co. last year.

4) VCNG of Rosneft

In 2024, the Group's share of profit, through its 20% equity interests in VCNG, amounted to approximately RMB830 million, representing a year-on-year decrease of 20.0%, which was mainly due to a year-on-year reduction in oil sales volume and higher mineral tax costs, which offset the positive impact of revenue growth driven by increased unit selling prices.

5) China Gas

In 2024, the Group's share of profit, through its approximately 23.6% equity interests in China Gas, amounted to approximately RMB648 million, representing a year-on-year increase of 10.9%, which was mainly due to the implementation of the linkage mechanism for natural gas prices to achieve the passing on of prices, leading to an increase in the profits of the natural gas business.

#### *(3) Water Business*

In 2024, the Group's share of profit, through its approximately 41.13% equity interests in BE Water, amounted to approximately RMB690 million, representing a year-on-year decrease of 11.5%, which was mainly due to the lower contribution from the construction segment of BE Water and the increase in the provision for expected credit impairment as a result of the management's prudent consideration of the external macro-environment.

## (II) FINANCIAL REVIEW *(Continued)*

### 1. By business segment *(Continued)*

*(4) Environmental Business*

The revenue of the environmental business in 2024 was approximately RMB9.221 billion, representing an increase of 9.4% year-on-year, and profit before tax was approximately RMB1.834 billion, representing an increase of 22.9% year-on-year in the event of deducting the impact of one-off events in the previous year, of which:

1) Domestic business

The revenue of the domestic business in 2024 was approximately RMB2.357 billion, representing a decrease of 11.4% year-on-year, which was mainly due to BE Environment's disposal of the ecological project during the year, resulting in the exclusion of its revenue from consolidation. The relevant project generated approximately RMB323 million in revenue in 2023; profit before tax was approximately RMB609 million, representing an increase of 4.1% year-on-year, which was mainly attributable to the increase in profit due to the commissioning of Beihai project.

2) Germany EEW GmbH

The revenue of the Germany EEW GmbH in 2024 was approximately RMB6.864 billion, representing an increase of 19.1% year-on-year, which was mainly attributable to the increase in revenues from waste treatment and electricity sales, and profit before tax was RMB1.225 billion, representing an increase of 35.0% year-on-year, which was mainly driven by the increase in revenue.

*(5) Beer Business*

The revenue of the beer business in 2024 was approximately RMB12.760 billion, representing an increase of 3.5% year-on-year, and profit before tax was RMB1.555 billion, representing an increase of 62.7% year-on-year, which was mainly benefited from the increase in gross margin due to the effective cost control and the continuous and accelerated promotion of the high-end beer market.

### 2. By accounting item

*(1) Revenue*

The revenue of the Group in 2024 was RMB84.064 billion, which increased by 2.1% as compared with 2023. Of which, the revenue of Beijing Gas was RMB62.003 billion, which accounted for 73.8% of total revenue. The revenue from beer sales was RMB12.760 billion, which accounted for 15.2% of total revenue. The environmental business contributed a total revenue of RMB9.221 billion, which accounted for 11.0% of total revenue.

## (II) FINANCIAL REVIEW *(Continued)*

### 2. By accounting item *(Continued)*

*(2) Cost of Sales*

Cost of sales increased by 1.5% to RMB72.637 billion. Cost of sales of the gas distribution business included the purchase cost of natural gas as well as the depreciation charge of the pipeline network. Cost of sales of the beer business included raw materials, wage expenses, and absorption of certain direct overheads. Cost of sales of solid waste treatment business included fuel charges, amortization, and waste disposal costs.

*(3) Gross Profit Margin*

In 2024, the overall gross profit margin was 13.59%, increased by 0.56% when compared with 13.03% last year, which was mainly due to the increase in the gross profit margin of beer business.

*(4) Other Income, other gains and losses*

Other income was mainly comprised of government grants of RMB494 million; dividend income of RMB39 million and bank interest income amounting to RMB1.104 billion.

*(5) Selling and Distribution Expenses*

Selling and distribution expenses of the Group in 2024 were RMB1.887 billion, which decreased by 5.8% year-on-year, mainly attributable to the decrease from beer business.

*(6) Administrative Expenses*

Administrative expenses of the Group in 2024 were RMB6.142 billion, which decreased by 2.2% year-on-year, achieving effective control over expense costs.

*(7) Other Operating Expenses, net*

The year-on-year rise in other operating expenses, net was mainly due to the reversal of the impairment of the certain solid waste business assets recognized in prior years in last year and there was no such gain from reversal of impairment this year.

*(8) Finance Costs*

The finance costs of the Group in 2024 were RMB2.501 billion, which decreased by 5.4% when compared to last year, and the Group's finance costs were under effective control by continuously advancing the optimization of its debt structure.

*(9) Share of Profits and Losses of Associates*

The share of profits and losses of associates mainly comprised the share of profit attributable of Beijing Pipeline Co. to the Group, the share of profit attributable to shareholders of VCNG, the share of profit attributable to China Gas, and the share of profit attributable to BE Water.

## (II) FINANCIAL REVIEW *(Continued)*

### 2. By accounting item *(Continued)*

*(9) Share of Profits and Losses of Associates (Continued)*

In 2024, the Group shared the profit of Beijing Pipeline Co. amounting to RMB2.3 billion, the profit of VCNG amounting to RMB830 million, the profit of China Gas amounting to RMB648 million and the profit of BE Water amounting to RMB690 million.

*(10) Taxation*

After deducting the share of profits and losses of associates and joint ventures, the effective income tax rate was 45.1%, which was slightly higher than 44.2% last year and was mainly due to the absence of tax implications from the one-off reversal of impairment gains last year.

*(11) Profit Attributable to Shareholders of the Company*

The profit attributable to the shareholders of the Company for the year ended 31 December 2024 was RMB5.123 billion.

## (III) FINANCIAL POSITION OF THE GROUP

### (1) Non-current Assets

*1) Property, plant and equipment*

The net book value of property, plant and equipment was approximately RMB60.717 billion, which increased by 1.6% over last year, which was mainly attributable to the increase in relevant fixed assets of Beijing Gas and Germany EEW GmbH.

*2) Other intangible assets*

Other intangible assets were mainly from Germany EEW GmbH.

*3) Investments in associates*

The increase in the balance of RMB1.299 billion was mainly due to the Group's share of profit of VCNG, Beijing Pipeline Co., BE Water and China Gas.

*4) Prepayments, other receivables and other assets*

The balances remained basically the same year-on-year, which was mainly composed of time deposits and certificates of deposit of Beijing Gas in bank with maturity over one year.

## (III) FINANCIAL POSITION OF THE GROUP *(Continued)*

### (2) Current Assets

*1) Inventories*

It mainly represented the inventory of beer business.

*2) Receivables under a finance lease*

The balance of receivables under a finance lease was from Germany EEW GmbH.

*3) Trade receivables*

The balance increased by RMB735 million, which was mainly due to the increase in natural gas receivables from Beijing Gas.

*4) Prepayments, other receivables and other assets*

The balances decreased by RMB538 million, which was mainly due to the decrease in other receivables of Beijing Gas.

*5) Cash and bank borrowings*

As at 31 December 2024, cash and bank deposits held by the Group amounted to RMB30.960 billion. The Group maintains sufficient banking facilities for its working capital requirements and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's total borrowings amounted to RMB78.906 billion as at 31 December 2024, which mainly comprised guaranteed bonds and senior notes of US$1.8 billion in total, Euro guaranteed bonds amounting to EUR0.9 billion, RMB corporate bonds amounting to RMB18.25 billion and RMB bank loans amounting to more than RMB30.0 billion. Around 65.7% of the total borrowings were denominated in RMB, 20.0% in US dollar and 14.3% in Euro. The Group had net borrowings of RMB47.946 billion as at 31 December 2024, which increased by 1.2% over last year.

### (3) Non-current Liabilities

*1) Bank and other borrowings*

There was an increase of RMB2.724 billion in long-term and short-term balances in total, which was due to the increase in the related borrowings from Beijing Gas.

*2) Guaranteed bonds and notes*

The balance decreased by RMB7.445 billion, which was mainly due to the reclassification of guaranteed bonds and notes maturing within one year to current liabilities. The Group plans to refinance the relevant guaranteed bonds and notes into long-term debt upon their maturity.

*3) Provision for onerous contracts and major overhauls*

The balances were mainly from Germany EEW GmbH.

## (III) FINANCIAL POSITION OF THE GROUP *(Continued)*

### (4) Current Liabilities

*1) Other payables, accruals and contract liabilities*

The balance decreased by RMB821 million, mainly due to the decrease in other payables of Beijing Gas.

*2) Liquidity and Capital Resources*

The downstream natural gas distribution business, plus the dividends income from Beijing Pipeline Co., the dividends from BE Water, China Gas, and EEW GmbH in Germany, has been constantly contributing to the operating cash flow of the Group and significantly increased its liquidity. As at the end of 2024, the issued share capital of the Company amounted to 1,258,003,268 shares and the shareholders' equity was RMB84.881 billion. Total equity was RMB97.615 billion. The gearing ratio, being all the interest-bearing borrowings and guaranteed bonds and notes divided by the sum of total equity plus all interest-bearing borrowings and guaranteed bonds and notes, was 45% (2023: 45%).

## (IV) OUTLOOK

BEHL will proactively respond to the developments and changes in circumstances both internally and externally, take the implementation of the building "Four Strongholds" strategic deployment as the main thread, coordinate safety, environmental protection and business development, consolidate and enhance the advantages of its traditional principal businesses, accelerate the incubation of new-quality productivity elements, comprehensively elevate lean operation and management standards, reshape the functions of capital operations as well as investment and financing, push forward decisive risk-mitigation efforts in areas such as debt resolution, receivables collection, and loss management, strengthen the positive role of endogenous drivers through deepened reform and technological innovation, and vigorously drive new breakthroughs in the BEHL's industrial momentum and operating results.

### 1. By Business Segments and Enterprises

*(1) Gas Business*

1) Beijing Gas

Beijing Gas will resolutely implement the newly upgraded development strategy of "deepening its presence in Beijing while expanding both inside and outside Beijing; focusing on energy with vertical integration". It will deepen its city gas core business, refine the system for allocating multiple gas sources and qualities, solidify its market within Beijing while actively expanding into non-local markets, accelerate the market-oriented operation of the Tianjin Nangang LNG project, promote the development of outbound pipeline markets, and steadily enhance profitability upon the project's commissioning.

On the other hand, by leveraging the Nangang receiving station, it will scale up and strengthen its natural gas trading business, coordinate LNG market development, and establish a nationwide sales network.

## (IV) OUTLOOK *(Continued)*

### 1. By Business Segments and Enterprises *(Continued)*

#### *(1) Gas Business (Continued)*

##### 2) China Gas

China Gas will continue to uphold the overall operational philosophy of "facilitating payment collection, expanding gross margin, reducing expenses, strengthening the organization, enhancing quality, and pursuing development", with safe development as its foremost priority. It will boldly innovate, embrace reform, and deepen its focus on "customer orientation" and "value creation".

In terms of natural gas business, it will continue to advance cost reviews for distribution pricing and the implementation of pricing linkage mechanisms, while seizing policy opportunities to promote projects such as "aging neighborhood renovation". It will also continue to integrate upstream and downstream resources in the liquefied petroleum gas industry, thereby enhancing core profitability in both trading and terminal businesses.

Its value-added service business will fully leverage policies such as "trade-in for new", remain closely aligned with emerging consumption trends, optimize product offerings, and accelerate the expansion of new businesses.

In terms of integrated energy business, it will spare no effort in promoting biomass and other integrated energy projects, focusing primarily on industrial and commercial energy storage to drive the development of photovoltaics and other business lines, as well as prioritizing electricity sales to facilitate steady growth in green electricity, green certificate trading, and other business lines such as power operation and maintenance.

In terms of operational enhancement, China Gas will firmly grasp market opportunities and policy windows, achieving a blend and innovation of commercial and consumption models.

## (IV) OUTLOOK *(Continued)*

### 1. By Business Segments and Enterprises *(Continued)*

*(2) Water Business*

2025 marks a pivotal year for deepening the transformation of the water business. BE Water will refine free cash flow management to sustain a stable development momentum, while driving continuous efficiency improvements and strategic talent structure upgrades, thereby pioneering a new chapter of high-quality development in the water business through tangible outcomes.

First of all, focusing on cash flow. The primary task for stable development is to ensure the collection of payments. Therefore, the collection of accounts receivable should be placed in a more prominent position. By strengthening the responsibility for payment collection work, making good use of the opportunities provided by policies to resolve debts, and jointly formulating solutions with customers, we will strive to recover funds to the greatest extent possible.

Secondly, improving operational efficiency. Through regional intensive management and the upgrading of the operation paradigm, we will continuously promote the implementation of the "Cloud chain end" model, and build the core competitiveness for expanding light-asset operation service businesses in the future. At the same time, we will systematically upgrade the system and mechanism, strengthen the integration of business and finance, and effectively improve management efficiency by using digital tools.

Thirdly, optimizing the talent structure. We aim to achieve the upgrading of the talent structure and boost the vitality of organizational development by continuously promoting frontline employees to work with relevant certificates and enhancing their skills, upgrading the talent development mechanism, and establishing a mechanism for value creation and sharing.

## (IV) OUTLOOK *(Continued)*

### 1. By Business Segments and Enterprises *(Continued)*

*(3) Environmental Business*

It will strengthen collaboration in the environmental business both domestically and overseas, continuously enhancing the overall performance growth contribution of the segment. Among which:

It will accelerate breakthroughs in the domestic environmental business in three areas: consolidating the quality enhancement and efficiency improvement of existing assets, advancing the disposal of underperforming assets, and bolstering market development capabilities through technological innovation. It will implement lean operational management, pilot promoting a nationwide zoned and centralized management model, as well as an intelligent incineration project management model, while comprehensively expanding diversified businesses such as sludge coordination, steam supply, and heat supply. It will also expedite the construction of technological innovation platforms and the development of application scenarios, enhancing light-asset technology reserves and capability support. It will drive the governance of underperforming assets and optimize the asset structure to lay a foundation for sustainable development.

Overseas, EEW GmbH in Germany will continue to monitor trends in the solid waste electricity spot price market, formulate mid-to-long-term plans for the solid waste resource market and optimize its energy sales structure, enhance operational efficiency, while accelerating the commercial operation of new production lines. It will control the growth of labor and administrative costs, reduce operational costs of existing projects to enhance performance growth.

## (IV) OUTLOOK *(Continued)*

### 1. By Business Segments and Enterprises *(Continued)*

*(4) Beer Business*


In 2025, by anchoring higher goals, Yanjing Brewery will constantly enhance its corporate core capabilities and value creation capabilities, and fully consolidate the good growth momentum.

It will deepen the construction of a premier management system, benchmark against leading enterprises in the industry, speed up energy conservation and consumption reduction, as well as innovation in green brewing process, continue its refinement and improvement in aspects including quality enhancement, cost optimization and operation efficiency, and accelerate the pace of constructing green factory and green supply chain.

It will adhere to its bulk single product strategy, deepen the upgrading of product matrix, and further build differentiated and diversified product lines, so as to enrich the supply of medium- and high-end products. It will drive innovation in both product and marketing through a dual-wheel driving approach, and amplify brand momentum through youthful and multi-dimensional marketing, whereby consolidating its leading position in the industry.

It will expedite the transformation of the supply chain, comprehensively promote the construction of digital platforms, improve market responsiveness and performance fulfilment capabilities, integrate and optimize the entire beer ecological chain business process, deeply tap into the potentials of cost savings and efficiency improvement, and improve the overall cost structure.

It will continuously strengthen technology empowerment and achievement transformation, boost business transformation and organizational upgrading through digital transformation, and take full play of the role of data assets in supporting decision-making, propelling operation, optimizing innovation, so as to promote the improvement of operation efficiency and refined management standard.

## (IV) OUTLOOK *(Continued)*

### 2. Adhering to Strategic Planning

As a leading enterprise in the urban energy, urban water services, urban environment, and urban consumption sectors, the Group remains committed to becoming a top-tier comprehensive public utility service provider, creating a better future for cities. In pursuit of this direction, the Group will seize opportunities arising from the deepening of national urbanization, the concentration of industrial resources and markets toward leading enterprises, and the empowerment of new technological achievements to reduce costs and enhance efficiency for businesses, integrating superior technological, managerial, financial, and human resources, optimizing resources deployment, and continuously consolidating the leading advantages of its four core businesses through reasonable quantitative growth and effective qualitative improvement.

As China's urbanization process continues to evolve, the demand for gas, water and solid waste in high-tier cities will gradually approach saturation. However, the overall public utility industry in China still maintains stable returns and healthy cash flow. As a leading enterprise in China's public utility industry, the Group will actively embrace the major trends of urban green and low-carbon transformation and the structural upgrading of public utilities. It is committed to enhancing the operational efficiency of the core assets in existing businesses through cost reduction and efficiency improvement, thereby improving the competitiveness of the current businesses. On this basis, the Group adopts the "limited diversification" strategy to carry out mergers and acquisitions and business extensions, empowers through resource integration, business synergy, and management, and creates incremental value in the process of mergers and acquisitions and business extensions.

We believe that by continuously addressing the new demands of urban development and creating new value needed by society, the Group will achieve sustained optimization of its business layout and asset structure, ultimately delivering sustainable and favorable returns to shareholders.

# XI. INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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太古廣場一座35樓

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

**To the members of Beijing Enterprises Holdings Limited**
*(incorporated in Hong Kong with limited liability)*

## OPINION

We have audited the consolidated financial statements of Beijing Enterprises Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 94 to 234, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# XI. INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| *Impairment assessment on goodwill* | |
| We identified impairment assessment on goodwill as a key audit matter as significant judgments and assumptions were made by management in estimating the recoverable amounts of cash-generating units ("CGUs") to which goodwill has been allocated.<br><br>During the process of impairment assessment on goodwill, the Group considered the assessment of certain CGUs is highly judgmental as the impairment assessment is based on value-in-use calculations using cash flow projections which involve certain significant inputs including discount rates and revenue growth rates. The carrying amount of goodwill of these identified CGUs at 31 December 2024 amounted to RMB13,001,484,000, representing goodwill allocated to and included in the piped gas operation and the environmental operation business units. During the year ended 31 December 2024, no impairment of goodwill has been recognised.<br><br>The related disclosures are included in notes 3, 4 and 18 to the consolidated financial statements. | Our procedures in relation to impairment assessment on goodwill included:<br><br>• Assessing the application of the impairment model used by the Group;<br><br>• Comparing historical cash flows projection in the prior year with the actual results in the current year and identifying exceptions, if any, for further consideration in the current year cash flow projections;<br><br>• Engaging our internal valuation experts to assess the appropriateness of discount rates used; and<br><br>• Assessing the revenue growth rates applied in the cash flow projections based on historical trends for the identified CGUs. |

## OTHER MATTER

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

## OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Deloitte Touche Tohmatsu**
*Certified Public Accountants*
Hong Kong
27 March 2025

# XII. FINANCIAL STATEMENTS

## (I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | NOTES | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Revenue | 5 | **84,064,089** | 82,313,331 |
| Cost of sales | | **(72,637,100)** | (71,584,678) |
| Gross profit | | **11,426,989** | 10,728,653 |
| Other income, other gains and losses | 7 | **2,428,562** | 2,087,808 |
| Selling and distribution expenses | | **(1,886,569)** | (2,002,091) |
| Administrative expenses | | **(6,142,120)** | (6,278,523) |
| Other operating expenses, net | | **(595,098)** | 68,785 |
| Share of profits and losses of: | | | |
| Joint ventures | | **(82,996)** | (25,121) |
| Associates | | **4,898,738** | 5,331,994 |
| Finance costs | 8 | **(2,501,121)** | (2,644,327) |
| Profit before tax | | **7,546,385** | 7,267,178 |
| Income tax expense | 9 | **(1,230,911)** | (865,887) |
| Profit for the year | 10 | **6,315,474** | 6,401,291 |
| Attributable to: | | | |
| Shareholders of the Company | | **5,123,085** | 5,498,290 |
| Non-controlling interests | | **1,192,389** | 903,001 |
| | | **6,315,474** | 6,401,291 |
| Earnings per share attributable to shareholders of the company | | | |
| Basic and diluted | 14 | **RMB4.07** | RMB4.36 |

# XII. FINANCIAL STATEMENTS

# (I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | NOTES | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Profit for the year | | **6,315,474** | 6,401,291 |
| Other comprehensive (loss) income | | | |
| *Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:* | | | |
| Exchange differences on translation of foreign operations | | **(891,861)** | (706,711) |
| Share of other comprehensive income (loss) of associates | | **402,463** | (930,229) |
| Fair value changes on hedging instruments designated in cash flow hedge | | **(177,809)** | – |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | | **(667,207)** | (1,636,940) |
| *Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:* | | | |
| Defined benefit obligations: | | | |
| Actuarial gains (losses) | *27* | **25,055** | (266,805) |
| Income tax effect | *39* | **(23,219)** | 70,506 |
| | | **1,836** | (196,299) |
| Equity investments at fair value through other comprehensive income: | | | |
| Changes in fair value | | **463,406** | (16,630) |
| Income tax effect | *39* | **(95,835)** | 2,478 |
| | | **367,571** | (14,152) |
| Exchange differences on translation of the Company's financial statements | | **658,791** | (217,788) |
| Share of other comprehensive loss of associates | | **(17,276)** | (48,349) |
| Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods | | **1,010,922** | (476,588) |
| Other comprehensive income (loss) for the year, net of income tax | | **343,715** | (2,113,528) |
| Total comprehensive income for the year | | **6,659,189** | 4,287,763 |
| Attributable to: | | | |
| Shareholders of the Company | | **5,496,362** | 3,435,986 |
| Non-controlling interests | | **1,162,827** | 851,777 |
| | | **6,659,189** | 4,287,763 |

# XII. FINANCIAL STATEMENTS
# (II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | NOTES | 31 December 2024 RMB'000 | 31 December 2023 RMB'000 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 15 | **60,717,270** | 59,749,529 |
| Investment properties | 16 | **1,182,841** | 1,180,403 |
| Right-of-use assets | 17 | **2,437,119** | 2,502,633 |
| Goodwill | 18 | **14,668,188** | 14,841,407 |
| Operating concessions | 19 | **5,176,717** | 5,111,382 |
| Other intangible assets | 20 | **2,430,886** | 2,651,019 |
| Investments in joint ventures | 22 | **148,992** | 295,703 |
| Investments in associates | 23 | **60,156,687** | 58,857,864 |
| Equity investments at fair value through other comprehensive income | 24 | **1,861,425** | 1,821,813 |
| Receivables under service concession arrangements | 19 | **3,223,201** | 3,201,134 |
| Prepayments, other receivables and other assets | 28 | **6,027,285** | 6,047,652 |
| Deferred tax assets | 39 | **1,965,021** | 2,033,262 |
| Derivative financial instruments | 30 | **29,332** | – |
| | | **160,024,964** | 158,293,801 |
| **Current Assets** | | | |
| Inventories | 25 | **6,815,913** | 5,149,652 |
| Receivables under service concession arrangements | 19 | **136,807** | 131,246 |
| Receivable under a finance lease | 17 | **–** | 347,814 |
| Trade receivables | 26 | **5,134,785** | 4,400,278 |
| Prepayments, other receivables and other assets | 28 | **5,902,307** | 6,440,545 |
| Other tax recoverables | | **467,621** | 512,188 |
| Restricted cash and pledged deposits | 31 | **7,340** | 18,346 |
| Cash and cash equivalents | 32 | **30,960,207** | 28,858,361 |
| | | **49,424,980** | 45,858,430 |
| Non-current assets classified as held for disposal | 15 | **302,173** | 302,475 |
| | | **49,727,153** | 46,160,905 |
| **Total Assets** | | **209,752,117** | 204,454,706 |

# XII. FINANCIAL STATEMENTS
# (II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | NOTES | 31 December 2024 RMB'000 | 31 December 2023 RMB'000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Share capital | *33* | **28,340,052** | 28,340,052 |
| Reserves | *34* | **56,541,082** | 52,657,672 |
| | | **84,881,134** | 80,997,724 |
| **Non-controlling interests** | | **12,734,049** | 12,051,641 |
| **Total Equity** | | **97,615,183** | 93,049,365 |
| **Non-current Liabilities** | | | |
| Bank and other borrowings | *35* | **30,692,409** | 22,174,394 |
| Guaranteed bonds and notes | *36* | **12,222,436** | 19,667,812 |
| Lease liabilities | *17* | **353,387** | 449,239 |
| Defined benefit obligations | *27* | **2,301,531** | 2,379,977 |
| Provision for major overhauls and onerous contracts | *37* | **279,216** | 282,633 |
| Other non-current liabilities | *38* | **2,156,727** | 2,083,212 |
| Deferred tax liabilities | *39* | **2,107,690** | 2,144,049 |
| Derivative financial instruments | *30* | **207,141** | – |
| | | **50,320,537** | 49,181,316 |

# XII. FINANCIAL STATEMENTS
# (II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | NOTES | 31 December 2024 RMB'000 | 31 December 2023 RMB'000 |
|---|---|---|---|
| **Current Liabilities** | | | |
| Trade and bills payables | *40* | **3,906,197** | 4,774,703 |
| Other payables, accruals and contract liabilities | *41* | **20,600,778** | 21,422,079 |
| Provision for major overhauls and onerous contracts | *37* | **42,717** | 44,477 |
| Income tax payables | | **636,822** | 1,020,055 |
| Other tax payables | | **388,881** | 378,732 |
| Bank and other borrowings | *35* | **28,608,957** | 34,403,393 |
| Guaranteed bonds and notes | *36* | **7,382,326** | – |
| Lease liabilities | *17* | **249,719** | 180,586 |
| | | **61,816,397** | 62,224,025 |
| **Total Liabilities** | | **112,136,934** | 111,405,341 |
| **Total Equity and Liabilities** | | **209,752,117** | 204,454,706 |

The consolidated financial statements on pages 94 to 234 were approved and authorised for issue by the board of directors of the Company on 27 March 2025 and are signed on its behalf by:

| | |
|---|---|
| **Yang Zhichang** | **Tung Woon Cheung Eric** |
| *DIRECTOR* | *DIRECTOR* |

# XII. FINANCIAL STATEMENTS
# (III) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | Attributable to shareholders of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *RMB'000* | Capital reserve *RMB'000* *(note 34)* | Investment revaluation reserve *RMB'000* | Property revaluation reserve *RMB'000* | Defined benefit plan reserve *RMB'000* | Exchange fluctuation reserve *RMB'000* | People's Republic of China ("PRC") reserve funds and other reserves *RMB'000* *(note 34)* | Hedging reserve *RMB'000* | Retained profits *RMB'000* | Total *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| Year ended 31 December 2024 | | | | | | | | | | | | |
| At 1 January 2024 | 28,340,052 | 456,096* | (708,550)* | 87,638* | (119,464)* | (7,782,397)* | 16,534,681* | – | 44,189,668* | 80,997,724 | 12,051,641 | 93,049,365 |
| Profit for the year | – | – | – | – | – | – | – | – | 5,123,085 | 5,123,085 | 1,192,389 | 6,315,474 |
| Other comprehensive (loss) income for the year: | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations and the Company's financial statements | – | – | – | – | – | (203,501) | – | – | – | (203,501) | (29,569) | (233,070) |
| Fair value changes on derivative financial instruments | – | – | – | – | – | – | – | (177,809) | – | (177,809) | – | (177,809) |
| Defined benefit obligations: | | | | | | | | | | | | |
| Actuarial gains (losses) | – | – | – | – | 25,063 | – | – | – | – | 25,063 | (8) | 25,055 |
| Income tax effect | – | – | – | – | (23,234) | – | – | – | – | (23,234) | 15 | (23,219) |
| Equity investments at fair value through other comprehensive income: | | | | | | | | | | | | |
| Changes in fair value | – | – | 463,406 | – | – | – | – | – | – | 463,406 | – | 463,406 |
| Income tax effect | – | – | (95,835) | – | – | – | – | – | – | (95,835) | – | (95,835) |
| Share of other comprehensive (loss) income of associates | – | – | (31,753) | – | (3,645) | 402,463 | – | 18,122 | – | 385,187 | – | 385,187 |
| Total comprehensive income (loss) for the year | – | – | 335,818 | – | (1,816) | 198,962 | – | (159,687) | 5,123,085 | 5,496,362 | 1,162,827 | 6,659,189 |
| Repurchase of Company's shares | – | – | – | – | – | – | – | – | (46,848) | (46,848) | – | (46,848) |
| Capital contribution from non-controlling equity holders of subsidiaries | – | – | – | – | – | – | – | – | – | – | 41,719 | 41,719 |
| Disposal of a subsidiary | – | (11,470) | – | – | – | – | – | – | 11,470 | – | (48,125) | (48,125) |
| Share of reserves of associates | – | 170,728 | – | – | – | – | – | – | – | 170,728 | – | 170,728 |
| Transfer of investment revaluation reserve upon the disposal of equity investments at fair value through other comprehensive income | – | – | (65,201) | – | – | – | 13,040 | – | 52,161 | – | – | – |
| Final 2023 dividend | – | – | – | – | – | – | – | – | (760,663) | (760,663) | – | (760,663) |
| Interim 2024 dividend | – | – | – | – | – | – | – | – | (976,169) | (976,169) | – | (976,169) |
| Dividends paid to non-controlling equity holders of subsidiaries | – | – | – | – | – | – | – | – | – | – | (474,013) | (474,013) |
| Transfer to PRC reserve funds and other reserves | – | – | – | – | – | – | (70,933) | – | 70,933 | – | – | – |
| At 31 December 2024 | 28,340,052 | 615,354* | (437,933)* | 87,638* | (121,280)* | (7,583,435)* | 16,476,788* | (159,687)* | 47,663,637* | 84,881,134 | 12,734,049 | 97,615,183 |

* *These reserve accounts comprise the consolidated reserves of RMB56,541,082,000 (2023: RMB52,657,672,000) in the consolidated statement of financial position as at 31 December 2024.*

# XII. FINANCIAL STATEMENTS
# (III) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | Attributable to shareholders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *RMB'000* | Capital reserve *RMB'000* *(note 34)* | Investment revaluation reserve *RMB'000* | Property revaluation reserve *RMB'000* | Defined benefit plan reserve *RMB'000* | Exchange fluctuation reserve *RMB'000* | PRC reserve funds and other reserves *RMB'000* *(note 34)* | Retained profits *RMB'000* | Total *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| Year ended 31 December 2023 | | | | | | | | | | | |
| At 1 January 2023 | 28,340,052 | 753,030 | (693,206) | 72,227 | 73,167 | (5,913,534) | 15,811,135 | 40,686,698 | 79,129,569 | 11,544,484 | 90,674,053 |
| Profit for the year | – | – | – | – | – | – | – | 5,498,290 | 5,498,290 | 903,001 | 6,401,291 |
| Other comprehensive (loss) income for the year: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations and the Company's financial statements | – | – | – | – | – | (873,785) | – | – | (873,785) | (50,714) | (924,499) |
| Defined benefit obligations: | | | | | | | | | | | |
| Actuarial losses | – | – | – | – | (266,176) | – | – | – | (266,176) | (629) | (266,805) |
| Income tax effect | – | – | – | – | 70,387 | – | – | – | 70,387 | 119 | 70,506 |
| Equity investments at fair value through other comprehensive income: | | | | | | | | | | | |
| Changes in fair value | – | – | (16,630) | – | – | – | – | – | (16,630) | – | (16,630) |
| Income tax effect | – | – | 2,478 | – | – | – | – | – | 2,478 | – | 2,478 |
| Share of other comprehensive (loss) income of associates | – | – | (66,918) | 15,411 | 3,158 | (930,229) | – | – | (978,578) | – | (978,578) |
| Total comprehensive (loss) income for the year | – | – | (81,070) | 15,411 | (192,631) | (1,804,014) | – | 5,498,290 | 3,435,986 | 851,777 | 4,287,763 |
| Capital contribution from non-controlling equity holders of subsidiaries | – | – | – | – | – | – | – | – | – | 25,173 | 25,173 |
| Acquisition of non-controlling interests | – | (2,294) | – | – | – | – | – | – | (2,294) | 2,294 | – |
| Disposal of subsidiaries | – | (17) | – | – | – | – | – | 29,021 | 29,004 | 16,109 | 45,113 |
| Share of reserves of associates | – | 653,458 | 14,301 | – | – | – | – | (14,301) | 653,458 | – | 653,458 |
| Transfer of investment revaluation reserve upon the disposal of equity investments at fair value through other comprehensive income | – | – | 51,425 | – | – | – | – | (51,425) | – | – | – |
| Final 2022 dividend | – | – | – | – | – | – | – | (1,192,153) | (1,192,153) | – | (1,192,153) |
| Interim 2023 dividend | – | – | – | – | – | – | – | (1,055,846) | (1,055,846) | – | (1,055,846) |
| Dividends paid to non-controlling equity holders of subsidiaries | – | – | – | – | – | – | – | – | – | (388,196) | (388,196) |
| Transfer to PRC reserve funds and other reserves | – | (948,081) | – | – | – | (64,849) | 723,546 | 289,384 | – | – | – |
| At 31 December 2023 | 28,340,052 | 456,096* | (708,550)* | 87,638* | (119,464)* | (7,782,397)* | 16,534,681* | 44,189,668* | 80,997,724 | 12,051,641 | 93,049,365 |

# XII. FINANCIAL STATEMENTS
# (IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | NOTE | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Profit before tax | | **7,546,385** | 7,267,178 |
| Adjustments for: | | | |
| Bank interest income | | **(1,103,996)** | (891,612) |
| Finance income on the net investment in a finance lease | | **(23,191)** | (32,416) |
| Transfer of assets from customers | | **–** | (43,957) |
| Dividend income of equity investments at fair value through other comprehensive income | | **(39,020)** | (28,418) |
| Gain on disposal of items of property, plant and equipment, net | | **(1,204)** | (19,853) |
| Loss on disposal of a subsidiary | *42* | **3,929** | – |
| Finance costs | | **2,501,121** | 2,644,327 |
| Depreciation of property, plant and equipment | | **3,358,428** | 3,285,563 |
| Depreciation of right-of-use assets | | **322,321** | 316,693 |
| Amortisation of operating concessions | | **250,598** | 277,720 |
| Amortisation of other intangible assets | | **227,897** | 226,992 |
| Impairment of property, plant and equipment | | **78,948** | 16,853 |
| Impairment of goodwill | | **–** | 21,867 |
| Reversal of impairment of operating concessions, net | | **–** | (602,860) |
| Impairment of receivables under service concession arrangements | | **–** | 22,377 |
| Impairment of trade receivables, net | | **71,408** | 36,266 |
| Reversal of impairment of other receivables, net | | **(20,058)** | (64,171) |
| Loss on early termination of leases | | **13,482** | 475 |
| Write-down of inventories to net realisable value | | **8,510** | 44,351 |
| Share of profits and losses of joint ventures and associates | | **(4,815,742)** | (5,306,873) |

# XII. FINANCIAL STATEMENTS
# (IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Operating cash flows before movements in working capital | **8,379,816** | 7,170,502 |
| Increase in inventories | **(1,674,771)** | (67,528) |
| Increase in receivables under service concession arrangements | **(27,628)** | (277,909) |
| (Increase) decrease in trade receivables | **(864,185)** | 465,553 |
| Decrease in prepayments, other receivables and other assets | **882,253** | 104,640 |
| Decrease (increase) in other tax recoverables | **44,567** | (118,983) |
| Decrease in trade and bills payables | **(747,480)** | (185,627) |
| Decrease in other payables, accruals and contract liabilities | **(942,737)** | (516,754) |
| Increase (decrease) in other tax payables | **10,149** | (58,282) |
| Increase in provision for major overhauls and onerous contracts | **1,816** | 59,430 |
| (Decrease) increase in defined benefit obligations | **(32,056)** | 115,493 |
| Increase in other non-current liabilities | **47,915** | 116,209 |
| Cash generated from operations | **5,077,659** | 6,806,744 |
| Finance income on the net investment in a finance lease received | **23,191** | 32,416 |
| Chinese Mainland income tax paid | **(1,261,791)** | (781,843) |
| Overseas income tax paid | **(355,098)** | (365,283) |
| Net cash flows from operating activities | **3,483,961** | 5,692,034 |

# XII. FINANCIAL STATEMENTS
# (IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | NOTE | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | | **(6,007,750)** | (8,729,115) |
| Proceeds from disposal of items of property, plant and equipment | | **1,040,821** | 615,583 |
| Receipt of assets-related governments grants | | **25,600** | 87,909 |
| Purchase of a leasehold land | | **(26,558)** | (98,563) |
| Additions to operating concessions | | **(315,933)** | (65,883) |
| Additions to other intangible assets | | **(152,626)** | (216,107) |
| Additions to investment properties | | **(3,052)** | – |
| Proceeds from disposal of items of other intangible assets | | **68,848** | 8,248 |
| Disposal of a subsidiary | *42* | **(53,910)** | – |
| Additional investments in associates | | **(8,607)** | (35,851) |
| Increase in time deposits with maturity of more than three months when acquired | | **(1,626,260)** | (2,406,313) |
| Decrease in restricted cash and pledged deposits | | **11,006** | 132,961 |
| Proceeds from disposal of an equity investment at fair value through other comprehensive income | | **458,545** | 144,960 |
| Dividends received from joint ventures and associates | | **4,441,589** | 4,533,575 |
| Dividend income of equity investments at fair value through other comprehensive income received | | **39,020** | 28,418 |
| Bank interest income received | | **1,103,996** | 891,612 |
| Net cash flows used in investing activities | | **(1,005,271)** | (5,108,566) |
| FINANCING ACTIVITIES | | | |
| Capital contributions from non-controlling equity holders of subsidiaries | | **41,719** | 25,173 |
| Repayments from fellow subsidiaries/associates | | **175,697** | 117,101 |
| New loans | | **59,029,486** | 63,468,868 |
| Repayment of loans | | **(56,203,651)** | (57,324,561) |
| Principal portion of lease payments | | **(284,589)** | (302,454) |
| Interest portion of lease payments | | **(29,550)** | (33,872) |
| Other interest paid | | **(2,480,716)** | (2,838,586) |
| Repurchases of the Company's shares | | **(46,848)** | – |
| Dividends paid | | **(1,736,832)** | (2,247,999) |
| Dividends paid to non-controlling equity holders of subsidiaries | | **(474,013)** | (388,196) |
| Net cash flows (used in) from financing activities | | **(2,009,297)** | 475,474 |

# XII. FINANCIAL STATEMENTS
# (IV) CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | **469,393** | 1,058,942 |
| Cash and cash equivalents at beginning of year | **24,095,821** | 23,015,467 |
| Effect of foreign exchange rate changes, net | **6,193** | 21,412 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | **24,571,407** | 24,095,821 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances other than time deposits | **19,568,145** | 14,621,356 |
| Saving deposits placed in a financial institution (an associate of the Group) | **253,720** | 456,136 |
| Time deposits: | | |
| Placed in banks | **4,674,795** | 7,727,301 |
| Placed in a financial institution (an associate of the Group) | **6,470,887** | 6,071,914 |
| Less: Restricted cash and pledged deposits | **(7,340)** | (18,346) |
| Cash and cash equivalents as stated in the consolidated statement of financial position | **30,960,207** | 28,858,361 |
| Less: Time deposits with maturity of more than three months when acquired | **(6,388,800)** | (4,762,540) |
| Cash and cash equivalents as stated in the consolidated statement of cash flows | **24,571,407** | 24,095,821 |

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

Beijing Enterprises Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The immediate holding company of the Company is Beijing Enterprises Group (BVI) Company Limited ("BE Group BVI"), which is incorporated in the British Virgin Islands and, in the opinion of the directors, the ultimate holding company is Beijing Enterprises Group Company Limited ("Beijing Enterprises Group"), which is a state-owned enterprise established in the PRC. The addresses of the registered office and principal place of business of the Company are located at 66/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The activities of its principal subsidiaries (together with the Company referred to as the "Group") and its joint ventures and associates are set out in notes 49, 22 and 23 respectively.

During the current year, the functional currency of the Company was changed from Hong Kong dollars to Renminbi ("RMB"). The directors of the Company have determined that RMB better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in the PRC and the source of finance is mainly RMB. Accordingly, the functional currency of the Company was changed prospectively during the year.

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

### Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

**Amendments to HKFRSs that are mandatorily effective for the current year** *(Continued)*

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

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

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

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

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

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

### New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

*Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments*

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

**New and amendments to HKFRSs in issue but not yet effective** *(Continued)*

*Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Continued)*

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

*HKFRS 18 Presentation and Disclosure in Financial Statements*

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

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

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

### 3.1 Basis of preparation of consolidated financial statements

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

Despite that the Group had net current liabilities of RMB12,089,244,000 as at 31 December 2024, the directors consider that the Group will have adequate funds available to enable it to operate as a going concern, based on the Group's cash flow projection which, inter alia, has taken into account the historical operating performance of the Group and the following:

(a) the existing banking facilities available to the Group as at 31 December 2024 and on the assumption that such facilities will continue to be available from the Group's principal bankers; and

(b) certain of the capital commitments are expected to be fulfilled by the Group after 2024 with reference to the terms of the respective agreements and the current status of the respective projects.

### 3.2 Material accounting policy information

*Basis of consolidation*

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

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

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

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

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

### 3.2 Material accounting policy information *(Continued)*

*Basis of consolidation (Continued)*

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

### 3.2 Material accounting policy information *(Continued)*

*Business combinations*

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

### 3.2 Material accounting policy information *(Continued)*

*Business combinations (Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

*Goodwill*

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

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

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

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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

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

### 3.2 Material accounting policy information *(Continued)*

*Investments in associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The associate and joint venture uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter io recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisitions of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

### 3.2 Material accounting policy information *(Continued)*

*Investments in associates and joint ventures (Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with it carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

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

### 3.2 Material accounting policy information *(Continued)*

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Gas operation

Revenue from the sale of piped natural gas is recognised at the point in time when the gas is consumed by the customer, based on gas consumption derived from meter readings.

Revenue from the sale of gas-related equipment is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the gas-related equipment.

Revenue from the trading of liquefied natural gas ("LNG") is recognised at the point in time when control of the goods is transferred to the customers, based on agreed shipping terms.

Sale of brewery products

Revenue from the sale of brewery products is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the brewery products.

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

### 3.2 Material accounting policy information *(Continued)*

*Revenue from contracts with customers (Continued)*

Construction services

Contract revenue comprises (i) the agreed contract amounts and appropriate amounts from variation orders, claims and incentive payments in respect of construction services and (ii) construction revenue recognised under service concession arrangements. Revenue from the construction of solid waste incineration plants under the terms of service concession arrangements is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered in a similar location.

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

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

Solid waste treatment service contracts

Revenue from the sale of electricity, steam and heat which are produced during the solid waste incineration process is recognised at the point in time when the product is transferred to the customer, generally on delivery of electricity, steam and heat.

Revenue from the solid waste collection service is recognised at the point in time when the service has been rendered.

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

### 3.2 Material accounting policy information *(Continued)*

*Revenue from other sources*

Rental income

Rental income is recognised on the straight-line basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

*Leases*

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

The Group as a lessee

<u>Allocation of consideration to components of a contract</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

<u>Short-term leases and leases of low-value assets</u>

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

<u>Right-of-use assets</u>

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

### 3.2 Material accounting policy information *(Continued)*

*Leases (Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets *(Continued)*

Except for those that are classified as investment properties and measured under fair value model, right- of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

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

### 3.2 Material accounting policy information *(Continued)*

*Leases (Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

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

### 3.2 Material accounting policy information *(Continued)*

*Leases (Continued)*

The Group as a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

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

### 3.2 Material accounting policy information *(Continued)*

*Leases (Continued)*

The Group as a lessor *(Continued)*

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

*Foreign currencies*

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

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

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

The change in functional currency of the Company was applied prospectively from the date of change. All items were translated into RMB at the exchange rate on that date. The cumulative currency translation differences which had arisen from the translation of foreign operations up to the date of the change in functional currency were not reclassified from equity to profit or loss until the disposal of the relevant operations.

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

### 3.2 Material accounting policy information *(Continued)*

*Foreign currencies (Continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

*Borrowing costs*

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

*Government grants*

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

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

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

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

### 3.2 Material accounting policy information *(Continued)*

*Employee benefits*

Defined contribution schemes

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

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

Defined benefit schemes

Certain employees of the Group can enjoy other retirement benefits after retirement such as supplementary medical reimbursement, allowance and beneficiary benefits pursuant to certain defined benefit plans of the Group. These benefits are unfunded. The costs of providing benefits under these defined benefit plans are determined using the projected unit credit method and are charged to profit or loss so as to spread the costs over the average service lives of the relevant employees in accordance with the actuarial report which contains valuation of the obligations for the year. These obligations are measured at the present value of the estimated future cash outflows. Actuarial gains and losses, which are remeasurements arising from defined benefit plans, are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to defined benefit plan reserve as other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

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

### 3.2 Material accounting policy information *(Continued)*

*Employee benefits (Continued)*

Defined benefit schemes *(Continued)*

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "administrative expenses" in profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Short-term employee benefits

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

*Taxation*

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

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

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

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

### 3.2 Material accounting policy information *(Continued)*

*Taxation (Continued)*

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

### 3.2 Material accounting policy information *(Continued)*

*Taxation (Continued)*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

*Property, plant and equipment*

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

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position, except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

### 3.2 Material accounting policy information *(Continued)*

*Property, plant and equipment (Continued)*

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

*Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

*Intangible assets (other than goodwill)*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

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

### 3.2 Material accounting policy information *(Continued)*

*Intangible assets (other than goodwill) (Continued)*

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Operating concessions

Operating concessions mainly represent the rights to operate solid waste incineration plants, and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the respective periods of the operating concessions granted to the Group of 15 to 30 years.

Customer contracts

Customer contracts represent the fair value of the economic benefits from several customer service agreements of the environmental operation at initial recognition. Amortisation is provided on the straight-line basis over the respective contract periods of 1 to 28 years.

Patents

Purchased patents are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of 25 to 30 years.

Computer software

Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over its estimated useful life of 2 to 10 years.

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

### 3.2 Material accounting policy information *(Continued)*

*Intangible assets (other than goodwill) (Continued)*

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

*Service concession arrangements*

Consideration given by the grantor

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

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

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

Construction or upgrade services

Revenue and costs relating to construction or upgrade services are accounted for in accordance with the policy set out for construction services in "Revenue from contracts with customers".

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

### 3.2 Material accounting policy information *(Continued)*

*Service concession arrangements (Continued)*

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for solid waste treatment service contracts in "Revenue from contracts with customers". Costs relating to operating services are expensed in the period in which they are incurred.

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

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

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

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

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

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

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

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

### 3.2 Material accounting policy information *(Continued)*

*Impairment on property, plant and equipment, right-of-use assets and intangible assets other than Goodwill (Continued)*

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

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

*Cash and cash equivalents*

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

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

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

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

### 3.2 Material accounting policy information *(Continued)*

*Inventories*

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

*Provisions*

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

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

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

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments*

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

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

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

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments* *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

*(i) Amortised cost and interest income*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

*(ii) Equity instruments designated as at FVTOCI*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the "investment revaluation reserve"; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

*(iii) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other income, other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, financial assets included in prepayments, other receivables and other assets, receivables under service concession arrangements, receivable under a finance lease, restricted cash and pledged deposits and cash and cash equivalents, and other items (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

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

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

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

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, other gains and losses' line item as part of the net foreign exchange gains/(losses);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments* *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at amortised cost

Financial liabilities including bank and other borrowings, guaranteed bonds and notes, trade and bills payables, accruals and other liabilities, due to holding companies, due to fellow subsidiaries, due to joint ventures, due to associates, due to a non-controlling equity holder of a subsidiary and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other income, other gains and losses" line item in profit or loss as part of foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Financial liabilities and equity *(Continued)*

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges. At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

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

### 3.2 Material accounting policy information *(Continued)*

*Financial instruments (Continued)*

Hedge accounting *(Continued)*

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "Other income, other gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### Key sources of estimation uncertainty

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

*Impairment assessment on goodwill*

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal.

During the process of impairment assessment on goodwill, the Group considered the assessment of certain CGUs is highly judgmental as the impairment assessment is based on value-in-use calculations using cash flow projections which involve certain significant inputs including discount rates and revenue growth rates. The carrying amount of goodwill of the identified CGUs at 31 March 2024 amounted to RMB13,001,484,000, representing goodwill allocated to and included in the piped gas operation and the environmental operation business units.

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

During the year ended 31 December 2024, no impairment of goodwill has been recognised (2023: Nil). Details of the recoverable amount calculation are disclosed in note 18.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

*Estimation of fair value of investment properties*

The fair values of the Group's investment properties are assessed by management based on valuations performed by independent professionally qualified valuers. The assumptions adopted in the investment property valuations are based on information of annual rental income and property market price per square metre, supported by (i) the terms of any existing leases and other contracts; and (ii) (when possible) external evidence such as current market rents and recent prices for similar properties in the same location and condition.

Further details of the fair value estimation of the investment properties, including the key assumptions used for fair value measurement and a sensitivity analysis, are set out in note 16 to the financial statements.

*Impairment assessment of property, plant and equipment, right-of-use assets, operating concessions and other intangible assets (other than goodwill)*

The carrying amounts of items of property, plant and equipment, right-of-use assets, operating concessions and other intangible assets of certain brewery, solid waste treatment and gas operations were reviewed for impairment during the year in accordance with the accounting policy as disclosed in note 4 to the financial statements in light of events or changes in circumstances which indicated that the carrying amounts may not be recoverable. The recoverable amount is the higher of each asset's or CGU's fair value less costs of disposal and value in use, and calculations of which involve the use of estimates. In estimating the recoverable amounts of assets or their related CGUs, various assumptions, including future cash flows and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. The carrying amounts of property, plant and equipment, right-of-use assets, operating concessions and other intangible assets (other than goodwill) of the related CGUs that are subject to the impairment assessment and carried as assets in the consolidated statement of financial position as at 31 December 2024 were approximately RMB1,106,721,000 (2023: RMB2,200,000,000), RMB107,193,000 (2023: RMB20,000,000) and RMBNil (2023: RMB2,200,000,000), respectively. Details of the impairment assessment of the assets of these operations are set out in note 21 to the financial statements.

## 5. REVENUE

### (a) Disaggregated of revenue information from contracts with customers

Year ended 31 December 2024

| Segments | Gas operation *RMB'000* | Environmental operation *RMB'000* | Brewery operation *RMB'000* | Corporate and others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **Types of goods or services** | | | | | |
| Sale of piped natural gas | 45,452,845 | – | – | – | 45,452,845 |
| Sale of gas-related equipment | 363,901 | – | – | – | 363,901 |
| Trading of LNG | 15,469,410 | – | – | – | 15,469,410 |
| Sale of brewery products | – | – | 12,759,766 | – | 12,759,766 |
| Construction services | 717,508 | 772,821 | – | – | 1,490,329 |
| Solid waste collection services | – | 5,097,937 | – | – | 5,097,937 |
| Sale of electricity, steam and heat | – | 3,350,237 | – | – | 3,350,237 |
| Total revenue from contracts with customers | 62,003,664 | 9,220,995 | 12,759,766 | – | 83,984,425 |
| Revenue from another source: | | | | | |
| – Gross rental income | – | – | – | 79,664 | 79,664 |
| **Total revenue** | 62,003,664 | 9,220,995 | 12,759,766 | 79,664 | 84,064,089 |
| **Geographical markets** | | | | | |
| Chinese Mainland | 53,832,116 | 2,357,290 | 12,759,766 | – | 68,949,172 |
| Germany | – | 6,863,705 | – | – | 6,863,705 |
| Others | 8,171,548 | – | – | – | 8,171,548 |
| Total revenue from contracts with customers | 62,003,664 | 9,220,995 | 12,759,766 | – | 83,984,425 |
| Revenue from another source: | | | | | |
| – Gross rental income | – | – | – | 79,664 | 79,664 |
| **Total revenue** | 62,003,664 | 9,220,995 | 12,759,766 | 79,664 | 84,064,089 |
| **Timing of revenue recognition** | | | | | |
| Goods transferred at a point in time | 61,286,156 | 3,350,237 | 12,759,766 | – | 77,396,159 |
| Services transferred at a point in time | – | 5,097,937 | – | – | 5,097,937 |
| Services transferred over time | 717,508 | 772,821 | – | – | 1,490,329 |
| Total revenue from contracts with customers | 62,003,664 | 9,220,995 | 12,759,766 | – | 83,984,425 |
| Revenue from another source: | | | | | |
| – Gross rental income | – | – | – | 79,664 | 79,664 |
| **Total revenue** | 62,003,664 | 9,220,995 | 12,759,766 | 79,664 | 84,064,089 |

## 5. REVENUE *(Continued)*

### (a) Disaggregated of revenue information from contracts with customers *(Continued)*

Year ended 31 December 2023

| Segments | Gas operation *RMB'000* | Environmental operation *RMB'000* | Brewery operation *RMB'000* | Corporate and others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **Types of goods or services** | | | | | |
| Sale of piped natural gas | 48,058,609 | – | – | – | 48,058,609 |
| Sale of gas-related equipment | 857,815 | – | – | – | 857,815 |
| Trading of LNG | 11,743,953 | – | – | – | 11,743,953 |
| Sale of brewery products | – | – | 12,328,849 | – | 12,328,849 |
| Construction services | 810,028 | 904,956 | – | – | 1,714,984 |
| Solid waste collection services | – | 4,544,956 | – | – | 4,544,956 |
| Sale of electricity, steam and heat | – | 2,977,113 | – | – | 2,977,113 |
| Total revenue from contracts with customers | 61,470,405 | 8,427,025 | 12,328,849 | – | 82,226,279 |
| Revenue from another source: | | | | | |
| – Gross rental income | – | – | – | 87,052 | 87,052 |
| **Total revenue** | 61,470,405 | 8,427,025 | 12,328,849 | 87,052 | 82,313,331 |
| **Geographical markets** | | | | | |
| Chinese Mainland | 55,536,800 | 2,661,657 | 12,328,849 | – | 70,527,306 |
| Germany | – | 5,765,368 | – | – | 5,765,368 |
| Others | 5,933,605 | – | – | – | 5,933,605 |
| Total revenue from contracts with customers | 61,470,405 | 8,427,025 | 12,328,849 | – | 82,226,279 |
| Revenue from another source: | | | | | |
| – Gross rental income | – | – | – | 87,052 | 87,052 |
| **Total revenue** | 61,470,405 | 8,427,025 | 12,328,849 | 87,052 | 82,313,331 |
| **Timing of revenue recognition** | | | | | |
| Goods transferred at a point in time | 60,660,377 | 2,977,113 | 12,328,849 | – | 75,966,339 |
| Services transferred at a point in time | – | 4,544,956 | – | – | 4,544,956 |
| Services transferred over time | 810,028 | 904,956 | – | – | 1,714,984 |
| Total revenue from contracts with customers | 61,470,405 | 8,427,025 | 12,328,849 | – | 82,226,279 |
| Revenue from another source: | | | | | |
| – Gross rental income | – | – | – | 87,052 | 87,052 |
| **Total revenue** | 61,470,405 | 8,427,025 | 12,328,849 | 87,052 | 82,313,331 |

## 5. REVENUE *(Continued)*

### (a) Disaggregated of revenue information from contracts with customers *(Continued)*

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Sale of piped natural gas | **7,669,030** | 7,306,240 |
| Sale of brewery products | **1,466,846** | 1,391,103 |
| Rendering of solid waste treatment services | **101,320** | 122,054 |
| | **9,237,196** | 8,819,397 |

### (b) Performance obligations for contracts with customers and revenue recognition policies

*(i) Information about the Group's performance obligations is summarised below:*

Gas operation

The performance obligation in respect of sale of piped natural gas is satisfied upon delivery of gas and payment is generally prepaid or due within 10 days from the date of billing.

The performance obligation in respect of sale of gas-related equipment is satisfied upon delivery of gas-related equipment and payment is generally due within 30 days from delivery.

The performance obligation in respect of trading of LNG is satisfied upon delivery of LNG and payment is generally due within 10 days from the date of billing.

Sale of brewery products

The performance obligation is satisfied upon delivery of brewery products and payment is generally due within 30 days from delivery.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

## 5. REVENUE *(Continued)*

### (b) Performance obligations for contracts with customers and revenue recognition policies *(Continued)*

*(i)* *Information about the Group's performance obligations is summarised below:* *(Continued)*

Solid waste treatment services

The performance obligation in respect of sale of electricity, steam and heat is satisfied upon delivery of electricity, steam and heat and payment is generally due within 30 days from delivery.

The performance obligation in respect of solid waste collection service is satisfied at the point in time when the service is rendered and payment is generally due within 30 days from the date of solid waste collection.

*(ii)* The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within two years. The amounts disclosed above do not include variable consideration which is constrained.

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

## 6. OPERATING SEGMENT

Information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services rendered, which is also consistent with the basis of organisation of the Group. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

(a) the gas operation segment engages in the distribution and sale of piped natural gas and gas-related equipment, the provision of natural gas transmission, the surveying and plotting of underground construction projects, the installation of gas pipelines and related equipment and the provision of related repair and maintenance services, development and operation of city gas projects, LNG supply to industrial end users, trading and distribution of CNG and LNG and operation of CNG and LNG refuelling stations for vehicles in Chinese Mainland of the PRC and the trading of LNG and production and sale of oil and gas in certain overseas countries;

(b) the water operation segment engages in the construction of sewage and water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, reclaimed water treatment and distribution and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in Chinese Mainland and certain overseas countries;

(c) the environmental operation segment comprises the provision of waste incineration plant construction and waste treatment services, and the sale of electricity, steam and heat generated from waste incineration in Germany and Chinese Mainland;

(d) the brewery operation segment produces, distributes and sells brewery products in Chinese Mainland; and

(e) the others segment comprises the provision of consultation services, property investment and corporate income and expense items.

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 the profit for the year of each reportable operating segment, which is measured consistently with the Group's profit for the year.

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

## 6. OPERATING SEGMENT *(Continued)*

### Segment revenues and results

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

**Year ended 31 December 2024**

| | Gas operation *RMB'000* | Water operation *RMB'000* | Environmental operation *RMB'000* | Brewery operation *RMB'000* | Others *RMB'000* | Inter-segment elimination *RMB'000* | Consolidated *RMB'000* |
|---|---|---|---|---|---|---|---|
| **Segment revenue** | 62,003,664 | – | 9,220,995 | 12,759,766 | 79,664 | – | 84,064,089 |
| Cost of sales | (57,901,551) | – | (6,720,585) | (7,983,578) | (31,386) | – | (72,637,100) |
| Gross profit | 4,102,113 | – | 2,500,410 | 4,776,188 | 48,278 | – | 11,426,989 |
| Segment result: | | | | | | | |
| Profit from operating activities | 1,438,045 | – | 2,022,341 | 1,586,177 | 39,536 | – | 5,086,099 |
| Finance costs | (644,225) | – | (219,129) | (52,705) | – | – | (916,059) |
| Share of profits and losses of: | | | | | | | |
| Joint ventures | (79,707) | – | (3,289) | – | – | – | (82,996) |
| Associates | 4,136,292 | 689,997 | 34,174 | 21,199 | – | – | 4,881,662 |
| | 4,850,405 | 689,997 | 1,834,097 | 1,554,671 | 39,536 | – | 8,968,706 |
| Corporate and other unallocated income and expenses, net | | | | | | | 145,665 |
| Share of profits of an associate | | | | | | | 17,076 |
| Finance costs | | | | | | | (1,585,062) |
| Profit before tax | | | | | | | 7,546,385 |
| Income tax expense | | | | | | | (1,230,911) |
| Profit for the year | | | | | | | 6,315,474 |
| Profit attributable to | | | | | | | |
| Shareholders of the Company | | | | | | | |
| Operating segments | 4,280,905 | 689,997 | 1,128,718 | 493,473 | 39,536 | – | 6,632,629 |
| Corporate and other unallocated items | | | | | | | (1,509,544) |
| | | | | | | | 5,123,085 |

## 6. OPERATING SEGMENT *(Continued)*

### Segment revenues and results *(Continued)*

**Year ended 31 December 2024**

| | Gas operation *RMB'000* | Water operation *RMB'000* | Environmental operation *RMB'000* | Brewery operation *RMB'000* | Others *RMB'000* | Inter-segment elimination *RMB'000* | Consolidated *RMB'000* |
|---|---|---|---|---|---|---|---|
| **Segment assets** | 128,720,684 | 13,161,488 | 37,673,777 | 23,953,507 | 13,715,129 | (7,472,468) | 209,752,117 |
| **Segment liabilities** | 38,598,235 | – | 20,357,566 | 9,274,874 | 51,378,727 | (7,472,468) | 112,136,934 |
| **Other segment information:** | | | | | | | |
| Bank interest income | 687,746 | – | 11,344 | 263,841 | 141,065 | – | 1,103,996 |
| Finance income on the net investment in a finance lease | – | – | 23,191 | – | – | – | 23,191 |
| Depreciation of property, plant and equipment | 1,932,859 | – | 729,337 | 669,670 | 26,562 | – | 3,358,428 |
| Depreciation of right-of-use assets | 248,847 | – | 27,433 | 33,600 | 12,441 | – | 322,321 |
| Amortisation of operating concessions | – | – | 239,865 | – | 10,733 | – | 250,598 |
| Amortisation of other intangible assets | 75,518 | – | 152,379 | – | – | – | 227,897 |
| Impairment losses on trade receivables recognised in profit or loss | 49,830 | – | 15,834 | 5,744 | – | – | 71,408 |
| Impairment losses on other receivables (reversed) recognised in profit or loss | (26,327) | – | 6,304 | (35) | – | – | (20,058) |
| Investments in associates | 45,430,862 | 13,202,484 | 61,999 | 559,759 | 901,583 | – | 60,156,687 |
| Investments in joint ventures | 94,671 | – | 54,321 | – | – | – | 148,992 |
| Share of profits/(losses) of associates | 4,136,292 | 689,997 | 34,174 | 21,199 | 17,076 | – | 4,898,738 |
| Share of profits/(losses) of joint ventures | (79,707) | – | (3,289) | – | – | – | (82,996) |
| Capital expenditure* | 3,096,493 | – | 2,391,586 | 1,179,524 | 6,767 | – | 6,674,370 |

## 6. OPERATING SEGMENT *(Continued)*

### Segment revenues and results *(Continued)*

Year ended 31 December 2023

| | Gas operation *RMB'000* | Water operation *RMB'000* | Environmental operation *RMB'000* | Brewery operation *RMB'000* | Others *RMB'000* | Inter-segment elimination *RMB'000* | Consolidated *RMB'000* |
|---|---|---|---|---|---|---|---|
| **Segment revenue** | 61,470,405 | – | 8,427,025 | 12,328,849 | 87,052 | – | 82,313,331 |
| Cost of sales | (57,212,037) | – | (6,298,484) | (8,040,273) | (33,884) | – | (71,584,678) |
| Gross profit | 4,258,368 | – | 2,128,541 | 4,288,576 | 53,168 | – | 10,728,653 |
| Segment result: | | | | | | | |
| Profit from operating activities | 1,446,846 | – | 2,212,507 | 993,838 | 32,841 | – | 4,686,032 |
| Finance costs | (445,678) | – | (222,451) | (58,213) | – | – | (726,342) |
| Share of profits and losses of: | | | | | | | |
| Joint ventures | (32,727) | – | 7,606 | – | – | – | (25,121) |
| Associates | 4,445,105 | 779,693 | 71,573 | 19,745 | – | – | 5,316,116 |
| | 5,413,546 | 779,693 | 2,069,235 | 955,370 | 32,841 | – | 9,250,685 |
| Corporate and other unallocated income and expenses, net | | | | | | | (81,400) |
| Share of profits of an associate | | | | | | | 15,878 |
| Finance costs | | | | | | | (1,917,985) |
| Profit before tax | | | | | | | 7,267,178 |
| Income tax expense | | | | | | | (865,887) |
| Profit for the year | | | | | | | 6,401,291 |
| Profit attributable to | | | | | | | |
| Shareholders of the Company | | | | | | | |
| Operating segments | 5,061,181 | 779,693 | 1,391,303 | 229,397 | 32,841 | – | 7,494,415 |
| Corporate and other unallocated items | | | | | | | (1,996,125) |
| | | | | | | | 5,498,290 |

## 6. OPERATING SEGMENT *(Continued)*

### Segment revenues and results *(Continued)*

Year ended 31 December 2023

| | Gas operation *RMB'000* | Water operation *RMB'000* | Environmental operation *RMB'000* | Brewery operation *RMB'000* | Others *RMB'000* | Inter-segment elimination *RMB'000* | Consolidated *RMB'000* |
|---|---|---|---|---|---|---|---|
| **Segment assets** | 127,020,882 | 13,266,268 | 36,862,989 | 22,196,841 | 13,410,708 | (8,302,982) | 204,454,706 |
| **Segment liabilities** | 40,639,315 | – | 19,738,063 | 8,589,809 | 50,741,136 | (8,302,982) | 111,405,341 |
| **Other segment information:** | | | | | | | |
| Bank interest income | 598,203 | – | 27,928 | 213,806 | 51,675 | – | 891,612 |
| Finance income on the net investment in a finance lease | – | – | 32,416 | – | – | – | 32,416 |
| Depreciation of property, plant and equipment | 1,850,480 | – | 723,001 | 688,162 | 23,920 | – | 3,285,563 |
| Depreciation of right-of-use assets | 231,136 | – | 29,858 | 43,059 | 12,640 | – | 316,693 |
| Amortisation of operating concessions | – | – | 277,720 | – | – | – | 277,720 |
| Amortisation of other intangible assets | 64,285 | – | 162,090 | – | 617 | – | 226,992 |
| Impairment losses on trade receivables recognized (reversed) in profit or loss | 35,880 | 2,044 | – | (1,658) | – | – | 36,266 |
| Impairment losses on other receivables (reversed) recognised in profit or loss | (69,344) | 5,173 | – | – | – | – | (64,171) |
| Investments in associates | 44,149,845 | 13,280,925 | 65,258 | 555,449 | 806,387 | – | 58,857,864 |
| Investments in joint ventures | 232,285 | – | 63,418 | – | – | – | 295,703 |
| Share of profits/(losses) of associates | 4,445,105 | 779,693 | 71,573 | 19,745 | 15,878 | – | 5,331,994 |
| Share of profits/(losses) of joint ventures | (32,727) | – | 7,606 | – | – | – | (25,121) |
| Capital expenditure* | 4,549,226 | – | 3,112,654 | 600,411 | 2,862 | – | 8,265,153 |

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

### Geographical information

The Group's operations are mainly located on Chinese Mainland (country of domicile) and Germany.

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

## 6. OPERATING SEGMENT *(Continued)*

### Geographical information *(Continued)*

*(a) Revenue from external customers*

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Chinese Mainland | **69,028,836** | 70,614,178 |
| Germany | **6,863,705** | 5,765,368 |
| Elsewhere | **8,171,548** | 5,933,785 |
| | **84,064,089** | 82,313,331 |

The revenue information above is based on the locations of the customers.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

*(b) Non-current assets*

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Chinese Mainland | **120,613,733** | 118,396,189 |
| Germany | **19,508,647** | 19,237,525 |
| Russian Federation ("Russia") | **7,286,945** | 7,833,231 |
| Elsewhere | **132,697** | 142,346 |
| | **147,542,022** | 145,609,291 |

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

### Information about major customers

During each of the years ended 31 December 2024 and 2023, no single external customer contributed 10% or more of the Group's revenue.

## 7. OTHER INCOME, OTHER GAINS AND LOSSES

### Other income

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank interest income | **1,103,996** | 891,612 |
| Finance income on the net investment in a finance lease | **23,191** | 32,416 |
| Government grants* | **493,725** | 397,018 |
| Transfer of assets from customers *(note 15)* | **–** | 43,957 |
| Dividend income of equity investments at fair value through other comprehensive income | **39,020** | 28,418 |
| Others | **767,426** | 674,534 |
| | **2,427,358** | 2,067,955 |

### Other gains or losses

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Gain on disposal of items of property, plant and equipment, net | **1,204** | 19,853 |
| | **1,204** | 19,853 |
| | **2,428,562** | 2,087,808 |

* *Government grants represented government subsidies and turnover tax refunds in respect of the Group's operations in Chinese Mainland. Turnover tax includes value-added tax, city construction tax and education surcharge. The government grants are unconditional, except for certain grants that must be utilised for business development of the Company's subsidiaries.*

## 8. FINANCE COSTS

| | Note | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| Interest on bank loans and other loans | | **1,953,305** | 2,345,715 |
| Interest on guaranteed bonds and notes | | **600,812** | 519,130 |
| Interest on lease liabilities | | **29,550** | 33,872 |
| Total interest expenses | | **2,583,667** | 2,898,717 |
| Increase in discounted amount of provision for major overhauls arising from the passage of time | *37* | **5,593** | 2,611 |
| Total finance costs | | **2,589,260** | 2,901,328 |
| Less: Interest capitalised | | **(88,139)** | (257,001) |
| | | **2,501,121** | 2,644,327 |

## 9. INCOME TAX EXPENSE

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Current tax: | | |
| Hong Kong | **84,384** | 16,959 |
| Chinese Mainland | **860,531** | 862,176 |
| Germany | **368,353** | 366,472 |
| Other jurisdictions | **37,362** | 26,392 |
| | **1,350,630** | 1,271,999 |
| Overprovision in prior years: | | |
| Chinese Mainland | **(4,528)** | (2,948) |
| Germany | **(99,364)** | (4,581) |
| | **1,246,738** | 1,264,470 |
| Deferred tax *(note 39)* | **(15,827)** | (398,583) |
| Total tax expense for the year | **1,230,911** | 865,887 |

## 9. INCOME TAX EXPENSE *(Continued)*

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

A summary of the applicable income tax rates for other jurisdictions in which the Group conducted its main operations throughout the year is as follows:

| | **2024** | 2023 |
|---|---|---|
| | **%** | % |
| Chinese Mainland | **25** | 25 |
| Germany | **30** | 30 |

*Note:*

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Profit before tax | **7,546,385** | 7,267,178 |
| Tax expense at the statutory tax rate | **1,790,769** | 1,757,276 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | **(545,616)** | (558,602) |
| Effect of withholding tax on distributable profit | **100,102** | 76,808 |
| Effect of withholding tax on interest income from intercompany loans and rental income from a lessee in the PRC | **8,126** | 10,128 |
| Adjustments in respect of current tax of previous periods | **(103,892)** | (7,529) |
| Profits and losses attributable to joint ventures and associates | **(455,006)** | (783,354) |
| Income not subject to tax | **(564,677)** | (720,930) |
| Expenses not deductible for tax | **737,107** | 817,082 |
| Tax losses not recognised | **263,998** | 275,008 |
| Tax expense at the Group's effective tax rate | **1,230,911** | 865,887 |

## 10. PROFIT FOR THE YEAR

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

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Cost of inventories sold | | **65,011,543** | 65,617,420 |
| Cost of services provided | | **7,584,385** | 5,926,347 |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties | | **41,172** | 40,911 |
| Depreciation of property, plant and equipment | *15* | **3,358,428** | 3,285,563 |
| Less: Amount included in cost of inventories sold and cost of services rendered | | **(2,514,702)** | (2,300,890) |
| | | **843,726** | 984,673 |
| Depreciation of right-of-use assets | *17* | **322,321** | 316,693 |
| Less: Amount included in cost of inventories sold and cost of services rendered | | **(46,328)** | (41,815) |
| | | **275,993** | 274,878 |
| Amortisation of operating concessions, included in cost of inventories sold and cost of services rendered | *19* | **250,598** | 277,720 |
| Amortisation of other intangible assets | *20* | **227,897** | 226,992 |
| Less: Amount included in cost of inventories sold and cost of services rendered | | **(176,876)** | (169,686) |
| Amount included in administrative expenses | | **51,021** | 57,306 |
| Provision for major overhauls, net* | *37* | **1,816** | 38,921 |
| Research and development expenditure^ | | **1,974,946** | 1,722,412 |
| Loss on early termination of leases | | **13,482** | 475 |
| Impairment (reversal of impairment) of financial assets, net: * | | | |
| Receivables under service concession arrangements | | **–** | 22,377 |
| Trade receivables | | **71,408** | 36,266 |
| Other receivables | | **(20,058)** | (64,171) |
| | | **51,350** | (5,528) |

## 10. PROFIT FOR THE YEAR *(Continued)*

| | Notes | **2024** **RMB'000** | 2023 RMB'000 |
|---|---|---|---|
| Auditor's remuneration paid and payable to: | | | |
| Auditor of the Company | | **9,173** | 9,640 |
| Employee benefit expense (including directors' remuneration – note 12): | | | |
| Salaries, allowances and benefits in kind | | **6,917,311** | 7,167,056 |
| Net pension scheme contributions[@] | | **530,410** | 529,523 |
| Net benefit expense of defined benefit plans | 27 | **19,227** | 164,143 |
| | | **7,466,948** | 7,860,722 |
| Less: Amount included in cost of inventories sold and cost of services rendered | | **(2,061,961)** | (3,410,314) |
| Less: Amount included in construction in progress and operating concessions | | **(7,764)** | (23,986) |
| | | **5,397,223** | 4,426,422 |
| Foreign exchange differences, net | | **140,326** | 315,302 |
| Impairment (reversal of impairment) of non-current non-financial assets, net: | | | |
| Property, plant and equipment* | 15 | **78,948** | 16,853 |
| Goodwill* | 18 | **–** | 21,867 |
| Operating concessions* | 19 | **–** | (602,860) |
| | | **78,948** | (564,140) |
| Write-down of inventories to net realisable value | | **8,510** | 44,351 |
| Loss on disposal of a subsidiary | 42 | **3,929** | – |

* *These items are included in "Other operating expenses, net" on the face of the consolidated statement of profit or loss.*

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

^ *These items are included in "Administrative expenese" on the face of the consolidated statement of profit or loss.*

## 11. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interim – HK$0.85 (2023: HK$0.93) per ordinary share | **976,169** | 1,055,846 |
| Proposed final – HK$0.77 (2023: HK$0.67) per ordinary share | **881,483** | 760,663 |
| | **1,857,652** | 1,816,509 |

The proposed final dividend for the year has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 12. DIRECTORS' REMUNERATION

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Fees | **1,709** | 1,627 |
| Other emoluments for executive directors: | | |
| Salaries, allowances and benefits in kind | **4,084** | 4,045 |
| Pension scheme contributions | **26** | 26 |
| | **4,110** | 4,071 |
| | **5,819** | 5,698 |

## 12. DIRECTORS' REMUNERATION *(Continued)*

An analysis of the directors' remuneration, on a named basis, is as follows:

| | Fees<br>*RMB'000* | Salaries, allowances and benefits in kind<br>*RMB'000* | Pension scheme contributions<br>*RMB'000* | Total remuneration<br>*RMB'000* |
|---|---|---|---|---|
| **Year ended 31 December 2024** | | | | |
| Executive directors: | | | | |
| Mr. Yang Zhichang* | – | – | – | – |
| Mr. Jiang Xinhao# | – | – | – | – |
| Mr. Xiong Bin | – | 1,889 | – | 1,889 |
| Mr. Geng Chao** | – | – | – | – |
| Mr. Tam Chun Fai# | 137 | 2,195 | 26 | 2,358 |
| | 137 | 4,084 | 26 | 4,247 |
| Independent non-executive directors: | | | | |
| Mr. Wu Jiesi | 393 | – | – | 393 |
| Mr. Lam Hoi Ham | 393 | – | – | 393 |
| Mr. Yu Sun Say | 393 | – | – | 393 |
| Ms. Chan Man Ki Maggie | 393 | – | – | 393 |
| | 1,572 | – | – | 1,572 |
| Total directors' remuneration | 1,709 | 4,084 | 26 | 5,819 |

## 12. DIRECTORS' REMUNERATION *(Continued)*

| | Fees<br>*RMB'000* | Salaries, allowances and benefits in kind<br>*RMB'000* | Pension scheme contributions<br>*RMB'000* | Total remuneration<br>*RMB'000* |
|---|---|---|---|---|
| Year ended 31 December 2023 | | | | |
| Executive directors: | | | | |
| Mr. Yang Zhichang* | – | – | – | – |
| Mr. Jiang Xinhao | – | – | – | – |
| Mr. Xiong Bin | – | 1,823 | – | 1,823 |
| Mr. Geng Chao** | – | – | – | – |
| Mr. Tam Chun Fai | 135 | 2,222 | 26 | 2,383 |
| Mr. Dai Xiaofeng*** | – | – | – | – |
| | 135 | 4,045 | 26 | 4,206 |
| Independent non-executive directors: | | | | |
| Mr. Wu Jiesi | 373 | – | – | 373 |
| Mr. Lam Hoi Ham | 373 | – | – | 373 |
| Mr. Yu Sun Say | 373 | – | – | 373 |
| Ms. Chan Man Ki Maggie | 373 | – | – | 373 |
| | 1,492 | – | – | 1,492 |
| Total directors' remuneration | 1,627 | 4,045 | 26 | 5,698 |

## 12. DIRECTORS' REMUNERATION *(Continued)*

# *Mr. Jiang Xinhao and Mr. Tam Chun Fai resigned as an executive director of the Company with effect from 1 January 2025.*

* *Mr. Yang Zhichang was appointed as an executive director of the Company with effect from 26 October 2023.*

** *Mr. Geng Chao was appointed as an executive director of the Company with effect from 8 July 2023.*

*** *Mr. Dai Xiaofeng resigned as an executive director of the Company with effect from 26 October 2023.*

Messrs. Dai Xiaofeng waived his remuneration from the Company for the year ended 31 December 2023, Yang Zhichang and Geng Chao waived his remuneration from the Company for each of the years ended 31 December 2024 and 2023, and Jiang Xinhao waived their remuneration from the Company since January 2021 and February 2021, respectively.

Mr. Xiong Bin is also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by his as Chief Executive.

Save as disclosed above, there was no other agreement under which a director waived or agreed to waive any remuneration during these years.

## 13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2024 and 2023 are neither a director nor the chief executive of the Company and details of their remuneration for the years are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries, allowances and benefits in kind | **18,405** | 22,132 |
| Pension scheme contributions | **143** | 395 |
| | **18,548** | 22,527 |

## 13. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The number of the five non-director and non-chief executive highest paid employees whose remuneration for the years ended 31 December 2024 and 2023 fell within the following bands is as follows:

| | Number of employees | |
|---|---|---|
| | **2024** | 2023 |
| HK$2,000,001 to HK$2,500,000 | **1** | 1 |
| HK$2,500,001 to HK$3,000,000 | **2** | 1 |
| HK$3,500,001 to HK$4,000,000 | **–** | – |
| HK$4,500,001 to HK$5,000,000 | **–** | 1 |
| HK$5,000,001 to HK$5,500,000 | **2** | 1 |
| HK$6,500,001 to HK$7,000,000 | **–** | – |
| HK$7,000,001 to HK$7,500,000 | **–** | 1 |
| | **5** | 5 |

## 14. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of RMB5,123,085,000 (2023: RMB5,498,290,000), and the weighted average number of ordinary shares of 1,258,814,743 (2023: 1,260,203,268) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2024 and 2023 for a dilution as the impact of the dilutive potential ordinary shares of associates in issue during these years is minimal.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Buildings *RMB'000* *(note (a))* | Leasehold improvements *RMB'000* | Gas pipelines *RMB'000* | Gas meters and other plant and machinery *RMB'000* | Furniture, fixtures and office equipment *RMB'000* | Motor vehicles *RMB'000* | Construction in progress *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|---|---|
| COST | | | | | | | | |
| At 1 January 2023 | 14,422,889 | 188,309 | 25,631,451 | 38,016,647 | 1,856,016 | 818,497 | 15,975,945 | 96,909,754 |
| Additions | 352,453 | 12,438 | 113,870 | 2,227,276 | 111,547 | 105,815 | 4,149,568 | 7,072,967 |
| Disposals | (56,823) | (5,746) | (834) | (574,484) | (212,184) | (71,175) | (16,696) | (937,942) |
| Transfer of assets from customers | – | – | 16,549 | 27,408 | – | – | – | 43,957 |
| Transfer from construction in progress | 2,440,238 | – | 372,581 | 4,199,249 | 81,514 | 38,855 | (7,132,437) | – |
| Transfer from investment properties | 3,316 | – | – | – | – | – | – | 3,316 |
| Transferred to non-current asset held for sales | (128,942) | – | – | (337,745) | (1,278) | (707) | – | (468,672) |
| Transferred from current asset held for sales | 264,221 | – | – | 621,591 | 18,679 | 11,133 | 2,200 | 917,824 |
| Exchange realignment | 105,130 | 7,437 | 2 | 938,500 | 21,288 | (42,040) | 57,703 | 1,088,020 |
| Reclassification | 78,477 | – | (234) | 3,136 | (4,177) | (210) | (76,992) | – |
| At 31 December 2023 | 17,480,959 | 202,438 | 26,133,385 | 45,121,578 | 1,871,405 | 860,168 | 12,959,291 | 104,629,224 |
| Additions | 210,524 | 3,382 | 486,241 | 1,326,626 | 102,101 | 42,111 | 3,765,728 | 5,936,713 |
| Disposals | (14,565) | (7) | (204,949) | (1,054,855) | (29,671) | (45,348) | (484,790) | (1,834,185) |
| Transfer from construction in progress | 226,665 | – | 644,250 | 2,836,989 | 32,688 | 3,822 | (3,744,414) | – |
| Disposal of a subsidiary *(note 42)* | – | (35,514) | – | (3,825) | (4,703) | (7,385) | – | (51,427) |
| Exchange realignment | (90,364) | (4,470) | – | (623,764) | (11,966) | 144 | (123,121) | (853,541) |
| At 31 December 2024 | 17,813,219 | 165,829 | 27,058,927 | 47,602,749 | 1,959,854 | 853,512 | 12,372,694 | 107,826,784 |

## 15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

| | Buildings *RMB'000* *(note (a))* | Leasehold improvements *RMB'000* | Gas pipelines *RMB'000* | Gas meters and other plant and machinery *RMB'000* | Furniture, fixtures and office equipment *RMB'000* | Motor vehicles *RMB'000* | Construction in progress *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|---|---|
| DEPRECIATION AND IMPAIRMENT | | | | | | | | |
| At 1 January 2023 | 5,457,771 | 48,730 | 10,623,920 | 22,634,878 | 1,172,053 | 563,084 | 272,842 | 40,773,278 |
| Exchange realignment | 71,459 | 199 | (21,144) | 584,917 | 14,869 | 209 | (40,620) | 609,889 |
| Provided for the year | 420,129 | 18,590 | 408,673 | 2,311,553 | 73,547 | 53,071 | – | 3,285,563 |
| Impairment loss recognised in profit or loss | 4,727 | – | 7,103 | 1,419 | – | – | 3,604 | 16,853 |
| Transferred to non-current asset held for sales | (36,494) | – | – | (129,486) | (96) | (121) | – | (166,197) |
| Transferred from current asset held for sales | 138,485 | – | – | 538,064 | 15,593 | 10,379 | – | 702,521 |
| Reclassification | 13,875 | – | (6,149) | (8,646) | 122 | 798 | – | – |
| Eliminated on disposals | (27,030) | (5,723) | (772) | (217,988) | (24,662) | (66,037) | – | (342,212) |
| At 31 December 2023 | 6,042,922 | 61,796 | 11,011,631 | 25,714,711 | 1,251,426 | 561,383 | 235,826 | 44,879,695 |
| Exchange realignment | (41,030) | 199 | – | (332,145) | (8,887) | 67 | 4,699 | (377,097) |
| Provided for the year | 428,942 | 4,737 | 407,490 | 2,363,549 | 115,463 | 38,247 | – | 3,358,428 |
| Impairment loss recognised in profit or loss | 70,617 | – | 469 | 3,368 | – | – | 4,494 | 78,948 |
| Disposal of a subsidiary *(note 42)* | – | (23,377) | – | (2,174) | (3,857) | (6,484) | – | (35,892) |
| Eliminated on disposals | (4,978) | – | (72,513) | (661,402) | (26,659) | (29,016) | – | (794,568) |
| At 31 December 2024 | 6,496,473 | 43,355 | 11,347,077 | 27,085,907 | 1,327,486 | 564,197 | 245,019 | 47,109,514 |
| CARRYING VALUES | | | | | | | | |
| At 31 December 2024 | 11,316,746 | 122,474 | 15,711,850 | 20,516,842 | 632,368 | 289,315 | 12,127,675 | 60,717,270 |
| At 31 December 2023 | 11,438,037 | 140,642 | 15,121,754 | 19,406,867 | 619,979 | 298,785 | 12,723,465 | 59,749,529 |

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings | 10 to 50 years |
| Leasehold improvements | Over the lease terms or 5 to 10 years, whichever is the shorter |
| Gas pipelines | Over the shorter of 25 years or operation period of the relevant entity |
| Gas meters | 8 years |
| Other plant and machinery | 5 to 20 years |
| Furniture, fixtures and office equipment | 5 to 12 years |
| Motor vehicles | 3 to 15 years |

*Notes:*

(a) At 31 December 2024, the buildings in relation to property, plant and equipment of the Group situated in Chinese Mainland with net carrying amounts of RMB338,834,000 (2023: RMB481,050,000) was pledged to secure bank and other loans granted to the Group (note 35).

(b) During the year ended 31 December 2024, impairment losses of RMB68,793,000 were recognised against the property, plant and equipment of the Group's brewery operation, details of which are set out note 21 to the financial statements.

(c) During the year ended 31 December 2024, impairment losses of RMB10,155,000 (2023: RMB16,853,000) were recognised against the property, plant and equipment of the Group's gas operations, details of which are set out note 21 to the financial statements.

(d) In July 2019, a subsidiary of the Group entered into a supplementary agreement with a local government authority, pursuant to which ownership of the existing solid waste incineration plant of Beikong Zhangjiagang (the "Existing Plant", which was operated under a Build-Operate-Transfer basis with a concession period of 30 years up to 2038) shall be transferred to the government authority upon the completion of the final acceptance of construction of a new solid waste incineration plant of Beikong Zhangjiagang (the "New Plant", which shall be operated under a BOT basis with a concession period of 30 years up to 2052).

During the year, the New Plant was completed and has commenced its commercial operation, and the operation of the Existing Plant was suspended since then. The directors of the Company expected that the Group shall transfer the title of the Existing Plant to the government authority by the end of year 2025 upon the completion of the final acceptance of construction of the New Plant. Therefore, the property, plant and equipment related to the Existing Plant of RMB302,173,000 (2023: RMB302,475,000) of Beikong Zhangjiagang was classified as non-current assets held for disposal as at 31 December 2024.

## 16. INVESTMENT PROPERTIES

| | Note | **2024** | 2023 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Carrying amount as at 1 January | | **1,180,403** | 1,183,010 |
| Transfer to property, plant and equipment | *15* | **–** | (3,316) |
| Addition | | **3,052** | – |
| Exchange realignment | | **(614)** | 709 |
| Carrying amount as at 31 December | | **1,182,841** | 1,180,403 |

*Notes:*

(a) The investment properties are office buildings or premises and are leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.

(b) Each year, the Group's chief financial officer decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group holds discussion with valuers on the valuation assumptions and valuation results once a year when the valuation is performed for the purpose of annual financial reporting.

At 31 December 2024, the investment properties were revalued based on valuations performed by CHFT Advisory and Appraisal Limited, independent professionally qualified valuers, using the investment method and direct comparison method. No fair value gain or loss was recognised on the Group's investment properties during the year ended 31 December 2024 (2023: Nil) as there were no material changes in the fair value of these properties when compared to those as at 31 December 2023.

The fair values of all the Group's investment properties were revalued using significant unobservable inputs (Level 3 fair value measurement). During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

## 16. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

| Type of properties | Valuation techniques* | Significant unobservable inputs | Range | |
|---|---|---|---|---|
| | | | **2024** | 2023 |
| Office buildings or premises | Investment method and direct comparison method | Estimated rental value per square metre and per month (RMB) | **61 to 319** | 61 to 321 |
| | | Capitalisation rate | **5.60% to 6.70%** | 5.75% to 6.75% |
| | | Price per square metre (RMB) | **8,581 to 49,136** | 8,799 to 48,210 |

* *Valuations were based on either the investment method by capitalisation of net rental income derived from the existing tenancies with provisions for revisionary rental income potential or the direct comparison method by reference to comparable market transactions.*

A significant increase (decrease) in the estimated rental value or price per square metre in isolation would result in a significantly higher (lower) fair value of the investment properties. A significant increase (decrease) in the capitalisation rate in isolation would result in a significantly lower (higher) fair value of the investment properties.

Generally, a change in the assumption made for the price per square metre is accompanied by a directionally similar change in estimated rental value per square metre and per month and an opposite change in the capitalisation rate.

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (a) The Group as a lessor

*Finance lease receivable under a finance lease*

As at 31 December 2023, one of the Group's solid waste incineration plants in Germany is leased out under a finance lease arrangement, which has a remaining lease term of less than 1 year (2024: Nil).

The maturity analysis of the undiscounted lease payments receivable by the Group in future periods in respect of the finance lease and their present values is as follows:

| | **Minimum lease payments** | | **Present value of minimum lease payments** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Amounts receivable: | | | | |
| Within one year | – | 362,297 | – | 347,814 |
| After one year but within two years | – | – | – | – |
| Total minimum finance lease receivables | – | 362,297 | – | 347,814 |
| Less: Unearned finance income | – | (14,483) | | |
| Total net receivable under a finance lease | – | 347,814 | | |
| Portion classified as current assets | – | (347,814) | | |
| Non-current portion | – | – | | |

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

### (a) The Group as a lessor *(Continued)*

*Finance lease receivable under a finance lease (Continued)*

The Group provides for the lifetime ECL for the receivable under a finance lease based on the credit rating of the lessee. Based on historical data and management's analysis, the loss on collection was not material and hence no provision for ECL was considered necessary.

*Operating leases*

The Group leases its investment properties (note 16) consisting of office buildings or premises in the PRC to third parties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB79,664,000 (2023: RMB87,052,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one year | **84,302** | 48,292 |
| After one year but within two years | **25,921** | 38,556 |
| After two years but within three years | **12,828** | 17,894 |
| After three years but within four years | **8,888** | 8,109 |
| Total | **131,939** | 112,851 |

### (b) Group as a lessee

The Group has lease arrangements as a lessee for various items of land, office premises, staff quarters, plant and machinery, and motor vehicles for use in its operations. These lease arrangements generally have the following lease terms:

| | |
|---|---|
| Leasehold land | 5 to 50 years |
| Office premises and staff quarters | 2 to 47 years |
| Plant and machinery | 3 to 20 years |
| Motor vehicles | 6 years |

Lump sum payments were made upfront to acquire the leased land from the owners, and no ongoing payments will be made under the terms of these land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension options, which are further discussed below.

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

### (b) Group as a lessee *(Continued)*

*Right-of-use assets*

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

| | Leasehold land | Office premises and staff quarters | Plant and machinery | Motor vehicles | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2024** | | | | | |
| Carrying amount | 1,747,227 | 611,952 | 64,427 | 13,513 | 2,437,119 |
| **As at 31 December 2023** | | | | | |
| Carrying amount | 1,835,948 | 579,793 | 76,632 | 10,260 | 2,502,633 |
| **For the year ended 31 December 2024** | | | | | |
| Depreciation charged | (117,833) | (186,331) | (10,492) | (7,665) | (322,321) |
| **For the year ended 31 December 2023** | | | | | |
| Depreciation charged | (34,274) | (267,921) | (7,632) | (6,866) | (316,693) |

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Expense relating to short-term leases | **44,323** | 63,601 |
| Expense relating to leases of low-value assets, excluding short-term leases of low-value assets | **20,139** | 22,363 |
| Total cash outflow for leases | **378,601** | 422,290 |
| Additions to right-of-use assets | **266,046** | 786,178 |

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

### (b) Group as a lessee *(Continued)*

*Lease liabilities*

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

**2024**

| | **Payable within five years** *RMB'000* | **Payable after five years** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| Extension options expected not to be exercised | **222,499** | **368** | **222,867** |

**2023**

| | Payable within five years *RMB'000* | Payable after five years *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Extension options expected not to be exercised | 193,818 | 43,851 | 237,669 |

## 18. GOODWILL

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| COST | | |
| At 1 January | **15,299,441** | 14,855,836 |
| Exchange realignment | **(173,219)** | 443,605 |
| At 31 December | **15,126,222** | 15,299,441 |
| IMPAIRMENT | | |
| At 1 January | **458,034** | 436,167 |
| Impairment loss recognized during the year | **–** | 21,867 |
| At 31 December | **458,034** | 458,034 |
| Net carrying amount | **14,668,188** | 14,841,407 |

**Impairment testing of goodwill**

The carrying amount of the goodwill has been allocated to the relevant business units of the individual operating segments of the Group for impairment testing, which is summarised as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| | *Notes* | *RMB'000* | *RMB'000* |
| Piped gas operation | *(a)* | **7,117,643** | 7,052,063 |
| Brewery operation | *(b)* | **276,661** | 276,661 |
| Environmental operation | *(c)* | **7,236,391** | 7,475,942 |
| Others | | **37,493** | 36,741 |
| | | **14,668,188** | 14,841,407 |

## 18. GOODWILL *(Continued)*

*Notes:*

(a) The recoverable amount of the piped gas operation has been determined by reference to a business valuation of the relevant cash-generating unit performed by an independent professionally qualified valuer based on a value-in-use calculation using cash flow projection which is based on a financial forecast approved by senior management covering a period of five years and based on the assumption that the operation can generate cash flows perpetually. The discount rate applied to the cash flow projection is 9.8% (2023: 9.7%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant business unit. A growth rate of 2% (2023: 2%) is used for the perpetual period.

Based on the results of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the goodwill attributable to the gas operation as at 31 December 2024 (2023: Nil).

(b) Goodwill attributable to the brewery operation mainly arose from the Group's investment in Yanjing Brewery and from the acquisition of certain of its subsidiaries in prior years.

The recoverable amount of the investment in Yanjing Brewery was determined based on the fair value less costs of disposal by reference to the market value of the shares of Yanjing Brewery held by the Group (Level 1 fair value measurement) as at 31 December 2024 and 2023.

Based on the results of the impairment testing of goodwill, in the opinion of the directors, no impairment provision was considered necessary for the goodwill attributable to the brewery operation as at 31 December 2024 (2023: Nil).

(c) Goodwill attributable to the environmental operation mainly arose from the Group's investments in EEW and M+E Holding GmbH & Co. KG (the "EEW Group") in Germany, and from the acquisition of Golden State Waste Management Corporation ("GSWM") in Chinese Mainland in prior years.

The recoverable amount of the environmental operation of the EEW Group has been determined by reference to a business valuation performed by an independent professionally qualified valuer on the value-in-use basis using a cash flow projection which is based on the financial forecast approved by the senior management covering a period of five years. The financial forecast of the EEW Group was based on, inter alia, the assumptions that the scale of the operations remains constant perpetually and the operations can generate cash flows perpetually from the related solid waste treatment projects. The discount rate applied to the cash flow projection is 7.6% (2023: 7.8%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant business units. A growth rate of 2% (2023: 2%) is used for the perpetual period.

The recoverable amount of the environmental operation of GSWM has been determined on the value-in-use basis using a cash flow projection which is based on a financial forecast prepared by management covering the service concession periods of the relevant solid waste treatment projects. The financial forecast of GSWM was based on, inter alia, the assumptions that the scale of the operations remains constant perpetually and the operations can generate cash flows perpetually from the relevant solid waste treatment projects. The discount rate applied to the cash flow projection is 9.0% (2023: 9.0%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant business units. A growth rate of 3.0% (2023: 2.5%) is used for the perpetual period.

Based on the results of the impairment testing for the EEW Group and GSWM, in the opinion of the directors, no impairment provision was considered necessary for the goodwill attributable to them (2023: Nil).

## 19. SERVICE CONCESSION ARRANGEMENTS

The Group operates a number of service concession arrangements with governmental authorities in Chinese Mainland on a Build-Operate-Transfer ("BOT") or a Transfer-Operate-Transfer ("TOT") basis in respect of its environmental operations. These service concession arrangements generally involve the Group as an operator (i) constructing the infrastructures for those arrangements on a BOT basis; (ii) paying a specific amount for those arrangements on a TOT basis; and (iii) operating and maintaining the infrastructures at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 15 to 40 years (the "service concession periods").

The Group will be paid for its services over the relevant periods of the service concession arrangements at prices stipulated through a pricing mechanism. The Group is generally entitled to, where appropriate, use all the property, plant and equipment of the infrastructures, however, the relevant governmental authorities as grantors will control and regulate the scope of services the Group must provide with the infrastructures, and retain the beneficial entitlement to any residual interest in the infrastructures at the end of the term of the service concession periods. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authorities in Chinese Mainland that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the infrastructures to a specified level of serviceability at the end of the service concession periods, and arrangements for arbitrating disputes.

The accounting policies in respect of the classification of the service concession arrangements between intangible assets (operating concessions) and financial assets (receivables under service concession arrangements) are set out under the heading of "Service concession arrangements" in note 3 to the financial statements.

## 19. SERVICE CONCESSION ARRANGEMENTS *(Continued)*

The following is the summarised information of the Group's service concession arrangements:

### Operating concessions

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| COST | | |
| At 1 January | **6,590,108** | 7,299,263 |
| Additions | **315,933** | 189,901 |
| Disposals | **–** | (899,056) |
| At 31 December | **6,906,041** | 6,590,108 |
| AMORTISATION | | |
| At 1 January | **1,478,726** | 2,281,203 |
| Disposals | **–** | (477,337) |
| Charge for the year | **250,598** | 277,720 |
| Reversal of impairment recognised during the year | **–** | (602,860) |
| At 31 December | **1,729,324** | 1,478,726 |
| CARRYING VALUES | | |
| At 31 December | **5,176,717** | 5,111,382 |

### Receivables under service concession arrangements

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Receivables under service concession arrangements attributable to solid waste treatment operations *(note (b))* | **3,360,008** | 3,332,380 |
| Portion classified as current assets | **(136,807)** | (131,246) |
| Non-current portion | **3,223,201** | 3,201,134 |

## 19. SERVICE CONCESSION ARRANGEMENTS *(Continued)*

*Notes:*

(a) The operating concessions of the Group are mainly attributable to the environmental operations.

At 31 December 2024, the Group had 16 (2023: 16) service concession arrangements on solid waste treatment with certain governmental authorities in Chinese Mainland, of which 5 (2023: 5) solid waste treatment operation concession rights of the Group (comprising operating concessions and receivables under service concession arrangements) with an aggregate net carrying amount of RMB4,494,055,000 (2023: RMB4,431,436,000) were pledged to secure certain bank loans granted to the Group.

(b) In respect of the Group's receivables under service concession arrangements, they were all unbilled as at 31 December 2024 and 2023 and future settlement of such receivables is closely monitored in order to minimise any credit risk associated with the receivables.

The Group provides for lifetime ECL for receivables under service concession arrangements, based on the credit rating of the debtors. In the opinion of the directors, no ECL is charged profit or loss during the year ended 31 December 2024 (2023: RMB22,377,000) against the receivables under service concession arrangements was considered necessary.

(c) The amounts of contract assets included in the carrying amounts of operating concessions and receivables under service concession arrangements as at the end of the reporting period are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Contracts assets included in: | | |
| Operating concessions | **2,249,477** | 3,734,918 |
| Receivables under service concession arrangements | **857,082** | 1,540,131 |
| Total | **3,106,559** | 5,275,049 |

The above contract assets are initially recognised for revenue earned from the provision of construction services of solid waste incineration plants during the period of construction under service concession arrangements. Pursuant to the service concession agreements, the Group receives no payment from grantors during the construction period and receives service fees when relevant solid waste collection service is rendered. The receivables under service concession arrangements (including the contract assets therein) are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will then be transferred to trade receivables. The Group's trading terms and credit policy with customers are disclosed in note 26 to the financial statements.

Further details of the Group's contract assets are set out in note 28 to the financial statements.

(d) Details of impairment assessment are set out in note 48.

## 20. OTHER INTANGIBLE ASSETS

| | Customer contracts *RMB'000* | Operating concessions *RMB'000* | Patents *RMB'000* | Computer software *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| COST | | | | | |
| At 1 January 2023 | 2,935,069 | 1,011,801 | 22,000 | 840,558 | 4,809,428 |
| Exchange realignment | 192,777 | 14,280 | – | 12,135 | 219,192 |
| Additions | – | – | – | 216,107 | 216,107 |
| Disposal | – | – | – | (9,158) | (9,158) |
| At 31 December 2023 | 3,127,846 | 1,026,081 | 22,000 | 1,059,642 | 5,235,569 |
| Exchange realignment | (123,677) | 2,937 | – | (10,656) | (131,396) |
| Additions | – | 946 | 7 | 151,673 | 152,626 |
| Disposal | – | – | – | (72,199) | (72,199) |
| At 31 December 2024 | **3,004,169** | **1,029,964** | **22,007** | **1,128,460** | **5,184,600** |
| AMORTISATION | | | | | |
| At 1 January 2023 | 1,097,133 | 644,244 | 16,333 | 508,185 | 2,265,895 |
| Exchange realignment | 75,394 | 12,871 | – | 5,099 | 93,364 |
| Impairment | – | (791) | – | – | (791) |
| Amortisation provided during the year | 141,847 | 25,856 | 395 | 58,894 | 226,992 |
| Disposal | – | – | – | (910) | (910) |
| At 31 December 2023 | 1,314,374 | 682,180 | 16,728 | 571,268 | 2,584,550 |
| Exchange realignment | (54,188) | 2,876 | – | (4,070) | (55,382) |
| Amortisation provided during the year | 128,855 | 26,251 | 400 | 72,391 | 227,897 |
| Disposal | – | – | – | (3,351) | (3,351) |
| At 31 December 2024 | **1,389,041** | **711,307** | **17,128** | **636,238** | **2,753,714** |
| CARRYING VALUES | | | | | |
| At 31 December 2024 | **1,615,128** | **318,657** | **4,879** | **492,222** | **2,430,886** |
| At 31 December 2023 | 1,813,472 | 343,901 | 5,272 | 488,374 | 2,651,019 |

*Note:*

(a) At 31 December 2024, other intangible assets amounting to RMB2,685,000 were pledged to secure certain bank loans (note 35).

## 21. IMPAIRMENT TESTING OF NON-CURRENT ASSETS (OTHER THAN GOODWILL) OF CERTAIN OPERATIONS

### (a) Brewery operation

*Year ended 31 December 2024*

During the year ended 31 December 2024, several subsidiaries within the Group, which are involved in the operation of breweries have been loss-making for some time. In respect of the loss-making in the brewery operation, the directors of the Company believe that it is improbable for the respective brewing facilities to produce net cash inflows in the upcoming years, as the future operating cash flows from the brewery segment are expected to be negatively impacted. Given the persistent losses in the brewery business, the directors have concluded that forecasting a positive cash flow from this segment in the foreseeable future is not feasible. Consequently, a full impairment provision of RMB68,793,000 was recognised for the year ended 31 December 2024, against the property, plant, and equipment associated with the brewery operations.

### (b) Gas operation

*Year ended 31 December 2024 and 2023*

During the year ended 31 December 2024 and 2023, certain subsidiaries of the Group engaged in the operation of natural gas refueling stations and direct supply of LNG to industrial users have been loss-making for some time. In respect of the loss-making in gas operation, the directors of the Company are of the opinion that it is unlikely for the respective refueling stations and direct supply facilities to generate net cash inflows in the near future and the future operating cash flows from this gas operation is adversely affected. In view of the afore-mentioned loss-making gas operation, the directors are of the view that a positive cash flow projection could not be derived from gas operation in the foreseeable future, and therefore, a full impairment provision of RMB10,155,000 (2023: RMB16,853,000) was recognised during the year ended 31 December 2024 against the property, plant and equipment attributable to the operation of CNG and LNG refuelling stations for vehicles.

### (c) Environmental operation

*Year ended 31 December 2023*

Reversal of impairment of solid waste treatment plants

During the year ended 31 December 2023, based on the improved financial performance of certain solid waste treatment plants in recent years with profit-making, the directors of the Company considered that there is a reversal of impairment indicator of the related assets of these service concession arrangements. Consequently, the directors had estimated the recoverable amounts (which is the value-in-use ("VIU")) of the non-current assets of the solid waste treatment operation (the "Solid Waste Treatment Assets") for the purpose of impairment testing.

## 21. IMPAIRMENT TESTING OF NON-CURRENT ASSETS (OTHER THAN GOODWILL) OF CERTAIN OPERATIONS *(Continued)*

### (c) Environmental operation *(Continued)*

*Year ended 31 December 2023 (Continued)*

Reversal of impairment of solid waste treatment plants *(Continued)*

In this connection, the Company had engaged CHFT Advisory and Appraisal Limited, an independent professional valuer, to assess the VIU of the relevant CGUs of the solid waste treatment operation to derive the VIU of the Solid Waste Treatment Assets using the discounted cash flow method. In assessing the VIU of each of the CGUs, the future cash flows of the solid waste treatment operation, which cover periods to the concession/operation end date of the respective plants, are discounted to present values using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to such business. Parameters used in the projected cash flows included but not limited to waste treatment fees, volumes of wastes handled, electricity prices, volumes of electricity generated, plant operation cost and other expenses, capital expenditure, the operation plan, revenue growth rates, expected inflation rates and the discount rate, which reflected the current conditions of the market and estimated trend in the future. The fair value measurement used significant unobservable inputs (Level 3 of the fair value hierarchy).

Below is a summary of the valuation techniques used and the key inputs used in assessing the VIU of the CGUs in solid waste treatment operation during the year ended 31 December 2023:

| | Valuation techniques | Significant unobservable inputs | Range or weighted average |
|---|---|---|---|
| Property, plant and equipment and right-of-use assets | Discounted cash flow method | (i) Revenue growth rates (per annum) | 3% |
| | | (ii) Expected inflation rate in the PRC (per annum) | 3% |
| | | (iii) Pre-tax discount rate* in the PRC (per annum) | 11.5% to 13.4% |

* *The pre-tax discount rate was evaluated under the Capital Assets Pricing Model (the "CAPM"); the appropriate expected rate of return was the sum of the risk-free return and the equity risk premium required by investors to compensate for the market risk assumed. In addition, the expected rate of return of CGUs was expected to be affected by firm specific risk factors that are independent of the general market. The rates were arrived at the weighted average of the cost of equity and the cost of debt before tax of the respective CGUs.*

## 21. IMPAIRMENT TESTING OF NON-CURRENT ASSETS (OTHER THAN GOODWILL) OF CERTAIN OPERATIONS *(Continued)*

### (c) Environmental operation *(Continued)*

*Year ended 31 December 2023 (Continued)*

Reversal of impairment of solid waste treatment plants *(Continued)*

Based on the VIU assessment of the CGUs of the solid waste treatment operation, the directors are of the opinion that reversal of impairment losses on operating concessions of RMB602,860,000 in total against the Solid Waste Treatment Assets was considered necessary which were recognised as "Other operating expenses, net" in profit or loss during the year ended 31 December 2023.

Impairment of Changde Plant

In 2019, a portion of the assets of a solid waste incineration plant in ("Changde Plant") Changde would be phased out in advance in order to meet the new measures on environmental protection and emission imposed by the PRC government. According to the terms of the service concession agreement and after negotiation with the local government authority, the losses to be suffered by the Group relating to assets to be dismantled would be borne by the Group, while the Group would be compensated by the local government for those assets that can be continued to be used in other phases of the same project. During the year ended 31 December 2023, based on the valuation results as prepared by Vocation (Beijing) International Asset Valuation Co., Ltd. which was jointly engaged by Changde Plant and the local government authority, a total impairment of RMB55,299,000 should be provided on the plant assets. Impairment of RMB40,518,000 has been provided by the Group in prior years and an additional impairment of RMB14,781,000 has been recognised by the Group during the year ended 31 December 2023. The Group is currently finalising the details of the compensation arrangement with the local government.

## 22. INVESTMENTS IN JOINT VENTURES

| | **2024**<br>***RMB'000*** | 2023<br>*RMB'000* |
|---|---|---|
| Share of net assets | **148,992** | 295,703 |

All joint ventures of the Group are not individually material.

## 23. INVESTMENTS IN ASSOCIATES

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Share of net assets, net of impairment | **50,278,848** | 49,171,828 |
| Goodwill on acquisition, net of impairment | **9,877,839** | 9,686,036 |
| | **60,156,687** | 58,857,864 |

*Notes:*

(a) Particulars of the material associates, which are all indirectly held by the Company, are as follows:

| Company name | Place of incorporation/ registration and business | Particulars of issued capital held | Percentage of: Proportion of ownership interest held by the Group 2024 | 2023 | Proportion of voting rights held by the Group 2024 | 2023 | Profit sharing 2024 | 2023 |
|---|---|---|---|---|---|---|---|---|
| 國家管網集團北京管道有限公司 ("PipeChina Beijing Pipeline") | PRC | Paid-up capital | **40** | 40 | **40** | 40 | **40** | 40 |
| Beijing Enterprises Water Group Limited ("BE Water")$^{n}$ | Bermuda | Ordinary shares | **41.13** | 41.13 | **41.13** | 41.13 | **41.13** | 41.13 |
| China Gas Holdings Limited ("China Gas")$^{\Omega}$ | Bermuda | Ordinary shares | **23.61** | 23.57 | **23.61** | 23.57 | **23.61** | 23.57 |
| PJSC Verkhnechonskneftegaz ("VCNG") | Russia | Ordinary shares | **20** | 20 | **20** | 20 | **20** | 20 |

## 23. INVESTMENTS IN ASSOCIATES *(Continued)*

*Notes: (Continued)*

(a) *(Continued)*

n *BE Water is a company listed on the Main Board of the Hong Kong Stock Exchange. The market value of the shares of BE Water held by the Group as at 31 December 2024 and the date of approval of these financial statements, based on its then quoted market prices, amounted to approximately RMB9.6 billion (2023: RMB6.5 billion) and RMB9.4 billion (2023: RMB6.6 billion), respectively.*

Ω *China Gas is a company listed on the Main Board of the Hong Kong Stock Exchange. The market value of the shares of China Gas held by the Group as at 31 December 2024 and the date of approval of these financial statements, based on its then quoted market prices, amounted to approximately RMB8.0 billion (2023: RMB8.9 billion) and RMB8.9 billion (2023: RMB8.4 billion), respectively.*

During the year ended 31 December 2024, the Group's equity interest in China Gas increased from 23.57% to 23.61% after the purchase of 1,220,800 shares by the Group.

During the year ended 31 December 2023, the Group's equity interest in China Gas increased from 23.39% to 23.57% after the purchase of 8,674,400 shares by the Group and the repurchase of 4,762,600 shares by China Gas from the market.

(b) Material associates disclosures

The Group's associates are accounted for using the equity method and the principal activities of the four material associates are as follows:

(i) PipeChina Beijing Pipeline is engaged in the provision of natural gas transmission services in Chinese Mainland.

(ii) BE Water and its subsidiaries are engaged in the construction of sewage and reclaimed water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, reclaimed water treatment and distribution and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in Chinese Mainland and certain overseas countries.

(iii) China Gas and its subsidiaries are principally engaged in the distribution and sale of piped natural gas, liquefied petroleum gas, and the provision of gas connection service in Chinese Mainland.

(iv) VCNG is principally engaged in oil, gas and gas condensate fields exploration, production and sale in Russia.

The following table illustrates the summarised financial information of the above four material associates which has been adjusted to reflect the fair values of identifiable assets and liabilities at the respective dates of acquisition by the Group, and reconciled to the carrying amount in the consolidated financial statements:

## 23. INVESTMENTS IN ASSOCIATES *(Continued)*

*Notes: (Continued)*

(b) *(Continued)*

| | PipeChina Beijing Pipeline | | BE Water | | China Gas* | | VCNG | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***RMB,000*** | *RMB'000* | ***RMB000*** | *RMB'000* | ***RMB000*** | *RMB'000* | ***RMB000*** | *RMB'000* |
| Current assets | **5,063,656** | 3,217,092 | **41,371,896** | 40,384,836 | **43,506,857** | 43,630,517 | **5,773,322** | 4,710,554 |
| Non-current assets | **34,600,287** | 36,571,253 | **125,199,707** | 125,108,357 | **96,641,717** | 89,898,961 | **31,073,469** | 35,504,473 |
| Current liabilities | **(1,751,905)** | (2,370,552) | **(43,268,807)** | (42,498,671) | **(43,977,885)** | (46,966,622) | **(2,458,045)** | (2,963,659) |
| Non-current liabilities | **(2,919,649)** | (2,718,566) | **(67,340,366)** | (68,861,047) | **(38,609,832)** | (32,761,307) | **(5,979,115)** | (6,034,965) |
| Net assets | **34,992,389** | 34,699,227 | **55,962,430** | 54,133,475 | **57,560,857** | 53,801,549 | **28,409,631** | 31,216,403 |
| Less: Non-controlling interests | **–** | – | **(24,791,335)** | (22,751,068) | **(6,114,632)** | (5,987,693) | **–** | – |
| Net assets attributable to shareholders of the associates | **34,992,389** | 34,699,227 | **31,171,095** | 31,382,407 | **51,446,225** | 47,813,856 | **28,409,631** | 31,216,403 |
| **Reconciliation to the Group's investments in the associates** | | | | | | | | |
| Proportion of the Group's ownership | **40%** | 40% | **41.13%** | 41.13% | **23.61%** | 23.57% | **20%** | 20% |
| Group's share of net assets of the associates, excluding goodwill recognised by the Group | **13,996,956** | 13,879,691 | **12,820,671** | 12,907,584 | **12,146,454** | 11,269,726 | **5,681,926** | 6,243,281 |
| Goodwill on acquisition recognised by the Group | **–** | – | **408,099** | 399,627 | **7,487,926** | 7,243,568 | **1,605,019** | 1,584,929 |
| Other reconciling items | **–** | – | **(26,286)** | (26,286) | **–** | – | **–** | – |
| Carrying amount of the investments | **13,996,956** | 13,879,691 | **13,202,484** | 13,280,925 | **19,634,380** | 18,513,294 | **7,286,945** | 7,828,210 |
| **Other disclosures** | | | | | | | | |
| Revenue | **10,808,366** | 11,383,660 | **24,270,499** | 24,519,374 | **73,224,225** | 76,631,634 | **21,074,706** | 20,736,999 |
| Profit for the year | **5,669,727** | 6,418,154 | **2,906,897** | 3,064,327 | **3,648,735** | 3,036,325 | **4,169,138** | 5,207,272 |
| Profit for the year attributable to shareholders of the associates | **5,669,727** | 6,418,154 | **1,677,600** | 1,895,681 | **2,834,899** | 2,580,051 | **4,169,138** | 5,207,272 |
| Other comprehensive (loss) income for the year | **–** | – | **(2,015,200)** | (1,071,234) | **2,305,257** | (2,414,876) | **–** | – |
| Other comprehensive (loss) income for the year attributable to shareholders of the associates | **–** | – | **(880,145)** | (1,070,460) | **2,065,345** | (2,280,353) | **–** | – |
| Share of the associates' profit for the year | **2,267,891** | 2,567,261 | **689,997** | 779,693 | **669,320** | 584,686 | **833,828** | 1,041,454 |
| Share of the associates' other comprehensive (loss) income of the year | **–** | – | **(362,004)** | (440,280) | **544,271** | (538,298) | **–** | – |
| Dividend received/ receivable by the Group | **2,061,438** | 1,593,183 | **590,363** | 583,876 | **576,993** | 574,947 | **1,008,522** | 667,991 |

## 23. INVESTMENTS IN ASSOCIATES *(Continued)*

*Notes: (Continued)*

(b) *(Continued)*

* *The statutory financial year end date of China Gas is 31 March, which is not coterminous with that of the Company's financial year end date. The financial statements for the twelve months ended 30 September 2024 are the latest financial statements of China Gas available for equity accounting by the Group. Accordingly, the financial period end of the financial statements of China Gas for which the equity accounting method was used for the year ended 31 December 2024 is as of 30 September 2024 or for the twelve months ended 30 September 2024.*

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Share of the associates' profit for the year | **437,704** | 358,899 |
| Share of net assets of the associates, net of impairment | **5,659,127** | 4,897,832 |
| Goodwill on acquisition recognised by the Group, net of impairment | **376,795** | 457,912 |

## 24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Listed equity investments, at fair value | | |
| – Beijing Jingneng Clean Energy Co., Limited | **349,729** | 306,980 |
| – CNPC Capital Company Limited | **1,249,287** | 1,254,521 |
| | **1,599,016** | 1,561,501 |
| Unlisted equity investments, at fair value | **262,409** | 260,312 |
| | **1,861,425** | 1,821,813 |

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature, and therefore, they are classified as non-current assets in these financial statements.

## 25. INVENTORIES

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Raw materials | **4,317,719** | 3,686,858 |
| Work in progress | **247,779** | 268,181 |
| Finished goods | **2,250,415** | 1,194,613 |
| | **6,815,913** | 5,149,652 |

## 26. TRADE RECEIVABLES

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Trade receivables | **5,486,614** | 4,686,442 |
| Less: Allowance for credit losses *(note (e))* | **(351,829)** | (286,164) |
| | **5,134,785** | 4,400,278 |

*Notes:*

(a) As at 1 January 2023, trade receivables from contracts with customers amounted to RMB4,894,238,000.

(b) Included in the Group's trade receivables as at 31 December 2024 were aggregate amounts of RMB27,025,000 (2023: RMB73,000) and RMBNil (2023: RMB44,011,000) due from fellow subsidiaries and a joint venture of the Group, arising from transactions carried out in the ordinary course of business of the Group, respectively. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the Group to its major customers.

(c) At 31 December 2024, trade receivables amounting to RMB50,000 (2023: RMB1,093,000) were pledged to secure certain bank loans (note 35).

## 26. TRADE RECEIVABLES *(Continued)*

*Notes: (Continued)*

(d) Various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. The Group does not hold any collateral or other credit enhancement over its trade receivables.

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Billed: | | |
| Within one year | **4,444,767** | 3,678,540 |
| One to two years | **136,127** | 138,737 |
| Two to three years | **65,484** | 29,399 |
| Over three years | **23,222** | 21,154 |
| | **4,669,600** | 3,867,830 |
| Unbilled* | **465,185** | 532,448 |
| | **5,134,785** | 4,400,278 |

* *The unbilled balance was attributable to (i) the sale of natural gas near the year end date and such sale will be billed in the next meter reading date; and (ii) entitlements to renewable energy tariff subsidies from the sale of electricity generated from waste incineration.*

(e) The movements in the impairment of trade receivables during the year are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At 1 January | **286,164** | 312,135 |
| Impairment losses recognised during the year, net | **71,408** | 36,266 |
| Amount written off as uncollectible | **(4,791)** | (73,155) |
| Exchange realignment | **(952)** | 10,918 |
| At 31 December | **351,829** | 286,164 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on invoice dates for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

## 26. TRADE RECEIVABLES *(Continued)*

*Notes: (Continued)*

(e) *(Continued)*

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

**At 31 December 2024**

| | | Billed | | | | |
|---|---|---|---|---|---|---|
| | **Unbilled** | **Within 1 year** | **1 to 2 years** | **2 to 3 years** | **Over 3 years** | **Total** |
| Gross carrying amount *(RMB'000)* | **465,539** | **4,616,161** | **151,982** | **83,909** | **169,023** | **5,486,614** |
| Expected credit losses *(RMB'000)* | **354** | **171,394** | **15,855** | **18,425** | **145,801** | **351,829** |
| Expected credit loss rate | **0.08%** | **3.71%** | **10.43%** | **21.96%** | **86.26%** | **6.41%** |

At 31 December 2023

| | | Billed | | | | |
|---|---|---|---|---|---|---|
| | Unbilled | Within 1 year | 1 to 2 years | 2 to 3 years | Over 3 years | Total |
| Gross carrying amount *(RMB'000)* | 533,545 | 3,735,996 | 188,122 | 46,279 | 182,500 | 4,686,442 |
| Expected credit losses *(RMB'000)* | 1,097 | 57,456 | 49,385 | 16,880 | 161,346 | 286,164 |
| Expected credit loss rate | 0.21% | 1.54% | 26.25% | 36.47% | 88.41% | 6.11% |

Details of impairment assessment of trade and other receivables are set out in note 48.

## 27. DEFINED BENEFIT PLANS

Certain employees of Beijing Gas and the EEW Group, both being indirectly-held wholly-owned subsidiaries of the Company, are entitled to retirement benefits after retirement such as supplemental medical reimbursement, allowance and beneficiary benefits pursuant to their defined benefit plans. The plans are exposed to interest rate risk, health cost inflation rate and expected salary increase rate for the employees.

### (a) Net benefit expense (recognised in administrative expenses)

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Year ended 31 December 2024 | | |
| Current service cost | **105,934** | 76,735 |
| Past service cost | **(156,219)** | 21,011 |
| Interest cost | **69,512** | 66,397 |
| Net benefit expense | **19,227** | 164,143 |

### (b) Present value of the defined benefit obligations

**2024**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At 1 January | **2,407,003** | 1,999,210 |
| Net benefit expenses recognised in profit or loss | **19,227** | 164,143 |
| Benefits paid | **(51,283)** | (48,650) |
| Actuarial (gain) loss on obligations, recognised in other comprehensive income | **(25,055)** | 266,805 |
| Exchange realignment | **(19,937)** | 25,495 |
| At 31 December | **2,329,955** | 2,407,003 |
| Portion classified as current liabilities included in other payables, accruals and contract liabilities | **(28,424)** | (27,026) |
| Non-current portion | **2,301,531** | 2,379,977 |

At 31 December 2024, the expected contribution to be made within the next 12 months out of the defined benefit obligations was RMB28,424,000 (2023: RMB27,026,000).

## 27. DEFINED BENEFIT PLANS *(Continued)*

### (c) Principal assumptions

The most recent actuarial valuations of the present value of the defined benefit obligations for Beijing Gas and the EEW Group were carried out at 31 December 2024 by Willis Towers Watson (a member of the China Association of Actuaries) and Willis Towers Watson GmbH (a member of the German Actuarial Society), respectively, using the projected unit credit method. The material actuarial assumptions used in determining the defined benefit obligations under the Group's plans are as follows:

| | **2024** | 2023 |
|---|---|---|
| Beijing Gas: | | |
| Discount rate | **2.00%** | 2.75% |
| Healthcare cost inflation rate | **6.00%** | 7.00% |
| EEW Group: | | |
| Discount rate | **3.30%** | 3.30% |
| Salary increase rate | **2.50%** | 2.50% |

## 27. DEFINED BENEFIT PLANS *(Continued)*

### (c) Principal assumptions *(Continued)*

A quantitative sensitivity analysis for significant assumptions as at 31 December 2024 and 2023 is shown below:

| | **Increase in rate** *%* | **Increase (decrease) in net defined benefit obligations** *RMB'000* | **Decrease in rate** *%* | **Increase (decrease) in net defined benefit obligations** *RMB'000* |
|---|---|---|---|---|
| Beijing Gas | | | | |
| **2024** | | | | |
| Discount rate | **0.25** | **(88,915)** | **0.25** | **97,797** |
| Healthcare cost inflation rate | **1** | **487,221** | **1** | **(344,665)** |
| 2023 | | | | |
| Discount rate | 0.25 | (102,510) | 0.25 | 112,799 |
| Healthcare cost inflation rate | 1 | 487,221 | 1 | (344,665) |
| EEW Group | | | | |
| **2024** | | | | |
| Discount rate | **0.25** | **(27,296)** | **0.25** | **30,986** |
| Salary increase rate | **0.50** | **1,807** | **0.50** | **(1,694)** |
| 2023 | | | | |
| Discount rate | 0.25 | (27,910) | 0.25 | 31,713 |
| Salary increase rate | 0.50 | 2,485 | 0.50 | (2,407) |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

## 28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Prepayments | | **1,521,583** | 2,029,728 |
| Deposits and other receivables | *(a)* | **1,952,580** | 1,577,114 |
| Due from holding companies | | **780,787** | 1,718,189 |
| Due from fellow subsidiaries | | **127,209** | 100,306 |
| Due from joint ventures | | **59,608** | 44,250 |
| Due from associates | | **119,212** | 284,472 |
| Contract assets | *(b)* | **851,509** | 1,126,959 |
| Listed equity securities at fair value through profit or loss | *(c)* | **34,431** | 81 |
| Certificates of deposit | *(d)* | **6,755,704** | 5,900,000 |
| | | **12,202,623** | 12,781,099 |
| Impairment | *(e)* | **(273,031)** | (292,902) |
| | | **11,929,592** | 12,488,197 |
| Portion classified as current assets | | **(5,902,307)** | (6,440,545) |
| Non-current portion | | **6,027,285** | 6,047,652 |

*Notes:*

(a) The Group's deposits and other receivables as at 31 December 2024 and 2023 included, inter alia, the following:

(i) certain deposits of RMB159,176,000 (2023: RMB235,893,000) in total paid for the construction or purchase of buildings, gas pipelines, equipment and machinery, which were classified as non-current assets;

(ii) certain advances totaling RMB45,624,000 (2023: RMB37,938,000) have been provided to a non-controlling equity holder of a subsidiary of the Group. These advances are unsecured, carry an interest rate of 0.6%, and mature on January 31, 2029.

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

*Notes: (Continued)*

(b) Contract assets of the Group as at the end of the reporting period are as follows:

| | **31 December 2024** *RMB'000* | 31 December 2023 *RMB'000* | 1 January 2023 *RMB'000* |
|---|---|---|---|
| Contract assets | **3,958,068** | 6,402,008 | 5,704,169 |
| Less: Non-current portion classified in operating concession and receivables under service concession arrangements *(note 19)* | **(3,106,559)** | (5,275,049) | (4,808,986) |
| Current portion | **851,509** | 1,126,959 | 895,183 |

Contract assets mainly arise from solid waste treatment service contracts and are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of the construction services.

(c) These equity securities were classified as financial assets at fair value through profit or loss as they were held for trading.

(d) At 31 December 2024, the Group held certificates of deposit issued by banks in Chinese Mainland with various maturity periods which range from within 1 year to over 3 years. These certificates of deposit can be withdrawn or sold before maturity.

(e) In respect of impairment consideration of the Group's other receivables, an impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. The probability of default rates are estimated based on comparable companies with published credit ratings. At 31 December 2024, the probability of default rates applied for other receivables ranged from 0.04% to 0.05% (2023: 0.04% to 0.05%) and the loss given default rates estimated range from 61.60% to 62.30% (2023: 61.60% to 62.30%).

In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

## 28. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

*Notes: (Continued)*

(e) *(Continued)*

The movements in the impairment of other receivables during the year are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At 1 January | **292,902** | 365,731 |
| Impairment (reversal of impairment) recognised during the year, net | **(20,058)** | (64,171) |
| Amount written off as uncollectible | **(6)** | (8,175) |
| Exchange realignment | **193** | (483) |
| At 31 December | **273,031** | 292,902 |

Other than those mentioned above, the remaining balances of financial assets and contract assets relate to counter parties for which there was no recent history of default and past due amounts. At 31 December 2024 and 2023, the loss allowance of these balances was assessed to be minimal.

(f) Details of impairment assessment are set out in note 48.

(g) At 31 December 2024, deposit paid to a bank amounting to RMB15,060,000 (2023: RMB16,163,000) were pledged to secure certain bank loans (note 35).

## 29. BALANCES WITH RELATED PARTIES

The balances with holding companies, fellow subsidiaries, joint ventures, associates and a non-controlling equity holder of a subsidiary are unsecured, interest-free and repayable on demand, except for interest-bearing loans of RMB1,218 million (2023: RMB1,374 million) advanced from an associate, further details of which are set out in note 35 to the financial statements.

The trade balances with fellow subsidiaries and a joint venture of the Group included in trade receivables and trade and bills payables are disclosed in notes 26 and 40 to the financial statements, respectively.

Details of impairment assessment are set out in note 48.

## 30. DERIVATIVE FINANCIAL INSTRUMENTS

| | Non-current<br>2024<br>*RMB'000* |
|---|---|
| **Derivatives financial assets** | |
| Cross currency swap contract | **29,332** |
| | **29,332** |
| **Derivatives financial liabilities** | |
| Cross currency swap contract | **207,141** |
| | **207,141** |

The management considers the following hedging instruments are highly effective hedging instrument and has designated them as cash flow hedging instrument for hedge accounting purposes:

- Cross currency swap contract to minimise the exposure to fluctuations in foreign currency exchange rates of US$ denominated borrowings with aggregate notional amount of US$700,000,000 at forward contract rates of US$1 to RMB7.12 to RMB7.13 with maturity dates ranging from May 2026 to May 2031 which receives interest rates ranging 2% to 3.125% and pays interest at 1.99% per annum.

### Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Gains and losses recognised in the hedging reserve in equity on the cross currency swap contract and the interest rate swap contracts will be continuously released to the profit or loss until completing the relevant transactions or the repayment of the relevant borrowings.

The above derivatives are measured at fair value. The classification of the fair value measurement of the above derivatives at 31 December 2024 are Level 2 under the fair value hierarchy (details set out in note 48).

## 31. RESTRICTED CASH AND PLEDGED DEPOSITS

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Restricted cash | *(a)* | **5,361** | 17,327 |
| Pledged deposits | *(b)* | **1,979** | 1,019 |
| Restricted cash and pledged deposits | | **7,340** | 18,346 |

*Notes:*

(a) Bank balances of RMB1,064,000 (2023: RMB1,019,000) as at 31 December 2024 were pledged to secure certain bank loans granted to the Group (note 35); and

(b) Details of impairment assessment are set out in note 48.

## 32. CASH AND CASH EQUIVALENTS

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Cash and bank balances other than time deposits | **19,568,145** | 14,621,356 |
| Saving deposits placed in a financial institution (an associate of the Group) | **253,720** | 456,136 |
| Time deposits: | | |
| Placed in banks | **4,674,795** | 7,727,301 |
| Placed in a financial institution (an associate of the Group) | **6,470,887** | 6,071,914 |
| | **30,967,547** | 28,876,707 |
| Less: Restricted cash and pledged deposits *(note 31)* | **(7,340)** | (18,346) |
| Cash and cash equivalents | **30,960,207** | 28,858,361 |

## 32. CASH AND CASH EQUIVALENTS *(Continued)*

*Notes:*

(a) At 31 December 2024, the cash and deposit balances of the Group denominated in RMB amounted to RMB30.8 billion (2023: RMB24.4 billion). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) Cash at banks and a financial institution earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and one year (2023: seven days and one year) depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The saving and time deposits are deposited with creditworthy banks and a financial institution with no recent history of default.

(c) Details of impairment assessment are set out in note 48.

## 33. SHARE CAPITAL

| | **2024**<br>***RMB'000*** | 2023<br>*RMB'000* |
|---|---|---|
| Issued and fully paid: | | |
| 1,258,003,268 (2023: 1,260,203,268) ordinary shares | **28,340,052** | 28,340,052 |

A summary of a movement in the Company's share capital is as follows:

| | **Number of shares in issue** | **Share capital**<br>*RMB'000* |
|---|---|---|
| At 1 January 2023 and 31 December 2023 | 1,260,203,268 | 28,340,052 |
| Shares repurchased and cancelled *(Note)* | (2,200,000) | – |
| At 31 December 2024 | 1,258,003,268 | 28,340,052 |

*Note:* During the year ended 31 December 2024, the Company repurchased a total of 2,200,000 ordinary shares of the Company on the Hong Kong Stock Exchange at a weighted average cost of HK$23.40 (equivalent to RMB21.29) per share. All the repurchased shares were cancelled by the Company during the year and the total amount paid for the repurchase of these shares of approximately HK$51,480,000 (equivalent to RMB46,838,000) was charged to retained profits of the Company in accordance with section 257 of the Hong Kong Companies Ordinance.

## 34. RESERVES

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

(b) The capital reserve of the Group mainly from gains or losses on acquisition of the non-controlling interests of existing subsidiaries and/or disposal of partial interests in subsidiaries without a loss of control.

(c) The PRC reserve funds are reserves set aside in accordance with the PRC Companies Law or the Law of the PRC on Joint Ventures Using Chinese and Foreign Investment as applicable to the Group's PRC subsidiaries, joint ventures and associates. Other reserves are the reserves for future enhancement of safety production environment and improvement of facilities as required by the Ministry of Finance and Safety Production General Bureau of the PRC and is not available for distribution to shareholders. None of the Group's PRC reserve funds and other reserves as at 31 December 2024 were distributable in the form of cash dividends.

## 35. BANK AND OTHER BORROWINGS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank loans: | | |
| Secured | **3,188,155** | 2,830,771 |
| Unsecured | **32,855,072** | 40,026,604 |
| | **36,043,227** | 42,857,375 |
| Other loans: | | |
| Secured | **298,149** | 46,997 |
| Unsecured | **22,959,990** | 13,673,415 |
| | **23,258,139** | 13,720,412 |
| Total bank and other borrowings | **59,301,366** | 56,577,787 |
| Less: Amount shown under current liabilities (including Bank loans with a repayable on demand clause) | **(28,608,957)** | (34,403,393) |
| Non-current portion | **30,692,409** | 22,174,394 |

## 35. BANK AND OTHER BORROWINGS *(Continued)*

| | Bank borrowings | | Other borrowings | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| The maturity profile of the above borrowings is as follows: | | | | |
| On demand or within one year | **25,857,701** | 33,736,703 | **2,751,256** | 666,690 |
| Within a period of more than one year but not more than two years | **3,837,128** | 546,768 | **8,143,162** | 913,836 |
| Within a period of more than two years but not more than five years | **1,504,902** | 4,169,842 | **4,210,958** | 9,338,987 |
| More than five years | **4,843,496** | 4,404,062 | **8,152,763** | 2,800,899 |
| | **36,043,227** | 42,857,375 | **23,258,139** | 13,720,412 |
| Less: Amount due within one year shown under current liabilities | **(25,857,701)** | (33,736,703) | **(2,751,256)** | (666,690) |
| Amount due after one year shown under non-current liabilities | **10,185,526** | 9,120,672 | **20,506,883** | 13,053,722 |

*Notes:*

(a) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| HK$ | – | 2,085,567 |
| RMB | **51,844,306** | 42,227,419 |
| US$ | **2,902,347** | 2,722,183 |
| EUR | **4,554,713** | 9,542,618 |
| | **59,301,366** | 56,577,787 |

## 35. BANK AND OTHER BORROWINGS *(Continued)*

*Notes: (Continued)*

(b) The Group's bank and other borrowings as at 31 December 2024 included the following:

(i) loans of RMB1,218 million (2023: RMB1,374 million) in total advanced from an associate, which are unsecured, bear interest at rates ranging from one-year Loan Prime Rate less 25 basis points to 4.65% (2023: one-year Loan Prime Rate less 25 basis points to 4.65%) per annum and are repayable in 2025 to 2035. Interest expenses of RMB41,187,000 (2023: RMB52,440,000) were recognised in profit or loss during the year in respect of these loans; and

(ii) bank and other loans with an aggregate carrying amount of RMB5,695,692,000 (2023: RMB5,204,732,000) advanced from Asian Infrastructure Investment Bank and New Development Bank which were obtained to finance certain of the Group's pipeline construction projects and a LNG emergency reserve project. These loans bear interest at rates of SOFR+1.21% and EURIBOR+0.85% (2023: SOFR+1.70% and EURIBOR+0.85%) per annum, respectively.

(c) The Group's secured bank and other loans are secured by the following assets:

| | | Carrying amount | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| Property, plant and equipment | *15* | **338,834** | 481,050 |
| Operating concessions | *19* | **4,003,374** | 3,931,209 |
| Receivables under service concession arrangements | *19* | **490,681** | 500,227 |
| Other intangible assets | *20* | **2,685** | – |
| Trade receivables | *26* | **50** | 1,093 |
| Deposit paid to a bank | *28* | **15,060** | 16,163 |
| Bank balances | *31* | **1,064** | 1,019 |

In addition to the pledge of assets given above, bank loans with a total carrying amount of RMB17,841,640,000 (2023: RMB20,496,256,000) as at 31 December 2024 are guaranteed by the Company.

## 36. GUARANTEED BONDS AND NOTES

A summary of the guaranteed bonds and notes issued by the Group and outstanding as at the end of the reporting period is as follows:

| | Principal at original currency | Contractual interest rate per annum | Maturity | 2024 | 2023 |
|---|---|---|---|---|---|
| | *Million* | | | ***RMB'000*** | *RMB'000* |
| 2011 Second Senior Notes | US$400 | 6.375% | 2041 | **2,823,881** | 2,787,416 |
| 2015 US$ Bonds | US$200 | 4.99% | 2040 | **1,403,523** | 1,384,556 |
| 2020 Green Bonds | EUR500 | 1% | 2025 | **3,756,822** | 3,903,274 |
| EEW Green Bonds | EUR400 | 0.361% | 2026 | **3,007,572** | 3,128,309 |
| 2021 US$ Bonds Series 1 | US$300 | 2% | 2026 | **2,149,170** | 2,119,033 |
| 2021 US$ Bonds Series 2 | US$400 | 3.125% | 2031 | **2,838,290** | 2,798,690 |
| 2022 Guaranteed Notes | US$500 | 1.875% | 2025 | **3,625,504** | 3,546,534 |
| | | | | **19,604,762** | 19,667,812 |
| Less: Amount shown under current liabilities | | | | **(7,382,326)** | – |
| Non-current portion | | | | **12,222,436** | 19,667,812 |

As of 31 December 2024, 2 of the guaranteed bonds are scheduled for repayment in 2025 and are therefore classified as current liabilities. The remaining bonds, which are repayable after more than one year, are classified as non-current liabilities.

Except for the 2022 Guaranteed Notes and EEW Green Notes which are guaranteed by Beijing Gas and EEW, respectively, all the above guaranteed bonds and notes are guaranteed by the Company.

The fair value of the Group's guaranteed bonds and notes as at 31 December 2024 was approximately RMB19.2 billion (2023: approximately RMB19.0 billion), based on price quotations from financial institutions at the reporting date.

## 37. PROVISION FOR MAJOR OVERHAULS AND ONEROUS CONTRACTS

Pursuant to the service concession arrangements on the Group's environmental operations in Chinese Mainland, the Group has contractual obligations to maintain the infrastructures it operates to a specified level of serviceability and/or to restore the infrastructures to a specified condition before they are handed over to the grantor at the end of the service concession periods. In addition, pursuant to the contractual arrangement for one of the Group's solid waste incineration plants in Germany, the Group is obliged to demolish the solid waste incineration plant in 2052. These contractual obligations to demolish plant, maintain or restore the infrastructures, except for any upgrade element, are recognised and measured in accordance with HKAS 37, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The future expenditures on these maintenance, demolishment and restoration costs are collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis and revised where appropriate.

In addition, onerous contracts also arise from solid waste treatment service contracts in respect of the environmental operations in Germany. Management considers the unavoidable costs of meeting the obligations under certain of these contracts exceed the economic benefits expected to be recovered under such contracts.

The movements in the provision for major overhauls of the infrastructures and onerous contracts in respect of the solid waste treatment service contracts during the year are as follows:

| | Provision for | | |
|---|---|---|---|
| | **Major overhauls** *RMB'000* | **Onerous contracts** *RMB'000* | **Total** *RMB'000* |
| **Year ended 31 December 2024** | | | |
| At 1 January 2024 | **160,156** | **166,954** | **327,110** |
| Additional of provision, net | **1,816** | **–** | **1,816** |
| Increase in discounted amount arising from the passage of time | **5,593** | **–** | **5,593** |
| Exchange realignment | **(5,983)** | **(6,603)** | **(12,586)** |
| At 31 December 2024 | **161,582** | **160,351** | **321,933** |
| Portion classified as current liabilities | **–** | **(42,717)** | **(42,717)** |
| Non-current portion | **161,582** | **117,634** | **279,216** |

## 38. OTHER NON-CURRENT LIABILITIES

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Other liabilities – non-current portion *(note 41)* | **753,366** | 664,959 |
| Deferred income *(note)* | **1,403,361** | 1,418,253 |
| | **2,156,727** | 2,083,212 |

*Note:* Deferred income of the Group mainly represented government subsidies in respect of the construction of gas pipelines and brewery plants in Chinese Mainland by the Group. The subsidies are interest-free and not required to be repaid, and are recognised in profit or loss on the straight line basis over the expected useful lives of the relevant assets.

## 39. DEFERRED TAX

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

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Deferred tax assets | **1,965,021** | 2,033,262 |
| Deferred tax liabilities | **(2,107,690)** | (2,144,049) |
| | **(142,669)** | (110,787) |

## 39. DEFERRED TAX *(Continued)*

The components of deferred tax assets and liabilities and their movements during the years ended 31 December 2024 and 2023 are as follows:

| | Attributable to | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Fair value adjustments arising from acquisition of subsidiaries** *RMB'000* | **Transfer of assets from customers** *RMB'000* | **Depreciation allowances in excess of related depreciation** *RMB'000* | **Revaluation of investment properties** *RMB'000* | **Revaluation of equity investments at fair value through other comprehensive income** *RMB'000* | **Impairment provision and other temporary difference** *RMB'000* | **Defined benefit obligations** *RMB'000* | **Provision for major overhauls and onerous contracts** *RMB'000* | **Temporary differences related to operating concessions** *RMB'000* | **Losses available for offsetting future taxable profits** *RMB'000* | **Withholding tax on unremitted profits** *RMB'000* *(note b)* | **Net deferred tax assets (liabilities)** *RMB'000* |
| At 1 January 2023 | (1,380,821) | (114,261) | (79,778) | (97,181) | 105,350 | 949,727 | 378,451 | 69,299 | (255,895) | 11,494 | (107,382) | (520,997) |
| Deferred tax credited (charged) to profit or loss during the year | 102,618 | (6,337) | (15,839) | – | – | 167,916 | 114,308 | (35) | (7,727) | – | 43,679 | 398,583 |
| Deferred tax charged to other comprehensive income during the year | – | – | – | – | 2,478 | – | 70,506 | – | – | – | – | 72,984 |
| Transfer from assets of disposal groups classified as held for sale | – | – | (293) | – | – | – | – | – | – | – | – | (293) |
| Disposal of subsidiaries | – | – | – | – | – | (114) | – | (5,955) | – | – | – | (6,069) |
| Deregistration of a subsidiary | – | – | – | – | – | – | – | – | 598 | – | – | 598 |
| Exchange realignment | (69,560) | – | (7,726) | – | – | (1,057) | 20,831 | 4,003 | – | 466 | (2,550) | (55,593) |
| At 31 December 2023 and 1 January 2024 | (1,347,763) | (120,598) | (103,636) | (97,181) | 107,828 | 1,116,472 | 584,096 | 67,312 | (263,024) | 11,960 | (66,253) | (110,787) |
| Deferred tax credited (charged) to profit or loss during the year | 57,978 | – | 7,976 | – | – | (12,709) | (35,532) | – | (1,886) | – | – | 15,827 |
| Deferred tax charged to other comprehensive income during the year | – | – | – | – | (95,835) | – | (23,219) | – | – | – | – | (119,054) |
| Exchange realignment | 27,967 | – | 23,991 | – | – | 25,256 | (3,002) | (2,568) | – | (299) | – | 71,345 |
| At 31 December 2024 | (1,261,818) | (120,598) | (71,669) | (97,181) | 11,993 | 1,129,019 | 522,343 | 64,744 | (264,910) | 11,661 | (66,253) | (142,669) |

*Notes:*

(a) At 31 December 2024, deferred tax assets have not been recognised in respect of unused tax losses of RMB2,822,301,000 (2023: RMB2,910,873,000) as they have been arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Out of this amount, tax losses of RMB2,800,661,000 (2023: RMB2,889,233,000) will expire in one to five years.

(b) Deferred tax has not been fully recognised for withholding taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries established in Chinese Mainland, Germany, Luxembourg and Russia that are subject to withholding taxes. In the opinion of the Company's directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries in Chinese Mainland, Germany and Luxembourg and Russia for which deferred tax liabilities have not been recognised totalled approximately RMB40 billion (2023: RMB42 billion) as at 31 December 2024.

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 40. TRADE AND BILLS PAYABLES

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Billed: | | |
| Within one year | **2,990,026** | 3,637,593 |
| One to two years | **254,120** | 504,757 |
| Two to three years | **74,894** | 63,508 |
| Over three years | **60,804** | 31,479 |
| | **3,379,844** | 4,237,337 |
| Unbilled* | **526,353** | 537,366 |
| | **3,906,197** | 4,774,703 |

* *The unbilled balance was attributable to (i) purchase of natural gas near the year end which was billed subsequently in early January 2025; (ii) accrued extra purchase costs which will be billed when the price is agreed by the Group with the supplier.; and (iii) accrued construction costs for solid waste incineration plant which have not been billed by the suppliers.*

Included in the trade and bills payables as at 31 December 2024 are amounts of RMB72,886,000 (2023: RMB68,318,000) in total due to fellow subsidiaries, arising from transactions carried out in the ordinary course of business of the Group. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the related parties to their major customers.

## 41. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| Accruals | | **2,009,233** | 2,030,158 |
| Defined benefit obligations – current portion | *27* | **28,424** | 27,026 |
| Other liabilities | *(a)* | **8,364,557** | 8,925,290 |
| Due to holding companies | | **–** | 967,341 |
| Due to fellow subsidiaries | | **391,533** | 564,465 |
| Due to joint ventures | | **–** | 23,785 |
| Due to associates | | **56,384** | 59,149 |
| Due to a non-controlling equity holder of a subsidiary | | **274,337** | 252,628 |
| Contract liabilities | *(b)* | **10,229,676** | 9,237,196 |
| | | **21,354,144** | 22,087,038 |
| Portion classified as current liabilities | | **(20,600,778)** | (21,422,079) |
| Non-current portion | *38* | **753,366** | 664,959 |

*Notes:*

(a) The Group's other liabilities as at 31 December 2024 included construction costs of RMB197,741,000 (2023: RMB188,601,000) payable to certain fellow subsidiaries of the Group, which are unsecured, interest-free, and are repayable within credit periods similar to those offered by the fellow subsidiaries to their major customers.

(b) Details of contract liabilities are as follows:

| | 31 December 2024<br>RMB'000 | 31 December 2023<br>RMB'000 | 1 January 2023<br>RMB'000 |
|---|---|---|---|
| *Short-term advances received from customers in respect of:* | | | |
| Sale of piped natural gas | **8,414,607** | 7,669,030 | 7,306,240 |
| Sale of brewery products | **1,763,407** | 1,466,846 | 1,391,103 |
| Provision of solid waste treatment services | **51,662** | 101,320 | 122,054 |
| Total contract liabilities | **10,229,676** | 9,237,196 | 8,819,397 |

Over 90% of the contract liabilities as at the end of each of the reporting period are expected to be recognised as revenue in the following year.

Increase in contract liabilities in 2024 was mainly due to increases in short-term advances received from customers in relation to the sale of piped natural gas at the end of the year.

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 42. DISPOSAL OF A SUBSIDIARY

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

| | **19 June 2024** |
|---|---|
| | *RMB'000* |
| **Analysis of assets and liabilities over which control was lost:** | |
| Property, plant and equipment *(note 15)* | 15,535 |
| Other intangible assets *(note 20)* | 28 |
| Contract assets | 235,287 |
| Trade and bills receivables | 58,270 |
| Prepayments, deposits and other receivables | 9,601 |
| Cash and cash equivalents | 53,910 |
| Trade payables | (121,026) |
| Other payables and accruals | (55,659) |
| Bank and other borrowings | (93,200) |
| Income tax payables | (13,082) |
| Net assets disposed of | 89,664 |

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

## 42. DISPOSAL OF A SUBSIDIARY *(Continued)*

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

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

## 43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Yanjing Investments (a 79.77% owned subsidiary which holds 57.40% equity interests in Yanjing Brewery) and its subsidiaries (collectively the "Yanjing Investments Group") were considered subsidiaries that have material non-controlling interests during the years ended 31 December 2024 and 2023, and summary financial information of which is set out below:

| | **2024**<br>***RMB'000*** | 2023<br>*RMB'000* |
|---|---|---|
| Consolidated profit for the year allocated to non-controlling interests | **799,876** | 506,269 |
| Dividends paid to non-controlling equity holders | **252,309** | 234,516 |
| Accumulated balances of non-controlling interests at the reporting date | **8,688,678** | 8,104,169 |

## 43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

*(Continued)*

The following tables illustrate the summarised consolidated financial information of the Yanjing Investments Group:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue | **13,984,258** | 13,527,729 |
| Total expenses | **(12,697,288)** | (12,792,063) |
| Profit for the year | **1,286,970** | 735,666 |
| Total comprehensive income for the year | **1,286,970** | 735,666 |
| Current assets | **13,244,856** | 11,678,013 |
| Non-current assets | **10,708,651** | 10,518,828 |
| Current liabilities | **(8,710,819)** | (8,095,060) |
| Non-current liabilities | **(564,055)** | (494,749) |
| Net cash flows from operating activities | **2,400,181** | 1,585,897 |
| Net cash flows used in investing activities | **(613,031)** | (633,278) |
| Net cash flows used in financing activities | **(265,968)** | (44,121) |
| Net increase in cash and cash equivalents | **1,521,182** | 908,498 |

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

## 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions of investing and financing activities

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB336,303,000 (2023: RMB177,837,000) each in respect of lease arrangements for land, office premises, staff quarters, plant and machinery and motor vehicles.

Save as disclosed above, the Group had no other major non-cash transactions of investing and financing activities during the years ended 31 December 2024 and 2023.

## 44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

### (b) Changes in liabilities arising from financing activities

| | Bank and other borrowings *RMB'000* | Guaranteed bonds and notes *RMB'000* | Lease liabilities *RMB'000* |
|---|---|---|---|
| At 1 January 2023 | 49,299,945 | 18,804,716 | 744,288 |
| Changes from financing cash flows | | | |
| – on principal portion | 6,144,307 | – | (302,454) |
| – on interest portion | (2,345,715) | (492,871) | (33,872) |
| New leases | – | – | 177,837 |
| Interest expense | 2,345,715 | 519,130 | 33,872 |
| Early termination of leases | – | – | (1,434) |
| Transfer from liabilities of disposal groups classified as held for sale | 105 | – | 1,283 |
| Exchange realignment | 1,133,430 | 836,837 | 10,305 |
| At 31 December 2023 and 1 January 2024 | 56,577,787 | 19,667,812 | 629,825 |
| Changes from financing cash flows | | | |
| – on principal portion | 2,825,835 | – | (284,589) |
| – on interest portion | (1,953,305) | (527,411) | (29,550) |
| Disposal of a subsidiary | (93,200) | – | – |
| New leases | – | – | 336,303 |
| Interest expense | 1,953,305 | 600,812 | 29,550 |
| Early termination of leases | – | – | (1,143) |
| Exchange realignment | (9,056) | (136,451) | (77,290) |
| At 31 December 2024 | 59,301,366 | 19,604,762 | 603,106 |

## 45. CAPITAL COMMITMENTS

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

| | **2024** ***RMB'000*** | 2023 *RMB'000* |
|---|---|---|
| Contracted, but not provided for: | | |
| Gas pipelines and plant and machinery | **5,881,075** | 6,930,123 |
| Service concession arrangements | **11,420** | 599,665 |
| Total | **5,892,495** | 7,529,788 |

## 46. RELATED PARTY DISCLOSURES

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

| Name of related parties | Nature of transaction | Notes | 2024 *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|---|
| **Non-controlling equity holders of subsidiaries and their associates:** | | | | |
| 北京燕京啤酒集團公司 (“Yanjing Beer Group”) and its associates | Purchase of bottle labels[γ] | *(i)* | **71,705** | 76,932 |
| | Purchase of bottle caps[γ] | *(i)* | **104** | 465 |
| | Canning service fees paid[γ] | *(ii)* | **8,538** | 18,877 |
| | Comprehensive support service fees paid[γ] | *(iii)* | **14,883** | 15,741 |
| | Land rental expenses[γ] | *(iv)* | **1,761** | 1,804 |
| | Trademark licensing fees paid[γ] | *(v)* | **64,553** | 55,444 |
| | Less: refund for advertising subsidies[γ] | *(v)* | **(7,417)** | (7,616) |
| **Fellow subsidiaries:** | | | | |
| 北京北燃實業有限公司 (“Beijing Beiran”) and its subsidiaries | Sale of piped natural gas[#] | *(vi)* | **781,123** | 738,934 |
| | Engineering service income[#] | *(vii)* | **17,637** | 14,808 |
| | Comprehensive service income[#] | *(vii)* | **7,338** | 5,640 |
| | Engineering service expenses[#] | *(vii)* | **259,959** | 247,534 |
| | Comprehensive service expenses[#] | *(vii)* | **219,971** | 137,705 |
| | Building rental expenses[#] | *(viii)* | **159,899** | 147,814 |
| | Purchase of goods[#] | *(viii)* | **167,170** | 161,384 |
| | Sale of goods[#] | *(ix)* | **45,485** | 72,063 |
| **Associate:** | | | | |
| 北京控股集團財務有限公司 (“BE Group Finance”) | Interest expense | *(x)* | **41,187** | 52,440 |
| | Interest income[@] | *(x)* | **33,276** | 12,714 |

γ *These related party transactions also constitute continuing connected transactions that are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.*

\# *These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

@ *This related party transaction also constitutes continuing connected transaction that is subject to the announcement, reporting and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.*

## 46. RELATED PARTY DISCLOSURES *(Continued)*

### (a) *(Continued)*

*Notes:*

(i) The purchase prices for bottle labels and bottle caps were determined by reference to the agreed prices for the preceding year and an annual adjustment determined by reference to the price index in Beijing in the preceding year.

(ii) The canning service fees were charged at a rate equal to the costs of the canning services incurred by Yanjing Beer Group plus a mutually-agreed profit margin.

(iii) The comprehensive support service fees paid include the following:

- fees for security and canteen services which were determined based on the annual cost of labour, depreciation and maintenance for the preceding year and an annual adjustment by reference to the price index in Beijing; and

- rental expenses, related to the premises occupied and used by Yanjing Brewery as its office, canteen and staff dormitories, which were determined by reference to the prevailing market rentals at the time when the relevant agreements were entered into.

(iv) The land rental expenses were charged at a mutually-agreed amount of RMB1,761,000 (2023: RMB1,804,000) per annum.

(v) The trademark licensing fees paid were for the use of the "Yanjing" trademark and were determined based on 1% (2023: 1%) of the annual sales of beer and mineral water products made by Yanjing Brewery and at a rate of RMB0.008 (2023: RMB0.008) per bottle of beer sold by the subsidiaries of Yanjing Brewery. Yanjing Beer Group would refund 20% of the trademark licensing fees from sales of beer received from Yanjing Brewery for the use by Yanjing Brewery to develop and promote the "Yanjing" trademark.

(vi) The selling price of piped natural gas was prescribed by the PRC government.

(vii) The service fees were determined by reference to the then prevailing market rates and set at prices not higher than the guidance prices set by the PRC government.

(viii) The purchase prices of goods and the building rentals were determined by reference to the then prevailing market rates.

During the year ended 31 December 2024, the Group entered into tenancy agreements with its fellow subsidiary, Beijing Beiran, for leasing certain office premises for use in its operations, for lease periods of 3 years (2023: 3 years) at rentals ranging from RMB10,000 to RMB6,348,000 (2023: RMB10,000 to RMB6,333,000) per month. The monthly rents charged by the fellow subsidiary were determined by reference to the then prevailing market rates.

(ix) The selling prices of goods were determined on a cost-plus basis.

## 46. RELATED PARTY DISCLOSURES *(Continued)*

### (a) *(Continued)*

*Notes: (Continued)*

(x) BE Group Finance is a 38.78% owned associate of the Group and also a subsidiary of Beijing Enterprises Group. BE Group Finance was established to act as a platform for members of Beijing Enterprises Group for the provision of intragroup loan facilities through financial products including deposit-taking, money-lending and custodian services.

On 28 August 2023 (the "Effective Date"), a financial services agreement (the "Financial Services Agreement") was approved at an extraordinary general meeting, pursuant to which, BE Group Finance shall provide financial services to the Group, including deposit services and loan services for three years from the Effective Date. The cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the Financial Services Agreement will not exceed RMB8.70 billion (2023: RMB8.70 billion).

Interest rates on deposits placed in and loans offered by BE Group Finance denominated in RMB were determined by reference to the then prevailing market rates offered by the People's Bank of China, while the related interest rates for deposits and loans denominated in other currencies were determined by reference to the then prevailing market rates offered by major banks in the PRC.

### (b) Outstanding balances with related parties

(i) Details of the Group's balances with related parties included in prepayments, other receivables and other assets, cash and cash equivalents, bank and other borrowings and other payables, accruals and contract liabilities are disclosed in notes 28, 32, 35 and 41 to the financial statements.

(ii) Details of the Group's trade balances with fellow subsidiaries and a joint venture, included in trade receivables and trade and bills payables are disclosed in notes 26 and 40 to the financial statements, respectively.

### (c) 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 year, the Group has transactions with Other SOEs including, but not limited to, the sale of piped natural gas, 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 do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, the Company's directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

## 46. RELATED PARTY DISCLOSURES *(Continued)*

### (d) Compensation of key management personnel of the Group

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Short term employee benefits | **12,779** | 12,760 |
| Pension scheme contributions | **26** | 26 |
| Total compensation paid to key management personnel | **12,805** | 12,786 |

Further details of directors' emoluments are included in note 12 to the financial statements.

## 47. CAPITAL RISK MANAGEMENT

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

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Depending on the market conditions and funding arrangements, if at any time, repurchase of the Company's shares will lead to an enhancement of the net asset value per share and/or earnings per share of the Group, the directors will authorise such transactions, when appropriate.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

## 48. FINANCIAL INSTRUMENTS

### 48a. Categories of financial instruments

*Statement of financial position*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Financial assets** | | |
| Amortised cost | **50,501,513** | 48,306,586 |
| Listed equity securities at FVTPL | **34,431** | 81 |
| Equity investments at FVTOCI | **1,861,425** | 1,821,813 |
| **Financial liabilities** | | |
| Amortised cost | **79,509,234** | 76,875,424 |

### 48b. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank and other borrowings, guaranteed bonds and notes and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as equity and fund instruments, trade receivables, contract assets, other receivables and other assets, trade and bills payables, accruals and other liabilities, receivables under service concession arrangements and amounts due from/ to holding companies, fellow subsidiaries, associates, joint ventures and a non-controlling equity holder of a subsidiary.

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

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant operations in Germany, the Group's financial position can be affected significantly by movements in the EUR/RMB exchange rates.

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

| | Increase (decrease) in profit before tax | | Increase (decrease) in equity | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| If RMB weakens against EUR by 5% | **61,006** | 45,449 | **526,519** | 442,027 |
| If RMB strengthens against EUR by 5% | **(61,006)** | (45,449) | **(526,519)** | (442,027) |

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to currency risk arising from the hedging relationship is considered to be insignificant.

*Interest rate risk*

Interest rate risk is the risk that the value and the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long term debt obligations.

Banks and other borrowings, guaranteed bonds and notes, cash and short term deposits are stated at amortised cost and not revalued. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Interest rate risk (Continued)*

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

| | Carrying amount | | Effective interest rate | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***%*** | *%* |
| Floating rate: | | | | |
| Restricted cash and pledged deposits | **7,340** | 18,346 | **0.25** | 0.35 |
| Cash and cash equivalents | **8,075,976** | 15,077,492 | **0.25** | 0.35 |
| Bank and other borrowings (other than lease liabilities) | **11,512,096** | 16,177,406 | **3.94** | 4.39 |
| Fixed rate: | | | | |
| Cash and cash equivalents | **22,884,231** | 13,780,869 | **1.16** | 1.10 |
| Bank and other borrowings (other than lease liabilities) | **47,789,270** | 40,400,381 | **2.66** | 2.98 |
| Guaranteed bonds and notes | **19,604,762** | 19,667,812 | **2.54** | 2.51 |

At 31 December 2024, it was estimated that a general decrease/increase of 100 basis points in the floating interest rate of average balances of bank and other borrowings and bank balances during the year, with all other variables held constant, would increase/decrease the Group's profit before tax by approximately RMB22,680,000 (2023: RMB124,819,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the beginning of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point decrease or increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for 2023.

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Credit risk*

The Group is exposed to credit risk arising from its gas operation, brewery operation and environmental operation. Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on individual customer's past history of making payments when they fall due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Various companies have different credit policies, depending on markets and businesses in which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. Normally, the Group does not obtain collateral from customers. In respect of the contract assets for contract work arising from the Group's environmental operation, the Group transacts mainly with municipal governments in different provinces in the PRC which do not have significant credit risk.

The Group has established a policy to perform an assessment as at 31 December 2024 and 2023, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

| | |
|---|---|
| Stage 1 | When the financial assets are first recognised, the Group recognises an allowance based on 12 months' ECL. |
| Stage 2 | When the financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. |
| Stage 3 | The financial assets are considered credit-impaired. The Group records an allowance for the lifetime ECLs. |

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

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Credit risk (Continued)*

Maximum exposure and year-end staging

**At 31 December 2024**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 *RMB'000* | Stage 2 *RMB'000* | Stage 3 *RMB'000* | Simplified approach *RMB'000* | Total *RMB'000* |
| Trade receivables* | – | – | – | 5,486,614 | 5,486,614 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| – Normal | 9,835,835 | – | – | 851,509 | 10,687,344 |
| Receivables under service concession arrangements | | | | | |
| – Normal | 2,502,926 | – | – | 857,082 | 3,360,008 |
| Restricted cash and pledged deposits | | | | | |
| – Not yet past due | 7,340 | – | – | – | 7,340 |
| Cash and cash equivalents | | | | | |
| – Not yet past due | 30,960,207 | – | – | – | 30,960,207 |

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Credit risk (Continued)*

Maximum exposure and year-end staging *(Continued)*

At 31 December 2023

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1<br>*RMB'000* | Stage 2<br>*RMB'000* | Stage 3<br>*RMB'000* | Simplified approach<br>*RMB'000* | Total<br>*RMB'000* |
| Trade receivables* | – | – | – | 4,686,442 | 4,686,442 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| – Normal** | 9,624,331 | – | – | 1,126,959 | 10,751,290 |
| Receivables under service concession arrangements | | | | | |
| – Normal | 2,104,202 | – | – | 1,540,131 | 3,644,333 |
| Receivable under a finance lease | | | | | |
| – Normal | – | – | – | 347,814 | 347,814 |
| Restricted cash and pledged deposits | | | | | |
| – Not yet past due | 18,346 | – | – | – | 18,346 |
| Cash and cash equivalents | | | | | |
| – Not yet past due | 28,858,361 | – | – | – | 28,858,361 |

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Credit risk (Continued)*

Maximum exposure and year-end staging *(Continued)*

* *For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the financial statements.*

** *The credit quality of the financial assets included in prepayments, other receivables and other assets are considered as "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as "doubtful".*

*Liquidity risk*

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

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of short term loans to cover expected cash demands, subject to approval by the management of the Group. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Liquidity risk (Continued)*

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

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Bank loans | **36,043,227** | 42,857,375 |
| Other loans | **23,258,139** | 13,720,412 |
| Guaranteed bonds and notes | **19,604,762** | 19,667,812 |
| Lease liabilities | **603,106** | 629,825 |
| | **79,509,234** | 76,875,424 |
| Analysed into: | | |
| Bank loans repayable: | | |
| Within one year | **25,857,701** | 33,736,703 |
| In the second year | **3,837,128** | 546,768 |
| In the third to fifth years, inclusive | **1,504,902** | 4,169,842 |
| Beyond five years | **4,843,496** | 4,404,062 |
| | **36,043,227** | 42,857,375 |
| Other borrowings repayable: | | |
| Within one year | **7,089,747** | 847,275 |
| In the second year | **15,283,392** | 9,362,871 |
| In the third to fifth years, inclusive | **7,340,575** | 15,544,115 |
| Beyond five years | **13,752,293** | 8,263,788 |
| | **43,466,007** | 34,018,049 |
| | **79,509,234** | 76,875,424 |

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Liquidity risk (Continued)*

The maturity profile of the Group's financial liabilities (other than defined benefit obligations) as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

**At 31 December 2024**

| | On demand or within one year *RMB'000* | In the second year *RMB'000* | In the third to fifth years, inclusive *RMB'000* | Beyond five years *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| Trade and bills payables | 3,906,197 | – | – | – | 3,906,197 |
| Accruals and other liabilities | 11,373,790 | 753,366 | – | – | 12,127,156 |
| Due to holding companies, fellow subsidiaries, joint ventures, associates and a non-controlling equity holder of a subsidiary | 722,254 | – | – | – | 722,254 |
| Bank and other borrowings (excluding lease liabilities) | 30,925,477 | 13,129,261 | 6,852,887 | 16,368,518 | 67,276,143 |
| Guaranteed bonds and notes | 7,861,728 | 5,565,671 | 1,027,974 | 10,359,208 | 24,814,581 |
| Lease liabilities | 261,331 | 68,853 | 38,141 | 339,828 | 708,153 |
| | 55,050,777 | 19,517,151 | 7,919,002 | 27,067,554 | 109,554,484 |

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Liquidity risk (Continued)*

At 31 December 2023

| | On demand or within one year *RMB'000* | In the second year *RMB'000* | In the third to fifth years, inclusive *RMB'000* | Beyond five years *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| Trade and bills payables | 4,774,703 | – | – | – | 4,774,703 |
| Accruals and other liabilities | 9,760,174 | 664,959 | – | – | 10,425,133 |
| Due to holding companies, fellow subsidiaries, joint ventures, associates and a non-controlling equity holder of a subsidiary | 1,867,368 | – | – | – | 1,867,368 |
| Bank and other borrowings (excluding lease liabilities) | 35,765,120 | 1,791,397 | 14,231,892 | 8,247,128 | 60,035,537 |
| Guaranteed bonds and notes | 485,267 | 10,012,673 | 6,871,025 | 7,986,415 | 25,355,380 |
| Lease liabilities | 187,382 | 169,336 | 99,615 | 303,586 | 759,919 |
| | 52,840,014 | 12,638,365 | 21,202,532 | 16,537,129 | 103,218,040 |

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48b. Financial risk management objectives and policies *(Continued)*

*Fair value risk*

The Group is exposed to fair value risk, mainly arising from its listed and unlisted equity investments. The fair values of the equity investments at the end of the reporting period are determined based on quoted market prices and a valuation performed by an independent professional valuer, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of these investments, with all other variables held constant, of the Group's profit before tax and equity attributable to shareholders of the Company:

| | Increase (decrease) in profit before tax | | Increase (decrease) in equity | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| If fair values increased by 5% | **1,721** | – | **69,803** | 68,318 |
| If fair values decreased by 5% | **(1,721)** | – | **(69,803)** | (68,318) |

### 48c. Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The Board has delegated the valuation work to the management to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of a financial asset or liability, the Group uses market-observable data to the extent that they are available. The management reports to the Board regularly to explain the cause of fluctuations in the fair value of the financial assets.

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48c. Fair value measurements of financial instruments *(Continued)*

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

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

| Financial assets | Fair value at 31 December 2024 RMB'000 | Fair value at 31 December 2023 RMB'000 | Fair value hierarchy | Valuation technique(s) and key input(s) |
|---|---|---|---|---|
| **1) Equity securities at FVTPL** | | | | |
| Listed equity investments | **34,431** | 81 | Level 1 | Quoted market closing prices in an active market |
| **2) Equity investments at FVTOCI** | | | | |
| Listed equity investments | **1,599,016** | 1,561,501 | Level 1 | Quoted market closing price in an active market |
| Unlisted equity investments | **262,409** | 260,312 | Level 3 | The fair value was determined with reference to the net asset value of the unlisted equity *(Note)* |
| **3) Derivative financial instruments** | | | | |
| Cross currency swap contract | **Assets - 29,332 (under hedge accounting)**<br>**Liabilities - 207,141 (under hedge accounting)** | – | Level 2 | Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and contracted exchange rates, discounted at a rate that reflects the credit risk of various counterparties. |

*Note:* In the opinion of the directors of the Company, the fluctuations in the key unobservable inputs in determining the fair value of the unlisted equity securities were not significant to the Group, accordingly, no sensitivity analysis was presented.

## 48. FINANCIAL INSTRUMENTS *(Continued)*

### 48c. Fair value measurements of financial instruments *(Continued)*

*Fair value hierarchy*

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB$'000* | *RMB$'000* | *RMB$'000* |
| **At 31 December 2024** | | | | |
| **Financial assets at FVTPL** | | | | |
| Listed equity securities | **34,431** | **–** | **–** | **34,431** |
| **Equity investments at FVTOCI** | | | | |
| Listed equity investments | **1,599,016** | **–** | **–** | **1,599,016** |
| Unlisted equity investments | **–** | **–** | **262,409** | **262,409** |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB$'000* | *RMB$'000* | *RMB$'000* |
| **At 31 December 2023** | | | | |
| **Financial assets at FVTPL** | | | | |
| Listed equity investments | 81 | – | – | 81 |
| **Equity investments at FVTOCI** | | | | |
| Listed equity investments | 1,561,501 | – | – | 1,561,501 |
| Unlisted equity investments | – | – | 260,312 | 260,312 |

There was no transfer between Level 1, 2 and 3 for the years ended 31 December 2024 and 2023.

*Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

## 49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

### Information about principal subsidiaries

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

| Company name | Place of incorporation/ registration and business | Issued ordinary share capital/ registered capital | Percentage of equity attributable to the Company Direct | | Indirect | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | **2024** | 2023 | **2024** | 2023 | |
| Beijing Gas Group Company Limited ("Beijing Gas")[#] | PRC/Chinese Mainland | RMB5,883,767,802 | **–** | – | **100** | 100 | Distribution and sale of piped gas and gas-related equipment |
| 唐山市天然氣有限公司[µ] | PRC/Chinese Mainland | RMB650,000,000 | **–** | – | **60** | 60 | Distribution and sale of piped gas |
| 北京燃氣平谷有限公司[µ] | PRC/Chinese Mainland | RMB539,326,100 | **–** | – | **98.95** | 98.95 | Distribution and sale of piped gas |
| 北京燃氣懷柔有限公司[µ] | PRC/Chinese Mainland | RMB323,280,000 | **–** | – | **99.54** | 99.54 | Distribution and sale of piped gas |
| Beijing Gas Blue Sky Holdings Limited ("Blue Sky")[Ω] | Bermuda | Hong Kong dollars ("HK$") 1,250,486,000 | **–** | – | **66.37** | 66.37 | Distribution and sale of piped gas and gas-related equipment, direct LNG supply to industrial end users, trading and distribution of CNG and LNG and operation of CNG and LNG refueling stations for vehicle |
| Beijing Gas Singapore Private Limited | Singapore | United States dollars ("US$") 830,550,000 | **–** | – | **100** | 100 | Trading of LNG |
| 北京燕京啤酒投資有限公司 ("Yanjing Investments")[&] | PRC/Chinese Mainland | RMB3,409,828,000 | **–** | – | **79.77** | 79.77 | Investment holding |
| Beijing Yanjing Brewery Company Limited ("Yanjing Brewery")[*/µ] | PRC/Chinese Mainland | RMB2,818,539,341 | **–** | – | **45.79[†]** | 45.79[†] | Production and sale of beer |
| Fujian Yanjing Huiquan Brewery Co., Ltd. ("Yanjing Huiquan")[^/µ] | PRC/Chinese Mainland | RMB250,000,000 | **–** | – | **22.93[†]** | 22.93[†] | Production and sale of beer |
| 燕京啤酒(包頭雪鹿)股份有限公司[µ] | PRC/Chinese Mainland | RMB547,303,240 | **–** | – | **42.32[†]** | 42.32[†] | Production and sale of beer |
| 燕京啤酒(桂林漓泉)股份有限公司[µ] | PRC/Chinese Mainland | RMB349,366,900 | **–** | – | **34.69[†]** | 34.69[†] | Production and sale of beer |
| 燕京啤酒(赤峰)有限責任公司[µ] | PRC/Chinese Mainland | RMB577,120,000 | **–** | – | **43.16[†]** | 43.16[†] | Production and sale of beer |
| 新疆燕京啤酒有限公司[µ] | PRC/Chinese Mainland | RMB683,650,000 | **–** | – | **45.79[†]** | 45.79[†] | Production and sale of beer |

## 49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

### Information about principal subsidiaries *(Continued)*

| Company name | Place of incorporation/ registration and business | Issued ordinary share capital/ registered capital | Percentage of equity attributable to the Company | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | Direct | | Indirect | | |
| | | | **2024** | 2023 | **2024** | 2023 | |
| 燕京啤酒(衡陽)有限公司[μ] | PRC/Chinese Mainland | RMB525,660,000 | **–** | – | **44.80[†]** | 44.80[†] | Production and sale of beer |
| 四川燕京啤酒有限公司[μ] | PRC/Chinese Mainland | RMB480,000,000 | **–** | – | **45.79[†]** | 45.79[†] | Production and sale of beer |
| 廣東燕京啤酒有限公司[μ] | PRC/Chinese Mainland | RMB809,882,100 | **–** | – | **58.23** | 58.23 | Production and sale of beer |
| Beijing Enterprises Environment Group Limited ("BEEGL")[Ω] | Hong Kong | HK$2,227,563,951 | **1.16** | 1.16 | **49.23** | 49.23 | Investment holding |
| 西咸新區北控環保科技發展有限公司[μ] | PRC/Chinese Mainland | RMB349,590,000 | **–** | – | **65** | 65 | Solid waste treatment operation |
| 北京北控綠海能環保有限公司[&] | PRC/Chinese Mainland | RMB308,340,000 | **–** | – | **48.74[†]** | 48.74[†] | Solid waste treatment operation |
| 北京高安屯垃圾焚燒有限公司[&] | PRC/Chinese Mainland | RMB274,000,000 | **–** | – | **42.78[†]** | 42.78[†] | Solid waste treatment operation |
| 北控環境再生能源(張家港)有限 公司 ("Beikong Zhangjiagang")[μ] | PRC/Chinese Mainland | RMB548,121,279 | **–** | – | **50.39** | 50.39 | Solid waste treatment operation |
| 哈爾濱市雙琦環保資源利用有限公司[&] | PRC/Chinese Mainland | RMB240,000,000 | **–** | – | **39.38[†]** | 39.38[†] | Solid waste treatment operation |
| EEW Holding GmbH ("EEW") | Germany | EURO ("EUR") 76,996,700 | **–** | – | **100** | 100 | Investment holding |
| EEW Energy from Waste Saarbrücken GmbH | Germany | EUR20,452,000 | **–** | – | **100** | 100 | Solid waste treatment operation |
| EEW Energy from Waste Helmstedt GmbH | Germany | EUR1,000,000 | **–** | – | **100** | 100 | Solid waste treatment operation |
| EEW Energy from Waste GmbH | Germany | EUR1,000,000 | **–** | – | **100** | 100 | Issuer of guaranteed notes |
| Talent Yield (Euro) Limited | British Virgin Islands | US$1 | **–** | – | **100** | 100 | Issuer of guaranteed bonds |
| Top Luxury Investment Limited | British Virgin Islands | US$1 | **–** | – | **100** | 100 | Issuer of guaranteed bonds |
| Mega Advance Investments Limited | British Virgin Islands | US$1 | **–** | – | **100** | 100 | Issuer of guaranteed notes |
| Talent Yield International Limited | British Virgin Islands | US$1 | **–** | – | **100** | 100 | Issuer of guaranteed bonds |
| Beijing Gas Singapore Capital Corporation | British Virgin Islands | US$10 | **–** | – | **100** | 100 | Issuer of guaranteed notes |

# XII. FINANCIAL STATEMENTS
# (V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

### Information about principal subsidiaries *(Continued)*

# *This entity is registered as a wholly-foreign-owned entity under PRC law.*

µ *These entities are registered as limited liability companies under PRC law.*

& *These entities are registered as Sino-foreign joint ventures under PRC law.*

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

* *Shares of Yanjing Brewery are listed on the Shenzhen Stock Exchange.*

^ *Shares of Yanjing Huiquan are listed on the Shanghai Stock Exchange.*

Ω *Shares of Blue Sky and BEEGL are listed on the Main Board of the Hong Kong Stock Exchange.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

## 50. EVENT AFTER THE REPORTING PERIOD

On 11 February 2025, the Company issued Sci-Tech Innovation Corporate Bond (the "2025 Sci-Tech Innovation Corporate Bond Series 1") to professional investors in the PRC with a total principal amount of RMB1.75 billion, comprising: (1) Tranche 1: 3-year term, total principal amount of RMB1.0 billion, and coupon rate of 1.83% per annum; (2) Tranche 2: 10-year term, total principal amount of RMB750 million, and coupon rate of 2.08% per annum. The proceeds from the issuance of the 2025 Sci-Tech Innovation Corporate Bond Series 1 are used for the repayment of the Group's existing bank loans.

## 51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| ASSETS | | |
| Non-current assets: | | |
| Property, plant and equipment | **116** | 170 |
| Investment properties | **52,361** | 51,274 |
| Right-of-use assets | **15,568** | 27,562 |
| Investments in subsidiaries | **75,698,119** | 73,155,178 |
| Investments in associates | **111,026** | 108,721 |
| Equity investments at fair value through other comprehensive income | **1,328,568** | 1,367,632 |
| Total non-current assets | **77,205,758** | 74,710,537 |
| Current assets: | | |
| Prepayments, other receivables and other assets | **358,138** | 323,283 |
| Cash and cash equivalents | **132,585** | 46,059 |
| Total current assets | **490,723** | 369,342 |
| TOTAL ASSETS | **77,696,481** | 75,079,879 |

## 51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| EQUITY AND LIABILITIES | | |
| Equity: | | |
| Share capital | **28,340,052** | 28,340,052 |
| Reserves | **(1,040,094)** | (1,761,398) |
| TOTAL EQUITY | **27,299,958** | 26,578,654 |
| Non-current liabilities: | | |
| Bank and other borrowings | **18,577,713** | 11,199,001 |
| Lease liabilities | **3,294** | 15,904 |
| Total non-current liabilities | **18,581,007** | 11,214,905 |
| Current liabilities: | | |
| Other payables and accruals | **368,834** | 292,130 |
| Due to subsidiaries | **29,174,868** | 29,951,999 |
| Income tax payable | **78,542** | 76,912 |
| Bank and other borrowings | **2,180,326** | 6,952,871 |
| Lease liabilities | **12,946** | 12,408 |
| Total current liabilities | **31,815,516** | 37,286,320 |
| TOTAL LIABILITIES | **50,396,523** | 48,501,225 |
| TOTAL EQUITY AND LIABILITIES | **77,696,481** | 75,079,879 |

**Yang Zhichang**
*Director*

**Tung Woon Cheung Eric**
*Director*

## 51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

*Note:*

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

| | Capital reserve | Investment revaluation reserve | Property revaluation reserve | Exchange fluctuation reserve | Retained profits | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023 | 11,515 | (448,102) | 15,668 | (1,549,208) | 1,192,153 | (777,974) |
| Profit for the year | – | – | – | – | 1,829,325 | 1,829,325 |
| Other comprehensive loss for the year: | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income | – | (346,962) | – | – | – | (346,962) |
| Exchange differences on translation of the Company's financial statements | – | – | – | (217,788) | – | (217,788) |
| Total comprehensive (loss) income for the year | – | (346,962) | – | (217,788) | 1,829,325 | 1,264,575 |
| Final 2022 dividend | – | – | – | – | (1,192,153) | (1,192,153) |
| Interim 2023 dividend | – | – | – | – | (1,055,846) | (1,055,846) |
| Transfer of investment revaluation reserve upon the disposal of equity investments at fair value through other comprehensive income | – | 12,133 | – | – | (12,133) | – |
| At 31 December 2023 | 11,515 | (782,931) | 15,668 | (1,766,996) | 761,346 | (1,761,398) |
| Profit for the year | – | – | – | – | 1,941,788 | 1,941,788 |
| Other comprehensive loss for the year: | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income | – | (95,595) | – | – | – | (95,595) |
| Exchange differences on translation of the Company's financial statements | – | – | – | 658,791 | – | 658,791 |
| Total comprehensive (loss) income for the year | – | (95,595) | – | 658,791 | 1,941,788 | 2,504,984 |
| Final 2023 dividend | – | – | – | – | (760,663) | (760,663) |
| Interim 2024 dividend | – | – | – | – | (976,169) | (976,169) |
| Repurchase of Company's shares | – | – | – | – | (46,848) | (46,848) |
| At 31 December 2024 | 11,515 | (878,526) | 15,668 | (1,108,205) | 919,454 | (1,040,094) |

## 52. APPROVAL OF THE FINANCIAL STATEMENTS

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

# XIII. FIVE YEAR FINANCIAL SUMMARY

31 December 2024

A summary of the results and of the assets, liabilities and total equity of the Group for the last five financial years, as extracted from the published audited financial statements and the annual report of the Company for the year ended 31 December 2024, is set out below:

## RESULTS

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | **2024** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | ***RMB'000*** |
| Revenue | 60,882,624 | 66,833,126 | 79,375,036 | 82,313,331 | **84,064,089** |
| Operating profit | 1,493,681 | 4,424,918 | 2,969,629 | 1,960,305 | **2,730,643** |
| Share of profits and losses of: | | | | | |
| Joint ventures | 14,743 | (8,367) | 25,627 | (25,121) | **(82,996)** |
| Associates | 4,412,975 | 5,239,410 | 5,051,952 | 5,331,994 | **4,898,738** |
| Profit before tax | 5,921,399 | 9,655,961 | 8,047,208 | 7,267,178 | **7,546,385** |
| Income tax | (896,047) | (925,496) | (940,150) | (865,887) | **(1,230,911)** |
| Profit for the year | 5,025,352 | 8,730,465 | 7,107,058 | 6,401,291 | **6,315,474** |
| ATTRIBUTABLE TO: | | | | | |
| Shareholders of the Company | 4,705,330 | 8,232,472 | 6,512,480 | 5,498,290 | **5,123,085** |
| Non-controlling interests | 320,022 | 497,993 | 594,578 | 903,001 | **1,192,389** |
| | 5,025,352 | 8,730,465 | 7,107,058 | 6,401,291 | **6,315,474** |

# XIII. FIVE YEAR FINANCIAL SUMMARY

31 December 2024

## ASSETS, LIABILITIES AND TOTAL EQUITY

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | **2024** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | ***RMB'000*** |
| Total assets | 172,035,714 | 182,714,082 | 194,542,803 | 204,454,706 | **209,752,117** |
| Total liabilities | (90,198,108) | (93,279,168) | (103,868,750) | (111,405,341) | **(112,136,934)** |
| NET ASSETS | 81,837,606 | 89,434,914 | 90,674,053 | 93,049,365 | **97,615,183** |
| Equity attributable to shareholders of the Company | 71,313,569 | 78,701,722 | 79,129,569 | 80,997,724 | **84,881,134** |
| Non-controlling interests | 10,524,037 | 10,733,192 | 11,544,484 | 12,051,641 | **12,734,049** |
| TOTAL EQUITY | 81,837,606 | 89,434,914 | 90,674,053 | 93,049,365 | **97,615,183** |

# XIV. GLOSSARY

In this Report (except for the Independent Auditor's Report and the Financial Statements), the following expressions have the following meanings:

| | | |
|---|---|---|
| "2025 AGM" | : | forthcoming annual general meeting of the Company to be held on 5 June 2025 |
| "AGM(s)" | : | annual general meeting(s) of the Company |
| "Articles of Association" | : | the current articles of association of the Company adopted on 11 June 2015 |
| "Audit Committee" | : | audit committee of the Company |
| "BE Environment" | : | Beijing Enterprises Environment Group Limited, a company listed on the Main Board of the HKSE (stock code: 154) |
| "BE Group" | : | Beijing Enterprises Group Company Limited*（北京控股集團有限公司）, a company established in the PRC with limited liability. It is a state-owned enterprise wholly-owned by SASAC of Beijing Municipality and is the ultimate controlling shareholder of the Company |
| "BE Group BVI" | : | Beijing Enterprises Group (BVI) Company Limited |
| "BE Urban Resources" | : | Beijing Enterprises Urban Resources Group Limited, a company listed on the Main Board of the HKSE (stock code: 3718) |
| "BE Water" | : | Beijing Enterprises Water Group Limited, a company listed on the Main Board of the HKSE (stock code: 371) |
| "BEHET" | : | Beijing Enterprises Holdings Environment Technology Co., Ltd.*（北京北控環保工程技術有限公司） |
| "Beijing Gas" | : | Beijing Gas Group Company Limited*（北京市燃氣集團有限責任公司） |
| "BEIL" | : | Beijing Enterprises Investments Limited |

# XIV. GLOSSARY

| | | |
|---|---|---|
| "BHL" | : | Beijing Holdings Limited |
| "Blue Sky" | : | Beijing Gas Blue Sky Holdings Limited, a company listed on the Main Board of the HKSE (stock code: 6828) |
| "Board" | : | the board of Directors |
| "Chief Executive" or "CEO" | : | the Chief Executive Officer of the Company |
| "China Gas" | : | China Gas Holdings Limited, a company listed on the Main Board of the HKSE (stock code: 384) |
| "Company" or "BEHL" | : | Beijing Enterprises Holdings Limited, a company listed on the Main Board of the HKSE (stock code: 392) |
| "Companies Ordinance" | : | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time |
| "Director(s)" | : | the director(s) of the Company |
| "EEW GmbH" | : | EEW Energy from Waste GmbH |
| "Euro" or "EUR" | : | the Euro, the lawful currency of the member states of the European Union |
| "Executive Director(s)" | : | executive director(s) of the Company |
| "Group" | : | the Company and its subsidiaries from time to time |
| "HKSE" or "Hong Kong Stock Exchange" | : | The Stock Exchange of Hong Kong Limited |
| "HKFRSs" | : | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants |
| "HK$" | : | Hong Kong dollars, the lawful currency of Hong Kong |

# XIV. GLOSSARY

| | | |
|---|---|---|
| "Hong Kong" | : | The Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Non-executive Director(s)" | : | independent non-executive director(s) of the Company |
| "Investment Committee" | : | investment committee of the Company |
| "Listing Rules" | : | the Rules Governing the Listing of Securities on the HKSE |
| "Model Code" | : | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules |
| "MOL" | : | Modern Orient Limited |
| "Nomination Committee" | : | nomination committee of the Company |
| "PipeChina Beijing Pipeline Co." or "Beijing Pipeline Co." | : | PipeChina Group Beijing Pipeline Co., Ltd.* (國家管網集團北京管道有限公司) |
| "PRC" or "China" | : | the People's Republic of China, and for the purpose of this Report, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| "Remuneration Committee" | : | remuneration committee of the Company |
| "Report" | : | this 2024 annual report of the Company |
| "RMB" | : | Renminbi, the lawful currency of the PRC |

# XIV. GLOSSARY

| | | |
|---|---|---|
| "SASAC of Beijing Municipality" | : | the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality |
| "Senior Management" | : | member(s) of the senior management of the Company |
| "SFO" | : | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time |
| "Shareholder(s)" | : | holder(s) of Share(s) |
| "Shares" | : | ordinary share(s) in the capital of the Company |
| "TCFD" | : | Task Force on climate-related Financial Disclosure, a set of standardized, voluntary recommendations for disclosing climate-related financial information |
| "US$" | : | United States dollar, the lawful currency of the United States of America |
| "VCNG" | : | PJSC Verkhnechonskneftegaz project of Rosneft Oil Company |
| "Yanjing Brewery" | : | Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000729) |
| "Yanjing Huiquan" | : | Fujian Yanjing Huiquan Brewery Co., Ltd.* (福建省燕京惠泉啤酒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600573) |
| "Yanjing Investments" | : | Beijing Yanjing Brewery Investments Co., Ltd.* (北京燕京啤酒投資有限公司) |

* *For identification purpose only*

北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED