Beijing Enterprises Urban Resources Group Limited
北控城市資源集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3718)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- The Group recorded a revenue of HK$2,711.2 million, representing an increase of 45.6% as compared with that of HK$1,862.6 million in last year.
- Profit for the year from continuing operations attributable to shareholders of the Company increased by 75.8% to HK$269.6 million for the year ended 31 December 2019 as compared to HK$153.4 million for last year.
- Profit for the year from continuing operations attributable to shareholders of the Company, which excluded listing expenses, increased by 79.2% to HK$292.4 million for the year ended 31 December 2019 as compared to HK$163.2 million for last year.
- Basic and diluted earnings per share for profit from continuing operations for the year ended 31 December 2019 were HK9.99 cents.
- Net cash flows from operating activities for the year ended 31 December 2019 was HK$635.5 million.
- The Group's environmental hygiene services projects had a total contracted area of approximately 150.3 million sq.m. as at 31 December 2019 (31 December 2018: 142.8 million sq.m.).
- The Group's hazardous waste treatment projects had a total actual treatment of 162,339 tons for the year ended 31 December 2019 (2018: 128,034 tons).

FINANCIAL HIGHLIGHTS	2019	2018	Change
	HK$'000	*HK$'000*	
		(Restated)	
Revenue	**2,711,228**	1,862,618	45.6%
Listing expenses recognized in the consolidated statement of profit or loss	**22,772**	9,832	131.6%
Profit for the year from continuing operations attributable to:			
Owners of the parent	**269,643**	153,350	75.8%
Non-controlling interests	**76,225**	66,283	15.0%
	345,868	219,633	57.5%
Profit for the year from continuing operations attributable to owners of the parent, excluding listing expenses	**292,415**	163,182	79.2%
Basic and diluted earnings per share – For profit from continuing operations	**HK9.99 cents**	HK5.68 cents	75.9%
Cash and cash equivalents	**1,051,896**	734,314	43.2%
Net cash flows from/(used in) operating activities	**635,541**	(53,681)	N/A

The board (the "**Board**") of directors (the "**Directors**") of Beijing Enterprises Urban Resources Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019 and the consolidated statement of financial position and cash flows of the Group as at 31 December 2019, together with comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	**2019** **HK$'000**	2018 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	*3*	**2,711,228**	1,862,618
Cost of sales		**(1,927,783)**	(1,308,123)
Gross profit		**783,445**	554,495
Other income and gains, net	*3*	**59,916**	55,079
Administrative expenses		**(320,017)**	(291,474)
Selling and distribution expenses		**(14,306)**	(6,427)
Other expenses		**(3,362)**	(3,682)
Finance costs	*5*	**(72,343)**	(43,939)
Share of profit/(loss) of a joint venture		**27**	(1,184)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**433,360**	262,868
Income tax expense	*6*	**(87,492)**	(43,235)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**345,868**	219,633
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	*7*	**6,146**	252,308
PROFIT FOR THE YEAR		**352,014**	471,941
ATTRIBUTABLE TO:			
Owners of the parent		**281,328**	430,383
Non-controlling interests		**70,686**	41,558
		352,014	471,941
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted			
– For profit for the year		**HK10.42 cents**	HK15.94 cents
– For profit from continuing operations		**HK9.99 cents**	HK5.68 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	**2019** HK$'000	2018 HK$'000 (Restated)
PROFIT FOR THE YEAR		**352,014**	471,941
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
– Translation of foreign operations		**(50,771)**	(93,740)
– Release upon disposal of subsidiaries		**8,526**	(4,216)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**309,769**	373,985
ATTRIBUTABLE TO:			
Owners of parent		**264,294**	344,576
Non-controlling interests		**45,475**	29,409
		309,769	373,985

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,748,584**	1,526,868
Right-of-use assets		**334,519**	313,097
Goodwill		**279,586**	392,878
Operating concessions		**114,006**	60,522
Other intangible assets		**2,490**	1,319
Prepayments, deposits and other receivables		**115,379**	152,092
Investment in an associate		**–**	571
Investment in a joint venture		**32,144**	33,618
Trade receivables	*11*	**24,663**	–
Contract assets	*10*	**42,388**	68,262
Deferred tax assets		**6,700**	1,643
Total non-current assets		**2,700,459**	2,550,870
CURRENT ASSETS			
Inventories		**44,733**	86,982
Trade and bills receivables	*11*	**775,332**	656,881
Environmental decommissioning fees receivable	*12*	**219,460**	136,551
Contract assets	*10*	**3,513**	5,684
Other tax recoverable		**66,693**	68,162
Prepayments, deposits and other receivables		**84,606**	161,038
Due from related companies		**3,233**	472,005
Due from non-controlling shareholders		**22,679**	23,125
Pledged deposits		**14,596**	6,810
Cash and cash equivalents		**1,051,896**	734,314
Total current assets		**2,286,741**	2,351,552
TOTAL ASSETS		**4,987,200**	4,902,422

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
CURRENT LIABILITIES			
Trade and bills payables	*13*	**160,529**	121,928
Other payables and accruals		**825,663**	938,088
Other taxes payable		**22,623**	26,339
Income tax payable		**42,948**	24,959
Due to related companies and shareholders		**1,876**	32,703
Due to non-controlling shareholders		**–**	2,498
Interest-bearing bank and other borrowings	*14*	**563,950**	306,244
Total current liabilities		**1,617,589**	1,452,759
NET CURRENT ASSETS		**669,152**	898,793
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,369,611**	3,449,663
NON-CURRENT LIABILITIES			
Deferred income		**147,712**	140,730
Other payables and accruals		**116,526**	85,686
Deferred tax liabilities		**16,829**	24,835
Interest-bearing bank and other borrowings	*14*	**825,831**	1,048,903
Provision for major overhaul		**5,155**	4,999
Total non-current liabilities		**1,112,053**	1,305,153
NET ASSETS		**2,257,558**	2,144,510
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**270,000**	–
Reserves		**1,543,820**	1,555,476
		1,813,820	1,555,476
Non-controlling interests		**443,738**	589,034
TOTAL EQUITY		**2,257,558**	2,144,510

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Net cash flows from/(used in) operating activities	**635,541**	(53,681)
Net cash flows used in investing activities	**(258,448)**	(756,681)
Net cash flows from financing activities	**6,545**	859,781
Net increase in cash and cash equivalents	**383,638**	49,419
Cash and cash equivalents at beginning of year	**677,249**	631,114
Effect of foreign exchange rate changes, net	**(8,991)**	(3,284)
Cash and cash equivalents at end of year	**1,051,896**	677,249

NOTES

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs, including HKFRS 16, effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss.

The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. OPERATING SEGMENT INFORMATION

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

(a) the environmental hygiene services segment provides city cleaning and public hygiene services;

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income and finance costs as well as head office and corporate expenses are excluded from such measurement.

	Environmental hygiene services Year ended 31 December		Hazardous waste treatment Year ended 31 December		Others Year ended 31 December		Total Year ended 31 December	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Segment revenue *(Note 3)*:								
Sales to external customers	**1,968,023**	1,264,211	**540,498**	422,209	**202,707**	176,198	**2,711,228**	1,862,618
Segment results	**288,553**	95,389	**196,962**	214,260	**38,718**	35,110	**524,233**	344,759
Reconciliation:								
Interest income							**8,338**	7,482
Other corporate gains							**51,578**	47,597
Finance costs							**(72,343)**	(43,939)
Corporate and other unallocated expenses							**(78,446)**	(93,031)
Profit before tax from continuing operations							**433,360**	262,868
Other segment information:								
Share of profit/(loss) of a joint venture	**27**	(1,184)	**–**	–	**–**	–	**27**	(1,184)
Impairment losses/(reversal of impairment losses) recognized in the statement of profit or loss, net	**(354)**	232	**1,235**	1,302	**(139)**	–	**742**	1,534
Depreciation and amortization	**157,595**	88,353	**47,949**	29,915	**10,212**	6,655	**215,756**	124,923
Investment in an associate	**–**	571	**–**	–	**–**	–	**–**	571
Investment in a joint venture	**–**	–	**32,144**	33,618	**–**	–	**32,144**	33,618
Capital expenditure*	**421,173**	393,436	**531,188**	606,736	**26,762**	71,477	**979,123**	1,071,649

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, operating concessions and other intangible assets including assets from the acquisition of subsidiaries.

Geographical information

(a) All of the Group's revenue from continuing operations from external customers was derived from the Group's operations in the PRC during the year.

(b) Over 90% of the Group's non-current assets from continuing operations were derived from the Group's operations in the PRC during the year.

Information about major customers

During the years ended 31 December 2019 and 2018, no revenue from transaction with a single external customer contributed over 10% to the total revenue of the Group.

3. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Revenue from contract customers		
Environmental hygiene services		
– Environmental hygiene services	**1,968,023**	1,260,853
– Construction services	**–**	3,358
Hazardous waste treatment businesses		
– Hazardous waste treatment services	**285,739**	251,274
– Sale of refined chemical and other products	**254,759**	170,935
Sale of dismantled products	**101,296**	88,655
	2,609,817	1,775,075
Revenue from other source		
Environmental decommissioning fees income	**101,411**	87,543
	2,711,228	1,862,618
Other income and gains, net		
Interest income	**8,338**	7,482
Foreign exchange differences, net	**70**	2,039
Government grants	**8,572**	5,148
VAT refunds	**25,879**	19,551
Consultancy services provided	**7,067**	11,135
Gain on bargain purchase of subsidiaries	**–**	4,726
Gain on disposal of subsidiaries	**2,841**	206
Gain on disposal of an associate	**–**	526
Others	**7,149**	4,266
	59,916	55,079

4. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**320,053**	232,655
Cost of services provided	**1,596,758**	1,075,468
Depreciation of property, plant and equipment	**175,497**	104,970
Depreciation of right-of-use assets	**28,888**	14,177
Amortisation of intangible assets	**399**	142
Amortisation of operating concessions*	**10,972**	5,312
Impairment losses of trade receivables, net	**742**	1,534
Lease payments under short term leases	**18,019**	16,295
(Gain)/loss on disposal of items of property, plant and equipment	**(3,249)**	189
Auditor's remuneration	**3,600**	5,428
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Salaries and benefits in kind	**884,147**	725,454
Pension scheme contributions	**137,037**	119,564
	1,021,184	845,018

* Included in "Cost of sales" in the consolidated statements of profit or loss.

5. FINANCE COSTS

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Interest on bank borrowings	**59,519**	40,180
Interest on other loans	**8,369**	2,391
Interest on lease liabilities	**7,138**	3,391
Total interest on bank and other borrowings	**75,026**	45,962
Increase in discounted amounts of provision for major overhaul arising from the passage of time	**236**	235
Total finance cost	**75,262**	46,197
Less: Interest capitalised	**(2,919)**	(2,258)
	72,343	43,939

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year (2018: Nil).

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

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Current – Mainland China charge for the year	**85,598**	38,948
Under-provision in prior years	**–**	4,670
Deferred	**1,894**	(383)
Total tax charge for the year from continuing operations	**87,492**	43,235
Total tax charge for the year from discontinued operations	**–**	–
	87,492	43,235

7. DISCONTINUED OPERATIONS

(a) Pursuant to an equity interest transfer agreement entered into between the Group, Beijing Enterprises Binnan (Chongqing) Urban Services Company Limited (北控濱南(重慶)城市綜合服務股份有限公司) ("**Binnan Group**") and the non-controlling shareholders of Binnan Group, on 30 August 2019, the Group agreed to sell its 51% equity interest in Binnan Group to the non-controlling shareholder for a cash consideration of approximately RMB75.3 million. The disposal was completed on 21 October 2019. Accordingly, the consolidated statements of profit or loss and the condensed consolidated statements of cash flow have been presented consistently for the discontinued operation throughout the year to conform with the presentation for the year ended 31 December 2019.

The results of Binnan Group for the year ended 31 December 2019 prior to the disposal and the year ended 31 December 2018 are presented below:

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Revenue	**228,355**	349,214
Cost of sales	**(207,658)**	(280,440)
Other income and gain	**871**	1,690
Administrative expenses	**(24,434)**	(69,313)
Other expenses	**(569)**	(658)
Finance costs	**(7,868)**	(6,228)
Loss for the year	**(11,303)**	(5,735)
Gain on disposal of the discontinued operation	**17,449**	–
Profit/(loss) for the year from a discontinued operation	**6,146**	(5,735)

(b) Pursuant to an equity interest transfer agreement entered into between the Group and Beijing Enterprises Zhongkecheng Environmental Protection Limited ("**Beijing ZhongKeCheng**"), an indirect wholly-owned subsidiary of Beijing Enterprises Water Group Limited ("**BEWG**"), on 30 June 2018, the Group agreed to sell its 62% equity interest in Gansu Huayi Environmental Technical Services Limited ("**Gansu Huayi**") to Beijing ZhongKeCheng for a cash consideration of RMB234 million (equivalent to approximately HK$269,874,000). The disposal was completed on 30 June 2018. Accordingly, the consolidated statements of profit or loss and the condensed consolidated statements of cash flow have been presented consistently for the discontinued operation throughout the year to conform with the presentation for the year ended 31 December 2018.

The results of Gansu Huayi for the year ended 31 December 2018 prior to the disposal are presented below:

	Year ended 31 December 2018 *HK$'000*
Revenue	12,902
Cost of sales	(49,878)
Other income and gain	106
Selling and distribution expenses	(1,031)
Administrative expenses	(11,428)
Other expenses	(391)
Finance costs	(7,951)
Loss for the year	(57,671)
Gain on disposal of the discontinued operation	315,714
Profit for the year from a discontinued operation	258,043

8. DIVIDEND

The directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: Nil)

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to shareholders of the Company and the profit from continuing operations attributable to shareholders of the Company, and the weighted average number of ordinary shares of 2,700,000,000 (2018: 2,700,000,000) in issue during the year, on the assumption that the issue of new shares (note 15) of the Company had been completed on 1 January 2018.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

The calculation of the basic and diluted earning per share amounts is based on the following:

Earnings	**2019**	2018
	HK$'000	*HK$'000*
		(Restated)
(i) For profit for the year:		
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculations	**281,328**	430,383
(ii) For profit for the year from continuing operations:		
Profit for the year from continuing operations attributable to shareholders of the Company, used in the basic and diluted earnings per share calculations	**269,643**	153,350

Number of ordinary shares		
Weighted average number of ordinary shares, used in the basic and diluted earnings per share calculations	**2,700,000,000**	2,700,000,000

10. CONTRACT ASSETS

	2019	2018
	HK$'000	*HK$'000*
Contract assets arising from construction services	**45,901**	73,946
Portion classified as current assets	**(3,513)**	(5,684)
Non-current portion	**42,388**	68,262

11. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**802,140**	651,938
Less: impairment	**(2,541)**	(1,836)
	799,599	650,102
Bills receivables	**396**	6,779
	799,995	656,881
Portion classified as current assets	**(775,332)**	(656,881)
Non-current portion	**24,663**	–

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**343,293**	268,089
1 to 2 months	**117,803**	128,172
2 to 3 months	**65,349**	79,822
Over 3 months	**248,491**	174,019
	774,936	650,102
Unbilled	**24,663**	–
	799,599	650,102

12. ENVIRONMENTAL DECOMMISSIONING FEES RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Environmental decommissioning fees receivable	**219,460**	136,551

The balance represented government subsidies receivable from the Central Government of the People's Republic of China for the waste electrical and electronic equipment treatment services. The Group submits the quantities and products dismantled to the government online system on a weekly basis. The Central Government would appoint independent auditors to perform fieldwork audit quarterly or semi-annually, depending on the province practice, to verify the submitted details in the online system posted by the dismantling entities. Audit report would be issued by the independent auditors and submitted to the Central Government for the quantities confirmation results. Subject to the internal procedures for processing the auditor reports, the Central Government would publish online confirmation notices on its website the quantities of dismantling appliance and an environmental decommissioning fee would be paid to the entities after the online publication. The whole confirmation process from performing the waste electrical and electronic equipment treatment services until the cash receipt from Central Government ranged from 3 to 4 years.

The Group does not hold any collateral over these balances.

13. TRADE AND BILLS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**126,821**	115,118
Bills payable	**33,708**	6,810
	160,529	121,928

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**89,516**	61,005
1 to 2 months	**3,899**	13,304
2 to 3 months	**3,738**	6,566
Over 3 months	**29,668**	34,243
	126,821	115,118

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Secured bank loans	**741,962**	402,734
Unsecured bank loans	**587,452**	902,277
Secured other loan	**54,517**	–
Unsecured other loans	**5,850**	50,136
Total bank and other borrowings	**1,389,781**	1,355,147
Portion classified as current liabilities	**(563,950)**	(306,244)
Non-current portion	**825,831**	1,048,903

15. SHARE CAPITAL

	Notes	Number of ordinary shares of HK$0.1 each	Nominal value of ordinary shares *HK$'000*
Authorised:			
At 26 March 2019 (date of incorporation) and 31 December 2019	*(i)*	30,000,000,000	3,000,000

		Number of share in issue of HK$0.1 each	Share capital *HK$'000*
Issue and fully paid:			
At 26 March 2019 (date of incorporation) and 31 December 2019	*(ii)*	2,700,000,000	270,000

Notes:

(i) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 March 2019 with authorised share capital of HK$3,000,000,000 divided into 30,000,000,000 shares of HK$0.10 each. On the date of its incorporation, one share was allotted and issued by the Company to the initial subscriber for cash at par who subsequently transferred the share to BEWG on the same day.

(ii) On 26 March 2019, 13,499,999,999 ordinary shares of HK$0.10 each were allotted and issued as nil-paid to the then shareholders of Mind Light Holdings Limited ("**Mind Light**"), the then ultimate holding Company of the Group.

On 26 March 2019, the Company acquired all the issued shares of Mind Light from its respective shareholders. In consideration of the acquisition, the 13,500,000,000 shares of the Company held by each of the then shareholders were all credited as fully paid on 26 March 2019.

Pursuant to a shareholders' resolution dated 15 April 2019 and a directors' resolution dated 15 April 2019, a total of 10,800,000,000 shares were surrendered by the then shareholders, which were subsequently cancelled. Upon completion of the surrender of shares, the issued share capital of the Company became HK$270,000,000 representing 2,700,000,000 shares of HK$0.1 each and the shareholding percentages by each of the shareholder remained the same.

There was no issued capital as at 31 December 2018 since the Company has not yet been incorporated at that time.

16. COMPARATIVE AMOUNTS

The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 7).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

Environmental hygiene services

Environmental hygiene services refer to services in relation to environmental hygiene maintenance and management, such as road cleaning, garbage collection and transportation, garbage transportation station management, public toilet management and other services. Generally, we utilize existing public facilities, including garbage transportation stations and public toilets, to provide comprehensive environmental hygiene services. Our environmental hygiene services primarily cover comprehensive road cleaning, garbage sorting, garbage collection and transportation, garbage transportation station management, public toilet management, manure collection and transportation, greenway maintenance, river cleaning services and property management services.

According to a report by Frost & Sullivan, a global market research and consulting firm, the size of China's environmental hygiene service market increased from RMB138.9 billion in 2014 to RMB299.9 billion in 2019, and is expected to further increase to RMB559.1 billion in 2024.

In line with common practice in the environmental hygiene service industry, the relevant market is classified into two sectors, namely the government agency sector and the enterprise sector. The enterprise sector accounted for 11.6% of the total market in 2014. The share of the enterprise sector as a percentage of the total market was 47.3% in 2019, and is expected to further increase to 74.9% in 2024.

We manage most of the environmental hygiene service projects under Operation & Maintenance ("**O&M**") model. Under this model, our customers outsource the municipal projects whose construction has been completed or nearly completed to us. We act as a third-party professional municipal operator for operation and maintenance. As at 31 December 2019, we had 91 projects under O&M. In addition, we also operate 3 environmental hygiene service projects under each of the Build-Transfer-Operate ("**BTO**") and Transfer-Operate-Transfer ("**TOT**") models respectively.

The following table sets forth changes in the number of environmental hygiene service projects that we operated during the year ended 31 December 2019:

	Number of projects
As at 1 January 2019	**106**
Newly added	**33**
Terminated/ceased to operate	**(10)**
Disposed *(Note)*	**(32)**
As at 31 December 2019	**97**

Note: In October 2019, the Group disposed of the 51% equity interests in Binnan Group to its non-controlling shareholder since Binnan Group failed to meet the performance targets as set out in the capital contribution agreement. For details, please refer to note 7 to the consolidated financial statements in this announcement.

As at 31 December 2019, we had a total contracted area of approximately 150,336,000 sq.m. (2018: 142,831,000 sq.m.) with our environmental hygiene service projects, creating an average revenue of HK$10.7 per sq.m. (2018: HK$9.2 per sq.m.).

Hazardous waste treatment business

Under our hazardous waste treatment business, we process and safely dispose of hazardous waste for industrial companies and medical institutions and charge them waste treatment fees. Our business mainly cover collection, transportation, storage and disposal of wastes such as medical waste and industrial solid waste.

According to a report by Frost & Sullivan, a global market research and consulting firm, from 2014 to 2019, the disposal volume of hazardous waste in China increased from 9.3 million tons to 34.8 million tons, representing a compound annual growth rate ("**CAGR**") of 30.2%. Disposal is mainly used for waste on which no other proper treatment methods are available. Hazard-free waste disposal aims to eliminate or minimize negative effect that hazardous waste may have on the environment. Landfill and incineration are two of the most common treatment methods for solid hazardous waste. For liquid hazardous waste, common treatment methods include flocculation and purification. Before being disposed of, hazardous waste needs to undergo certain pretreatment methods based on its nature. Common pretreatment methods include physical-chemical and solidification or stabilization.

As at 31 December 2019, the Group had six hazardous waste treatment projects in operation and two hazardous waste treatment projects in trial operation. As of 31 December 2019, treatment facilities of our projects that engaged in hazard-free waste disposal had a total designed treatment capacity of 370,396 tons per annum (2018: 252,050 tons). Treatment facilities of projects that engaged in recycling and reuse had a total designed treatment capacity of 250,000 tons per annum (2018: 140,000 tons), as of the same date. As of 31 December 2019, we also had five projects under construction and four projects planned for future construction.

During the year ended 31 December 2019, the actual treatment capacity of the Group's hazardous waste treatment projects was 162,339 tons (2018: 128,034 tons), with an average unit price of approximately HK$3,329 per ton (2018: HK$3,298 per ton). The average sales price of our hazard-free waste disposal projects increased by approximately 19.9% in 2019. The sales price of our recycling and reuse projects decreased by approximately 17.6%, due to the drop in the market price of methanol during the year ended 31 December 2019.

An analysis of the sales price of our hazardous waste treatment projects is as follows:

	Hazard-free waste disposal projects			**Recycling and reuse projects**			**Total**		
	2019	2018	Changes	**2019**	2018	Changes	**2019**	2018	Changes
Revenue *(HK$'000)*	**285,739**	251,274	13.7%	**254,759**	170,935	49.0%	**540,498**	422,209	28.0%
Actual treatment *(tons)*	**76,345**	80,486	(5.1)%	**85,994**	47,548	80.9%	**162,339**	128,034	26.8%
Average sales price *(HK$)*	**3,743**	3,122	19.9%	**2,963**	3,595	(17.6)%	**3,329**	3,298	0.9%

Other business

Our other business represents waste electrical and electronic equipment treatment business. As of 31 December 2019, we had two revenue-generating waste electrical and electronic equipment treatment projects.

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

For the year ended 31 December 2019, revenue from our waste electrical and electronic equipment treatment business amounted to approximately HK$202.7 million (2018: HK$176.2 million), representing approximately 7.5% (2018: 9.5%) of our total revenue.

Financial performance

Revenue and gross profit margin

The following table sets forth our revenue breakdown and gross profit margin by business segment:

	Year ended 31 December			
	2019		2018	
	Revenue	**Gross Profit Margin**	Revenue	Gross Profit Margin
	(in thousands of HK$, except percentages)			
			(Restated)	
Environmental hygiene services	**1,968,023**	**24.5%**	1,264,211	22.0%
Hazardous waste treatment business				
– hazard-free waste disposal projects	**285,739**	**57.7%**	251,274	64.6%
– recycling and reuse projects	**254,759**	**34.0%**	170,935	38.9%
Others	**202,707**	**25.0%**	176,198	27.3%
Total	**2,711,228**	**28.9%**	1,862,618	29.8%

The Group's total revenue from continuing operations increased to HK$2,711.2 million for the year ended 31 December 2019 (2018: HK$1,862.6 million), primarily reflecting revenue increased from the Group's environmental hygiene services and hazardous waste treatment business. As at 31 December 2019, the Group had a total of 97 environmental hygiene services projects (2018: 106). The total contracted area of our environmental hygiene services increased to 150.3 million sq.m. as of 31 December 2019 (2018: 142.8 million sq.m.) while the average revenue from environmental hygiene services increased moderately to HK$10.7 per sq.m. for the year ended 31 December 2019 (2018: HK$9.2 per sq.m.).

During the year ended 31 December 2019, the Group had an actual total treatment volume of 162,339 tons as compared to 128,034 tons in 2018. The main reason for the increase was due to the increase in treatment volume of Ningxia Ruiyuan Waste Methanol and Mixed Alcohol Recycling and Reuse Project* ("**Ningxia Project**") (寧夏睿源廢舊甲醇及混醇回收循環利用項目) to 85,994 tons for the year ended 31 December 2019 (2018: 47,548 tons).

During the year ended 31 December 2019, the Group's gross profit increased significantly to HK$783.4 million (2018: HK$554.5 million). The Group's gross profit margin decreased to 28.9% (2018: 29.8%).

The Group's gross profit margin from environmental hygiene services increase to 24.5% (2018: 22.0%), primarily due to improvement of the Group's operating cost control. During the year ended 31 December 2019, the Group has been continuously focused on enhancing operational efficiency and have incorporated advanced technology into our business process. For example, the Group has rolled out a pilot program to require each municipal worker to wear a digital bracelet and install a GPS tracker on each of our vehicle. The Group has also installed remote fuel monitor on the cleaning vehicles. As a result, our project companies are able to track real-time working progress of municipal workers and our cleaning vehicles and fuel use of the vehicles. Information gathered through these devices is transmitted to our cloud platform and our integrated management platform conducts real-time surveillance and evaluation based on information received. All these measures have facilitated our efforts in enhancing our operational efficiency and hence increased the profit margin of the Group's environmental hygiene services projects.

The gross profit margin of hazard-free waste disposal projects of hazardous waste treatment business decreased to 57.7% (2018: 64.6%) as there was a change in product mix during the year ended 31 December 2019. The gross profit margin from recycling and reuse projects decreased to 34.0% (2018: 38.9%), primarily because there was a drop in the market price of methanol during the year ended 31 December 2019.

Administrative expenses

Administrative expenses for the year ended 31 December 2019 increased to HK$320.0 million, as compared to the corresponding period of last year of HK$291.5 million. The increase was mainly due to (i) an increase in salaries, wages and welfare from HK$162.3 million in 2018 to HK$180.3 million in 2019 as a result of continuous business expansion; and (ii) the increase in listing expenses from HK$9.8 million in 2018 to HK$22.8 million in 2019.

Finance costs

Finance costs mainly represented interests on bank and other borrowings of HK$72.3 million (2018: HK$43.9 million). The increase in finance costs was mainly due to the increase in bank and other borrowings during the year ended 31 December 2019.

Income tax expense

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The Group's effective tax rate was lower than the standard corporate income tax rate in the PRC as certain of the Group's operating subsidiaries enjoyed tax concession benefits during the year ended 31 December 2019.

Discontinued operations

During the year ended 31 December 2019, the Group disposed of its 51% equity interests in Binnan Group. For details, please refer to note 7 to the consolidated financial statements in this announcement.

Property, plant and equipment

Property, plant and equipment consist of buildings, plant and machinery, furniture, fixtures and equipment, motor vehicles, construction on progress. The increase in property, plant and equipment for the year ended 31 December 2019 was mainly due to the net effect of (i) purchase of motor vehicles for environmental hygiene services projects in the amount of HK$198.4 million (2018: HK$270.8 million); (ii) additions of construction in progress for hazardous waste treatment business in the amount of HK$455.6 million (2018: HK$201.3 million); and (iii) depreciation provided during the year ended 31 December 2019 in the amount of HK$190.4 million (2018: HK$128.5 million).

Right-of-use-assets

Right-of-use assets consist of buildings, motor vehicles and prepaid land lease premium. Increase in right-of-use assets during the year ended 31 December 2019 was mainly due to the additions in buildings and prepaid land lease premium in the amounts of HK$62.9 million and HK$43.9 million respectively (2018: HK$51.0 million and HK$48.0 million).

Goodwill

Goodwill mainly represented the goodwill arise from the acquisition of subsidiaries in 2018 or before and the decrease in the goodwill for the year ended 31 December 2019 was mainly due to the disposal of Binnan Group as detailed in note 7 to the consolidated financial statements in this announcement.

Operating concessions

Operating concessions represented arrangements involving the Group as a provider of environmental hygiene services on behalf of the relevant government agencies. The increase was mainly due to an addition of operating concession arrangement during the year ended 31 December 2019.

Trade and bills receivables

Increase in trade and bills receivables for the year ended 31 December 2019 was mainly due to continuous business expansion in both environmental hygiene services and hazardous waste treatment business.

The following table sets forth the turnover days of our trade receivables:

	As of 31 December	
	2019	2018
Average trade and bills receivable turnover days on continuing operations *(days)*	**92**	82

Environmental decommissioning fee receivable

Environmental decommissioning fee receivable represented government subsidies receivable from the PRC central government for the waste electrical and electronic equipment treatment services.

Contract assets

Contract assets represented the construction services in relation to Group's BTO projects for environmental hygiene services. Decrease in the contract assets was mainly due to the recognition of contract assets as long term trade receivables as certain construction services had been provided and completed.

Prepayments, deposit and other receivables

Decrease in prepayments, deposit and other receivables was mainly due to (i) decrease of HK$29.6 million in the guarantee deposits held by customers for environmental hygiene services projects; (ii) decrease of HK$25.9 million in the prepayments for acquisition of land use rights for hazardous waste treatment business projects; and (iii) decrease of HK$13.4 million in the prepayments for acquisition of property, plant and equipment.

Trade and bills payables

Trade and bills payables represented payables due to third parties for the procurement of raw materials used for Group's hazardous waste treatment business and fuel used by Group's mechanized vehicles and other consumables used for environmental hygiene services. The increase in 2019 was mainly due to the increase in procurement as a result of the continuous business expansion in both environmental hygiene services and hazardous waste treatment business.

Other payables and accruals

Other payables and accruals mainly represented payable for acquisition of property, plant and equipment, accruals for the Group's expenses and lease liabilities. The decrease was mainly due to the settlement of certain payables for acquisition of property, plant and equipment and subsidiaries during the year.

Interest-bearing bank and other borrowings

Increase in bank and other borrowings was mainly due to drawdown of bank borrowings during the year ended 31 December 2019 for the purposes of development in both environmental hygiene services and hazardous waste treatment business.

Liquidity and financial resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**"). Surplus cash is generally placed in short-term deposits denominated in HK$ and RMB.

As at 31 December 2019, the Group's cash and cash equivalents amounted to approximately HK$1,051.9 million (2018: approximately HK$734.3 million).

The Group's bank and other borrowings amounted to HK$1,389.8 million (2018: HK$1,355.1 million).

The net gearing ratio (defined as bank and other borrowings, net of cash and cash equivalents, divided by the total equity) was 15.0% as at 31 December 2019 (31 December 2018: 28.9%). The decrease in the net gearing ratio as at 31 December 2019 was mainly due to the strong financial performance and operating net cash inflow during the year.

Capital expenditure

During the year ended 31 December 2019, the Group's total capital expenditures were HK$911.0 million (2018: HK$1,070.3 million), out of which HK$785.3 million and HK$125.7 million (2018: HK$617.1 million and HK$115.7 million) were paid for the additions of property, plant and equipment and right-of-use assets respectively. In addition, during the year ended 31 December 2018, the Group paid HK$337.5 million in respect of acquisition of subsidiaries.

Future Outlook

Environmental hygiene services are mainly offered in urban and suburban areas in China. According to a report by Frost & Sullivan, a global market research and consulting firm, the urbanization rate in China is expected to increase from 60.6% in 2019 to 68.1% in 2024 and is expected to further increase in a majority of existing urban areas. As a result, geographic coverage of environmental hygiene services is expected to further expand and the demand for services from existing projects is expected to further increase in the future.

The PRC government is currently encouraging more enterprises to participate in public services. The increasingly outsourcing of governmental tender projects is expected to increase the level of marketization in the industry. According to a report by Frost & Sullivan, a global market research and consulting firm, the share of the enterprise sector as a percentage of the total market is expected to increase from 47.3% in 2019 to 74.9% in 2024.

The Group intends to participate in more tendering process for new projects, expand into new markets and seek the opportunities to expand the services to certain related business areas, such as recycling, sorting and reuse of municipal waste as a result of increasing urbanization in China and privatization of environmental hygiene service.

In addition, the Group will continue to invest in and expand hazardous waste treatment business through ramping up capacity and volume in current projects, in particular Shouguang Industrial Solid Waste Disposal Center Project* (壽光市工業固體廢物處置中心項目) and Ningxia Project. The Group will continue to invest in projects planned for future construction and increase investment in recycling and reuse projects. In the meantime, the Group will seek to identify and evaluate potential acquisition targets, particularly focusing on targets that can benefit from the Group's management capabilities, reputation, experience and financial resources to improve their operating results.

CHARGES ON THE GROUP'S ASSETS

The secured bank and other borrowings of the Group as at 31 December 2019 are secured by:

(i) corporate guarantees given by a subsidiary of a shareholder of the Company as at 31 December 2018 and a non-controlling shareholder of a subsidiary as at 31 December 2019;

(ii) pledge over the Group's equity interest in a subsidiary as at 31 December 2019 and 2018; and

(iii) pledges over certain of the Group's property, plant and equipment, right-of-use assets and operating concession rights as at 31 December 2019 and 2018.

Save as disclosed above, as at 31 December 2019, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group did not have any significant contingent liabilities (2018: Nil).

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the year ended 31 December 2019, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed 33,242 employees (2018: 33,567 employees) with total staff cost of approximately HK$1,021.2 million incurred for the year ended 31 December 2019 (2018: approximately HK$845.0 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 30 August 2019, the Group entered into a supplemental agreement with the non-controlling shareholder of Binnan Group to dispose of the Group's entire 51% equity interest in Binnan Group to its non-controlling shareholder for a cash consideration of approximately RMB75.3 million. The transaction was completed on 21 October 2019. For details, please refer to note 7 to the consolidated financial statements in this announcement.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries by the Group for the year ended 31 December 2019.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 15 January 2020, 900,000,000 new ordinary shares with a par value of HK$0.1 each of the Company were issued at a price of HK$0.69 by way of share offer. On the same date, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

(b) In late 2019 and early 2020, there was an outbreak of an infectious respiratory disease named "COVID-19" by the World Health Organization, which is caused by a novel coronavirus. The PRC government has implemented various contingency measures and actions to prevent the spread of COVID-19 such as an extension of the Chinese New Year holiday, as well as travel and work restrictions in certain provinces and municipalities in China. The COVID-19 outbreak is expected to cause a great impact to the economic and business environment in the PRC. However, the Group's operations and financial performance were not significantly adversely affected during the year ended 31 December 2019 and up to the date of this announcement. The Group's hazardous waste treatment factories have resumed operations gradually from February and March 2020 onwards, whereas the Group's environmental hygiene services projects continued its operations during the above-mentioned period. In addition, from 1 January 2020 to the date of this announcement, the Group has won a total of 5 tenders in respect of its environmental hygiene services projects, details of which are disclosed in the announcements of the Company dated 20 January 2020, 12 February 2020 and 18 March 2020, respectively.

Save as the above, there were no significant events after 31 December 2019 and up to the date of this announcement.

USE OF PROCEEDS FROM LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since 15 January 2020 (the "**Listing Date**"), and the net proceeds from the share offer (after deducting listing expenses) amounted to approximately HK$603.4 million (the "**IPO Proceeds**"). As the Company was listed after the year ended 31 December 2019, there was no proceeds raised as at 31 December 2019. As at the date of this announcement, the Group is in the process of implementing its business strategies as set out in the prospectus of the Company dated 30 December 2019 (the "**Prospectus**") and the IPO Proceeds will be applied in accordance with the proposed application as set out in the Prospectus.

As at the date of this announcement, the unutilised IPO Proceeds were deposited with licensed banks in Hong Kong and the PRC.

DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2019 (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS – ANNUAL GENERAL MEETING

The register of members will be closed from Tuesday, 2 June 2020 to Friday, 5 June 2020 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Friday, 5 June 2020, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 June 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Company strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. In the opinion of the Board, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the period from the Listing Date to the date of this announcement.

As the Company was not yet listed on the Main Board of the Stock Exchange until the Listing Date, the CG Code was not applicable to the Company during the period under review.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all the Directors, all the Directors have confirmed that they have complied with the required standard set out in the Model Code from the Listing Date and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors namely Mr. Wu Tak Kong (the chairman of the Audit Committee), Mr. Orr Ka Yeung, Kevin and Mr. Du Huanzheng. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control of the Company. The annual results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2019. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.beur.net.cn) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

APPRECIATION

The Board would like to express its sincere thanks to our shareholders and business partners for their continuous support and our staff for their dedication and hard work during the year.

By Order of the Board
Beijing Enterprises Urban Resources Group Limited
Zhao Kexi
Executive Director

Hong Kong, 27 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Kexi, Mr. Zhang Hailin and Mr. Huang Zhiwan; the non-executive directors of the Company are Mr. Zhou Min (Chairman), Mr. Li Haifeng and Mr. Li Li; and the independent non-executive directors of the Company are Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng.

* *for identification purpose only*