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北京控股環境集團有限公司
BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 154)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

HIGHLIGHTS

- The Group's revenue for the year amounted to HK\$2.42 billion, increased by 35% as compared with HK\$1.79 billion for the last year.
- Impairment of non-current assets for the year amounted to HK\$122 million, decreased by HK\$116 million as compared with last year.
- EBITDA for the year amounted to HK\$535 million, increased by 22% as compared with HK\$438 million for the last year.
- Profit for the year attributable to shareholders of the Company amounted to HK\$264 million, increased by 105% as compared with HK\$129 million for the last year.
- Basic earnings per share for the year amounted to HK17.6 cents (2020: HK8.6 cents).
- Net assets per share attributable to shareholders of the Company as at 31 December 2021 amounted to HK\$2.39 (31 December 2020: HK\$2.13).
- The Board does not recommend the payment of any dividend for the year (2020: Nil).

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Environment Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021, together with comparative figures for the last year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
REVENUE	5	2,418,819	1,790,611
Cost of sales		<u>(1,819,647)</u>	<u>(1,259,141)</u>
Gross profit		599,172	531,470
Other income and gains, net	6	75,213	94,192
Selling expenses		(2,951)	(2,373)
Administrative expenses		(190,330)	(157,131)
Other operating expenses, net		<u>(142,015)</u>	<u>(241,016)</u>
PROFIT FROM OPERATING ACTIVITIES	7	339,089	225,142
Finance costs	8	<u>(70,513)</u>	<u>(75,805)</u>
PROFIT BEFORE TAX		268,576	149,337
Income tax	9	<u>(22,959)</u>	<u>6,048</u>
PROFIT FOR THE YEAR		<u>245,617</u>	<u>155,385</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		264,051	129,027
Non-controlling interests		<u>(18,434)</u>	<u>26,358</u>
		<u>245,617</u>	<u>155,385</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
– Basic (<i>HK cents</i>)		<u>17.60</u>	<u>8.60</u>
– Diluted (<i>HK cents</i>)		<u>9.26</u>	<u>4.61</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>245,617</u>	<u>155,385</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>117,989</u>	<u>269,934</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>363,606</u>	<u>425,319</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	372,227	376,785
Non-controlling interests	<u>(8,621)</u>	<u>48,534</u>
	<u>363,606</u>	<u>425,319</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets:			
Property, plant and equipment		1,098,565	1,099,326
Investment property		–	48,571
Right-of-use assets		47,093	66,521
Goodwill		1,122,551	1,122,551
Operating concessions		2,998,908	2,439,053
Other intangible assets		47,805	55,568
Investment in a joint venture		6,652	6,652
Receivables under service concession arrangements	<i>11</i>	2,539,266	2,165,794
Prepayments, deposits and other receivables		25,018	185
Deferred tax assets		62,038	18,307
		<hr/>	<hr/>
Total non-current assets		7,947,896	7,022,528
Current assets:			
Inventories		47,089	43,842
Receivables under service concession arrangements	<i>11</i>	71,357	67,856
Trade and bills receivables	<i>12</i>	680,647	516,380
Contract assets		327,499	399,559
Prepayments, deposits and other receivables		261,720	175,230
Pledged deposits		5,588	7,122
Cash and cash equivalents		1,578,738	1,520,036
		<hr/>	<hr/>
Total current assets		2,972,638	2,730,025
		<hr/>	<hr/>
TOTAL ASSETS		10,920,534	9,752,553

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		2,227,564	2,227,564
Equity component of convertible bond		–	147,029
Other reserves		1,352,977	819,902
		3,580,541	3,194,495
Non-controlling interests		414,738	397,070
TOTAL EQUITY		<u>3,995,279</u>	<u>3,591,565</u>
Non-current liabilities:			
Bank and other borrowings		1,454,950	886,438
Provision for major overhauls		11,234	9,283
Other payables		7,964	20,210
Deferred income		148,206	150,626
Deferred tax liabilities		234,978	217,320
Total non-current liabilities		<u>1,857,332</u>	<u>1,283,877</u>
Current liabilities:			
Trade payables	<i>13</i>	737,054	760,696
Other payables and accruals		4,033,254	1,707,679
Bank and other borrowings		217,914	165,604
Convertible bond		–	2,177,112
Income tax payables		79,701	66,020
Total current liabilities		<u>5,067,923</u>	<u>4,877,111</u>
TOTAL LIABILITIES		<u>6,925,255</u>	<u>6,160,988</u>
TOTAL EQUITY AND LIABILITIES		<u>10,920,534</u>	<u>9,752,553</u>

Notes:

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in (i) the solid waste treatment business which comprises the provision of waste incineration plant construction and waste treatment services, and the sale of electricity and steam generated from waste incineration; and (ii) ecological construction service business.

At 31 December 2021, the immediate holding company of the Company is Idata Finance Trading Limited (“Idata”), a limited liability company incorporated in the British Virgin Islands. Idata is a wholly-owned subsidiary of Beijing Enterprises Holdings Limited whose shares are listed on the Main Board of the Stock Exchange. In the opinion of the directors of the Company, the ultimate holding company of the Company is 北京控股集團有限公司, which is a state-owned enterprise established in the People’s Republic of China (the “PRC”) and wholly owned by The State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality.

2.1 BASIS OF PRESENTATION

Despite that, as at 31 December 2021, the Group had net current liabilities of HK\$2,095,285,000 and capital commitments of HK\$615,771,000 which are expected to be incurred within 1 year in respect of a number of service concession arrangements, the directors of the Company 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, take into account the historical operating performance of the Group and the following:

- (a) the existing banking facilities available to the Group as at the date of approval of these financial statements and on the assumption that such facilities will continue to be available from the Group’s principal bankers; and
- (b) a loan agreement entered into with Idata on 28 March 2022 to refinance the amount due to it of HK\$2,693,300,000, which is included in current liabilities as at 31 December 2021. The loan has a three-year tenure and bears interest at 1.7% per annum.

Accordingly, the financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

2.2 BASIS OF PREPARATION

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange. The consolidated 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, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property which has been measured at fair value. These financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results for the year ended 31 December 2021 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2020, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The consolidated financial statements for the year ended 31 December 2021 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2020. The auditor’s report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. 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. 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. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)

The adoption of the above revised HKFRSs did not have any significant impact on these financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

- (a) the solid waste treatment segment engages in the provision of waste incineration plant construction and waste treatment services, and the sale of electricity and steam generated from waste incineration;
- (b) the ecological construction services segment engages in the provision of ecological construction, design, project survey and design, and construction project management services; and
- (c) the corporate and others segment comprises property investment business and corporate income and expense items.

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

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

The following table presents the revenue and profit/(loss) information the years ended 31 December 2021 and 2020 and the total assets and total liabilities information as at 31 December 2021 and 2020 regarding the Group's operating segments:.

	Solid waste treatment HK\$'000	Ecological construction services HK\$'000	Corporate and others HK\$'000	Total HK\$'000
Year ended 31 December 2021				
Segment revenue (<i>note 5</i>)	2,225,117	193,702	–	2,418,819
Cost of sales	<u>(1,607,704)</u>	<u>(211,943)</u>	<u>–</u>	<u>(1,819,647)</u>
Gross profit/(loss)	<u>617,413</u>	<u>(18,241)</u>	<u>–</u>	<u>599,172</u>
Profit/(loss) from operating activities	432,521	(62,833)	(30,599)	339,089
Finance costs	<u>(42,864)</u>	<u>(2,396)</u>	<u>(25,253)</u>	<u>(70,513)</u>
Profit/(loss) before tax	389,657	(65,229)	(55,852)	268,576
Income tax	<u>(32,885)</u>	<u>10,084</u>	<u>(158)</u>	<u>(22,959)</u>
Profit/(loss) for the year	<u>356,772</u>	<u>(55,145)</u>	<u>(56,010)</u>	<u>245,617</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>348,287</u>	<u>(28,173)</u>	<u>(56,063)</u>	<u>264,051</u>
As at 31 December 2021				
Segment assets	<u>10,031,971</u>	<u>543,132</u>	<u>345,431</u>	<u>10,920,534</u>
Segment liabilities	<u>4,060,617</u>	<u>398,296</u>	<u>2,466,342</u>	<u>6,925,255</u>

	Solid waste treatment <i>HK\$'000</i>	Ecological construction services <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2020				
Segment revenue (<i>note 5</i>)	1,379,817	410,794	–	1,790,611
Cost of sales	<u>(951,801)</u>	<u>(307,340)</u>	<u>–</u>	<u>(1,259,141)</u>
Gross profit	<u>428,016</u>	<u>103,454</u>	<u>–</u>	<u>531,470</u>
Profit/(loss) from operating activities	160,409	64,982	(249)	225,142
Finance costs	<u>(43,366)</u>	<u>(2,369)</u>	<u>(30,070)</u>	<u>(75,805)</u>
Profit/(loss) before tax	117,043	62,613	(30,319)	149,337
Income tax	<u>15,426</u>	<u>(8,843)</u>	<u>(535)</u>	<u>6,048</u>
Profit/(loss) for the year	<u>132,469</u>	<u>53,770</u>	<u>(30,854)</u>	<u>155,385</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>132,572</u>	<u>27,676</u>	<u>(31,221)</u>	<u>129,027</u>
As at 31 December 2020				
Segment assets	<u>8,973,091</u>	<u>585,564</u>	<u>193,898</u>	<u>9,752,553</u>
Segment liabilities	<u>3,066,609</u>	<u>419,267</u>	<u>2,675,112</u>	<u>6,160,988</u>

Geographical information

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

Information about a major customer

During the year, the revenue generated from sales to an external customer of the solid waste treatment segment, which accounted for 10% or more of the Group's total revenue, amounted to HK\$249,525,000 (2020: HK\$217,657,000).

5. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Household waste treatment service income*	282,752	266,478
Hazardous and medical waste treatment service income	52,032	53,340
Food waste, leachate, sludge and other treatments service income	135,621	99,297
Sales of electricity	653,993	611,826
Sales of steam	15,297	13,184
Waste treatment construction and related service income*	1,085,422	335,692
Ecological construction and related service income	193,702	410,794
	<u>2,418,819</u>	<u>1,790,611</u>

* *Imputed interest income under service concession arrangements during the year amounting to HK\$106,773,000 (2020: HK\$90,693,000) was included in the revenue derived from household waste treatment service income and waste treatment construction and related service income.*

6. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Value added tax refund	40,281	66,006
Interest income	10,719	11,392
Government grants*	10,362	2,557
Rental income	2,066	2,894
Gain on lease modifications	172	–
Foreign exchange differences, net	7,160	6,948
Others	4,453	4,395
	<u>75,213</u>	<u>94,192</u>

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

7. PROFIT FROM OPERATING ACTIVITIES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of raw materials consumed	85,159	97,041
Cost of waste treatment services rendered*	453,858	398,161
Cost of waste incineration plant construction services	906,606	276,764
Cost of ecological construction and related services	211,943	307,340
Depreciation of property, plant and equipment ^Ω	74,126	89,251
Loss on disposal of items of property, plant and equipment, net [#]	19	203
Loss on disposal of an investment property [#]	10,602	–
Fair value loss on an investment property [#]	–	1,348
Depreciation of right-of-use assets [@]	14,924	15,726
Lease payments not included in the measurement of lease liabilities	6,099	5,947
Amortisation of operating concessions [^]	103,869	101,657
Amortisation of other intangible assets [^]	3,045	5,829
Provision for major overhauls [^]	1,144	1,029
Impairment of property, plant and equipment [#]	–	54,549
Impairment of right-of-use assets [#]	–	12,725
Impairment of operating concessions [#]	115,585	115,169
Impairment of other intangible assets [#]	6,289	55,123
Impairment of trade and bills receivables, net [#]	<u>5,501</u>	<u>186</u>

* *The cost of waste treatment services rendered does not include the recognition of government subsidies of HK\$7,832,000 (2020: HK\$7,304,000) on the straight-line basis over the expected useful lives of the relevant assets, which is included in “Cost of sales” in the consolidated statement of profit or loss.*

Ω *Depreciation of property, plant and equipment in a total amount of HK\$61,326,000 (2020: HK\$77,678,000) is included in “Cost of sales” in the consolidated statement of profit or loss.*

@ *Depreciation of right-of-use assets in a total amount of HK\$899,000 (2020: HK\$1,146,000) is included in “Cost of sales” in the consolidated statement of profit or loss.*

^ *The amortisation of operating concessions and other intangible assets (excluding computer software amounting to HK\$370,000 (2020: HK\$200,000) which is included in “Administrative expenses”), and the provision for major overhauls are included in “Cost of sales” in the consolidated statement of profit or loss.*

These items are included in “Other operating expenses, net” in the consolidated statement of profit or loss.

8. FINANCE COSTS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank and other borrowings	59,608	44,623
Imputed interest on a convertible bond	25,188	29,944
Interest on lease liabilities	<u>1,402</u>	<u>1,528</u>
Total interest expenses	86,198	76,095
Less: Interest capitalised	<u>(16,244)</u>	<u>(725)</u>
	69,954	75,370
Other finance costs:		
Increase in discounted amounts of provision for major overhauls arising from the passage of time	<u>559</u>	<u>435</u>
	<u><u>70,513</u></u>	<u><u>75,805</u></u>

9. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2021 as the Group did not generate any assessable profits arising in Hong Kong during the year. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong during the year ended 31 December 2020. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	–	72
Overprovision in prior years	(10)	(19)
Current — Mainland China		
Charge for the year	68,198	38,178
Overprovision in prior years	<u>(14,675)</u>	<u>(1,157)</u>
	53,513	37,074
Deferred	<u>(30,554)</u>	<u>(43,122)</u>
Total tax charge/(credit) for the year	<u><u>22,959</u></u>	<u><u>(6,048)</u></u>

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to shareholders of the Company, adjusted to reflect the imputed interest on a convertible bond. The weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation; and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of the dilutive convertible bond into ordinary shares. The share options of the Company outstanding during each of the years ended 31 December 2021 and 2020 had no diluting effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share amounts are based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to shareholders of the Company, used in the basic earnings per share calculation	264,051	129,027
Imputed interest on a convertible bond (<i>note 8</i>)	<u>25,188</u>	<u>29,944</u>
Profit for the year attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u><u>289,239</u></u>	<u><u>158,971</u></u>
Number of shares		
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	1,500,360,150	1,500,360,150
Effect of dilution of a convertible bond – weighted average number of ordinary shares	<u>1,623,225,118</u>	<u>1,948,938,053</u>
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	<u><u>3,123,585,268</u></u>	<u><u>3,449,298,203</u></u>

11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements. They were all unbilled as at 31 December 2021 and 2020.

12. TRADE AND BILLS RECEIVABLES

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Billed:		
Within 3 months	218,320	203,761
4 to 6 months	48,707	20,764
7 to 12 months	34,274	18,418
1 to 2 years	12,109	23,377
2 to 3 years	2,017	2,738
Over 3 years	5,945	3,664
	<u>321,372</u>	<u>272,722</u>
Unbilled*	<u>359,275</u>	<u>243,658</u>
	<u><u>680,647</u></u>	<u><u>516,380</u></u>

* *The unbilled balance represents entitlements to renewable energy tariff subsidies from the sale of electricity.*

13. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Billed:		
Less than 3 months	179,351	198,167
4 to 6 months	77,880	51,544
7 to 12 months	152,721	48,982
Over 1 year	99,520	90,186
	<u>509,472</u>	<u>388,879</u>
Unbilled*	227,582	371,817
	<u><u>737,054</u></u>	<u><u>760,696</u></u>

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

14. EVENT AFTER REPORTING PERIOD

On 28 March 2022, the Company entered into a loan agreement with Idata to refinance the amount due to it in a total amount of HK\$2,693,300,000. The loan is unsecured, has a three-year tenure and bears interest at the rate of 1.7% per annum.

15. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 31 December 2021 amounted to HK\$2,095,285,000 (2020: HK\$2,147,086,000) and HK\$5,852,611,000 (2020: HK\$4,875,442,000), respectively.

DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Solid Waste Treatment Segment

In 2021, the Group operated 10 solid waste treatment projects in China, including 9 household waste incineration power generation projects with waste treatment capacity of 11,125 tonnes/day, and one hazardous and medical waste treatment project with waste treatment capacity of 40,840 tonnes/year.

Project Name	Region	Business Model	Waste treatment capacity (tonnes/day)
Household waste incineration power generation projects:			
Haidian Project (北京市海澱區循環經濟產業園再生能源發電廠項目)	Beijing	BOT	2,100
Gaoantun Project (北京高安屯垃圾焚燒項目)	Beijing	BOT	1,600
Yanzhou Project (濟寧市兗州區生活垃圾焚燒發電項目)	Shandong	BOT	1,500
Ha'erbin Project (哈爾濱雙琦垃圾焚燒發電項目)	Heilongjiang	BOT	1,200
Changde Project (常德市生活垃圾焚燒發電項目)	Hunan	BOT	1,200
Taian Project (泰安生活垃圾焚燒發電項目)	Shandong	BOO	1,200
Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目)	Jiangsu	BOT	1,200
Zhangjiagang Project (張家港市生活垃圾焚燒發電廠項目)	Jiangsu	BOO	900
Wenchang Project (文昌市生活垃圾焚燒發電廠項目)	Hainan	BOT	225
Hazardous and medical waste treatment project:			
Hengxing Project (湖南省衡陽危險廢物處置中心項目)	Hunan	BOT	

In 2021, affected by continuous COVID-19 epidemic and the garbage sorting policy, the Group completed 3.39 million tonnes of annual household waste intake (average 9,283 tonnes/day, increased by 2.7%), 9,900 tonnes of hazardous and medical waste intake, 459,800 tonnes of food waste treatment, 112,000 tonnes of sludge treatment and 80,600 tonnes of leachate treatment through project expansion and constant technical re-engineering. The electricity generating volume was 1,367,866 MWh (increased by 7.7%), electricity sales volume was 1,123,193 MWh (increased by 8.2%), steam supply volume was 72,800 tonnes, with overall improvement in thermal efficiency projects. Revenue from the solid waste treatment business for the year was HK\$1,140 million, up by 9.2% year-on-year. Gross profit for the year was HK\$439 million, up by 19% year-on-year.

Regarding the solid waste project construction, capital expenditures for the year were approximately HK\$734 million. The completion and settlement process of Shuyang Project (Phase II) and Taian Project (Phase II) were progressed as scheduled. The Changde Project (Phase III) entered its trial operation stage in August 2021 and Yanzhou Project completed its unit grid integration in December 2021 which was ahead of schedule. The expansion of Zhangjiagang Project (namely 張家港市靜脈科技產業園生活垃圾焚燒發電項目, “Zhangjiagang Jingmai Project”), which is currently under construction, was slightly delayed and adjustment has been made to catch up with the schedule. During the year, the solid waste project construction recorded a revenue of HK\$1,085 million, with a gross profit of HK\$179 million, up by 2 times year-on-year.

Ecological Construction Segment

In 2021, Beijing Beikong Ecology & Construction Group Co., Ltd. (“Beikong Ecology”) completed the preparation and team formation of its environmental testing laboratory and obtained the Qualification Certificate for Inspection and Testing Agency issued by Beijing Municipal Administration for Market Regulation. It established an ecological research institute, introduced senior experts in the industry, and prepared plans for on-site investigation focusing on environmental governance, ecological restoration and protection. In 2021, Beikong Ecology obtained the Certificate for Eco-Environmental Innovation Projects issued by Chinese Society for Environmental Sciences, and obtained 15 authorised patents in the same year.

Owing to the ongoing impact of the epidemic and its prevention and control works, there was insufficient industry market demand and the number of municipal and landscape construction projects plunged sharply. In 2021, Beikong Ecology successfully won tenders and signed contracts of approximately 55 projects with a total contract amount of approximately RMB160 million. Rising prices of main construction materials as a result of the global economic situation and the epidemic had increased cost of production which led to operating losses for the year. The ecological construction segment recorded a revenue of HK\$194 million for the year, representing a decrease of 53% as compared with that of last year, and the loss attributable to the Group was HK\$28 million for the year.

PROSPECT

According to the development strategies under the “14th Five-Year Plan”, the Group shall become the leader in China and also the world-leading comprehensive environmental protection service provider, and realise the leap-forward development of business planning through investments and mergers and acquisitions.

In 2022, the Group will continue to consolidate the foundation of management to mitigate operational risks. In respect of revenue growth, we will focus on developing sludge disposal business to increase the sources of revenue. In respect of cost reduction and efficiency enhancement, we will control the cost of various raw materials and expenditure of expense nature on a reasonable basis.

In addition, Beikong Ecology will continue to consolidate and develop its advantageous business markets including municipal and garden landscape, and develop businesses such as comprehensive land remediation, site restoration and organic solid waste recycling projects by adhering to the strategic development positioning of “Comprehensive Service Provider of Urban and Rural Ecological Environment”.

FINANCIAL REVIEW

Revenue and gross profit

During the year, the Group recorded revenue of HK\$2,419 million, increased by 35% as compared with last year of HK\$1,791 million. The revenue derived from the solid waste treatment and the sale of electricity and steam amounted to HK\$1,140 million, increased by 9% as compared with last year of HK\$1,044 million. The revenue derived from the waste treatment construction and related services amounted to HK\$1,085 million, increased by 2.2 times as compared with last year of HK\$336 million. The revenue derived from the ecological construction and related services amounted to HK\$194 million, decreased by 53% as compared with last year of HK\$411 million.

The Group's gross profit amounted to HK\$599 million, increased by 13% as compared with last year of HK\$531 million. The overall gross profit margin decreased from 29.7% to 24.8%.

	Revenue		Gross profit/(loss)		Gross profit margin	
	2021	2020	2021	2020	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>		
Household waste treatment	283	266				
Other solid waste treatment	188	153				
Sale of electricity and steam	669	625				
	<u>1,140</u>	<u>1,044</u>	<u>439</u>	<u>369</u>	<u>38.5%</u>	<u>35.3%</u>
Waste treatment construction and related services	1,085	336	178	59	16.4%	17.6%
Ecological construction and related services	194	411	(18)	103	-9.3%	25.2%
	<u>2,419</u>	<u>1,791</u>	<u>599</u>	<u>531</u>	<u>24.8%</u>	<u>29.7%</u>

Other income and gains, net

The Group recorded net other income and gains of HK\$75 million during the year, decreased by HK\$19 million as compared with last year of HK\$94 million. The other income for the year mainly comprised value added tax refund from household waste treatment business of HK\$40 million (2020: HK\$66 million), interest income of HK\$11 million (2020: HK\$11 million), government grants of HK\$10 million (2020: HK\$3 million) and net foreign exchange gain of HK\$7 million (2020: HK\$7 million).

Selling expenses

The Group's selling expenses for the year amounted to HK\$3 million.

Administrative expenses

The Group's administrative expenses for the year increased by 21% or HK\$33 million to HK\$190 million, which was mainly due to the business expansion of waste treatment construction services during the year.

Other operating expenses, net

The Group incurred net other operating expenses of HK\$142 million during the year, decreased by HK\$99 million as compared with last year. An impairment loss of HK\$116 million has been recognised during the year as the treatment volume of a hazardous waste treatment plant of the Group has been reduced during the year in order to comply with environmental protection regulations. In last year, impairment losses of HK\$238 million in total have been recognised against certain assets of solid waste treatment plants.

Finance costs

The Group's finance costs for the year decreased by 7% or HK\$5 million to HK\$71 million, which mainly comprised interest on bank loans of HK\$25 million (2020: HK\$11 million), interest on borrowings from 北京控股集團財務有限公司 (“BG Finance”), a fellow subsidiary of the Company, of HK\$33 million (2020: HK\$33 million) and imputed interest on convertible bond issued to Idata Finance Trading Limited (“Idata”), the immediate holding company of the Company, of HK\$25 million (2020: HK\$30 million). Interest on bank and other borrowings of HK\$16 million (2020: HK\$1 million) incurred for the construction of solid waste treatment projects have been capitalised during the year.

Income tax

The Group's income tax expense for the year amounted to HK\$23 million (2020: tax credit of HK\$6 million), comprising current tax expenses of HK\$54 million (2020: HK\$37 million) and deferred tax credit of HK\$31 million (2020: HK\$43 million).

EBITDA and profit for the year

EBITDA for the year was HK\$535 million, increased by 22% or HK\$97 million as compared with last year of HK\$438 million. Profit for the year amounted to HK\$246 million, increased by 59% or HK\$91 million as compared with last year of HK\$155 million. Profit for the year attributable to shareholders of the Company amounted to HK\$264 million, increased by 105% or HK\$135 million as compared with last year of HK\$129 million.

By excluding the impairment of non-current assets of certain solid waste treatment projects made during the years, adjusted EBITDA for the year was HK\$657 million, decreased by 3% or HK\$19 million as compared with last year of HK\$676 million. Adjusted profit for the year amounted to HK\$338 million, increased by 2% or HK\$5 million as compared with last year of HK\$333 million. Adjusted profit for the year attributable to shareholders of the Company amounted to HK\$325 million, increased by 11% or HK\$33 million as compared with last year of 292 million.

	EBITDA		Profit for the year		Profit attributable to shareholders of the Company	
	2021	2020	2021	2020	2021	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Solid waste treatment segment	741	595	449	310	409	295
Ecological construction segment	(55)	77	(55)	54	(28)	28
Corporate and others segment	(29)	4	(56)	(31)	(56)	(31)
	<u>657</u>	<u>676</u>	<u>338</u>	<u>333</u>	<u>325</u>	<u>292</u>
Less: Impairment of assets	<u>(122)</u>	<u>(238)</u>	<u>(92)</u>	<u>(178)</u>	<u>(61)</u>	<u>(163)</u>
	<u><u>535</u></u>	<u><u>438</u></u>	<u><u>246</u></u>	<u><u>155</u></u>	<u><u>264</u></u>	<u><u>129</u></u>

FINANCIAL POSITION

Significant investing and financing activities

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

Total assets and liabilities

As at 31 December 2021, the Group had total assets and total liabilities amounted to HK\$10,920 million and HK\$6,925 million, respectively, increased by HK\$1,168 million and HK\$764 million as compared with those as at 31 December 2020, respectively. Net assets of the Group was HK\$3,995 million, increased by HK\$404 million from the end of last year.

Property, plant and equipment

The Group's property, plant and equipment mainly comprised those incurred for the Shandong Taian Project and the Jiangsu Zhangjiagang Project which operated under Build-Own-Operate ("BOO") arrangements of HK\$985 million (2020: HK\$988 million). During the year, the net carrying amount of the Group's property, plant and equipment amounted to HK\$1,099 million, of which capital expenditure of HK\$47 million (2020: HK\$53 million) has been incurred, no impairment (2020: HK\$55 million) has been recognised and HK\$74 million (2020: HK\$89 million) has been depreciated in the statement of profit or loss.

Goodwill

The Group acquired certain companies engaging in the solid waste treatment business in April 2014 and October 2016 and aggregate goodwill of HK\$1,123 million arose from these acquisitions. The Company has appointed an independent professional valuer to assess the goodwill impairment testing as the end of the reporting period. The recoverable amount of the cash generating unit of the solid waste treatment business has been determined based on its value-in-use, which has been determined based on the future cash flows of the solid waste treatment business and discounted to the present values. The Company considered that the key assumptions adopted by the valuation were reasonably conservative and appropriate. As value-in-use value of the relevant cash generating units exceeded its aggregate carrying amount of the relevant assets, the Company is reasonably considered that no impairment provision is necessary for the Group's goodwill as at 31 December 2021.

Right-of-use assets

The Group has right-of-use assets amounted to HK\$47 million, decreased by HK\$19 million from the end of last year resulting from the termination of leases.

Operating concessions

The Group's operating concessions are recognised from the solid waste treatment plants operated under Build-Operate-Transfer ("BOT") arrangements. During the year, the net carrying amount of the Group's operating concessions increased by HK\$560 million to HK\$2,999 million, of which additions to operating concessions of HK\$715 million (2020: HK\$406 million) has been incurred, one-off impairment of HK\$116 million (2020: HK\$115 million) has been recognised and HK\$104 million (2020: HK\$102 million) has been amortised in the statement of profit or loss.

Other intangible assets

The Group's other intangible assets mainly comprised the fair value of the operation right of the Jiangsu Zhangjiagang Project of HK\$38 million and other licenses of HK\$7 million. During the year, the net carrying amount of the Group's other intangible assets decreased by HK\$8 million to HK\$48 million, of which an impairment of HK\$6 million (2020: HK\$55 million) has been recognised and HK\$3 million (2020: HK\$6 million) has been amortised in the statement of profit or loss.

Receivables under service concession arrangements

The Group's receivables under service concession arrangements are recognised from the household waste treatment plants operated under BOT arrangements with guaranteed waste treatment revenue. During the year, the carrying amount of the Group's receivables under service concession arrangements increased by HK\$377 million (2020: increased by HK\$198 million) to HK\$2,611 million, of which the additional receivable recognised from the new Yanzhou Project, Changde Project (Phase III) and Zhangjiagang Jingmai Project during the year amounted to HK\$427 million.

Inventories

The Group's inventories increased by HK\$3 million to HK\$47 million from the end of last year, which mainly represented coal and consumables used for the solid waste treatment plants.

Trade and bills receivables

The Group's trade and bills receivable increased by HK\$164 million to HK\$681 million from the end of last year. According to the ageing analysis based on settlement due date, of which national subsidiary of grid electricity of HK\$359 million (53%) are unbilled, HK\$131 million (19%) are neither past due nor impaired, HK\$98 million (14%) are past due for less than 3 months and HK\$22 million (3%) are past due for over 1 year.

Prepayments, deposits and other receivables

The Group's total prepayments, deposits and other receivables increased by HK\$111 million to HK\$287 million from the end of last year, which mainly comprised prepayments of HK\$50 million, value added tax refund and other taxes recoverable of HK\$129 million, balances due from related parties of HK\$74 million, deposits and other receivables of HK\$34 million.

Bank and other borrowings

The Group's bank and other borrowings were all denominated in RMB. During the year, the Group repaid RMB94 million and further advanced for RMB582 million. As at 31 December 2021, the Group has bank and other borrowings amounted to RMB1,372 million, of which RMB784 million from commercial banks in Mainland China, RMB556 million from BG Finance and RMB32 million from other parties relating to the ecological construction business. The weighted average interest rate of the Group's bank and other borrowings was 4.3% per annum.

Convertible bond

The Company's non-interest-bearing convertible bond issued to Idata with principal amount of HK\$2,202 million and share conversion price of HK\$1.13 has been expired in October 2021. As at 31 December 2021, the outstanding convertible bond remained unsettled and included in "Other payables and accruals".

Deferred income

The Group's deferred income decreased by HK\$2 million to HK\$148 million from the end of last year, which mainly represented PRC government grants and subsidies on solid waste treatment business.

Trade payables

The Group's trade payables decreased by HK\$24 million to HK\$737 million from the end of last year, 31% of which HK\$228 million were unbilled.

Other payables and accruals

The Group's total other payables and accruals increased by HK\$2,313 million to HK\$4,041 million from the end of last year, which mainly comprised an amount due to Idata of HK\$2,693 million (2020: HK\$491 million) and amounts due to fellow subsidiaries of HK\$1,165 million (2020: HK\$1,081 million), which are unsecured and non-interest-bearing.

Liquidity and financial resources

The Group adopts conservative treasury policies in cash management. As at 31 December 2021, the Group had cash and cash equivalents amounted to HK\$1,578 million (approximately 86% of which were denominated in Renminbi and 14% of which were denominated in Hong Kong dollars and United States dollars); bank and other borrowings amounted to RMB1,372 million; non-interest-bearing amounts due to Idata and certain fellow subsidiaries of the Company amounted to HK\$2,693 million and RMB955 million, respectively.

As at 31 December 2021, the Group's current liabilities of HK\$5,068 million exceeded its current assets of HK\$2,973 million. Subsequent to the end of the reporting period, the Company entered into a loan agreement with Idata on 28 March 2022 to refinance the amount due to it of HK\$2,693 million, which is included in current liabilities as at 31 December 2021. The loan is unsecured, has a three-year tenure and bears interest at 1.7% per annum. In consideration of the stable cash recurring nature of solid waste treatment operations and the financial support of the holding company, the directors of the Company considered that the Group will be able to operate on a going concern basis and the Group has sufficient cash resources to finance its operations in the foreseeable future.

Key performance indicators

	2021	2020
Gross profit margin	24.8%	29.7%
Operating profit margin	14.0%	12.6%
Net profit margin	10.2%	8.7%
Return on average equity	7.8%	4.3%
Current ratio (<i>times</i>)	0.59	0.56
Debt ratio (<i>total liabilities/total assets</i>)	63.4%	63.2%
Net gearing ratio (<i>net borrowings/total equity</i>)	<u>69.8%</u>	<u>61.3%</u>

Capital expenditure and commitment

During the year, the Group's total capital expenditures amounted to HK\$746 million, of which HK\$734 million was spent on construction and modification of waste treatment plants and HK\$12 million was spent on purchase of other assets. As at 31 December 2021, the Group has capital commitment for service concession arrangements amounted to HK\$1,043 million.

Charges on the Group's assets

As at 31 December 2021, save as (i) the Group's buildings with a net carrying amount of HK\$284 million, the Group's right-of-use assets of HK\$8 million and the Group's trade receivables arising from the provision of solid waste treatment service with a net carrying amount of HK\$131 million are pledged for the Group's bank loans, and (ii) the Group's bank deposits of HK\$6 million are pledged as security deposits to the government authorities and a customer for the provision of construction and related services of solid waste treatment plants, the Group did not have any charges on the Group's assets.

Foreign exchange exposure

The Group's businesses are principally located in Mainland China and the majority of its transactions are conducted in Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, any fluctuation of exchanges rates would impact the Group's net asset value. During the year, the gains arising on settlement or translation of monetary items of HK\$7 million (2020: HK\$7 million) are taken to the statement of profit or loss and the comprehensive gains arising on translation of foreign operations of HK\$108 million (2020: HK\$248 million) are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

Contingent liabilities

The final acceptance of the construction of certain solid waste treatment plants have not been obtained from the relevant government authorities and the Group is still in the process of applying for certain permits in relation to its operation. According to the relevant PRC Law, the Group may be liable to administrative sanctions to be charged by the relevant government authorities due to the above matters. Nevertheless, the Company is of the view that the non-compliance incidents, individually and in aggregate, would have no material adverse impact on the operations and financial position of the Group.

Save as disclosed above, as at 31 December 2021, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 1,399 employees (2020: 1,273). Total staff cost for the year was HK\$292 million, increased by 31% as compared with HK\$223 million in last year. The Group's remuneration policy and package are periodically reviewed and generally structured by reference to market terms and individual performance. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, save as disclosed below, the Company has complied with all applicable code provisions (the “Code Provisions”) of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31 December 2021.

- (a) Under Code Provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. However, the Company considers it is more efficient to hold Board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the Directors.
- (b) Under Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, Mr. Ke Jian has assumed the positions of chairman of the Board and chief executive officer of the Company from 3 January 2020 to 17 August 2021. The Company considered that during that period, such arrangement can bring benefits to the Company’s business development and management, and will not impair the balance of power and authority between the Board and the management of the Company. Since 18 August 2021, Mr. Chen Xinguo has replaced Mr. Ke Jian as the chief executive officer of the Company, and then, the Company has not deviated from Code Provision A.2.1.
- (c) Under Code Provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the Company considers it is more effective for non-executive Directors to voice their views by individual communication with the chairman of the Board.
- (d) Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, all existing non-executive Directors are not appointed for a specific term but subject to retirement by rotation at the annual general meeting in accordance with the Company’s articles of association.
- (e) Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, the independent non-executive Directors were unable to attend the general meetings of the Company due to other business engagements.

- (f) Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration and nomination committees to attend. However, the chairmen of the Board and its committees were unable to attend the annual general meeting due to other business engagements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Dr. Huan Guocang (the chairman of the Audit Committee), Dr. Jin Lizuo and Dr. Wang Jianping. The Audit Committee has reviewed the financial results, financial positions, risk management, internal control, impacts of the new accounting standards and management issues of the Group. The Group's final results for the year ended 31 December 2021 have been reviewed and approved by the Audit Committee.

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 of loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary 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. 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

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

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

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the Company's website (www.beegl.com.hk) and the website of the Stock Exchange (www.hkexnews.hk). The 2021 annual report will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

The Board would like to express our gratitude to all employees, shareholders and parties from different sectors for their support to the Group.

By order of the Board

Ke Jian

Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. Ke Jian, Ms. Sha Ning, Mr. Chen Xinguo, Mr. Yu Ji and Mr. Ng Kong Fat, Brian, and five independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng and Mr. Cheung Ming.