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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 2024

HIGHLIGHTS

- The Group recorded a revenue of approximately RMB6,027.7 million for the year ended 31 December 2024, representing an increase of approximately 19.2% as compared with that of approximately RMB5,057.6 million for the year ended 31 December 2023.
- Profit for the year attributable to shareholders of the Company decreased by approximately 91.0% to approximately RMB25.7 million for the year ended 31 December 2024 as compared to approximately RMB284.7 million for the year ended 31 December 2023. The decrease was mainly due to the impairment loss on goodwill of RMB237.7 million recognised during the year ended 31 December 2024. The impairment loss on goodwill was a one-off non-cash expenditure and had no impacts on the Group's cash flow.
- The Group's financial position and cash flow remain healthy, the production and operation remain normal and smooth. The market demand for services remains strong. The Group obtained 64 urban services projects through public tenders and acquisition, with total contract values and estimated annual revenue amounting to approximately RMB7,847.5 million and RMB1,496.9 million, respectively.
- A final dividend of HK1.3 cents per share is proposed for the year ended 31 December 2024. Full-year dividend is HK2.5 cents.

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Enterprises Urban Resources Group Limited (the “**Company**”) is hereby to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 and the consolidated statement of financial position of the Group as at 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 RMB’000	2023 RMB’000
REVENUE	<i>3</i>	6,027,696	5,057,613
Cost of sales		<u>(4,878,861)</u>	<u>(4,034,791)</u>
Gross profit		1,148,835	1,022,822
Other income and gains, net	<i>4</i>	52,922	97,021
Administrative expenses		(593,508)	(523,706)
Selling and distribution expenses		(13,389)	(26,279)
Other expenses		(48,674)	(30,937)
Finance costs	<i>6</i>	(112,310)	(113,978)
Impairment loss on goodwill		(237,683)	–
Share of (loss)/profits of joint ventures		<u>(930)</u>	<u>441</u>
PROFIT BEFORE TAX	<i>5</i>	195,263	425,384
Income tax expense	<i>7</i>	<u>(108,914)</u>	<u>(86,044)</u>
PROFIT FOR THE YEAR		<u>86,349</u>	<u>339,340</u>
Attributable to:			
Owners of the Company		25,693	284,734
Non-controlling interests		<u>60,656</u>	<u>54,606</u>
		<u>86,349</u>	<u>339,340</u>
EARNINGS PER SHARE	<i>8</i>		
Basic and diluted		<u>RMB0.72 cents</u>	<u>RMB7.91 cents</u>

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

Year ended 31 December 2024

	2024 RMB'000	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR	86,349	339,340
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
– Translation of foreign operations	(3,725)	(39,628)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
– Translation from functional currency to presentation currency	<u>7,668</u>	<u>31,794</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF INCOME TAX	<u>3,943</u>	<u>(7,834)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>90,292</u>	<u>331,506</u>
Attributable to:		
Owners of the Company	29,636	276,900
Non-controlling interests	<u>60,656</u>	<u>54,606</u>
	<u>90,292</u>	<u>331,506</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2024*

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,582,861	2,609,776
Right-of-use assets		292,263	309,073
Goodwill		16,551	247,954
Service concession arrangements		465,804	482,197
Other intangible assets		15,107	15,962
Investments in joint ventures		48,974	40,816
Prepayments, deposits and other receivables		31,882	69,527
Deferred tax assets		90,221	66,228
		<hr/>	<hr/>
Total non-current assets		3,543,663	3,841,533
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		74,763	54,117
Trade and bills receivables	<i>10</i>	3,368,756	2,494,426
Environmental decommissioning fees receivable	<i>11</i>	333,326	367,497
Other tax recoverable		113,934	150,413
Prepayments, deposits and other receivables		191,924	125,989
Restricted cash and pledged deposits		14,600	12,068
Cash and cash equivalents		939,671	1,080,749
		<hr/>	<hr/>
Total current assets		5,036,974	4,285,259
		<hr/>	<hr/>
TOTAL ASSETS		8,580,637	8,126,792
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2024*

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	12	595,901	447,062
Other payables and accruals		1,031,548	809,990
Other taxes payable		41,334	33,340
Income tax payable		67,035	33,439
Interest-bearing bank borrowings	13	946,454	1,270,109
Total current liabilities		2,682,272	2,593,940
NET CURRENT ASSETS		2,354,702	1,691,319
TOTAL ASSETS LESS CURRENT LIABILITIES		5,898,365	5,532,852
NON-CURRENT LIABILITIES			
Deferred income		153,075	160,092
Other payables and accruals		55,688	62,960
Deferred tax liabilities		60,020	42,190
Interest-bearing bank borrowings	13	1,685,572	1,292,030
Provision for major overhauls		130,352	123,532
Total non-current liabilities		2,084,707	1,680,804
NET ASSETS		3,813,658	3,852,048
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	313,584	317,405
Reserves		2,769,984	2,844,375
		3,083,568	3,161,780
Non-controlling interests		730,090	690,268
TOTAL EQUITY		3,813,658	3,852,048

NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Beijing Enterprises Water Group Limited (“**BEWG**”), which is a limited liability company incorporated in Bermuda and shares of which are listed on the Main Board of the Stock Exchange. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is Units 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, the Group was involved in the following principal activities:

- provision of urban services
- provision of hazardous waste treatment services
- provision of waste electrical, electronic equipment treatment services and sale of dismantled products

The consolidated financial statements are presented in Renminbi (“RMB”). During the current year, the functional currency of the Company was changed from Hong Kong dollars (“HK\$”) to RMB. The directors of the Company have determined that RMB better reflects the primary economic environment in which the entity operates as an investment holding company holding subsidiaries with primary economic environment in the Chinese Mainland and in view of the repayment of HK\$ borrowings, and the denomination of remaining financing arrangement being RMB.

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

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

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

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

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

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

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

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

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

2. OPERATING SEGMENT INFORMATION

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

- (a) the urban services segment provides urban environmental governance services and construction 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 for the year attributable to owners of the parent. The adjusted profit for the year attributable to owners of the parent is measured consistently with the Group’s profit for the year attributable to owners of the parent except that corporate and other unallocated income and expenses are excluded from such measurement.

The following is an analysis of the Group's revenue and results by reportable segments:

	Urban services		Hazardous waste treatment		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue (note 3)	5,310,493	4,343,559	536,459	546,759	180,744	167,295	6,027,696	5,057,613
Cost of sales	<u>(4,208,139)</u>	<u>(3,428,821)</u>	<u>(509,518)</u>	<u>(452,448)</u>	<u>(161,204)</u>	<u>(153,522)</u>	<u>(4,878,861)</u>	<u>(4,034,791)</u>
Gross profit	<u>1,102,354</u>	<u>914,738</u>	<u>26,941</u>	<u>94,311</u>	<u>19,540</u>	<u>13,773</u>	<u>1,148,835</u>	<u>1,022,822</u>
Segment results	<u>572,135</u>	<u>468,073</u>	<u>(55,668)</u>	<u>26,256</u>	<u>10,771</u>	<u>15,118</u>	<u>527,238</u>	<u>509,447</u>
Corporate and other unallocated income and expenses, net:								
– Corporate gains							1,626	7,365
– Finance costs							(59,234)	(61,331)
– Impairment loss on goodwill							(237,683)	–
– Corporate and other unallocated expenses							<u>(36,684)</u>	<u>(30,097)</u>
							<u>(331,975)</u>	<u>(84,063)</u>
Profit before tax							195,263	425,384
Income tax expense							<u>(108,914)</u>	<u>(86,044)</u>
Profit for the year							<u>86,349</u>	<u>339,340</u>
Segmental profit/(loss) for the year	463,591	387,372	(54,934)	20,845	9,667	15,186	418,324	423,403
Non-controlling interests	<u>(75,354)</u>	<u>(48,032)</u>	<u>20,024</u>	<u>1,805</u>	<u>(5,326)</u>	<u>(8,379)</u>	<u>(60,656)</u>	<u>(54,606)</u>
Owners of the parent	<u>388,237</u>	<u>339,340</u>	<u>(34,910)</u>	<u>22,650</u>	<u>4,341</u>	<u>6,807</u>	<u>357,668</u>	<u>368,797</u>
Corporate and other unallocated income and expenses, net							<u>(331,975)</u>	<u>(84,063)</u>
							<u>25,693</u>	<u>284,734</u>
Other segment information:								
Share of profit/(loss) of joint ventures	802	1,637	(1,732)	(1,196)	–	–	(930)	441
Impairment losses and write-down of inventory to net realisable value recognised in the consolidation statement of profit or loss, net	23,488	6,720	2,777	2,379	6,733	–	32,998	9,099
Depreciation and amortisation	463,089	444,814	136,900	105,173	5,022	7,204	605,011	557,191
Capital expenditure*	<u>511,105</u>	<u>650,382</u>	<u>114,184</u>	<u>268,005</u>	<u>2,414</u>	<u>1,332</u>	<u>627,703</u>	<u>919,719</u>

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, service concession arrangements, other intangible assets and acquisition of a subsidiary.

Geographical information

The Group's operations are located in the Chinese Mainland and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Chinese Mainland	5,692,940	5,057,613	3,398,126	3,705,768
Hong Kong	334,756	–	23,434	10
	6,027,696	5,057,613	3,421,560	3,705,778

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

During the years ended 31 December 2024 and 2023, no revenue from transactions with a single external customer contributed over 10% of the total revenue of the Group.

3. REVENUE

Disaggregation of revenue

	2024 RMB'000	2023 RMB'000
Revenue from contract with customers		
Urban services		
– Urban environmental governance services	5,253,268	4,060,872
– Construction services	57,225	282,687
	5,310,493	4,343,559
Hazardous waste treatment businesses		
– Hazard-free waste disposal services	364,875	314,480
– Sale of recycling and reuse products	171,584	232,279
	536,459	546,759
Sale of dismantled products	128,560	110,959
	5,975,512	5,001,277
Revenue from other source		
Environmental decommissioning fees income	52,184	56,336
	6,027,696	5,057,613

4. OTHER INCOME AND GAINS, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	9,686	16,564
Government grants (note (a))	20,256	29,415
VAT refunds (note (b))	1,285	10,914
VAT super deduction (note (c))	1,765	16,619
Gain on disposal of items of property, plant and equipment	3,932	7,536
Sales of scarp materials	3,469	2,862
Others	12,529	13,111
	<u>52,922</u>	<u>97,021</u>

Notes:

- (a) The government grants recognised during the year represented grants received from certain government authorities. There are no unfulfilled conditions or contingencies relating to these grants.
- (b) Certain subsidiaries are entitled to a refund of 50% to 70% of the VAT paid/payable under the Catalogue of Products and Services related to Recycling Businesses Qualified for Value-Added Tax (VAT) Preferential Treatment (Caishui [2015] No. 78) jointly issued by the PRC State Administration of Taxation and the Ministry of Finance.
- (c) Certain subsidiaries are also entitled to an additional VAT super deduction of 10% to 15% of the input VAT under the rules issued by the PRC State Administration of Taxation, the Ministry of Finance and the General Administration of Customs China.

5. PROFIT BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold (note (a))	324,883	325,520
Cost of services provided (note (a))	4,480,982	3,642,617
Depreciation of property, plant and equipment	488,716	446,191
Depreciation of right-of-use assets	41,269	42,396
Amortisation of service concession arrangements (note (a))	72,996	66,654
Amortisation of intangible assets	2,030	1,950
Write-down/(reversal of write-down) of inventories to net realisable value (note (b))	1,998	(1,901)
Impairment losses of trade receivables and environmental decommissioning fees receivable, net (note (b))	31,000	11,000
Provision for major overhaul	1,654	2,466
Lease payments under short term leases	67,268	59,047
(Gain)/loss on modification of leases	(2,037)	347
Auditor's remuneration	3,076	3,420
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Salaries and benefits in kind	2,523,157	2,215,128
Pension scheme contributions	357,095	259,260
Total	<u><u>2,880,252</u></u>	<u><u>2,474,388</u></u>

Notes:

- (a) Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.
- (b) Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank and other borrowings	98,439	106,692
Interest on lease liabilities	8,705	6,009
	<hr/>	<hr/>
Total interest on bank and other borrowings	107,144	112,701
Increase in discounted amounts of provision for major overhaul arising from the passage of time	5,166	6,781
	<hr/>	<hr/>
Total finance costs	112,310	119,482
Less: Interest capitalised	–	(5,504)
	<hr/>	<hr/>
	112,310	113,978
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during both years.

The income tax provisions in respect of operations in Chinese Mainland 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 Chinese Mainland, a number of the Company's subsidiaries enjoy income tax exemptions and reductions, because (1) these companies are engaged in the operations of environmental protection, energy and water conservation; and/or (2) they have operations in the Western region of Chinese Mainland that are qualified for a 15% concessionary corporate income tax rate for a prescribed period of time pursuant to the "Circular of the State Council on Policies and Measures Concerning the Large-scale Development of China's Western Regions" (Guo Fa [2000] No. 33) issued by the State Council of Chinese Mainland.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
Chinese Mainland	115,077	84,852
Deferred tax	(6,163)	1,192
	<hr/>	<hr/>
	108,914	86,044
	<hr/> <hr/>	<hr/> <hr/>

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Earnings:		
Profit for the year attributable to owners of the Company	<u>25,693</u>	<u>284,734</u>
Number of shares:		
Weighted average number of ordinary shares in issue less treasury shares	<u>3,558,142,623</u>	<u>3,599,901,326</u>

No diluted earnings per share for the years ended 31 December 2024 and 2023 was presented as there was no dilutive potential ordinary share in issue for both years.

9. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK1.3 cents (2023: final dividend in respect of the year ended 31 December 2023 of HK1.5 cents) per ordinary share, in an aggregate amount of HK\$46,237,000 (equivalent to RMB42,538,000) (2023: HK\$53,350,000 (equivalent to RMB48,548,000)), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	3,420,935	2,536,528
Less: Allowance for credit losses	<u>(68,451)</u>	<u>(55,674)</u>
	<u>3,352,484</u>	<u>2,480,854</u>
 Bills receivable	 16,272	 13,572
	<u>3,368,756</u>	<u>2,494,426</u>

The Group's trading terms with its customers are mainly on credit. 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 minimise 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. Other than bills receivable, 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 based on the invoice date or revenue recognition date (when the invoices had yet been issued by then) and net of allowance for credit losses, is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Within 3 months	1,363,535	1,130,234
4 to 6 months	639,632	507,607
7 to 12 months	757,062	536,089
Over 1 year	592,255	306,924
	3,352,484	2,480,854

11. ENVIRONMENTAL DECOMMISSIONING FEES RECEIVABLE

	2024 RMB'000	2023 <i>RMB'000</i>
Environmental decommissioning fees receivable	333,326	367,497

The balance represented government subsidies receivable from the Central Government of the People's Republic of China ("Central Government") 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. Auditor reports 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 about 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 4 to 5 years (2023: 4 to 5 years).

The Group does not hold any collateral over these balances.

12. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 <i>RMB'000</i>
Trade payables	575,901	437,062
Bills payable	20,000	10,000
	595,901	447,062

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	264,193	107,088
1 to 2 months	80,488	55,379
2 to 3 months	56,464	51,362
Over 3 months	174,756	223,233
	<u>575,901</u>	<u>437,062</u>

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

13. INTEREST-BEARING BANK BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Secured bank loans	632,954	794,870
Unsecured bank loans	1,999,072	1,767,269
	<u>2,632,026</u>	<u>2,562,139</u>
Total bank borrowings	2,632,026	2,562,139
Less: Amounts due within one years shown under current liabilities	(946,454)	(1,270,109)
	<u>1,685,572</u>	<u>1,292,030</u>
Amounts shown under non-current liabilities	1,685,572	1,292,030

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	30,000,000,000	3,000,000
	<u>30,000,000,000</u>	<u>3,000,000</u>
	Number of shares in issue of HK\$0.1 each	Share capital <i>RMB'000</i>
Issued and fully paid:		
At 1 January 2023 and 31 December 2023	3,600,000,000	317,405
Shares cancelled (<i>note</i>)	(43,336,000)	(3,821)
	<u>3,556,664,000</u>	<u>313,584</u>
At 31 December 2024	3,556,664,000	313,584

Note:

During the year ended 31 December 2024, the Company repurchased 39,700,000 (2023: 3,636,000) of its shares on the Stock Exchange at an aggregate consideration of HK\$22,569,000 (equivalent to RMB20,746,000) (2023: HK\$1,651,000 (equivalent to RMB1,456,000)) (before expenses). The above shares were cancelled during the year ended 31 December 2024 and 3,636,000 shares were not cancelled at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

The analysis of the Group's financial results, by business segments, for the years ended 31 December 2024 and 2023 is set out in details below:

	Revenue			Gross profit margin			Profit attributable to shareholders of the Company		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
	RMB'000	RMB'000	%	%	%	%	RMB'000	RMB'000	%
Urban services									
– Urban environmental governance services	5,253,268	4,060,872	29.4%	20.9%	22.0%	(1.1)%			
– Construction services	57,225	282,687	(79.8)%	8.0%	8.0%	–			
Subtotal	5,310,493	4,343,559	22.3%	20.8%	21.1%	(0.3)%	388,237	339,340	14.4%
Hazardous waste treatment business									
– Hazard-free waste disposal projects	364,875	314,480	16.0%	4.5%	17.7%	(13.2)%	(35,113)	9,448	N/A
– Recycling and reuse projects	171,584	232,279	(26.1)%	6.0%	16.7%	(10.7)%	203	13,202	(98.5)%
Subtotal	536,459	546,759	(1.9)%	5.0%	17.2%	(12.2)%	(34,910)	22,650	N/A
Others	180,744	167,295	8.0%	10.8%	8.2%	2.6%	4,341	6,807	(36.2)%
Business results	<u>6,027,696</u>	<u>5,057,613</u>	19.2%	19.1%	20.2%	(1.1)%	<u>357,668</u>	<u>368,797</u>	(3.0)%
Corporate and other unallocated income and expenses, net							(331,975)	(84,063)	294.9%
Total							<u>25,693</u>	<u>284,734</u>	(91.0)%

BUSINESS REVIEW

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

The coverage of the Group's businesses have extended to 19 provinces, 4 autonomous regions, 2 municipalities and 1 special administrative region all across Greater China.

Urban services

Urban 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, the Group utilises existing public facilities, including garbage transportation stations and public toilets, to provide comprehensive urban services. The Group's urban 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 (the "Urban environmental governance services").

As at 31 December 2024, the Group had 231 urban services projects, the movements of which, during the year ended 31 December 2024, were as follow:

	Chinese Mainland projects	Hong Kong, China projects	Total number of projects
As at 1 January 2024	186	–	186
Newly added	29	6	35
Acquisition of a subsidiary (<i>note</i>)	–	38	38
Terminated to operate	(19)	(9)	(28)
As at 31 December 2024	<u>196</u>	<u>35</u>	<u>231</u>

Note:

On 25 June 2024, the Group acquired a 85%-equity interest in Shiny Glory Services Limited (the “**Shiny Glory**”) (丞美服務有限公司), a company principally engaged in urban services in Hong Kong. At the date of acquisition, Shiny Glory had 38 urban services projects in operation. Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

The following table sets for an analysis of the urban services projects obtained as at 31 December 2024:

	Chinese Mainland projects through public tender	Hong Kong, China projects through public tender	through acquisition	Total
Number of urban services projects obtained	<u>29</u>	<u>6</u>	<u>29</u>	<u>64</u>
Total contract value (<i>RMB million</i>)	<u>6,090.9</u>	<u>330.9</u>	<u>1,425.7</u>	<u>7,847.5</u>
Estimated annual revenue (<i>RMB million</i>)	<u>875.1</u>	<u>112.3</u>	<u>509.5</u>	<u>1,496.9</u>

As at 31 December 2024, the Group successfully won a total of 35 urban services projects through public tender with total contract value and estimated annual revenue amounting to approximately RMB6,421.8 million and RMB987.4 million, respectively.

During the year ended 31 December 2024, the Group had recorded a total revenue of approximately RMB561.9 million in respect of these 64 projects located in Chinese Mainland and Hong Kong.

The Group operates its urban services projects under the following models:

Operating Models	Chinese Mainland projects	Hong Kong, China projects	Total number of projects
Operation & Maintenance (“O&M”)			
• Urban Butler Integrated Service Project	7	–	7
• Comprehensive Cleaning Project	97	2	99
• Traditional Environmental Hygiene Service Project			
Public-Private-Partnership (“PPP”)	85	33	118
• Build-Operate-Transfer (“BOT”)	3	–	3
• Transfer-Operate-Transfer	4	–	4
Total	<u>196</u>	<u>35</u>	<u>231</u>

Under the O&M model, the Group acts as a third-party professional municipal operator for operation and maintenance for its customers, i.e., the local government, which usually outsource the municipal projects whose construction has been completed or nearly completed to the Group. With the rising specifications and requirements for urban governance stipulated by the policies in the PRC, improving the operational efficiency of urban management, enhancing the efficiency of the utilization of financial funds and reducing the cost of public services have become the core demands of the government competent authorities. Based on traditional environmental hygiene services, the Group has expanded its business boundary horizontally to strengthen its urban service capabilities on all fronts. Through the integration of its industrial chain, the Group has effectively integrated government services such as full regional sweeping and cleaning, garbage sorting, resource utilization, municipal maintenance, greening management and maintenance, garbage sorting and transportation, cityscape management and control, and digital urban management, thereby building a new urban management mode of “management + service + operation”. The Group has developed an independent smart urban management platform to create the smart urban butler integrated service.

As of 31 December 2024, the Group had a total of 7 urban butler projects in operation, with an annual service fee amounting to approximately RMB1.0 billion and a total contract value exceeding RMB7.4 billion, which demonstrated the Group’s “leading position” as an urban butler in the industry. In the future, the Group will continue to focus on urban butler projects and expand the depth and breadth of such business.

Under the PPP model, the Group enters into operating concession arrangements with the local governments which regulate the scope and price of services that the Group provides by utilising the assets, and also set out the treatment of any significant residual interests in the assets at the end of the term of the arrangements.

Acquisition of Shiny Glory

On 25 June 2024, the Group completed the acquisition of Shiny Glory at a total consideration of HK\$43,925,000. Shiny Glory became a subsidiary of the Company and the financial results of which shall be consolidated into financial statements of the Group since then. Shiny Glory is a well-established service provider for urban services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services in Hong Kong. As at 31 December 2024, Shiny Glory had a total of 35 urban service projects with total contract value and estimated annual revenue amounting to approximately RMB1,756.6 million and RMB621.8 million, respectively. The Directors consider that the acquisition of Shiny Glory will enable the

Group to achieve rapid growth of environmental sanitation services in the Hong Kong market and accelerate our accumulation of service operation experience in similar projects overseas, thus being an important initiative for the Group to achieve leapfrog development.

Hazardous waste treatment business

Hazardous waste treatment business comprises the provision of hazard-free waste disposal services and sale of recycling and reuse products.

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.

Under the hazard-free waste disposal services, the Group processes and safely disposes of hazardous waste for industrial companies and medical institutions and charge them waste treatment fees. The Group's business mainly cover collection, transportation, storage and disposal of wastes such as medical waste and industrial solid waste.

By recycling waste methanol and mixed alcohol acquired by the Group, through its advanced recycling and reuse technology, the Group is able to produce related products such as methanol, ethanol, propanol and butanol and generates revenue from sales of these products. In addition, the reutilization technology also covers the storage, transportation, treatment, dehydration and product separation systems of silicon copper slag and etching solution wastewater, deodorization facilities and related auxiliary facilities. The wet disposal process is used to separate and recycle silicon copper slag, which becomes a useful supplement to the hazard-free business.

As at 31 December 2024, the Group had 10 hazardous waste treatment projects (2023: 11 projects) in operation. As of 31 December 2024, treatment facilities of our projects that engaged in hazard-free waste disposal had a total designed treatment capacity of 419,716 tons per annum (2023: 423,366 tons) and treatment facilities of projects that engaged in recycling and reuse had a total designed treatment capacity of 280,000 tons per annum (2023: 270,000 tons).

Other business

Other business represents waste electrical and electronic equipment treatment business. As of 31 December 2024, the Group had 2 revenue-generating waste electrical and electronic equipment treatment projects.

The Group procures 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 2024, revenue from our waste electrical and electronic equipment treatment business amounted to approximately RMB180.7 million (2023: RMB167.3 million), representing approximately 3.0% (2023: 3.3%) of the Group's total revenue.

FINANCIAL PERFORMANCE

Revenue and gross profit margin

The Group's total revenue increased by approximately 19.2% from approximately RMB5,057.6 million for the year ended 31 December 2023 to approximately RMB6,027.7 million for the year ended 31 December 2024, primarily due to increase in revenue from the Group's urban services.

The Group's gross profit margin decreased from 20.2% for the year ended 31 December 2023 to 19.1% for the year ended 31 December 2024, primarily due to decrease in gross profit margin from hazardous waste treatment business.

Urban services

The following table sets forth an analysis of the revenue and gross profit margin of the Group's urban services:

	Urban environmental governance services			Construction services			Total		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Revenue (RMB'000)	5,253,268	4,060,872	29.4%	57,225	282,687	(79.8)%	5,310,493	4,343,559	22.3%
Gross profit margin	20.9%	22.0%	(1.1)%	8.0%	8.0%	–	20.8%	21.1%	(0.3)%

During the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB5,310.5 million (year ended 31 December 2023: RMB4,343.6 million). As at 31 December 2024, the Group had a total of 231 urban services projects (31 December 2023: 186).

- Urban Environmental Governance Services

An analysis of the revenue and gross profit margin, by geographical location of the operations, is follows:

	Revenue			Gross profit margin		
	2024	2023	Changes	2024	2023	Changes
	RMB'000	RMB'000	%	%	%	%
Chinese Mainland	4,918,512	4,060,872	21.1%	21.9%	22.0%	(0.1)%
Hong Kong	334,756	Nil	N/A	6.1%	Nil	N/A
Total	<u>5,253,268</u>	<u>4,060,872</u>	<u>29.4%</u>	<u>20.9%</u>	<u>22.0%</u>	<u>(1.1)%</u>

During the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB5,253.3 million (year ended 31 December 2023: RMB4,060.9 million) from its urban services projects. The increase was mainly attributable to (i) numbers of urban services projects successfully won through public tenders; and (ii) acquisition of Shiny Glory during the year.

The gross profit margin of the Urban Environmental Governance Services in Chinese Mainland was 21.9% (year ended 31 December 2023: 22.0%).

The gross profit margin of the Urban Environmental Governance Services in Hong Kong was 6.1% (year ended 31 December 2023: Nil).

- Construction services

During the year ended 31 December 2024, the Group had service concession contracts on a BOT basis in respect of its urban services. The urban services facilities under construction were mainly located in Shandong Province. During the year ended 31 December 2024, the Group recorded a total revenue of approximately RMB57.2 million (year ended 31 December 2023: RMB282.7 million) from its construction services for urban services projects.

The gross profit margin of construction services was 8.0% (year ended 31 December 2023: 8.0%). Under HK(IFRIC)-Int 12 *Service Concession Arrangements*, the Group recognises the construction revenue with reference to the fair value of the construction service delivered in the building phase. Construction revenue is recognised by using the percentage-of-completion method.

Hazardous waste treatment services

During the year ended 31 December 2024, the Group recorded a total revenue of RMB536.5 million (year ended 31 December 2023: RMB546.8 million) from its hazardous waste treatment services projects.

The Group's gross profit margin of its hazardous waste treatment services projects decreased from 17.2% for the year ended 31 December 2023 to 5.0% for the year ended 31 December 2024.

The following table sets forth an analysis of the sales price of the Group's hazardous waste treatment service projects:

	Hazard-free waste disposal projects			Recycling and reuse projects			Total		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Revenue (RMB'000)	364,875	314,480	16.0%	171,584	232,279	(26.1)%	536,459	546,759	(1.9)%
Actual treatment/sales volume (tons)	285,637	230,027	24.2%	46,994	54,867	(14.3)%	332,631	284,894	16.8%
Average sales price (RMB/ton)	<u>1,277</u>	<u>1,367</u>	<u>(6.6)%</u>	<u>3,651</u>	<u>4,233</u>	<u>(13.7)%</u>	<u>1,613</u>	<u>1,919</u>	<u>(15.9)%</u>

- Hazard-free waste disposal projects

As at 31 December 2024, the Group has 8 hazard-free waste disposal projects in operation. The plants were mainly located in Shandong Province, Sichuan Province and Jiangsu Province.

The actual treatment volume of the Group's hazard-free waste disposal projects increased from 230,027 tons for the year ended 31 December 2023 to 285,637 tons for the year ended 31 December 2024. The increase was mainly attributable to (i) the increase in actual treatment volume resulting from the full-year operations of the Group's Industrial Hazardous Waste Treatment Project in Zigong City, Sichuan Province* (四川省自貢市工業危險廢物處置項目) and the Suining Hazardous Waste Treatment Project in Xuzhou City, Jiangsu Province* (江蘇省徐州市睢寧危險廢物處置項目), both of which commenced operations in the second half of 2023; and (ii) the increase in treatment volume from the Beijing Enterprises Urban Environmental Resources (Yichang) Limited* (北控城市環境資源(宜昌)有限公司).

* For identification purpose only

The average sales price of the Group's hazard-free waste disposal projects decreased from RMB1,367 per ton for the year ended 31 December 2023 to RMB1,277 per ton for the year ended 31 December 2024. The decrease was primarily due to (i) more competitors entering the hazard-free waste disposal business; and (ii) reduced production by upstream industrial enterprises, leading to decrease in demand for hazard-free waste treatment services.

The gross profit margin of the Group's hazard-free waste disposal projects decreased to 4.5% for the year ended 31 December 2024 (2023: 17.7%). The decrease was mainly attributable to (i) decrease in average sales price from RMB1,367 per ton for the year ended 31 December 2023 to RMB1,277 per ton for the year ended 31 December 2024; and (ii) insufficient in utilisation rates of treatment capacities of certain hazard-free waste disposal projects.

- **Recycling and reuse projects**

As at 31 December 2024, the Group had 2 recycling and reuse projects in operation. The plants were mainly located in Ningxia Province and Hubei Province.

The sales volume of the Group's recycling project decreased from 54,867 tons for the year ended 2023 to 46,994 tons for the year ended 2024. The decrease was mainly attributable to (i) lower demand for copper scrap recycling as a result of reduced production by upstream industrial enterprises; and (ii) temporary suspension of butanol refining production in the first half of the year due to the technical modification of the butanol tower of the plant located in Ningxia Province.

The average sales price of the Group's recycling and reuse projects decreased from RMB4,233 per ton for the year ended 31 December 2023 to RMB3,651 per ton for the year ended 31 December 2024 mainly due to (i) changes in sales mix include a decrease in the sales volume of copper scrap and an increase in the sales volume of methanol, and (ii) a decrease in the market price of methanol and ethanol during the period. Accordingly, the gross profit margin of the Group's recycling and reuse products decreased from 16.7% for the year ended 31 December 2023 to 6.0% for the year ended 31 December 2024.

Other income and gains, net

Other income and gains, net for the year ended 31 December 2024 decreased to RMB52.9 million, as compared to last year of RMB97.0 million. The decrease was mainly due to decrease in interest income, government grants, VAT refunds and VAT super deduction.

Administrative expenses

Administrative expenses for the year ended 31 December 2024 increased to RMB593.5 million, as compared to the corresponding period of last year of RMB523.7 million. The increase was mainly due to continuous business expansion in urban services.

Other expenses

Other expenses for the year ended 31 December 2024 increased to RMB48.7 million, as compared to the corresponding period of last year of RMB30.9 million. The increase was mainly due to increase in impairment losses of trade receivables and environmental decommissioning fees receivable during the year ended 31 December 2024.

Finance costs

Finance costs mainly represented interests on bank and other borrowings. The decrease in finance costs was mainly due to the decrease in the market interest rates charged on offshore bank borrowings during the year ended 31 December 2024.

Impairment loss on goodwill

The impairment loss on goodwill represented the write-down of the carrying amounts of certain goodwill arising from the acquisitions of the hazardous waste treatment business during the year ended 31 December 2024. This was due to the adverse impacts on operating performances and market conditions of hazardous waste treatment business.

Income tax expense

The income tax expense increased from RMB86.0 million for the year ended 31 December 2023 to RMB108.9 million for the year ended 31 December 2024, mainly due to continuous business expansion in urban services.

Property, plant and equipment

Property, plant and equipment consist of buildings, plant and machinery, leasehold improvements, furniture, fixtures and equipment, motor vehicles, construction in progress. The decrease in property, plant and equipment for the year ended 31 December 2024 was mainly due to depreciation provided during the year ended 31 December 2024.

Right-of-use-assets

Right-of-use assets represented right to use assets over the life of leases, which consist of buildings, motor vehicles and leasehold lands. Decrease in right-of-use assets was due to depreciation provided during the year ended 31 December 2024.

Goodwill

The decrease in goodwill was due to impairment loss recognised for hazardous waste treatment business in the amount of RMB237.7 million during the year ended 31 December 2024.

Service concession arrangements

Service concession arrangements represented arrangements involving the Group as a provider of urban services on behalf of the relevant government agencies for a period of 15 to 28 years. The decrease was mainly due to the amortisation provided during the year ended 31 December 2024.

Trade and bills receivables

Increase in trade and bills receivables was mainly due to continuous business expansion in urban services.

Environmental decommissioning fee receivable

Environmental decommissioning fees receivable represented government subsidies receivable from the PRC central government for the Group's waste electrical and electronic equipment treatment services projects.

Prepayments, deposit and other receivables

Increase in prepayments, deposits and other receivables was mainly due to (i) the increase in guarantee deposits held by customers; and (ii) the increase in prepaid expenses.

Cash and cash equivalents

Cash and cash equivalents decreased by RMB141.1 million which was mainly due to purchase of property, plant and equipment during the year.

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 urban services. The increase was mainly due to the increase in procurement as a result of the continuous business expansion in the Group's urban services.

Other payables and accruals

Other payables and accruals mainly represented payables for acquisition of property, plant and equipment, accruals for the Group's expenses, lease liabilities and payables to related parties and non-controlling shareholders. The increase was mainly due to increase in accruals for the Group's expenses and payables for acquisition of property, plant and equipment.

Interest-bearing bank borrowings

Increase in bank and other borrowings was mainly due to drawdown of bank borrowings during the year ended 31 December 2024 for the purposes of development in the Group's urban services.

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 HK\$ and RMB. Surplus cash is generally placed in short-term deposits denominated in HK\$ and RMB.

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB939.7 million (31 December 2023: approximately RMB1,080.7 million).

As at 31 December 2024, the Group's bank and other borrowings amounted to RMB2,632.0 million (31 December 2023: RMB2,562.1 million).

The net gearing ratio (defined as bank and other borrowings, net of cash and cash equivalents (the “**Net Debt Amounts**”), divided by the total equity) was 44.4% as at 31 December 2024 (31 December 2023: 38.5%). The increase in net gearing ratio was mainly due to increase in the Net Debt Amounts as a result of business expansion during the year.

Capital expenditure

During the year ended 31 December 2024, the Group's total capital expenditures were RMB627.7 million (2023: RMB919.7 million), out of which RMB496.1 million, RMB1.2 million, RMB33.8 million, RMB56.6 million and RMB40.0 million (2023: RMB583.2 million, RMB10.0 million, RMB35.7 million, RMB290.8 million and Nil) were paid for the additions of property, plant and equipment, other intangible assets, right-of-use assets, service concession arrangements and acquisition of a subsidiary, respectively.

FUTURE OUTLOOK

Under the diverging paces of global economic recovery, the end demand remains sluggish which poses huge challenges on the development of the industry. However, the ongoing macro policies issued by various departments across the country will continue to form policy synergies and provide favourable policy conditions for the stable operation of the economy. The Group will closely follow China's policy direction of the “Opinions on Accelerating the Comprehensive Green Transition of Economic and Social Development”, take the core measures of new energy application and household waste resource treatment, deepen technological innovation and business model innovation, and proactively respond to the policy synergies, so as to lay a solid foundation for long-term development.

In 2025, upholding the “efficiency enhancement, innovation-driven and value exploration” principal strategy, the Group will promote the overall business upgrades, with a focus on room for profitability and investment returns. In respect of the urban service business, in order to actively mitigate cash flow risks and improve its solvency position, the Group will formulate a transformation plan based on the current situation and promote the strategy of “High-quality Development” in full force. In other words, the Group will adhere to the business strategy of “stability first” with an aim to improve its profitability, reduce growth rate and control risks, and continuously enhance its core competitiveness, thereby forming a new landscape of “sound profitability, stable growth and low risk” for its operation.

The core path for its “high-quality development” will be: focusing on the two major business pillars of high-quality existing projects and high-quality incremental projects, the Group will take improving internal management and innovating the product business as the core support to systematically build an operation system for “high-quality development”. In terms of the hazardous waste business, the Group will explore the circular economy model, develop high value-added treatment technologies and enhance the efficiency of resource utilization.

The Group will focus on innovation-driven and technology-enabled research and development of intelligent environmental sanitation equipment, low-carbon technologies and digital platforms to develop its differentiated competitive edge through technological breakthroughs, and continue to improve the mechanism for the application of innovation results in order to strengthen cross-business synergies. In terms of risk management and control and sustainable development, the Group will improve its environmental, social and corporate governance framework to systematically reduce carbon footprint in operations. In addition, it will strengthen the dynamic risk monitoring mechanism and optimize the cash flow management to support its goal of sustainable development. The Group will continuously enhance its operational efficiency through refined cost management and expansion of high value-added businesses. Under the guidance of the high-quality development strategy, we are committed to driving the sustainability of the Group along the steady path of high-quality development, and creating stable long-term value for the investors.

CHARGES ON THE GROUP’S ASSETS

The secured bank and other borrowings of the Group as at 31 December 2024 are secured by:

- (i) pledge over the Group’s equity interest in subsidiaries and a non-controlling shareholder’s equity interest in a subsidiary as at 31 December 2024 and 2023; and
- (ii) pledges over certain of the Group’s property, plant and equipment, right-of-use assets and operating concession rights as at 31 December 2024 and 2023.

Save as disclosed above, as at 31 December 2024, the Group did not have any charges on the Group’s assets.

CONTINGENT LIABILITIES

At 31 December 2024, performance guarantees of RMB132,062,000 (2023: Nil) were given by bank and insurance companies in favour of the Group’s customers as security for the due performance and observance of the Group’s obligations under the contracts entered into between the Group and their customers.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Certain of the subsidiaries of the Group have their assets and liabilities denominated in HK\$. 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 HK\$ appreciates/depreciates against RMB, the Group would record a(n) decrease/increase in the Group's net asset value. During the year ended 31 December 2024, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 67,219 employees (31 December 2023: 56,776 employees) with total staff cost of approximately RMB2,880.3 million incurred for the year ended 31 December 2024 (year ended 31 December 2023: approximately RMB2,474.4 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 24 June 2024 (after trading hours), Global Start Development Limited (the “**Global Start**”) (寰始發展有限公司), an indirect subsidiary of the Company owned as to 85% by Beijing Enterprises Urban Services Group Limited (北控城市服務集團有限公司) and 15% by Mr. Xiong Jianrui, entered into the sale and purchase agreement with Mr. Tam Wai Tong, pursuant to which Global Start has agreed to purchase and Mr. Tam Wai Tong has agreed to sell the non-interest bearing exchangeable bond in the principal amount of HK\$20,000,000 issued by Lapco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8472), which entitles the bondholder to exchange for all the issued share capital of Shiny Glory at the consideration of HK\$29,500,000 (equivalent to RMB26,845,000). On 25 June 2024, as all of the conditions precedent under the sale and purchase agreement has been fully satisfied, the completion has taken place in accordance with the terms of the sale and purchase agreement. Upon completion, Global Start became the holder of the exchangeable bond and has exercised the exchange right to exchange all the outstanding principal amount of the exchangeable bond for the entire issued share capital of Shiny Glory. Accordingly, the Shiny Glory has become an indirect non-wholly owned subsidiary of the Company, and the financial results of which was consolidated into the financial statements of the Group.

Details of the acquisition were set out in the announcements of the Company dated 24 June 2024 and 27 June 2024.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2024.

IMPORTANT EVENT AFFECTING THE GROUP AFTER THE REPORTING PERIOD

There was no important event affecting the Group since 31 December 2024 and up to the date of this announcement.

DIVIDEND

The Board proposed to pay a final dividend of HK1.3 cents per ordinary share (the “**Proposed Final Dividend**”) for the year ended 31 December 2024 (2023: HK1.5 cents). The Proposed Final Dividend is subject to shareholders’ approval at the annual general meeting of the Company to be held on June 2025, and is payable to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 11 June 2025.

CLOSURES OF REGISTER OF MEMBERS

For Annual General Meeting

The register of members will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025 (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 Tuesday, 3 June 2025, 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 May 2025.

For Entitlement to Proposed Final Dividend

The register of members will be closed from Monday, 9 June 2025 to Wednesday, 11 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the Proposed Final Dividend, 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 June 2025. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the Proposed Final Dividend will be paid on or around Friday, 4 July 2025.

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

The Company repurchased a total of 39,700,000 ordinary shares of the Company on the Stock Exchange for the year ended 31 December 2024 at an aggregate consideration of HK\$22,569,180 (before expense). All the repurchased shares were cancelled by the Company as at the date of this announcement. Details of repurchase of such ordinary shares were as follows:

Month/Year	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	39,700,000	0.60	0.51	22,569,180
Total:	39,700,000			22,569,180

Save as the above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2024.

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 Group 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 Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for shareholders.

The Company adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). In the opinion of the Board, throughout the year ended 31 December 2024, the Company had complied with all the applicable code provisions set out in the CG Code.

The Board will continue to review periodically the compliance of the CG Code so as to safeguard and maximise the benefit of the shareholders of the Company.

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 C3 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 throughout the year ended 31 December 2024.

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), Dr. Du Huanzheng and Ms. Judith Yu. 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 2024 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 MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary 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 2024 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
Zhou Min
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Zhou Min (Chairman), Mr. Zhao Kexi (Chief Executive Officer), Mr. Li Haifeng, Mr. Li Li and Mr. Zhou Chen; and the independent non-executive directors of the Company are Mr. Wu Tak Kong, Dr. Du Huanzheng and Ms. Judith Yu.

** for identification purpose only*