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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)

POSITIVE PROFIT ALERT

This announcement is made by Beijing Enterprises Urban Resources Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Relevant Period**”) and currently available information, it is expected that the revenue for the Relevant Period will increase by more than 15% as compared to that for the six months ended 30 June 2019 (as restated) and the profit attributable to shareholders of the Company from continuing operations for the Relevant Period will increase by more than 60% as compared to that for the six months ended 30 June 2019 (as restated). The increases were primarily due to the following factors:

- (i) Increase in total revenue in the amount of approximately HK\$239.9 million during the Relevant Period, due to the increase in revenue from the Group’s environmental hygiene services in the amount of approximately HK\$340.5 million due to additional projects obtained through tendering, which was partially set-off by the decrease in the revenue from the Group’s hazardous waste treatment services and other business due to the adverse effect to the Group’s businesses as a result of the COVID-19 pandemic, in the amount of approximately HK\$86.4 million and approximately HK\$14.2 million, respectively;

- (ii) Increase in the gross profit margin, excluding the effect on the reliefs as mentioned in (iii) and (iv) below, from the Group’s environmental hygiene service projects from approximately 24.1% for the six months ended 30 June 2019 to approximately 25.1% for the Relevant Period;
- (iii) Increase in the relief related to value-added-tax granted by the local government in the People’s Republic of China (the “**PRC**”) due to the COVID-19 pandemic in the amount of approximately HK\$63.8 million (before taking into account the effect of corporate income tax and non-controlling interests of the respective projects); and
- (iv) Increase in the relief related to the reduction of the Group’s social welfare and security contributions and other relief granted by the local government in the PRC due to the COVID-19 pandemic in the amount of approximately HK\$35.7 million (before taking into account the effect of corporate income tax and non-controlling interests of the respective projects).

The Company is in the process of finalizing the interim results for the six months ended 30 June 2020. The information contained in this announcement is only based on the preliminary assessment by the management of the Company according to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, which have not been confirmed, audited nor reviewed by the Company’s auditor and/or the audit committee of the Company, and is subject to finalization and necessary adjustments. The interim results announcement of the Company for the six months ended 30 June 2020 is expected to be published by the end of August 2020.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Beijing Enterprises Urban Resources Group Limited
Zhao Kexi
Executive Director and Chief Executive Officer

Hong Kong, 27 July 2020

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