

Beijing Enterprises Urban Resources Group Limited

北控城市资源集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03718.HK)

BEURG Delivers Solid 2022 Annual Results

- *Successfully won 35 new environmental hygiene services projects and rapid progress has been made in the field of urban butler*
- *Comprehensive focus on the strategy of "One body with Two engines"*

(March 29, 2023 – Hong Kong) Beijing Enterprises Urban Resources Group Limited (hereinafter referred to as the "Company" or the "Group"; stock code: 03718.HK) announces the consolidated annual results for the year ended 31 December 2022. The followings are the highlights of the announcement:

- Profit for the year attributable to shareholders of the Company decreased by approximately 44.7% to approximately HK\$277.7 million for the year ended 31 December 2022 as compared to approximately HK\$502.0 million for the year ended 31 December 2021.
- Profit for the year attributable to shareholders of the Company excluding one-off impact of VAT Relief decreased by approximately 41.8% to approximately HK\$277.7 million for the year ended 31 December 2022 as compared to approximately to HK\$476.9 million for the year ended 31 December 2021.
- Basic and diluted earnings per share for the year ended 31 December 2022 were approximately HK7.71 cents (31 December 2021: HK13.95 cents).
- During the year ended 31 December 2022, the Group successfully won 35 new environmental hygiene services projects (2021: 23 projects) through public tenders with total contract value and estimated annual revenue amounting to approximately HK\$8.1

billion and HK\$1,219.6 million, respectively, representing an increase of approximately 200.0% and 126.0% as compared with that of approximately HK\$2.7 billion and HK\$539.6 million for the year ended 31 December 2021.

- A final dividend of HK1 cent per share is proposed for the year ended 31 December 2022. Full-year dividend are HK2 cents, the dividend payout ratio is 25.9%.

BUSINESS REVIEW

As at 31 December 2022, the Group had 152 environmental hygiene services projects, with a total contracted area of approximately 241.8 million sq.m. (31 December 2021: 226.4 million sq.m.), which created a total revenue of HK\$4,024.3 million for the year ended 31 December 2022 (31 December 2021: HK\$3,402.1 million).

As at 31 December 2022, the Group had 9 hazardous waste treatment projects in operation. As of 31 December 2022, treatment facilities of our projects that engaged in hazard-free waste disposal had a total designed treatment capacity of 351,016 tons per annum (2021: 351,016 tons) and treatment facilities of projects that engaged in recycling and reuse had a total designed treatment capacity of 270,000 tons per annum (2021: 250,000 tons). As of 31 December 2022, the Group also had 3 projects under construction.

Reasons for the decline in profits

In 2022, decrease in the gross profit margin of the Group's environmental hygiene services projects was mainly due to the increase in direct operating costs (such as gasoline and diesel fuel and labour costs). In addition, affected by the economic recession and shrank of market demand, the Group's hazard-free waste disposal projects could only maintain limited operations which compounded by the significant increase in the procurement price of direct raw materials and consumables (such as sodium hydroxide, waste methanol and mixed alcohol) resulted in a decrease in the gross profit margin of the Group's hazardous waste treatment services.

Driving Forces of Sustained Growth in 2023

Under the background of regional diversification of urban service formats, we put forward the

strategic development path of "One Body with Two Engines" at the beginning of 2023, where "one body" refers to the strategic execution carrier with "Six Forces Management System" as the core competitiveness, and "two engines" respectively refer to "Regional Deep Cultivation" and "Coordinated Development". "Regional Deep Cultivation" refers to the systematic operation method based on the region to realize the horizontal "1+N" diversified urban service industry layout and the vertical "urban - urban village - rural" three levels markets.

"Coordinated Development" refers to linkage with our holding company Beijing Enterprises Water Group Limited to realize resource sharing and common development. With the support of the six power of "Market power, Product power, Brand power, Management power, Intelligence power and Security power", "Regional Deep Cultivation" and "Coordinated Development" are expected to significantly enhance the Company's business expansion ability and achieve rapid growth.

In 2022, we expanded rapidly in the subdivision of urban butler. We won 3 new urban butler tenders during the year, with the total annual service revenue exceeding HK \$600 million, ranking the first in the whole industry according to the statistics of ESN* (环境司南). Urban butler is an important development trend of environmental hygiene industry, testing the comprehensive strength of enterprises in the field of urban service. In the future, we plan to further enhance our comprehensive service capacity and finally realize the integration of government and business.

In 2023, the Company won the public tenders for the Environmental Sanitation Marketization Project of City Appearance and Environmental Sanitation Service Center in Yinzhou District, Tieling City, Liaoning Province* (辽宁省铁岭市银州区市容环境卫生服务中心环卫市场化项目) and the Maluan Sub-district Office Urban Steward Comprehensive Mode Project in Shenzhen City, Guangdong Province* (广东省深圳市马峦街道办事处城市管家综合模式项目), coupled with the increase in the disposal volume of hazard-free waste disposal projects, we believe that the Company will maintain steady growth and development in 2023.

Reference:

Final Results Announcement for the year ended 31 December 2022

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0329/2023032900407.pdf>

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This press release is issued by **BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED**

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