

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 2023 Interim Results

Steady growth and improved profitability

- *Profit for the period attributable to shareholders of the Company increased by approximately 20.5%*
- *The gross profit margin of EHS and HWT business improved by 2.1% and 3.3% respectively*
- *Upgraded business strategy “Comprehensive Management Services+”*

(August 25, 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 interim results for the six months ended 30 June 2023. The followings are the highlights of the announcement:

- The Group recorded a revenue of approximately HK\$2,541.1 million for the six months ended 30 June 2023, representing an increase of approximately 6.1% as compared with that of approximately HK\$2,394.9 million for the six months ended 30 June 2022.
- Profit for the period attributable to shareholders of the Company increased by approximately 20.5% to approximately HK\$193.4 million for the six months ended 30 June 2023 as compared to approximately HK\$160.5 million for the six months ended 30 June 2022.
- Basic and diluted earnings per share for the six months ended 30 June 2023 were approximately HK5.37 cents (six months ended 30 June 2022: HK4.46 cents).
- Net cash flows from operating activities for the six months ended 30 June 2023 was approximately HK\$288.4 million (six months ended 30 June 2022: HK\$272.3 million).
- Interim cash dividend of HK1.2 cents per share is declared for the six months ended 30 June 2023 (six months ended 30 June 2022: HK 1 cent).

BUSINESS REVIEW

As at 30 June 2023, the Group had 152 environmental hygiene services projects, with a total contracted area of approximately 248.6 million sq.m. (31 December 2022: 241.8 million sq.m.), which created a total revenue of HK\$2,166.8 million for the six months ended 30 June 2023 (30 June 2022: HK\$1,922.8 million).

As at 30 June 2023, the Group had 9 hazardous waste treatment projects in operation. As of 30 June 2023, the total design treatment capacity of treatment facilities that engaged in hazard-free disposal is 351,016 tons per annum (31 December 2022: 351,016 tons). On the same day, the total design treatment capacity of treatment facilities that engaged in recycling and reuse was 270,000 tons per annum (31 December 2022: 270,000 tons). As of June 30, 2023, the Group also has 3 projects under construction, including the technical process of recycling copper-containing waste to obtain sponge copper products for sale and extracting iodine to prepare crude iodine. It is expected that the relevant formal operation qualification will be obtained or approved this year.

Gross Margin Improved period-over-period

The Group's gross profit margin increased from 20.4% for the six months ended 30 June 2022 to 23.0% for the six months ended 30 June 2023, primarily due to increase in gross profit margin from the Group's environmental hygiene services and hazardous waste treatment services.

The gross profit margin of the Group's environmental hygiene services increased from 21.7% for the six months ended 30 June 2022 to 23.8% for the six months ended 30 June 2023, primarily due to (i) improvements in the Group's operating efficiency; and (ii) a decrease in the prices of major direct costs.

The Group continuously focuses on enhancing operational efficiency and has incorporated advanced technology into the business processes. The Group requires municipal workers to wear smart devices with GPS trackers and installed remote fuel monitors on cleaning vehicles. This allows the Group to track real-time working progress of municipal workers as well as the cleaning vehicles' fuel usage. The data gathered through these devices is transmitted to the Group's cloud platform, where the integrated management platform conducts real-time surveillance and evaluation based on the data.

The Group's gross profit margin of its hazardous waste treatment services projects increased from 17.0% for the six months ended 30 June 2022 to 20.3% for the six months ended 30 June 2023. Among them, the gross profit margin of the Group's hazard-free waste disposal projects increased to 19.7% for the six months ended 30 June 2023 (six months ended 30 June 2022: 18.1%), the gross profit margin of the Group's recycling and reuse products increased from 15.3% for the six months ended 30 June 2022 to 21.1% for the six months ended 30 June 2023.

Sustained Growth Divers in the future

2023 is the year of intensive implementation of policies related to supporting urban and rural living environments that is in line with the spirit of 20th National Congress of Chinese Communist Party. It is a year where the city's environmental and sanitation facilities are updated, and efforts to improve garbage classification are comprehensively implemented. Amidst significant industrial development opportunities, the Group is actively advancing its five-year strategic plan, adhering to the strategic development framework of "One Body, Two Engines". This framework centers around the "Six Forces System" (brand power, market power, product power, operational power, digital power, and security power) as the core competitive strength. The two major strategic development engines are "Regional Cultivation" and "Coordinated Development".

In order to strengthen our capability to respond to external business needs, as well as to create a growth rate that outperform average market growth levels, the Group has launched an upgraded business strategy, that is the "Comprehensive Management Services+", which took the "urban operation services" up to the level of "urban and rural comprehensive management services". The strategy will create strong capacity for the comprehensive management demands from different local governments, while continuously building up the business integration and resource inclusiveness of the Group.

Based on the differentiated competitive advantages of the Group, "Comprehensive Management Services+" relied on its core competitiveness system (the Six Forces System) and was directed toward the "urban and rural comprehensive layout", while continuously strengthening its independent expansion and establishing "ecological synergies". By consolidating the intelligence and efforts of all parties, such strategy created an open, shared, mutually beneficial and win-win ecosystem, at the same time collaborated with partners to explore and create new values, thus gradually forming a fission business growth trend.

Looking forward, the Group will continue to establish “industrial ecological advantages”, as well as to create strong capacity for the comprehensive management demands from different local governments, advancing toward the mission of “becoming a trusted integrated service provider of digital and intelligent city operation that leads the development of the industry”.

Reference:

Interim Results Announcement for the six months ended 30 June 2023

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0825/2023082500386.pdf>

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

For further information, please contact:

BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

E-mail: ir@beurg.com