

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: 03718.HK)

(28 June 2024 – Hong Kong) Beijing Enterprises Urban Resources Group Limited (hereinafter referred to as the "Company" or the "Group"; stock code: 03718.HK) is pleased to announce on 24 June 2024, the Purchaser, an indirect non-wholly owned subsidiary of the Company successfully acquired a limited company principally engaged in the provision of environmental hygiene services in Hong Kong. As of the date of this press release, the transfer of the relevant convertible debentures has been completed. The Acquisition 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.

The Acquisition will boost coordination between the Group's operations in Hong Kong and in Mainland China, creating a synergetic effect of "1+1>2" in management, operation, finance and market forces, etc. Given that the business and culture are similar between Mainland China and Hong Kong, and one of the Group's major markets is Shenzhen, which is adjacent to Hong Kong (Since entering the Shenzhen market in 2020, relying on the Baoan District sanitation PPP project, the Group has actively seized the opportunity of the new round of "urban butler" reform in Shenzhen, driven by scientific and technological innovation, and has become the new head of the urban butler market in Shenzhen with the project performance in Longgang District, Nanshan District, Pingshan District and Longhua District. Raise the level from "sanitation operator" to "urban butler"). The Group will take advantage of its market exploration capability in Shenzhen to further expand its business in Hong Kong.

The Acquisition is beneficial to the Group on the expansion of market size as well as the implementation of technological development. The Group can apply the advanced technologies in Mainland for the operations in Hong Kong, and adopt more stringent standards similar to the regulatory requirements in Hong Kong for its business in Mainland China. Meanwhile, the integration of business reputation and brand recognition will also strengthen the market position of the Group and improve its business image, which will benefit the Group's sustainable development in the long run.

During the Acquisition transition period, the Group is committed to ensuring the smooth integration of the two companies, the steady improvement of service quality and the precise delivery of customer needs, while maintaining open channels of communication.

[The Company and the Group]

Beijing Enterprises Urban Resources Group Limited is the flagship company of Beijing Enterprises Group specialized in hazardous waste disposal and urban services. With a passion for environmental protection, the Group actively implements the national green development concept of “Lucid waters and lush mountains are invaluable assets.” The Group fully leverages its brand, capital, technology, and operational management advantages, inherits and integrates the ecological strategy of Beijing Enterprises Group, actively constructs a new industrial layout, establishes benchmarks in the hazardous waste and urban services industry with state-owned enterprise characteristics, adheres to the corporate mission of “Making our living environment better,” and achieves the harmony between social responsibility and the company’s development.

[Target Company]

The Target Company is a well-established service provider for environmental hygiene services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services in Hong Kong. The purpose of the acquiring the Exchangeable Bond is for acquisition the entire shares in the Target Company. The Directors consider that the Acquisition will enable the Group to expand its business portfolio in Hong Kong by bringing the target company into the Company as a subsidiary after the exercise of the exchange rights, which is consistent with the Group's development strategy. The Group's revenue sources and customer base are expected to expand in response.

[The Sale and Purchase Agreement]

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 24 June 2024

Parties: (i) Global Start Development Limited, as purchaser; and
(ii) Mr. Tam Wai Tong, as vendor.

[Assets to be purchased]

The Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Exchangeable Bond. The Exchangeable Bond entitles the Bondholder to exchange all the outstanding principal amount of the Exchangeable Bond into the entire issued share capital of the Target Company, at any time during the Exchange Period, subject to the Bond Issuer not exercising the Redemption Right.

[Consideration]

The Consideration for the Exchangeable Bond is HK\$29,500,000.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into account (i) the net asset value of the Target Company of HK\$31,530,000 as at 31 December 2023 according to the 2023 Audited Accounts; (ii) historical operating and financial performance of the Target Company; (iii) the business development and future prospects of the Target Company and (iv) the reasons for and benefits of the Acquisition as stated under the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

Set out below is an extract of the audited financial statements prepared in accordance with the Hong Kong Financial Reporting Standards for the financial years ended 31 December 2022 and 2023 of the Target Company:

	For the year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Profit before taxation	6,942	13,312
Profit after taxation	6,564	10,870

The audited net assets of the Target Company as at 31 December 2023 amounted to approximately HK\$31,530,000.

Source:

HKEX news

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0624/2024062400903.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0627/2024062701228.pdf>

– END –

This press release is issued by **BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED**. Details of the transaction can be found in the < DISCLOSEABLE TRANSACTION ACQUISITION OF EXCHANGEABLE BOND > ; < COMPLETION OF ACQUISITION AND EXERCISE OF EXCHANGEABLE BOND AND SUPPLEMENTAL ANNOUNCEMENT >

For further information, please contact:

BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

E-mail: ir@beurg.com

<http://www.beur.net.cn/>