

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

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 and the Inside Information Provisions 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 year ended 31 December 2022 (the “**FY2022**”) and currently available information, it is expected that the profit attributable to shareholders of the Company for FY2022 will decrease by approximately 40% as compared with the year ended 31 December 2021 (the “**FY2021**”). If after deducting the one-off impact of the value-added-tax relief (“**VAT Relief**”) granted by the People’s Republic of China (“**PRC**”) local government in FY2021 of approximately HK\$39 million, the decrease will be approximately 35%. The decrease was primarily due to the following factors:

- (i) Decrease in gross profit margin of the Group’s environmental hygiene service projects from approximately 26% for FY2021 to approximately 22% during FY2022, mainly resulting from the increase in direct operating costs such as purchase prices of gasoline and diesel fuel, and labour costs; and no VAT Relief granted by the local government in the PRC during FY2022, as compared to the relief of approximately HK\$39 million in FY2021; and

- (ii) Due to the economic recession and shrank of market demand during FY2022, the upstream enterprises of the Group's hazard-free waste disposal projects could only maintain limited operations. The reduction in operating scale of upstream enterprises caused a decrease in overall hazardous waste volume treated by the Group. Meanwhile, there was an increase in operating cost during FY2022 which mainly due to a surge in purchase prices of direct materials and consumables, such as sodium hydroxide, waste methanol and mixed alcohol. As such, the Group's gross profit margin in the hazardous waste treatment services decreased from approximately 32% for FY2021 to approximately 18% during FY2022.

Despite the fact that the aforesaid passive factors, the Group's financial position and cash flow remain healthy, the production and operation remain normal and smooth. The market demand for environmental hygiene services stays strong. During FY2022, the Group had won more than 30 new environmental hygiene services projects via tendering process. In 2023, up to the date of this announcement, the Company has 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 and Maluan Sub-district Office Urban Steward Comprehensive Mode Project in Shenzhen City, Guangdong Province. As the economy of PRC is recovering rapidly, the actual treatment volume of the Group's hazard-free waste disposal projects shall be increased gradually and the environmental hygiene service market shall expand rapidly. The Board surely believes that the operating level of the Group will be further enhanced and developed rapidly since 2023 onwards.

As at the date of this announcement, the Company is still in the process of finalizing the final results for FY2022. 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 FY2022, and is not based on any figures or information confirmed, audited or reviewed by the Company's auditor and/or the audit committee of the Company, and is subject to finalization and necessary adjustments. The final results announcement of the Company for FY2022 is expected to be published by the end of March 2023.

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
Zhou Min
Chairman

Hong Kong, 17 March 2023

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. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng.