

*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.*



**北京控股環境集團有限公司**  
**BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 154)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**HIGHLIGHTS**

- The Group's revenue for the year amounted to RMB1.934 billion, decreased by 12% as compared with RMB2.205 billion for the last year, mainly due to the decrease in waste incineration plants construction revenue.
- EBITDA for the year amounted to RMB662 million, decreased by 5% as compared with RMB698 million for the last year.
- Profit for the year attributable to shareholders of the Company amounted to RMB191 million, decreased by 37% as compared with RMB304 million for the last year.
- Earnings per share for the year amounted to RMB12.7 cents (2022: RMB20.3 cents).
- Net assets attributable to shareholders of the Company as at 31 December 2023 amounted to RMB3.329 billion, increased by 7% as compared with RMB3.123 billion as at 31 December 2022.
- The Board does not recommend the payment of any dividend for the year (2022: Nil).

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Environment Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023, together with comparative figures for the last year, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
REVENUE	5	1,934,498	2,205,356
Cost of sales		<u>(1,327,993)</u>	<u>(1,529,416)</u>
Gross profit		606,505	675,940
Other income and gains, net	6	93,390	87,779
Administrative expenses		(227,829)	(178,973)
Impairment of receivables under services concession arrangements, net		(22,377)	–
Other operating expenses, net		<u>(27,514)</u>	<u>(93,504)</u>
PROFIT FROM OPERATING ACTIVITIES	7	422,175	491,242
Finance costs	8	<u>(166,198)</u>	<u>(141,303)</u>
PROFIT BEFORE TAX		255,977	349,939
Income tax	9	<u>(53,898)</u>	<u>(68,378)</u>
PROFIT FOR THE YEAR		<u><b>202,079</b></u>	<u><b>281,561</b></u>
ATTRIBUTABLE TO:			
Shareholders of the Company		190,954	303,755
Non-controlling interests		<u>11,125</u>	<u>(22,194)</u>
		<u><b>202,079</b></u>	<u><b>281,561</b></u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
– Basic and diluted ( <i>RMB cents</i> )	10	<u><b>12.73</b></u>	<u><b>20.25</b></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
PROFIT FOR THE YEAR	<u>202,079</u>	<u>281,561</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(28,135)	(21,030)
Item that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<u>39,197</u>	<u>79,960</u>
	<u>11,062</u>	<u>58,930</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>213,141</u></u>	<u><u>340,491</u></u>
ATTRIBUTABLE TO:		
Shareholders of the Company	206,778	363,005
Non-controlling interests	<u>6,363</u>	<u>(22,514)</u>
	<u><u>213,141</u></u>	<u><u>340,491</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

		<b>31 December</b>	31 December	1 January
		<b>2023</b>	2022	2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>
			(Restated)	(Restated)
<b>ASSETS</b>				
Non-current assets:				
Property, plant and equipment		<b>560,201</b>	882,034	900,823
Right-of-use assets		<b>51,416</b>	65,007	38,616
Goodwill		<b>1,010,296</b>	987,845	920,492
Operating concessions		<b>2,720,093</b>	2,751,631	2,459,104
Other intangible assets		<b>50,902</b>	37,502	39,200
Investment in a joint venture		–	5,854	5,455
Receivables under service concession arrangements	<i>11</i>	<b>2,349,195</b>	2,214,243	2,029,988
Prepayments, deposits and other receivables		<b>556</b>	388	20,515
Deferred tax assets		<b>159,675</b>	50,715	50,872
		<hr/>	<hr/>	<hr/>
Total non-current assets		<b>6,902,334</b>	6,995,219	6,465,065
Current assets:				
Contract assets		<b>371,820</b>	262,500	261,815
Inventories		<b>42,988</b>	42,085	38,613
Receivables under service concession arrangements	<i>11</i>	<b>83,674</b>	78,428	58,513
Trade and bills receivables	<i>12</i>	<b>707,260</b>	558,339	544,135
Prepayments, deposits and other receivables		<b>276,973</b>	260,337	209,230
Pledged deposits		–	483	4,582
Cash and cash equivalents		<b>1,209,940</b>	2,373,654	1,294,566
		<hr/>	<hr/>	<hr/>
		<b>2,692,655</b>	3,575,826	2,411,454
Non-current assets held for disposal	<i>13</i>	<b>302,173</b>	–	–
		<hr/>	<hr/>	<hr/>
Total current assets		<b>2,994,828</b>	3,575,826	2,411,454
		<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>9,897,162</b>	10,571,045	8,876,519

	<b>31 December</b>	31 December	1 January
	<b>2023</b>	2022	2022
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)	(Restated)
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders of the Company			
Share capital	<b>1,972,895</b>	1,972,895	1,972,895
Reserves	<b>1,356,531</b>	1,149,753	786,748
	<b>3,329,426</b>	3,122,648	2,759,643
Non-controlling interests	<b>326,934</b>	317,571	340,085
<b>TOTAL EQUITY</b>	<b><u>3,656,360</u></b>	<u>3,440,219</u>	<u>3,099,728</u>
Non-current liabilities:			
Bank and other borrowings	<b>1,721,509</b>	5,351,723	1,193,059
Provision for major overhauls	<b>12,540</b>	10,746	9,212
Other payables	<b>17,337</b>	24,947	6,530
Deferred income	<b>154,414</b>	153,501	121,529
Deferred tax liabilities	<b>262,266</b>	204,566	192,682
Total non-current liabilities	<b><u>2,168,066</u></b>	<u>5,745,483</u>	<u>1,523,012</u>
Current liabilities:			
Trade payables	<b>860,375</b>	676,424	619,539
Other payables and accruals	<b>396,466</b>	379,538	3,390,196
Bank and other borrowings	<b>2,714,238</b>	247,496	178,689
Income tax payables	<b>101,657</b>	81,885	65,355
Total current liabilities	<b><u>4,072,736</u></b>	<u>1,385,343</u>	<u>4,253,779</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,240,802</u></b>	<u>7,130,826</u>	<u>5,776,791</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>9,897,162</u></b>	<u>10,571,045</u>	<u>8,876,519</u>

Notes:

## 1. CORPORATE INFORMATION

Beijing Enterprises Environment Group Limited (the “Company”) is a limited liability company incorporated in Hong Kong and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in (i) the solid waste treatment business which comprises the provision of waste incineration plant construction and waste treatment services, and the sale of electricity and steam generated from waste incineration; and (ii) ecological construction service business.

At 31 December 2023, the immediate holding company of the Company is Idata Finance Trading Limited (“Idata”), which is a limited liability company incorporated in the British Virgin Islands. Idata is a wholly-owned subsidiary of Beijing Enterprises Holdings Limited (“BEHL”) whose shares are listed on the Main Board of the Stock Exchange. In the opinion of the directors of the Company, the ultimate holding company of the Company is 北京控股集團有限公司, which is a state-owned enterprise established in the People’s Republic of China (the “PRC”) and wholly owned by The State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality.

## 2. BASIS OF PREPARATION

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for non-current assets held for disposal are stated at the lower of its carrying amount and fair values less costs to sell. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets as at 31 December 2023. Taking into account the Group’s internal resources and undertakings from BEHL and Idata not to demand repayment of the loan due by the Company to Idata until such time when the Group is in a position to repay without impairing its liquidity and financial position, the directors of the Company considered that the Group will be able to operate on a going concern basis. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results for the year ended 31 December 2023 does not constitute the Company's statutory annual consolidated financial statements for those years but in respect to the year ended 31 December 2022, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The consolidated financial statements for the year ended 31 December 2023 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2022. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### **3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

#### **New and revised HKFRSs**

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

Except for Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* as described below, none of the above new and revised HKFRSs has had a significant financial effect on the Group's financial statements.

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.

#### **Change of presentation currency**

The Company's presentation currency for its consolidated financial statements has been changed from Hong Kong dollars ("HK\$") to RMB from 1 January 2023. As most of the Group's transactions and assets are denominated and settled in RMB, the Board considers that RMB is more appropriate as the presentation currency for the Group's consolidated financial statements. Further, the Board considers that the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's actual financial performance. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the consolidated financial statements are presented as if RMB had always been the presentation currency of the consolidated financial statements. The Group has also presented the consolidated statements of financial position as at 1 January 2022 without related notes.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

Particulars of the Group's reportable operating segments are summarised as follows:

- (a) the solid waste treatment segment engages in the provision of waste incineration plant construction and waste treatment services, and the sale of electricity and steam generated from waste incineration;
- (b) the ecological construction services segment engages in the provision of ecological construction, design, project survey and design, and construction project management services; and
- (c) the corporate and others segment comprises corporate income and expense items and investment holding business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measured consistently with the Group's profit for the year.

Segment assets and liabilities of each of the reportable operating segments are separately managed by each of the individual operating segments.

The following table presents the revenue and profit/(loss) information for the years ended 31 December 2023 and 2022 and the total assets and total liabilities information as at 31 December 2023 and 2022 regarding the Group's operating segments:

**Year ended 31 December 2023/As at 31 December 2023**

	<b>Solid waste treatment RMB'000</b>	<b>Ecological construction services RMB'000</b>	<b>Corporate and others RMB'000</b>	<b>Total RMB'000</b>
Segment revenue ( <i>note 5</i> )	1,611,798	322,700	–	1,934,498
Cost of sales	<u>(1,042,546)</u>	<u>(285,447)</u>	–	<u>(1,327,993)</u>
Gross profit	<u>569,252</u>	<u>37,253</u>	<u>–</u>	<u>606,505</u>
Profit/(loss) from operating activities	455,390	5,078	(38,293)	422,175
Finance costs	<u>(122,064)</u>	<u>(2,927)</u>	<u>(41,207)</u>	<u>(166,198)</u>
Profit/(loss) before tax	333,326	2,151	(79,500)	255,977
Income tax	<u>(53,616)</u>	<u>(281)</u>	<u>(1)</u>	<u>(53,898)</u>
Profit/(loss) for the year	<u>279,710</u>	<u>1,870</u>	<u>(79,501)</u>	<u>202,079</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>269,309</u>	<u>1,332</u>	<u>(79,687)</u>	<u>190,954</u>
Segment assets	<u>9,231,909</u>	<u>468,906</u>	<u>196,347</u>	<u>9,897,162</u>
Segment liabilities	<u>3,298,714</u>	<u>407,201</u>	<u>2,534,887</u>	<u>6,240,802</u>

Year ended 31 December 2022/As at 31 December 2022 (restated)

	Solid waste treatment <i>RMB'000</i>	Ecological construction services <i>RMB'000</i>	Corporate and others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue ( <i>note 5</i> )	2,011,989	193,367	–	2,205,356
Cost of sales	<u>(1,318,451)</u>	<u>(210,965)</u>	<u>–</u>	<u>(1,529,416)</u>
Gross profit/(loss)	<u>693,538</u>	<u>(17,598)</u>	<u>–</u>	<u>675,940</u>
Profit/(loss) from operating activities	570,234	(40,537)	(38,455)	491,242
Finance costs	<u>(99,277)</u>	<u>(2,650)</u>	<u>(39,376)</u>	<u>(141,303)</u>
Profit/(loss) before tax	470,957	(43,187)	(77,831)	349,939
Income tax	<u>(68,097)</u>	<u>(270)</u>	<u>(11)</u>	<u>(68,378)</u>
Profit/(loss) for the year	<u>402,860</u>	<u>(43,457)</u>	<u>(77,842)</u>	<u>281,561</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>403,702</u>	<u>(21,915)</u>	<u>(78,032)</u>	<u>303,755</u>
Segment assets	<u>9,868,073</u>	<u>458,643</u>	<u>244,329</u>	<u>10,571,045</u>
Segment liabilities	<u>4,338,262</u>	<u>356,387</u>	<u>2,436,177</u>	<u>7,130,826</u>

### Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Chinese Mainland and over 90% of the non-current assets (other than financial assets and deferred tax assets) of the Group are located in Chinese Mainland. Accordingly, in the opinion of the directors of the Company, the presentation of geographical information would provide no additional useful information to the users of the financial statements.

### Information about a major customer

During the year, the revenue generated from sales to an external customer of the solid waste treatment segment, which accounted for 10% or more of the Group's total revenue, amounted to RMB219,941,000 (2022: RMB290,754,000 (restated)).

## 5. REVENUE

An analysis of the Group's revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Household waste treatment service income*	294,577	277,853
Hazardous and medical waste treatment service income	20,176	27,032
Food waste, leachate, sludge and other treatments service income	125,648	87,991
Sales of electricity	680,238	695,547
Sales of steam	14,782	16,783
Waste incineration plant construction and related service income*	443,601	740,948
Sale of equipment	32,776	165,835
Ecological construction and related service income	322,700	193,367
	<u>1,934,498</u>	<u>2,205,356</u>

\* *Imputed interest income under service concession arrangements during the year amounting to RMB119,940,000 (2022: RMB102,612,000 (restated)) was included in the revenue derived from household waste treatment services and waste incineration plant construction and related services.*

## 6. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Value added tax refund	57,873	50,850
Interest income	22,098	13,652
Government grants*	9,548	12,257
Carbon emissions quota trading income	1,915	5,604
Others	1,956	5,416
	<u>93,390</u>	<u>87,779</u>

\* *The government grants recognised by the Group during the year represented subsidies received from certain government authorities as incentives to promote energy saving technologies in the local provinces.*

## 7. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Cost of raw materials consumed	55,049	64,601
Cost of waste treatment services rendered <sup>1</sup>	369,651	329,894
Cost of waste incineration plant construction services	394,397	606,520
Cost of ecological construction and related services	285,447	210,965
Cost of goods sold	24,583	129,791
Depreciation of property, plant and equipment <sup>2</sup>	58,315	57,524
Depreciation of right-of-use assets <sup>3</sup>	13,591	13,591
Lease payments not included in the measurement of lease liabilities	6,675	4,826
Amortisation of operating concessions <sup>4</sup>	164,924	132,943
Amortisation of other intangible assets <sup>4</sup>	3,129	2,263
Provision for major overhauls <sup>4</sup>	1,221	986
Impairment of operating concessions <sup>5</sup>	14,781	73,435
Impairment of receivables under service concession arrangements	22,377	–
Impairment of trade and bills receivables, net <sup>5</sup>	5,006	9,604
Loss on disposal of items of property, plant and equipment, net <sup>5</sup>	44	249
Auditor's remuneration	2,574	2,460
Foreign exchange differences, net <sup>5</sup>	<u>6,537</u>	<u>7,359</u>

<sup>1</sup> The cost of waste treatment services rendered does not include the recognition of government subsidies of RMB4,909,000 (2022: RMB4,833,000) on the straight-line basis over the expected useful lives of the relevant assets, which is included in "Cost of sales" in the consolidated statement of profit or loss.

<sup>2</sup> Depreciation of property, plant and equipment in a total amount of RMB35,044,000 (2022: RMB55,966,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

<sup>3</sup> Depreciation of right-of-use assets in a total amount of RMB746,000 (2022: RMB746,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

<sup>4</sup> The amortisation of operating concessions and other intangible assets (excluding computer software amounting to RMB1,289,000 (2022: RMB429,000) which is included in "Administrative expenses"), and the provision for major overhauls are included in "Cost of sales" in the consolidated statement of profit or loss.

<sup>5</sup> These items are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

## 8 FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Interest on bank and other borrowings	164,397	154,697
Interest on lease liabilities	<u>1,321</u>	<u>1,950</u>
Total interest expenses	165,718	156,647
Less: Interest capitalised	<u>(93)</u>	<u>(15,892)</u>
	165,625	140,755
Other finance costs:		
Increase in discounted amounts of provision for major overhauls arising from the passage of time	<u>573</u>	<u>548</u>
	<u><u>166,198</u></u>	<u><u>141,303</u></u>

## 9. INCOME TAX

No provision for Hong Kong profits tax has been made for the years ended 31 December 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

An analysis of the Group's income tax is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Current – Chinese Mainland		
Charge for the year	98,751	64,406
Underprovision/(overprovision) in prior years	<u>4,642</u>	<u>(8,069)</u>
	103,393	56,337
Deferred	<u>(49,495)</u>	<u>12,041</u>
Total tax charge for the year	<u><u>53,898</u></u>	<u><u>68,378</u></u>

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the year ended 31 December 2023 is based on the profit for the year attributable to shareholders of the Company of RMB190,954,000 (2022: RMB303,755,000 (restated)), and the 1,500,360,150 (2022: 1,500,360,150) ordinary shares in issue during the year.

## 11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

An ageing analysis of the Group's receivables under service concession arrangements as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Receivables under service concession arrangements	2,432,869	2,292,671
Current portion	<u>(83,674)</u>	<u>(78,428)</u>
Non-current portion	<u><u>2,349,195</u></u>	<u><u>2,214,243</u></u>

## 12. TRADE AND BILLS RECEIVABLES

Various companies of the Group have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one to three months. An ageing analysis of the trade and bills receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade and bills receivables are non-interest-bearing and the Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Billed:		
Within 3 months	160,675	121,169
4 to 6 months	73,500	44,058
7 to 12 months	32,388	61,590
1 to 2 years	53,235	63,865
2 to 3 years	55,940	2,847
Over 3 years	<u>6,731</u>	<u>5,063</u>
	382,469	298,592
Unbilled*	<u>324,791</u>	<u>259,747</u>
	<u><u>707,260</u></u>	<u><u>558,339</u></u>

\* *The unbilled balance represents entitlements to renewable energy tariff subsidies from the sale of electricity.*

## 13. NON-CURRENT ASSETS HELD FOR DISPOSAL

In July 2019, the Group entered into a supplementary agreement with a local government authority, pursuant to which the existing solid waste incineration plant of Beikong Zhangjiagang (the "Existing Plant", which was operated under a BOO basis with a concession period of 30 years up to 2038) shall be transferred to the government authority upon the completion of final acceptance of construction of a new solid waste incineration plant of Beikong Zhangjiagang (the "New Plant", which is operated under a BOT basis with a concession period of 30 years up to 2052).

During the year, the New Plant was completed and commenced its commercial operation, and the operation of the Existing Plant was suspended since then. The directors of the Company are of the opinion that the Group expected to transfer the title of the Existing Plant to the government authority by the end of year 2024 upon the completion of final acceptance of construction of the New Plant. Therefore, the property, plant and equipment related to the Existing Plant of RMB302,173,000 of Beikong Zhangjiagang was classified as non-current assets held for disposal as at 31 December 2023.

#### 14. TRADE PAYABLES

The trade payables are non-interest-bearing and are normally settled within one to six months.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)
Billed:		
Less than 3 months	253,557	239,589
4 to 6 months	206,793	21,139
7 to 12 months	17,555	71,067
Over 1 year	<u>119,476</u>	<u>85,646</u>
	597,381	417,441
Unbilled*	<u>262,994</u>	<u>258,983</u>
	<u><u>860,375</u></u>	<u><u>676,424</u></u>

\* *The unbilled balance represented construction payables for solid waste incineration plants and ecological construction services which have not been billed by the suppliers.*

#### 15. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 31 December 2023 amounted to RMB1,077,908,000 (2022: net current assets of RMB2,190,483,000 (restated)) and RMB5,824,426,000 (2022: RMB9,185,702,000 (restated)), respectively.

#### 16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group intended to dispose of its 51% interests in a subsidiary carrying out the ecological construction services, Beijing Beikong Ecology & Construction Group Co., Ltd., through public tender at China Beijing Equity Exchange. The tender period is 20 working days commencing from 25 March 2024 and the tender price is RMB52,823,400. Details of the tender is disclosed in the Company's announcement dated 22 March 2024. Save as disclosed above, no significant event affecting the Group occurred after 31 December 2023.

## DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Solid Waste Treatment Segment

In 2023, the Group operated ten solid waste treatment projects in Chinese Mainland, including nine household waste incineration power generation projects and a hazardous and medical waste treatment project. The Zhangjiagang Project completed its off-site expansion construction and commenced its commercial operation during the year, increasing the Group's daily treatment capacity of household waste incineration to 12,475 tonnes.

Project Name	Region	Business Model	Waste treatment capacity (tonnes/day)
Household waste incineration power generation projects:			
Zhangjiagang Project (張家港市生活垃圾焚燒發電廠項目)	Jiangsu	BOT	2,250
Haidian Project (北京市海澱區循環經濟產業園再生能源發電廠項目)	Beijing	BOT	2,100
Gaoantun Project (北京高安屯垃圾焚燒項目)	Beijing	BOT	1,600
Yanzhou Project (濟寧市兗州區生活垃圾焚燒發電項目)	Shandong	BOT	1,500
Ha'erbin Project (哈爾濱雙琦垃圾焚燒發電項目)	Heilongjiang	BOT	1,200
Changde Project (常德市生活垃圾焚燒發電項目)	Hunan	BOT	1,200
Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目)	Jiangsu	BOT	1,200
Taian Project (泰安生活垃圾焚燒發電項目)	Shandong	BOO	1,200
Wenchang Project (文昌市生活垃圾焚燒發電廠項目)	Hainan	BOT	225
Hazardous and medical waste treatment project:			
Hengxing Project (湖南省衡陽危險廢物處置中心項目)	Hunan	BOT	

In 2023, in terms of production and operation sector, in facing the increasingly fierce competition in the solid waste market and the continuous backslide of environmental protection policies, the Group grasped the nettle to encounter the situation. On one hand, the Group deeply explored the operation potential of existing project companies, reduced costs and increased efficiency, and expanded the sources of waste to ensure the waste intake of project companies. On the other hand, the Group carried out coordinated business to expand multi-channel business income. Currently, six project companies are carrying out coordinated sludge treatment business and three project companies are conducting heating and gas supply businesses, which has effectively increased the revenue from waste treatment.

During the year, the Group completed 4.208 million tonnes of annual household waste intake (average 11,529 tonnes/day), increased by 9.7% year-on-year. The electricity generating volume was 1,604,000,000 kWh, increased by 14.3% year-on-year. We generated 1,349,000,000 kWh of on-grid electricity, increased by 16.1% year-on-year. Our steam supply volume was 91,400 tonnes, increased by 1.6% year-on-year. The Group completed 390,800 tonnes of sludge treatment, increased by 83.2% year-on-year; 167,600 tonnes of leachate treatment, increased by 12.7% year-on-year; 139,000 tonnes of food waste treatment, decreased by 6.5% year-on-year; 5,788 tonnes of hazardous and medical waste intake, decreased by 37.9% year-on-year. During the year, the production and operation sector recorded revenue of RMB1.135 billion, increased by 2.7% year-on-year and the gross profit was RMB512 million, decreased by 2.1% year-on-year.

In terms of project construction sector, the Zhangjiagang expansion project (namely 張家港市靜脈科技產業園項目, “Zhangjiagang Jingmai Project”), having a treatment capacity of 2,250 tonnes/day, was completed and put into commercial operation in the first half of the year. The Group has successfully won the bid 十堰市城區生活垃圾焚燒發電項目 (the “Shiyan Project”), having a phase I treatment capacity of 600 tonnes/day. The Group commenced the construction works in the second half of the year, intending to commence production by the end of 2024. During the year, the project construction sector recorded revenue of RMB476 million, decreased by 47.5% year-on-year, and a gross profit of RMB57 million, decreased by 66.4% year-on-year.

## **Ecological Construction Segment**

Beijing Beikong Ecology & Construction Group Co., Ltd. (“Beikong Ecology”) continued to consolidate its advantages in the municipal gardening business and actively developed a comprehensive ecological environment management business. In 2023, the new tenders won and signed by the company were 59 contracts in total, and the total amount of new contracts signed was approximately RMB1.36 billion, of which, the contract value of municipal engineering construction, landscaping engineering construction and maintenance projects was RMB650 million; and the contract value of the comprehensive ecological environment management construction projects and environmental testing projects was RMB717 million. In 2023, Beikong Ecology recorded revenue of RMB323 million, increased by 67% as compared with the previous year, achieving the set goal of turning losses into profits, with a net profit of RMB1.1 million.

Nevertheless, the synergy between Beikong Ecology and the Group’s principal business is not obvious. The Group intends to transfer its equity interests in Beikong Ecology within 2024 and focus its resources on continuing to expand the solid waste market and develop a high-end solid waste treatment business.

## **PROSPECT**

2024 is a critical year for achieving the objectives of the “14th Five-Year Plan”. The Group is well aware of the acute situation ahead and will seize the period of strategic opportunities in the solid waste market to seek opportunities amidst challenges. Firstly, the Group will adopt a light asset development strategy and vigorously promote entrusted operation, equipment general contracting, urban services and urban housekeeping businesses. Secondly, the Group will facilitate the implementation of incremental projects in the market. Thirdly, the Group will increase the exploration of new environmental protection businesses and actively lay out new tracks to promote the Company’s operations to a new level, building “a leading comprehensive environmental services provider with the solid waste treatment and disposal as the core business in the PRC”.

## FINANCIAL REVIEW

### Revenue and gross profit

During the year, the Group recorded revenue of RMB1,934 million, decreased by 12.3% as compared with last year of RMB2,205 million. The revenue derived from the solid waste treatment and the sale of electricity and steam amounted to RMB1,135 million, increased by 2.7% as compared with last year of RMB1,105 million. The revenue derived from the waste incineration plant construction, sale of equipment and related services amounted to RMB476 million, decreased by 47.5% as compared with last year of RMB907 million. The revenue derived from the ecological construction and related services amounted to RMB323 million, increased by 67.4% as compared with last year of RMB193 million.

The Group's gross profit amounted to RMB607 million, decreased by 10.2% as compared with last year of RMB676 million. The overall gross profit margin increased from 30.7% to 31.4%.

	Revenue		Gross profit/(loss)		Gross profit margin	
	2023	2022	2023	2022	2023	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>		
Household waste treatment	294	278				
Other solid waste treatment	146	115				
Sale of electricity and steam	695	712				
	<u>1,135</u>	<u>1,105</u>	<u>513</u>	<u>524</u>	<u>45.2%</u>	<u>47.4%</u>
Waste incineration plant construction, sale of equipment and related services	476	907	57	170	12.0%	18.7%
Ecological construction and related services	323	193	37	(18)	11.5%	-9.3%
	<u>1,934</u>	<u>2,205</u>	<u>607</u>	<u>676</u>	<u>31.4%</u>	<u>30.7%</u>

### **Other income and gains, net**

The Group recorded net other income and gains of RMB93 million during the year, increased by RMB5 million as compared with last year of RMB88 million. The other income for the year mainly comprised (i) value added tax refund from waste treatment business of RMB58 million (2022: RMB51 million), (ii) interest income of RMB22 million (2022: RMB14 million) and (iii) government grants of RMB10 million (2022: RMB12 million).

### **Administrative expenses**

The Group's administrative expenses for the year increased by 27.4% from RMB179 million to RMB228 million, mainly caused by the increase of administration expenses in corporate management and ecological construction segment.

### **Other operating expenses, net**

Except for impairment loss on receivables under services concession arrangements of RMB22 million, the Group incurred net other operating expenses of RMB28 million during the year, decreased by RMB66 million as compared with last year of RMB94 million. The other operating expenses for the year mainly comprised (i) impairment loss on operating concessions of RMB15 million (2022: RMB73 million), (ii) impairment loss on trade receivables of RMB5 million (2022: RMB10 million) and (iii) net foreign exchange loss of RMB7 million (2022: RMB7 million).

### **Finance costs**

The Group's finance cost for the year increased by 17.7% from RMB141 million to RMB166 million, which mainly comprised interest on bank loans of RMB48 million (2022: RMB40 million), interest on a loan advanced from Idata, the immediate holding company of the Company, of RMB41 million (2022: RMB39 million) and interest on loans advanced from 北京控股集團財務有限公司 (“BG Finance”) and 北京控股投資管理有限公司 (“BG Management”), fellow subsidiaries of the Company, of RMB28 million (2022: RMB33 million) and RMB45 million (2022: RMB41 million), respectively. Interest on bank loans of RMB93,000 (2022: RMB16 million) incurred for the construction of solid waste treatment projects have been capitalised during the year.

## Income tax

The Group's income tax expense for the year decreased by 20.6% from RMB68 million to RMB54 million, comprising current tax expenses of RMB103 million (2022: RMB56 million) and deferred tax credit of RMB49 million (2022: tax charge of RMB12 million). The Group's effective tax rate for the year was 21.1% (2022: 19.5%).

## EBITDA and profit for the year

EBITDA for the year was RMB662 million, decreased by 5.2% or RMB36 million as compared with last year of RMB698 million. Profit for the year amounted to RMB202 million, decreased by 28.4% or RMB80 million as compared with last year of RMB282 million. Profit for the year attributable to shareholders of the Company amounted to RMB191 million, decreased by 37.2% or RMB113 million as compared with last year of RMB304 million.

	EBITDA		Profit for the year		Profit attributable to shareholders of the Company	
	2023	2022	2023	2022	2023	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Solid waste treatment segment	717	843	325	459	315	440
Ecological construction services segment	20	(34)	2	(44)	1	(22)
Corporate and others segment	<u>(38)</u>	<u>(38)</u>	<u>(80)</u>	<u>(78)</u>	<u>(80)</u>	<u>(78)</u>
	699	771	247	337	236	340
Less: Impairment of non-current assets	<u>(37)</u>	<u>(73)</u>	<u>(45)</u>	<u>(55)</u>	<u>(45)</u>	<u>(36)</u>
	<u><b>662</b></u>	<u>698</u>	<u><b>202</b></u>	<u>282</u>	<u><b>191</b></u>	<u>304</u>

## **FINANCIAL POSITION**

### **Significant investing and financing activities**

In June 2023, the Group established a 90% owned joint venture company for the investment, construction and operation of the Shiyao Project. The estimated total investment on phase one of the Shiyao Project was approximately RMB459 million and it is scheduled to be put into operation by the end of 2024.

Except for the expansion construction and continuous technical modifications on the existing waste incineration plants, the Group had made no material investment, acquisition and disposal of subsidiaries and associated companies during the year.

### **Total assets and liabilities**

As at 31 December 2023, the Group had total assets and total liabilities amounted to RMB9,897 million and RMB6,241 million, respectively, decreased by RMB674 million and RMB890 million as compared with those as at 31 December 2022, respectively. Net assets of the Group was RMB3,656 million, increased by RMB216 million from the end of last year.

### ***Property, plant and equipment***

The Group's property, plant and equipment mainly comprised those equipped for the Shandong Taian Project which operated under Build-Own-Operate ("BOO") arrangements of RMB508 million. Following the completion of the expansion construction of Zhangjiagang Jingmai Project, the plant of Zhangjiagang BOO Project will be transferred to the government authority and its property, plant and equipment in the amount of RMB302 million has been reclassified as non-current assets held for disposal. As a consequence, the net carrying amount of the Group's property, plant and equipment decreased by RMB322 million to RMB560 million during the year, of which capital expenditure of RMB64 million (2022: RMB40 million) has been incurred and depreciation of RMB58 million (2022: RMB58 million) has been recognised in profit or loss.

### ***Goodwill***

The Group acquired certain companies engaging in the solid waste treatment business in April 2014 and October 2016 and aggregate goodwill of RMB1,010 million arose from these acquisitions. The Company has appointed an independent professional valuer to assess the goodwill impairment testing at the end of the reporting period. The recoverable amount of the cash generating unit of the solid waste treatment business has been determined based on its value-in-use, which has been determined based on the future cash flows of the solid waste treatment business and discounted to the present values. The Company considered that the key assumptions adopted by the valuation were reasonably conservative and appropriate. As value-in-use value of the relevant cash generating units exceeded its aggregate carrying amount of the relevant assets, the Company is reasonably considered that no impairment provision is necessary for the Group's goodwill as at 31 December 2023.

### ***Right-of-use assets***

The Group's right-of-use assets decreased by RMB14 million to RMB51 million during the year.

### ***Operating concessions***

The Group's operating concessions are recognised from the solid waste treatment plants operated under Build-Operate-Transfer ("BOT") arrangements. The net carrying amount of the Group's operating concessions decreased by RMB32 million to RMB2,720 million, of which additions to operating concessions of RMB148 million (2022: RMB499 million) has been incurred, amortisation and impairment of RMB165 million (2022: RMB133 million) and RMB15 million (2022: RMB73 million), respectively, has been recognised in profit or loss.

### ***Other intangible assets***

During the year, the net carrying amount of the Group's other intangible assets increased by RMB13 million to RMB51 million, which mainly comprised the fair value of the operation rights/licenses of RMB34 million and computer software of RMB17 million.

### ***Receivables under service concession arrangements***

The Group's receivables under service concession arrangements are recognised from the household waste treatment plants operated under BOT arrangements with guaranteed waste treatment revenue. Resulting from the continuing construction of solid waste treatment plants during the year, the carrying amount of the Group's receivables under service concession arrangements increased by RMB140 million to RMB2,433 million, of which the additional receivable recognised from the Zhangjiagang Jingmai Project and Shiyang Project during the year amounted to RMB238 million, and impairment of RMB22 million (2022: Nil) has been recognised in profit or loss.

### ***Inventories***

The Group's inventories mainly represented coal and consumables used for the operation of solid waste treatment plants and was steadily maintained at RMB43 million.

### ***Trade and bills receivables***

The Group's trade and bills receivables increased by RMB149 million to RMB707 million (net of impairment of RMB27 million) from the end of last year, which comprised receivables (before impairment) from grid electricity of RMB395 million (2022: RMB322 million), waste treatment services of RMB273 million (2022: RMB240 million), construction and related services of RMB66 million (2022: RMB41 million).

According to the ageing analysis as at 31 December 2023, national subsidy of grid electricity of RMB325 million (46% of the total receivables) are unbilled and invoice date of the Group's trade and bills receivables fall within three months amounted to RMB161 million (23% of the total receivables).

### ***Prepayments, deposits and other receivables***

The Group's total prepayments, deposits and other receivables increased by RMB17 million to RMB278 million from the end of last year, which mainly comprised prepayments of RMB46 million, value added tax refund and other taxes recoverable of RMB155 million, balances due from fellow subsidiaries of RMB47 million, deposits and other receivables of RMB30 million.

### ***Bank and other borrowings***

During the year, the Group repaid the loan from BG Management of RMB800 million and bank and other borrowings in total of RMB687 million, and advanced new bank and other borrowings in total of RMB270 million. As a consequence, the Group has total bank and other borrowings amounted to RMB4,436 million as at 31 December 2023, which comprised (i) HK\$2,693 million from Idata, (ii) RMB1,360 million from commercial banks in Chinese Mainland, (iii) RMB613 million from BG Finance and (iv) RMB39 million from a non-controlling equity holder of a subsidiary. Excluding the loan from Idata which bears interest at 1.7% per annum, the weighted average interest rate of the Group's bank and other borrowings was reduced from approximately 4.0% to 3.6% per annum.

### ***Deferred income***

The Group's deferred income increased by RMB1 million to RMB154 million from the end of last year, which mainly represented PRC government grants and subsidies on solid waste treatment business. During the year, the Group received an additional government grant of RMB10 million and amortisation of RMB9 million is recognised in profit or loss.

### ***Trade payables***

The Group's trade payables increased by RMB184 million to RMB860 million from the end of last year, of which RMB263 million are unbilled.

### ***Other payables and accruals***

The Group's total other payables and accruals increased by RMB9 million to RMB414 million from the end of last year. Included in other payables and accruals are loan interest payable to Idata of RMB82 million and amounts due to fellow subsidiaries of RMB103 million.

## Liquidity and financial resources

The Group adopts conservative treasury policies in cash management. As at 31 December 2023, the Group had cash and cash equivalents amounted to RMB1,210 million (approximately 87% of which were denominated in RMB) and bank and other borrowings amounted to RMB4,436 million (included the shareholder's loan from Idata of HK\$2,693 million).

As at 31 December 2023, the Group has current assets of RMB2,995 million and current liabilities of RMB4,073 million (included the shareholder's loan from Idata of HK\$2,693 million).

In consideration of the stable cash recurring nature of solid waste treatment operations and the financial support of the holding company, the directors of the Company considered that the Group has sufficient cash resources to finance its operations in the foreseeable future.

## Key performance indicators

	2023	2022
Gross profit margin	31.4%	30.6%
Operating profit margin	21.8%	22.3%
Net profit margin	10.4%	12.8%
Return on average equity	5.7%	8.6%
Current ratio ( <i>times</i> )	0.74	2.58
Debt ratio ( <i>total liabilities/total assets</i> )	63.1%	67.5%
Gearing ratio ( <i>net debt/total equity</i> )	88.2%	93.8%

## Capital expenditure and commitment

During the year, the Group's total capital expenditures amounted to RMB229 million, of which RMB196 million was spent on construction and modification of waste incineration plants and RMB33 million was spent on purchase of other assets. As at 31 December 2023, the Group has capital commitment for service concession arrangements amounted to RMB413 million.

### **Charges on the Group's assets**

As at 31 December 2023, save as (i) certain solid waste treatment concession rights of the Group, which comprises operating concessions and receivables under service concession arrangements with an aggregate net carrying amount of RMB2,396 million (2022: RMB2,260 million), which are managed by the Group pursuant to the relevant service concession arrangements signed with the grantors; and (ii) the Group's trade receivables of RMB1 million (2022: Nil) arising from the provision of solid waste treatment services are mortgaged for the Group's bank loans, the Group did not have any charges on the Group's assets.

### **Foreign exchange exposure**

The Company's presentation currency for its consolidated financial statements has been changed from Hong Kong dollars to RMB from 1 January 2023. As most of the Group's transactions and assets are denominated and settled in RMB, the Board considers that RMB is more appropriate as the presentation currency for the Group's consolidated financial statements. During the year, the losses arising on settlement or translation of monetary items of RMB7 million (2022: RMB7 million) are taken to profit or loss and the net comprehensive income arising on translation of foreign operations/financial statements of RMB11 million (2022: RMB59 million) are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

### **Contingent liabilities**

As at 31 December 2023, the Group did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group had 1,248 employees (2022: 1,324). Total staff cost for the year was RMB298 million, increased by 11.6% as compared with RMB267 million in last year. The Group's remuneration policy and package are periodically reviewed and generally structured by reference to market terms and individual performance. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, save as disclosed below, the Company has complied with all applicable code provisions (the “Code Provisions”) of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31 December 2023.

- (1) Under Code Provision C.1.6, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, certain independent non-executive directors of the Company were unable to attend the 2023 annual general meeting of the Company due to other business engagements.
- (2) Under Code Provision C.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the Company considers it is more effective for non-executive directors to voice their views by individual communication with the chairman of the board.
- (3) Under Code Provision C.5.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. However, the Company considers it is more efficient to hold board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the directors.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules for securities transactions by the Directors. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely Dr. Huan Guocang (the chairman of the Audit Committee), Dr. Jin Lizuo and Dr. Wang Jianping. The Audit Committee has reviewed the financial results, financial positions, risk management, internal control, impacts of the new accounting standards and management issues of the Group. The Group’s final results for the year ended 31 December 2023 have been reviewed and approved by the Audit Committee.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

## **PURCHASE, REDEMPTION, OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

## **PUBLICATION OF FINANCIAL INFORMATION**

This results announcement is published on the Company’s website ([www.beegl.com.hk](http://www.beegl.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2023 annual report will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

## **APPRECIATION**

The Board would like to express our gratitude to all employees, shareholders and parties from different sectors for their support to the Group.

By order of the Board

**CHEN XINGUO**

*Chairman & Chief Executive Officer*

Hong Kong, 27 March 2024

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. Chen Xinguo, Ms. Sha Ning, Mr. Yu Jie, Mr. Li Ai and Mr. Ng Kong Fat, Brian, and five independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng and Mr. Cheung Ming.*