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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 SUMMARISED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

HIGHLIGHTS

- The Group's revenue from continuing operations for the six months ended 30 June 2024 amounted to RMB803.23 million, decreased by approximately 15% as compared with RMB945.47 million in the corresponding period of last year.
- The Group's EBITDA for the period amounted to RMB328.46 million, decreased by approximately 8.3% as compared with RMB358.30 million in the corresponding period of last year.
- Profit for the period attributable to shareholders of the Company amounted to RMB133.45 million, increased by approximately 1.4% as compared with RMB131.60 million in the corresponding period of last year.
- Basic and diluted earnings per share amounted to RMB8.9 cents.
- Net assets per share attributable to shareholders of the Company as at 30 June 2024 amounted to RMB2.29.
- The Board does not recommend the payment of an interim dividend for the period.

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Environment Group Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with comparative figures for the corresponding period in last year, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
			(Restated)
CONTINUING OPERATIONS			
REVENUE	4	803,230	945,465
Cost of sales		<u>(489,830)</u>	<u>(620,862)</u>
Gross profit		313,400	324,603
Other income and gains, net	5	33,746	39,167
Administrative expenses		(101,941)	(84,135)
Impairment of receivables under service concession arrangements, net		–	(20,438)
Other operating expenses, net		<u>(5,007)</u>	<u>(12,839)</u>
PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS			
Finance costs	6	240,198	246,358
	7	<u>(56,027)</u>	<u>(81,219)</u>
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS			
Income tax	8	184,171	165,139
		<u>(33,593)</u>	<u>(28,284)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
			(Restated)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		150,578	136,855
DISCONTINUED OPERATION			
Profit/(loss) for the period from a discontinued operation	9	<u>(8,465)</u>	<u>1,647</u>
PROFIT FOR THE PERIOD		<u>142,113</u>	<u>138,502</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		133,445	131,596
Non-controlling interests		<u>8,668</u>	<u>6,906</u>
		<u>142,113</u>	<u>138,502</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted (<i>RMB cents</i>)			
– For profit for the period		<u>8.89</u>	<u>8.77</u>
– For profit from continuing operations		<u>9.41</u>	<u>8.70</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
PROFIT FOR THE PERIOD	<u>142,113</u>	<u>138,502</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(44,843)	(51,539)
Items that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<u>18,958</u>	<u>76,649</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>116,228</u></u>	<u><u>163,612</u></u>
ATTRIBUTABLE TO:		
Shareholders of the Company	107,657	156,889
Non-controlling interests	<u>8,571</u>	<u>6,723</u>
	<u><u>116,228</u></u>	<u><u>163,612</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
ASSETS			
Non-current assets:			
Property, plant and equipment		526,212	560,201
Right-of-use assets		47,056	51,416
Goodwill		1,021,521	1,010,296
Operating concessions		2,789,199	2,720,093
Other intangible assets		52,767	50,902
Receivables under service concession arrangements	<i>11</i>	2,358,367	2,349,195
Prepayments, deposits and other receivables		806	556
Deferred tax assets		174,986	159,675
		<hr/>	<hr/>
Total non-current assets		6,970,914	6,902,334
Current assets:			
Contract assets		81,648	371,820
Inventories		38,935	42,988
Receivables under service concession arrangements	<i>11</i>	84,803	83,674
Trade and bills receivables	<i>12</i>	810,996	707,260
Prepayments, other receivables and other assets		295,931	276,973
Pledged deposits		1,001	–
Cash and cash equivalents		1,173,014	1,209,940
		<hr/>	<hr/>
		2,486,328	2,692,655
Non-current assets held for disposal		302,173	302,173
		<hr/>	<hr/>
Total current assets		2,788,501	2,994,828
		<hr/>	<hr/>
TOTAL ASSETS		9,759,415	9,897,162

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		1,972,895	1,972,895
Reserves		1,464,188	1,356,531
		3,437,083	3,329,426
Non-controlling interests		292,258	326,934
TOTAL EQUITY		<u>3,729,341</u>	<u>3,656,360</u>
Non-current liabilities:			
Bank and other borrowings		1,814,890	1,721,509
Provision for major overhauls		13,515	12,540
Other payables		13,582	17,337
Deferred income		149,875	154,414
Deferred tax liabilities		265,560	262,266
Total non-current liabilities		<u>2,257,422</u>	<u>2,168,066</u>
Current liabilities:			
Trade payables	<i>13</i>	600,883	860,375
Other payables and accruals		402,165	396,466
Bank and other borrowings		2,676,591	2,714,238
Tax payables		93,013	101,657
Total current liabilities		<u>3,772,652</u>	<u>4,072,736</u>
TOTAL LIABILITIES		<u>6,030,074</u>	<u>6,240,802</u>
TOTAL EQUITY AND LIABILITIES		<u>9,759,415</u>	<u>9,897,162</u>

NOTES:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 of The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

In preparing the unaudited interim condensed consolidated financial information, 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 30 June 2024. Taking into account the Group’s internal resources and undertakings from Idata Finance Trading Limited (“Idata”), the immediate holding company of the Company, and Beijing Enterprises Holdings Limited (“BEHL”), the immediate holding company of 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 unaudited interim condensed consolidated financial information have been prepared on a going concern basis.

The financial information relating to the year ended 31 December 2023 that is included in this unaudited interim condensed consolidated financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 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 Company for the year ended 31 December 2023. 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 section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial information has not been audited, but has been reviewed by the Company’s audit committee.

Change of presentation currency

Pursuant to a resolution of the Board passed on 8 December 2023, the Group's presentation currency for its consolidated financial statements has been changed from HK\$ to RMB. 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 interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2023, and certain explanatory notes have been restated to conform with the current period presentation.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")

These revised HKFRSs did not have any significant impact on the financial position or performance of the Group.

3. 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 (disposed of during the period and classified as a discontinued operation, note 9); and
- (c) the corporate and others segment comprises corporate income and expense items.

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 period.

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 six months ended 30 June 2024 and 2023 and the total assets and total liabilities information as at 30 June 2024 and 31 December 2023 regarding the Group's operating segments.

Six months ended 30 June 2024/As at 30 June 2024

	Continuing operations			Discontinued operation	
	Solid waste treatment (Unaudited) RMB'000	Corporate and others (Unaudited) RMB'000	Total (Unaudited) RMB'000	Ecological construction services (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue (note 4)	803,230	–	803,230	103,190	906,420
Cost of sales	(489,830)	–	(489,830)	(94,739)	(584,569)
Gross profit	<u>313,400</u>	<u>–</u>	<u>313,400</u>	<u>8,451</u>	<u>321,851</u>
Profit/(loss) from operating activities	260,751	(20,553)	240,198	(2,631)	237,567
Loss on disposal of a subsidiary	–	–	–	(3,929)	(3,929)
Finance costs	(35,308)	(20,719)	(56,027)	(655)	(56,682)
Profit/(loss) before tax	225,443	(41,272)	184,171	(7,215)	176,956
Income tax	(33,541)	(52)	(33,593)	(1,250)	(34,843)
Profit/(loss) for the period	<u>191,902</u>	<u>(41,324)</u>	<u>150,578</u>	<u>(8,465)</u>	<u>142,113</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>182,548</u>	<u>(41,324)</u>	<u>141,224</u>	<u>(7,779)</u>	<u>133,445</u>
Segment assets	<u>9,473,680</u>	<u>285,735</u>	<u>9,759,415</u>	<u>–</u>	<u>9,759,415</u>
Segment liabilities	<u>3,413,653</u>	<u>2,616,421</u>	<u>6,030,074</u>	<u>–</u>	<u>6,030,074</u>

Six months ended 30 June 2023/As at 31 December 2023 (restated)

	Continuing operations			Discontinued operation	
	Solid waste treatment (Unaudited) RMB'000	Corporate and others (Unaudited) RMB'000	Total (Unaudited) RMB'000	Ecological construction services (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue (note 4)	945,465	–	945,465	132,631	1,078,096
Cost of sales	(620,862)	–	(620,862)	(114,118)	(734,980)
Gross profit	<u>324,603</u>	<u>–</u>	<u>324,603</u>	<u>18,513</u>	<u>343,116</u>
Profit/(loss) from operating activities	273,609	(27,251)	246,358	3,214	249,572
Finance costs	(61,237)	(19,982)	(81,219)	(1,473)	(82,692)
Profit/(loss) before tax	212,372	(47,233)	165,139	1,741	166,880
Income tax	(28,283)	(1)	(28,284)	(94)	(28,378)
Profit/(loss) for the period	<u>184,089</u>	<u>(47,234)</u>	<u>136,855</u>	<u>1,647</u>	<u>138,502</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>177,745</u>	<u>(47,236)</u>	<u>130,509</u>	<u>1,087</u>	<u>131,596</u>
Segment assets	<u>9,231,909</u>	<u>196,347</u>	<u>9,428,256</u>	<u>468,906</u>	<u>9,897,162</u>
Segment liabilities	<u>3,298,714</u>	<u>2,534,887</u>	<u>5,833,601</u>	<u>407,201</u>	<u>6,240,802</u>

During the six months ended 30 June 2024, the Group has addition of property, plant and equipment and operating concessions with a total cost of RMB138,943,000 (six months ended 30 June 2023: RMB258,722,000, restated).

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 interim condensed consolidated financial information.

Information about a major customer

During the six months ended 30 June 2024, the Group had transactions with two (six months ended 30 June 2023: one) external customers of the solid waste treatment segment, each of which accounted for 10% or more of the Group's total revenue from continuing operations. The revenue from continuing operations generated from sales to each of these customers is set out below:

	For the six months ended 30 June	
	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) <i>RMB'000</i> (Restated)
Customer A	102,894	117,677
Customer B	<u>98,219</u>	<u>N/A</u>

N/A: Less than 10% of the Group's total revenue from continuing operations

4. REVENUE

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

	For the six months ended 30 June	
	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) <i>RMB'000</i> (Restated)
Household waste treatment service income*	142,699	133,700
Hazardous and medical waste treatment service income	12,123	9,530
Food waste, leachate, sludge and other treatments service income	96,490	69,882
Sales of electricity	351,326	341,477
Sales of steam	11,693	5,325
Waste incineration plant construction and related service income*	186,108	373,851
Sale of equipment	<u>2,791</u>	<u>11,700</u>
	<u>803,230</u>	<u>945,465</u>

* *Imputed interest income under service concession arrangements during the period amounting to RMB63,190,000 (six months ended 30 June 2023: RMB54,282,000, restated) was included in the revenue derived from household waste treatment services and waste incineration plant construction and related services.*

5. OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (Restated)
Value added tax refund	28,267	32,238
Interest income	3,233	3,639
Government grant*	1,677	1,388
Others	569	1,902
	<u>33,746</u>	<u>39,167</u>

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

6. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (Restated)
Depreciation of property, plant and equipment	20,370	37,477
Depreciation of right-of-use assets	4,360	4,338
Amortisation of operating concessions*	67,225	58,398
Amortisation of other intangible assets*	2,070	882
Impairment loss of trade receivables	3,145	4,903
Impairment loss of receivables under service concession arrangements (<i>note 11</i>)	–	20,438
Foreign exchange differences, net	1,478	7,679

* *The amortisation of operating concessions and other intangible assets (excluding computer software amounting to RMB971,000 (six months ended 30 June 2023: RMB162,000, restated) which is included in "Administrative expenses") are included in "Cost of sales" in the condensed consolidated statement of profit or loss.*

7. FINANCE COSTS

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (Restated)
Interest on bank and other borrowings	55,824	80,467
Interest on lease liabilities	409	559
	<hr/>	<hr/>
Total interest expenses	56,233	81,026
Less: Interest capitalised	(543)	(93)
	<hr/>	<hr/>
	55,690	80,933
Other finance costs:		
Increase in discounted amounts of provision for major overhauls arising from the passage of time	337	286
	<hr/>	<hr/>
	56,027	81,219
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (Restated)
Current – Chinese Mainland		
Charge for the period	48,525	28,957
Overprovision in prior periods	–	(5,724)
	<hr/>	<hr/>
	48,525	23,233
Deferred	(14,932)	5,051
	<hr/>	<hr/>
Total tax charge for the period from continuing operations	33,593	28,284
Total tax charge for the period from a discontinued operation	1,250	94
	<hr/>	<hr/>
	34,843	28,378
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2024 and 2023 as the Group did not generate any assessable profits arising in Hong Kong during the periods. 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.

In accordance with the relevant tax laws of the People's Republic of China (the "PRC"), certain subsidiaries of the Group which are engaged in the solid waste treatment business are exempted from corporate income tax for three years starting from the first year they generated revenue and enjoy a 50% tax reduction for the ensuing three years.

9. DISCONTINUED OPERATION

Pursuant to an asset transaction agreement dated 13 June 2024 entered into between Beijing Enterprises Environmental Group Limited ("BEEGL", an indirect wholly-owned subsidiary of the Company) and 海南格潤投資有限公司 ("Hainan Gerun", a connected party of a subsidiary of the Company), BEEGL disposed of its entire 51% equity interest in 北京北控生態建設集團有限公司 ("Beikong Ecology") to Hainan Gerun for a cash consideration of RMB41,488,000) through public tender at China Beijing Equity Exchange ("CBEX"). Hainan Gerun has settled the cash consideration to the designated account of CBEX on 12 June 2024 and the disposal transaction was completed on 19 June 2024.

The Group's ecological construction services, being a reportable operating segment of the Group, was solely undertaken by Beikong Ecology. Accordingly, the ecological construction services of the Group was classified as a discontinued operation.

The results of the discontinued operation are presented below:

	For the six months	
	ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	103,190	132,631
Other income and gains, net	73	380
Cost of sales	(94,739)	(114,118)
Administrative expenses	(11,155)	(15,135)
Other operating expenses, net	–	(544)
Finance costs	(655)	(1,473)
	<hr/>	<hr/>
Profit/(loss) from the discontinued operation	(3,286)	1,741
Loss on the disposal of the discontinued operation	(3,929)	–
	<hr/>	<hr/>
Profit/(loss) before tax from the discontinued operation	(7,215)	1,741
Income tax	(1,250)	(94)
	<hr/>	<hr/>
Profit/(loss) for the period from the discontinued operation	(8,465)	1,647
	<hr/>	<hr/>
Attributable to:		
Shareholders of the Company from the discontinued operation	(7,779)	1,087
Non-controlling interests from the discontinued operation	(686)	560
	<hr/>	<hr/>
	(8,465)	1,647
	<hr/>	<hr/>
Earnings/(loss) per share:		
Basic and diluted, from the discontinued operation (cents)	(0.52)	0.07
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The calculation of the basic earnings/(loss) per share from the discontinued operation for the six months ended 30 June 2024 is based on the loss attributable to shareholders of the Company from the discontinued operation of RMB7,779,000 (six months ended 30 June 2023: profit of RMB1,087,000), and the 1,500,360,150 (six months ended 30 June 2023: 1,500,360,150) ordinary shares in issue during the period.

The Group has no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the six months ended 30 June 2024 is based on the profit for the period attributable to shareholders of the Company of RMB133,445,000 (six months ended 30 June 2023: RMB131,596,000, restated), profit attributable to shareholders of the Company from continuing operations of RMB141,224,000 (six months ended 30 June 2023: RMB130,509,000, restated), and the 1,500,360,150 (six months ended 30 June 2023: 1,500,360,150) ordinary shares in issue during the period.

The Group has no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements. They were all unbilled as at 30 June 2024 and 31 December 2023.

At 30 June 2024, 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 RMB2,348,194,000 (31 December 2023: RMB2,395,699,000), which are managed by the Group pursuant to the relevant service concession arrangements signed with the grantors, are mortgaged for the Group's bank loans.

During the six months ended 30 June 2023, the pollution discharge permit of the solid waste incineration plant of Wenchang has been expired and failed to be renewed under the current measures on environmental protection and emission imposed by the PRC government, therefore, the plant's operation has been suspended since then and the Group has provided an impairment on the remaining receivables under service concession arrangements of RMB20,438,000.

12. TRADE AND BILLS RECEIVABLES

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:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Billed:		
Within 3 months	155,941	160,675
4 to 6 months	88,684	73,500
7 to 12 months	61,165	32,388
1 to 2 years	25,227	53,235
2 to 3 years	52,052	55,940
Over 3 years	30,933	6,731
	414,002	382,469
Unbilled*	396,994	324,791
	810,996	707,260

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

Notes:

- (a) 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.
- (b) Included in the Group's trade and bills receivables is an amount of RMB537,000 (31 December 2023: RMB616,000) due from a non-controlling equity holder of a subsidiary, arising from transactions carried out in the ordinary course of business of the Group. The balance is unsecured, interest-free and receivable on credit terms.
- (c) At 30 June 2024, certain trade receivables of RMB50,000 (31 December 2023: RMB1,093,000) arising from the provision of solid waste treatment services were pledged to secure a bank loan granted to the Group.

13. TRADE PAYABLES

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Billed:		
Less than 3 months	142,505	253,557
4 to 6 months	15,829	206,793
7 to 12 months	19,307	17,555
Over 1 year	128,056	119,476
	305,697	597,381
Unbilled*	295,186	262,994
	600,883	860,375

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

Notes:

- (a) Included in the Group's trade payables is an amount of RMB25,614,000 (31 December 2023: RMB23,296,000) due to non-controlling equity holders of subsidiaries, arising from transactions carried out in the ordinary course of business of the Group. The balance is unsecured, interest-free and repayable on credit terms similar to those offered by the non-controlling equity holders of subsidiaries to their major customers.
- (b) The trade payables are non-interest-bearing and normally settled within one to six months.

14. DISPOSAL OF A SUBSIDIARY

As detailed in note 9, the Group has completed the disposal of Beikong Ecology during the period. The assets and liabilities of Beikong Ecology as at the date of disposal were as follows:

	30 June 2024 (Unaudited) RMB'000
Net assets disposed of:	
Property, plant and equipment	15,535
Other intangible assets	28
Contract assets	235,287
Trade and bills receivables	58,270
Prepayments, other receivables and other assets	16,754
Cash and cash equivalents	53,910
Trade payables	(121,026)
Other payables and accruals	(102,012)
Bank and other borrowings	(54,000)
Tax payables	(13,082)
Non-controlling interests	(44,247)
	<u>45,417</u>
Loss on disposal of a subsidiary (note 9)	<u>(3,929)</u>
	<u><u>41,488</u></u>
Satisfied by:	
Cash	<u><u>41,488</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	30 June 2024 (Unaudited) RMB'000
Cash consideration*	–
Cash and cash equivalents disposed of	<u>(53,910)</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>(53,910)</u></u>

* *Hainan Gerun has settled the cash consideration to the designated account of CBEX and the release of the cash consideration is subject to the clearance of The State Administration of Foreign Exchange.*

15. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 30 June 2024 amounted to RMB984,151,000 (31 December 2023: RMB1,077,908,000) and RMB5,986,763,000 (31 December 2023: RMB5,824,426,000), respectively.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Continuing operations – Solid Waste Treatment Segment

During the first half of 2024, the Group has nine solid waste treatment projects in business operation and one solid waste treatment project in construction in Chinese Mainland. The Group's daily treatment capacity of household waste incineration increased to 12,850 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
Taian Project (泰安生活垃圾焚燒發電項目)	Shandong	BOO	1,200
Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目)	Jiangsu	BOT	1,200
Shiyan Project (十堰市城區生活垃圾焚燒發電項目)*	Wubei	BOT	600
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:			
Hengyang Project (湖南省衡陽危險廢物處置中心項目)	Hunan	BOT	

* *construction in progress*

suspended in operation

In terms of production and operation sector, in the face of unfavourable factors such as the increasingly fierce competition in the solid waste market and the continuous backslide of environmental protection policies, the Group vigorously expanded the sources of waste and coordinated business, and achieved notable growth in revenues from coordinated sludge treatment and heating and steam supply, with the operation showing the trend of stable improvement. The Group continued its efforts in scientific and technological innovation. In the first half of the year, the Group initiated 30 research and development projects and was granted 10 patents.

In the first half of 2024, the Group completed 2.2018 million tonnes of household waste intake (average 12,098 tonnes/day), increased by 8.7% year-on-year. The electricity generating volume was 861,000,000 kWh, increased by 9.8% year-on-year. We generated 725,000,000 kWh of on-grid electricity, increased by 9.5% year-on-year. Our heating and steam supply volume was 70,300 tonnes, increased by 107.8% year-on-year. The Group completed 307,000 tonnes of sludge treatment, increased by 74.8% year-on-year. During the period, the production and operation sector recorded revenue of RMB614 million, increased by 9.7% year-on-year and the gross profit was RMB289 million, increased by 13.2% year-on-year.

In terms of project construction sector, the construction of Shiyuan Urban District Household Waste Incineration Power Generation Project has achieved its milestone for the first half of the year, and will continue to strive to achieve commercial operation by the end of 2024. Due to the decrease in the number of large-scale construction projects, the Group recorded revenue from the project construction of RMB189 million, decreased by 51% year-on-year, and the gross profit of RMB25 million, decreased by 64.5% year-on-year, in the first half of 2024.

Discontinued operation – Ecological Construction Services Segment

As the synergy between the ecological construction services and the Group's principal business is not obvious, the Group completed the disposal of its equity interest in Beijing Beikong Ecology & Construction Group Co., Ltd. in June 2024 and ceased the operation of the ecological construction services business so as to focus its resources on continuing to expand the solid waste treatment market. A loss of RMB7.78 million from the discontinued operation was recorded during the period.

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 in order to seek opportunities amidst challenges. We seek to continuously enhance the utilisation rate of production capacity of the existing projects, implement incremental projects in the market, and create a second growth curve through expanding light asset businesses, including entrusted operation and equipment general contracting, so as to promote the Company’s operations to a new level.

FINANCIAL REVIEW

Revenue and gross profit

During the six months ended 30 June 2024, the Group recorded revenue from continuing operations of RMB803.23 million, decreased by 15.0% as compared with last corresponding period of RMB945.47 million. The revenue derived from the solid waste treatment and the sale of electricity and steam amounted to RMB614.33 million, increased by 9.7% as compared with last corresponding period of RMB559.92 million. The revenue derived from the waste incineration plant construction, sale of equipment and related services amounted to RMB188.9 million, decreased by 51.0% as compared with last corresponding period of RMB385.55 million.

The Group's gross profit amounted to RMB313.40 million, decreased by 3.5% as compared with last corresponding period of RMB324.6 million. The overall gross profit margin increased from 34.3% to 39.0%.

	Revenue		Gross profit		Gross profit margin	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023	2024	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	%	%
Continuing operations:						
Household waste treatment	142.70	133.70				
Other solid waste treatment	108.61	79.42				
Sale of electricity and steam	363.02	346.80				
	614.33	559.92	288.74	255.10	47.0	45.6
Waste incineration plant construction, sale of equipment and related services	188.90	385.55	24.66	69.50	13.1	18.0
	803.23	945.47	313.40	324.60	39.0	34.3

Other income and gains, net

The Group recorded net other income and gains from continuing operations of RMB33.75 million during the six months ended 30 June 2024, decreased by RMB5.42 million as compared with last corresponding period of RMB39.17 million. The other income for the period mainly comprised (i) value added tax refund from waste treatment business of RMB28.27 million (first half of 2023: RMB32.24 million), (ii) interest income of RMB3.23 million (first half of 2023: RMB3.64 million) and (iii) government grants of RMB1.68 million (first half of 2023: RMB1.39 million).

Administrative expenses

The Group's administrative expenses from continuing operations for the six months ended 30 June 2024 increased by 21.2% or RMB17.8 million to RMB101.94 million, of which research and development expenses increased by 55.9% or RMB7.47 million to RMB20.84 million.

Other operating expenses, net

The Group incurred net other operating expenses from continuing operations of RMB5.01 million during the six months ended 30 June 2024, decreased by RMB7.83 million as compared with last corresponding period of RMB12.84 million. The other operating expenses for the period mainly comprised (i) impairment loss on trade receivables of RMB3.15 million (first half of 2023: RMB4.9 million) and (ii) net foreign exchange loss of RMB1.48 million (first half of 2023: RMB7.68 million).

During the six months ended 30 June 2023, the pollution discharge permit of a solid waste incineration plant in Wenchang, Hainan Province has been expired and failed to be renewed under the current measures on environmental protection and emission imposed by the PRC government, therefore, the plant's operation had been suspended since then and the Group had provided an impairment on the remaining receivables under service concession arrangements of RMB20.44 million during that period.

Finance costs

The Group's finance cost from continuing operations for the six months ended 30 June 2024 decreased by 31.0% from RMB81.22 million to RMB56.03 million, which mainly comprised interest on bank loans of RMB23.43 million (first half of 2023: RMB25.15 million), interest on the shareholder's loan in the principal of HK\$2,693.3 million (the "Shareholder's Loan") from Idata Finance Trading Limited ("Idata", the immediate holding company) of RMB20.72 million (first half of 2023: RMB19.98 million) and interest on loans from fellow subsidiaries of RMB11.67 million (first half of 2023: RMB35.34 million).

Income tax

The Group's income tax expense from continuing operations for the six months ended 30 June 2024 increased by 18.8% from RMB28.28 million to RMB33.59 million, comprising current tax expenses of RMB48.53 million (first half of 2023: RMB23.23 million) and deferred tax credit of RMB14.93 million (first half of 2023: tax charge of RMB5.05 million). The Group's effective tax rate for the year was 18.2% (first half of 2023: 17.1%).

Discontinued operation

Pursuant to an asset transaction agreement dated 13 June 2024 entered into between Beijing Enterprises Environmental Group Limited (“BEEGL”, an indirect wholly-owned subsidiary of the Company) and 海南格潤投資有限公司 (“Hainan Gerun”, a connected party of a subsidiary of the Company), BEEGL disposed of its entire 51% equity interest in 北京北控生態建設集團有限公司 (“Beikong Ecology”) to Hainan Gerun through public tender for a cash consideration of RMB41.49 million. The transfer of the 51% equity interest in Beikong Ecology was completed on 19 June 2024.

The Group’s ecological construction services, being a reportable operating segment of the Group, was solely undertaken by Beikong Ecology. Accordingly, the ecological construction services of the Group was classified as a discontinued operation.

During the six months ended 30 June 2024, loss from the discontinued operation amounted to RMB8.47 million (first half of 2023: profit of RMB1.65 million), which comprised of (i) operating loss for the period of RMB3.29 million (first half of 2023: profit of RMB1.65 million) and (ii) loss on disposal of Beikong Ecology of RMB5.18 million (inclusive of tax).

EBITDA and profit for the period

The Group’s total EBITDA for the six months ended 30 June 2024 was RMB328.46 million, decreased by 8.3% or RMB29.84 million as compared with last corresponding period of RMB358.3 million. Profit for the period amounted to RMB142.11 million, increased by 2.6% or RMB3.61 million as compared with last corresponding period of RMB138.50 million. Profit for the period attributable to shareholders of the Company amounted to RMB133.45 million, increased by 1.4% or RMB1.85 million as compared with last corresponding period of RMB131.6 million.

For continuing operations, EBITDA for the six months ended 30 June 2024 was RMB334.22 million, decreased by 3.8% or RMB13.23 million as compared with last corresponding period of RMB347.45 million. Profit for the period amounted to RMB150.58 million, increased by 10.0% or RMB13.73 million as compared with last corresponding period of RMB136.85 million. Profit for the period attributable to shareholders of the Company amounted to RMB141.23 million, increased by 8.2% or RMB10.72 million as compared with last corresponding period of RMB130.51 million.

	EBITDA		Profit/(loss) for the period		Profit/(loss) for the period	
	For the six months		For the six months		attributable to shareholders	
	ended 30 June		ended 30 June		of the Company	
	2024	2023	2024	2023	2024	2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Continuing operations						
Solid waste treatment segment	354.75	374.67	191.90	184.09	182.55	177.75
Corporate and others segment	(20.53)	(27.22)	(41.32)	(47.24)	(41.32)	(47.24)
	334.22	347.45	150.58	136.85	141.23	130.51
Discontinued operation						
Ecological construction services segment	(5.76)	10.85	(8.47)	1.65	(7.78)	1.09
	328.46	358.30	142.11	138.50	133.45	131.60

FINANCIAL POSITION

Significant investing and financing activities

During the six months ended 30 June 2024, the Group disposed of its equity interest in Beikong Ecology and resulting into the discontinuous of its ecological construction services during the period.

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

Total assets and liabilities

As at 30 June 2024, the Group had total assets and total liabilities amounted to RMB9,759 million and RMB6,030 million, respectively, decreased by RMB138 million and RMB211 million as compared with those as at 31 December 2023, respectively. Net assets of the Group was RMB3,729 million, increased by RMB73 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 RMB496 million. During the six months ended 30 June 2024, the net carrying amount of the Group's property, plant and equipment decreased by RMB34 million to RMB526 million, of which capital expenditure of RMB3 million (first half of 2023: RMB10 million) has been incurred and depreciation of RMB21 million (first half of 2023: RMB42 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 RMB1,022 million arose from these acquisitions. During the six months ended 30 June 2024, there is no significant consequence that giving rise to the material deterioration to the aggregate value-in-use value of the relevant cash generating units of the solid waste treatment business. The Company will appoint an independent professional valuer to further assess the goodwill impairment testing at the financial year end.

Right-of-use assets

The Group's right-of-use assets decreased by depreciation of RMB4 million to RMB47 million during the six months ended 30 June 2024.

Operating concessions

The Group's operating concessions are recognised from the solid waste treatment plants operated under Build-Operate-Transfer ("BOT") arrangements. Mainly resulting from the construction of the Shiyuan Project during the six months ended 30 June 2024, the net carrying amount of the Group's operating concessions increased by RMB69 million to RMB2,789 million, of which additions to operating concessions of RMB136 million (first half of 2023: RMB248 million) has been incurred and amortisation of RMB67 million (first half of 2023: RMB58 million) has been recognised in profit or loss.

Other intangible assets

During the six months ended 30 June 2024, the net carrying amount of the Group's other intangible assets increased by RMB2 million to RMB53 million, which mainly comprised the fair value of the operation rights and licenses of RMB33 million (31 December 2023: RMB34 million) and computer software of RMB20 million (31 December 2023: 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. During the six months ended 30 June 2024, the carrying amount of the Group's receivables under service concession arrangements increased by RMB10 million to RMB2,443 million, of which the additional receivables recognised from the Shiyuan Project amounted to RMB51 million.

Contract assets

Following the discontinuous of ecological construction services, the Group's contract assets significantly decreased by RMB290 million to RMB82 million from the end of last year.

Inventories

The Group's inventories mainly represented coal and consumables used for the operation of solid waste incineration plants and was steadily maintained at RMB39 million.

Trade and bills receivables

The Group's trade and bills receivables increased by RMB104 million to RMB811 million (net of impairment of RMB29 million) from the end of last year, which comprised receivables (before impairment) from grid electricity of RMB486 million (increased by RMB91 million), waste treatment services of RMB352 million (increased by RMB79 million), construction and related services of RMB2 million (decreased by RMB64 million).

According to the ageing analysis as at 30 June 2024, national subsidy of grid electricity of RMB397 million (49.0% of the total receivables) are unbilled and invoice date of the Group's trade and bills receivables fall within six months amounted to RMB245 million (30.2% of the total receivables).

Prepayments, deposits and other receivables

The Group's total prepayments, deposits and other receivables increased by RMB19 million to RMB297 million from the end of last year, which mainly comprised value added tax refund and other taxes recoverable of RMB139 million, balances due from fellow subsidiaries of RMB50 million, prepayments of RMB21 million, deposits and other receivables of RMB87 million.

Bank and other borrowings

During the six months ended 30 June 2024, the Group repaid bank loans and other borrowings of RMB110 million and advanced new bank loans of RMB232 million. As at 30 June 2024, the Group has total bank and other borrowings amounted to RMB4,491 million, which comprised (i) the Shareholder's Loan of HK\$2,693.3 million which is due for repayment at the end of year, (ii) bank loans of RMB1,471 million from commercial banks in Chinese Mainland, and (iii) other borrowings from 北京控股集團財務有限公司, a fellow subsidiary, of RMB570 million. Excluding the Shareholder's Loan 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 3.6% to 3.5% per annum.

Deferred income

The Group's deferred income mainly represented PRC government grants and subsidies on solid waste treatment business, which decreased by RMB5 million to RMB150 million from the end of last year.

Trade payables

The Group's trade payables decreased by RMB259 million to RMB601 million from the end of last year, of which RMB295 million are unbilled.

Other payables and accruals

The Group's total other payables and accruals increased by RMB2 million to RMB416 million from the end of last year. Included in other payables and accruals are loan interest payable to Idata of RMB104 million and amounts due to fellow subsidiaries of RMB100 million.

Liquidity and financial resources

The Group adopts conservative treasury policies in cash management. As at 30 June 2024, the Group had cash and cash equivalents of RMB1,173 million and bank and other borrowings (included the Shareholder's Loan of HK\$2,693.3 million which is due for repayment at the end of year) of RMB4,491 million, resulting that the Group has current liabilities of RMB3,773 million exceeded its current assets of RMB2,789 million.

In consideration of the stable cash recurring nature of the Group's solid waste treatment operations, the Group's internal resources and the undertakings from Beijing Enterprises Holdings Limited, the intermediate holding company, and Idata not to demand repayment of the Shareholder's Loan until such time when the Group is in a position to repay without impairing its liquidity and financial position, the Company considered that the Group has sufficient cash resources to finance its operations in the foreseeable future. In addition, the Company will negotiate with the holding companies with intention to extent the payment term of the Shareholder's Loan by the end of year.

Key performance indicators

	For the six months ended 30 June	
	2024	2023
Continuing operations:		
Gross profit margin	39.0%	34.3%
Operating profit margin	29.9%	26.1%
Net profit margin	18.7%	14.5%
Return on average equity	<u>3.9%</u>	<u>3.9%</u>
	30 June 2024	31 December 2023
Current ratio (<i>times</i>)	0.74	0.74
Debt ratio (<i>total liabilities/total assets</i>)	61.8%	63.1%
Gearing ratio (<i>net debt/total equity</i>)	<u>89.0%</u>	<u>88.2%</u>

Capital expenditure and commitment

During the six months ended 30 June 2024, the Group has total capital expenditures amounted to RMB143 million, of which RMB136 million was spent on construction and modification of waste incineration plants and RMB7 million was spent on purchase of other assets. As at 30 June 2024, the Group has capital commitment for service concession arrangements amounted to RMB261 million.

Charges on the Group's assets

As at 30 June 2024, 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 RMB2,348 million, which are managed by the Group pursuant to the relevant service concession arrangements signed with the grantors; and (ii) the Group's bank deposits of RMB1 million, the Group did not have any material 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 Renminbi from 1 January 2023. As most of the Group's transactions and assets are denominated and settled in Renminbi, the Board considers that Renminbi is more appropriate as the presentation currency for the Group's consolidated financial statements. During the six months ended 30 June 2024, the losses arising on settlement or translation of monetary items of RMB1.48 million are taken to profit or loss and the net comprehensive losses arising on translation of foreign operations and financial statements of RMB25.89 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 30 June 2024, indemnities issued to financial institutions for performance bonds in respect of construction and maintenance of waste incineration plants undertaken by subsidiaries amounted to RMB70 million. Save as disclosed above, the Group did not have any significant contingent liabilities which have not been provided for in the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

Following the disposal of the subsidiary engaged in ecological construction services business, the Group has 1,112 employees as at 30 June 2024, comparing with 1,248 employees as at 31 December 2023. Total staff cost from continuing operations for the six months ended 30 June 2024 amounted to RMB129.72 million, increased by 6.6% as compared with RMB121.67 million in the corresponding period of 2023. 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 of the Company, save as disclosed below, the Company has complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024.

- (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 2024 annual general meeting of the Company due to other business engagements.
- (2) Under Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. With effect from 1 February 2024, Mr. Chen assumes the positions of Chairman of the Board and Chief Executive Officer. The Board considers that such arrangement can bring benefits to the Company's business development and management at present, and will not impair the balance of power and authority between the Board and the management of the Company.
- (3) 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.

- (4) 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 of the Company. All the directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in accordance with Rule 3.21 of the Listing Rules and Code Provision D.3. The current members of the Audit Committee comprise three independent non-executive directors, namely Dr. Huan Guocang (committee chairman), Dr. Jin Lizuo and Dr. Wang Jianping.

The Audit Committee has reviewed the interim results, financial positions, risk management, internal control, impacts of the new accounting standards and management issues of the Group during the six months ended 30 June 2024.

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 six months ended 30 June 2024.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2024 interim report containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.beegl.com.hk) 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, 28 August 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 six independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng, Mr. Cheung Ming and Ms. Miao Li.