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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 2019

HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2019 amounted to HK\$666 million, increased by 22% as compared with HK\$547 million in the corresponding period of last year.
- EBITDA for the period amounted to HK\$273 million, increased by 18% as compared with HK\$232 million in the corresponding period of last year.
- Profit for the period attributable to members of the Company amounted to HK\$131 million, increased by 14% as compared with HK\$115 million in the corresponding period of last year.
- Basic earnings per share amounted to HK8.7 cents.
- Net assets per share attributable to members of the Company as at 30 June 2019 amounted to HK\$1.84.
- 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 consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2019, 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 2019

		For the six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	4	666,239	546,687
Cost of sales		<u>(445,834)</u>	<u>(385,198)</u>
Gross profit		220,405	161,489
Other income and gain	4	36,967	64,478
Selling and distribution expenses		(1,223)	(788)
Administrative expenses		(66,808)	(51,727)
Other operating expenses, net		<u>(2,723)</u>	<u>(4,716)</u>
PROFIT FROM OPERATING ACTIVITIES	5	186,618	168,736
Finance costs	6	(35,805)	(30,062)
Share of profit of a joint venture		<u>–</u>	<u>106</u>
PROFIT BEFORE TAX		150,813	138,780
Income tax	7	<u>(14,188)</u>	<u>(16,382)</u>
PROFIT FOR THE PERIOD		<u>136,625</u>	<u>122,398</u>
ATTRIBUTABLE TO:			
Members of the Company		130,555	115,002
Non-controlling interests		<u>6,070</u>	<u>7,396</u>
		<u>136,625</u>	<u>122,398</u>
EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF THE COMPANY	8		
– Basic (HK cents)		<u>8.70</u>	<u>7.66</u>
– Diluted (HK cents)		<u>4.21</u>	<u>3.53</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>136,625</u>	<u>122,398</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(19,290)</u>	<u>1,321</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>117,335</u>	<u>123,719</u>
ATTRIBUTABLE TO:		
Members of the Company	<u>112,338</u>	116,234
Non-controlling interests	<u>4,997</u>	<u>7,485</u>
	<u>117,335</u>	<u>123,719</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

		30 June 2019	31 December 2018
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		1,079,654	1,053,774
Investment property		47,727	47,945
Right-of-use assets		85,081	–
Prepaid land lease payments		–	47,957
Goodwill		1,122,551	1,122,551
Operating concessions		2,355,067	2,413,047
Other intangible assets		116,990	119,888
Investment in a joint venture		6,652	6,652
Receivables under service concession arrangements	<i>9</i>	2,018,589	2,022,977
Prepayments, other receivables and other assets		365	1,320
Deferred tax assets		16,354	17,748
		<hr/>	<hr/>
Total non-current assets		6,849,030	6,853,859
Current assets:			
Prepaid land lease payments		–	1,165
Inventories		36,636	30,249
Receivables under service concession arrangements	<i>9</i>	62,578	93,349
Trade and bills receivables	<i>10</i>	299,941	201,191
Contract assets		111,999	69,452
Prepayments, other receivables and other assets		196,213	164,842
Pledged deposits		11,964	11,462
Cash and cash equivalents		1,347,604	1,610,717
		<hr/>	<hr/>
Total current assets		2,066,935	2,182,427
TOTAL ASSETS		8,915,965	9,036,286

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2019

	30 June 2019 (Unaudited) <i>HK\$'000</i>	31 December 2018 (Audited) <i>HK\$'000</i>
	<i>Note</i>	
EQUITY AND LIABILITIES		
Equity attributable to members of the Company		
Share capital	2,227,564	2,227,564
Equity component of convertible bonds	147,029	147,029
Other reserves	393,179	280,841
	<u>2,767,772</u>	<u>2,655,434</u>
Non-controlling interests	304,842	299,845
	<u>3,072,614</u>	<u>2,955,279</u>
Non-current liabilities:		
Bank and other borrowings	828,988	789,509
Convertible bonds	2,132,271	2,117,717
Provision for major overhauls	6,569	6,026
Other payables	23,502	–
Deferred income	155,572	160,145
Deferred tax liabilities	261,991	263,818
	<u>3,408,893</u>	<u>3,337,215</u>
Current liabilities:		
Trade payables	11 440,353	468,741
Other payables and accruals	1,755,386	2,033,644
Bank and other borrowings	179,091	174,315
Tax payables	59,628	67,092
	<u>2,434,458</u>	<u>2,743,792</u>
	<u>5,843,351</u>	<u>6,081,007</u>
TOTAL LIABILITIES		
	<u>8,915,965</u>	<u>9,036,286</u>
TOTAL EQUITY AND LIABILITIES		

NOTES:

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 set out in this announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The 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 2018.

In preparing the 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 2019. Taking into account the Group’s internal resources and undertaking from the immediate holding company and a fellow subsidiary not to demand repayment of the amounts due by the Group to them 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 interim condensed consolidated financial information has been prepared on a going concern basis.

The financial information relating to the year ended 31 December 2018 that is included in the interim condensed consolidated statement of financial position 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 2018 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 2018. The auditor’s report was unqualified; and did not contain a statement under sections 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.

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 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the new and revised standards have had no significant financial effect on the Group's interim condensed consolidated financial information. The nature and impact of the changes are described below:

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other payables and accruals.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	(Unaudited) <i>HK\$'000</i>
Assets	
Increase in right-of-use assets	93,319
Decrease in prepaid land lease payments	(49,122)
Decrease in prepayments, other receivables and other assets	<u>(1,418)</u>
 Increase in total assets	 <u><u>42,779</u></u>
Liabilities	
Increase in other payables and accruals	<u>42,779</u>
 Increase in total liabilities	 <u><u>42,779</u></u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	(Unaudited) <i>HK\$'000</i>
Operating lease commitments as at 31 December 2018	37,759
Weighted average incremental borrowing rate as at 1 January 2019	<u>5.39%</u>
Discounted operating lease commitments as at 1 January 2019	32,958
Add: Present value of lease payments for optional extension periods not recognised as at 31 December 2018	<u>9,821</u>
Lease liabilities as at 1 January 2019	<u><u>42,779</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon the adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. OPERATING SEGMENT INFORMATION

During the six months ended 30 June 2019, upon the development of the landscaping services business, it became a reportable operating segment.

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 comprises the construction and operation of waste incineration plants, waste treatment and the sale of electricity and steam generated from waste incineration;
- (b) the landscaping services segment comprises the construction, design, project survey and design and construction project management; and
- (c) the corporate and others segment comprises property investment and corporate income and expense items.

The 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 of the Group's operating segments for the six months ended 30 June 2019 and 2018 and the asset and liability information of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

	Solid waste treatment (Unaudited) <i>HK\$'000</i>	Landscaping services (Unaudited) <i>HK\$'000</i>	Corporate and others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
For the six months ended 30 June 2019				
Segment revenue	551,452	114,787	-	666,239
Cost of sales	(353,369)	(92,465)	-	(445,834)
Gross profit	<u>198,083</u>	<u>22,322</u>	<u>-</u>	<u>220,405</u>
Profit/(loss) from operating activities	186,823	8,861	(9,066)	186,618
Finance costs	(20,276)	(747)	(14,782)	(35,805)
Profit/(loss) before tax	166,547	8,114	(23,848)	150,813
Income tax	(12,465)	(1,357)	(366)	(14,188)
Profit/(loss) for the period	<u>154,082</u>	<u>6,757</u>	<u>(24,214)</u>	<u>136,625</u>
Segment profit/(loss) attributable to members of the Company	<u>151,285</u>	<u>3,441</u>	<u>(24,171)</u>	<u>130,555</u>
At 30 June 2019				
Segment assets	<u>8,072,259</u>	<u>343,483</u>	<u>500,223</u>	<u>8,915,965</u>
Segment liabilities	<u>2,965,374</u>	<u>262,902</u>	<u>2,615,075</u>	<u>5,843,351</u>

During the six months ended 30 June 2019, the Group acquired assets with a total cost of HK\$48,982,000 (30 June 2018: HK\$123,298,000).

	Solid waste treatment (Unaudited) <i>HK\$'000</i>	Landscaping services (Unaudited) <i>HK\$'000</i>	Corporate and others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
For the six months ended 30 June 2018 (restated)				
Segment revenue	546,687	–	–	546,687
Cost of sales	<u>(385,198)</u>	<u>–</u>	<u>–</u>	<u>(385,198)</u>
Gross profit	<u>161,489</u>	<u>–</u>	<u>–</u>	<u>161,489</u>
Profit/(loss) from operating activities	161,669	(40)	(7,299)	154,330
Provisional gain on bargain purchase of a subsidiary	–	14,406	–	14,406
Finance costs	(15,144)	–	(14,918)	(30,062)
Share of profit of a joint venture	<u>106</u>	<u>–</u>	<u>–</u>	<u>106</u>
Profit/(loss) before tax	146,631	14,366	(22,217)	138,780
Income tax	<u>(15,313)</u>	<u>–</u>	<u>(1,069)</u>	<u>(16,382)</u>
Profit/(loss) for the period	<u>131,318</u>	<u>14,366</u>	<u>(23,286)</u>	<u>122,398</u>
Segment profit/(loss) attributable to members of the Company	<u>123,913</u>	<u>14,366</u>	<u>(23,277)</u>	<u>115,002</u>
At 31 December 2018				
Segment assets	<u>8,074,629</u>	<u>212,865</u>	<u>748,792</u>	<u>9,036,286</u>
Segment liabilities	<u>3,103,092</u>	<u>150,149</u>	<u>2,827,766</u>	<u>6,081,007</u>

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the non-current assets (other than financial assets) of the Group are located in Mainland China. 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 financial information.

Information about major customers

During the six months ended 30 June 2019, the Group had transactions with an external customer (six months ended 30 June 2018: two) which accounted for over 10% of the Group's total revenue. The revenue generated from sales to this customer is set out below:

	For the six months ended 30 June	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Customer A	140,735	57,854
Customer B	<u>N/A</u>	<u>98,596[#]</u>

[#] *The amount represented the deemed construction revenue from the provision of construction services to a government authority recognised according to HK(IFRIC) – Interpretation 12 Service Concession Arrangements.*

N/A *Less than 10% of the Group's total revenue.*

4. REVENUE, OTHER INCOME AND GAIN

An analysis of the Group's revenue, other income and gain is as follows:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Household waste treatment*	151,039	97,977
Hazardous and medical waste treatment	32,660	28,259
Leachate, sludge and other treatments	16,611	13,982
Sale of electricity	305,724	240,580
Sale of steam	15,410	2,059
Construction and related services*	30,008	163,830
Landscaping construction services	93,889	–
Landscaping design services	20,898	–
	666,239	546,687
Other income		
Value added tax refund	26,539	37,418
Interest income	6,311	6,241
Rental income	1,504	1,503
Government grant [#]	1,544	3,492
Others	1,069	1,418
	36,967	50,072
Gain		
Provisional gain on bargain purchase of a subsidiary	–	14,406
Other income and gain	36,967	64,478

* *Imputed interest income under service concession arrangements during the period amounting to HK\$47,174,000 (six months ended 30 June 2018: HK\$46,627,000) was included in the revenue derived from household waste treatment services and construction and related services.*

[#] *The government grant recognised by the Group during the period represented subsidies received from certain government authorities as incentives to promote and accelerate development in the local provinces.*

5. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation of property, plant and equipment	23,485	19,872
Depreciation of right-of-use assets	7,995	–
Amortisation of prepaid land lease payments*	–	600
Amortisation of operating concessions*	52,096	39,316
Amortisation of other intangible assets*	2,956	2,900
Foreign exchange difference, net	<u>1,079</u>	<u>3,466</u>

* *The amortisation of prepaid land lease payments, operating concessions and other intangible assets (excluding computer software amounting to HK\$276,000 (six months ended 30 June 2018: HK\$126,000)) are included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest on bank and other borrowings	22,225	19,408
Imputed interest on convertible bonds (<i>note 8</i>)	14,554	14,918
Imputed interest on lease liabilities	1,149	–
	<hr/>	<hr/>
Total interest expenses	37,928	34,326
<i>Less:</i> Interest capitalised	(2,306)	(4,264)
	<hr/>	<hr/>
	35,622	30,062
Other finance costs:		
Increase in discounted amounts of provision for major overhauls arising from the passage of time	183	–
	<hr/>	<hr/>
	35,805	30,062
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profit arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2019	2018
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Current – Hong Kong		
Charge for the period	817	64
Current – Mainland China		
Charge for the period	12,579	12,878
Under/(over) provision in prior periods	158	(7,526)
	<u>13,554</u>	<u>5,416</u>
Deferred	634	10,966
	<u>634</u>	<u>10,966</u>
Total tax charge for the period	<u><u>14,188</u></u>	<u><u>16,382</u></u>

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 granted a 50% tax reduction for the ensuing three years.

8. EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to members of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to members of the Company, adjusted to reflect the imputed interest on convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share amounts are based on:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to members of the Company used in the basic earnings per share calculation	130,555	115,002
Imputed interest on convertible bonds (<i>note 6</i>)	14,554	14,918
	<hr/>	<hr/>
Profit for the period attributable to members of the Company before imputed interest on convertible bonds	145,109	129,920
	<hr/> <hr/>	<hr/> <hr/>
	30 June	30 June
	2019	2018
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,500,360,150	1,500,360,150
Effect of dilution – weighted average number of ordinary shares: Convertible bonds	1,948,938,053	2,177,114,849
	<hr/>	<hr/>
	3,449,298,203	3,677,474,999
	<hr/> <hr/>	<hr/> <hr/>

9. 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:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Unbilled:		
Current portion	62,578	93,349
Non-current portion	2,018,589	2,022,977
	2,081,167	2,116,326

10. 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:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within 3 months	186,063	148,724
4 to 6 months	50,839	22,753
7 to 12 months	40,263	10,965
1 to 2 years	18,619	14,784
2 to 3 years	2,820	2,276
Over 3 years	1,337	1,689
	299,941	201,191

11. TRADE PAYABLES

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

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 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Billed:		
Less than 3 months	87,734	204,591
4 to 6 months	40,745	9,846
7 to 12 months	128,062	40,889
Over 1 year	30,213	6,572
	286,754	261,898
Unbilled	153,599	206,843
	440,353	468,741

12. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 30 June 2019 amounted to HK\$367,523,000 (31 December 2018: HK\$561,365,000) and HK\$6,481,507,000 (31 December 2018: HK\$6,292,494,000), respectively.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in the preparation of the financial information as a result of the change in reportable segments due to the development of the landscaping services business.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is engaged in the environmental protection business with the solid waste treatment as its core business. Currently, the Group is investing and operating nine solid waste treatment projects in China, including eight household waste incineration power generation projects with total waste treatment capacity increased to 10,225 tonnes/day, and one hazardous and medical waste treatment project with waste treatment capacity of 35,000 tonnes/year.

Project Name	Region	Business Model	Waste treatment capacity
Household waste incineration power generation projects:			
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 tonnes/day
Gaoantun Project (北京高安屯垃圾焚燒項目)	Beijing	BOT	1,600 tonnes/day
Ha'erbin Project (哈爾濱雙琦垃圾焚燒發電項目)	Heilongjiang	BOT	1,600 tonnes/day
Changde Project (常德市生活垃圾焚燒發電項目)	Hunan	BOT	1,400 tonnes/day
Taian Project (泰安生活垃圾焚燒發電項目)	Shandong	BOO	1,200 tonnes/day
Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目)	Jiangsu	BOT	1,200 tonnes/day
Zhangjiagang Project (張家港市生活垃圾焚燒發電廠項目)	Jiangsu	BOO	900 tonnes/day
Wenchang Project (文昌市生活垃圾焚燒發電廠項目)	Hainan	BOT	225 tonnes/day
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	35,000 tonnes/year

The Haidian Project officially entered the commercial operation stage in late August last year. The Phase II technological improvement and expansion of Hunan Changde Project, the Phase II expansion of Shandong Taian Project, and Phase II expansion of Jiangsu Shuyang Project have also been put into trial operation one after another to improve the Group's household waste incineration power generation treatment capacity, laying the foundation for sustainable operating revenue. During the business review period, the Group has invested approximately HK\$40 million in the technological improvement and expansion works for its projects to encounter the new environmental and emission standards.

During the six months ended 30 June 2019, the total household waste treatment volume of the Group was 1,797,900 tonnes (average 9,933 tonnes/day), increased by 4.1% as compared with 1,727,500 tonnes in the corresponding period of last year. The hazardous and medical waste treatment volume was 4,867 tonnes. The leachate treatment volume was 135,900 tonnes, and the sludge treatment volume was 41,100 tonnes. The food waste treatment volume was 19,300 tonnes. Total electricity generating volume was 601.27 million kWh, up by 10.7% as compared with 543.11 million kWh in the corresponding period of last year. Total on-grid electricity volume was 486.38 million kWh, increased by 10.1% as compared with 441.58 million kWh in the corresponding period of last year. Total steam supply was 69,500 tonnes.

During the six months ended 30 June 2019, total revenue from the solid waste treatment segment was HK\$551 million, up by 0.9% year-on-year, of which operating revenue was HK\$521 million, up by 36.2% year-on-year, revenue from construction work was HK\$30 million, down by 81.7% year-on-year; and gross profit was HK\$198 million, up by 22.7% year-on-year. EBITDA was HK\$266 million, up by 18.9% year-on-year. Net profit after tax was HK\$154 million, up by 17.3% year-on-year.

During the period, Beijing Beifa Ecological Landscape Co., Ltd. (北京北發生態園林有限公司) ("Beifa Landscape"), a company acquired by the Group at the end of June last year, had entered into new construction contracts of approximately HK\$200 million, with total revenue of HK\$115 million, gross profit of HK\$22 million and net profit after tax of HK\$6.76 million.

BUSINESS PROSPECT

Ha'erbin Project is the most far north waste incineration project in Mainland China. Its operating results were underperforming due to the extreme cold weather in winter and left-behind construction problems during the project construction period. On the one hand, the Group is actively exploring the options for technological improvement; on the other, we will further evaluate the long-term benefits generated by this project for the Group, review the development direction and plan of the project, and make adjustment to the Group's resources allocation.

Beifa Landscape is a new sector for the Group in the environmental protection industry with the national urban landscape greenery level 1 qualifications. It passed the national ISO9001 quality management and ISO14001 environmental management certification, and is expected to provide the profit growth point for the Group.

The Group will fully leverage its advantages in branding, resources and technologies, deepen efficiency management and control, and keep on seeking potential investment opportunities to strengthen the overall competitiveness and market position of the Group in the solid waste treatment industry.

FINANCIAL REVIEW

Revenue and gross profit margin

During the six months ended 30 June 2019, the Group recorded revenue of HK\$666.24 million, increased by 22% as compared with the corresponding period in last year of HK\$546.69 million. The revenue derived from the solid waste treatment and the sale of electricity and steam amounted to HK\$521.44 million, increased by 36% as compared with last corresponding period of HK\$382.86 million. The revenue derived from the construction and related services amounted to HK\$30.01 million, decreased by 82% as compared with last corresponding period of HK\$163.83 million. The revenue derived from the new business segment of landscaping services amounted to HK\$114.79 million.

The Group's gross profit amounted to HK\$220.40 million, increased by 36% as compared with last corresponding period of HK\$161.49 million. The overall gross profit margin increased from 29.5% to 33.1%.

	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	
	2019	2018	2019	2018	2019	2018
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	%	%
Household waste treatment	151.04	97.98				
Other solid waste treatment	49.27	42.24				
Sale of electricity and steam	321.13	242.64				
	<u>521.44</u>	<u>382.86</u>	<u>197.32</u>	<u>109.98</u>	<u>37.8</u>	<u>28.7</u>
Construction and related services	30.01	163.83	0.76	51.51	2.5	31.4
Landscaping services	114.79	–	22.32	–	19.4	–
	<u>666.24</u>	<u>546.69</u>	<u>220.40</u>	<u>161.49</u>	<u>33.1</u>	<u>29.5</u>

Other income and gains, net

The Group recorded other income and gains, net of HK\$36.97 million during the six months ended 30 June 2019, decreased by HK\$27.51 million as compared with last corresponding period of HK\$64.48 million. The other income for the period mainly comprised value added tax refund of HK\$26.54 million (2018: HK\$37.42 million) and interest income of HK\$6.31 million (2018: HK\$6.24 million). In addition, a provisional gain on bargain purchase of Beifa Landscape of HK\$14.41 million was recognised in last corresponding period.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 June 2019 increased by HK\$0.44 million to HK\$1.22 million.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2019 increased by 29% or HK\$15.08 million to HK\$66.81 million, which was mainly due to the administrative expenses incurred by the new business segment of landscaping services of HK\$13.63 million during the period.

Other operating expenses, net

The Group incurred other operating expenses, net of HK\$2.72 million during the six months ended 30 June 2019, decreased by HK\$2.00 million as compared with last corresponding period of HK\$4.72 million. The other operating expenses for the period mainly comprised net foreign exchange loss of HK\$1.08 million (2018: HK\$3.47 million).

Finance costs

The Group's finance costs for the six months ended 30 June 2019 increased by 19% or HK\$5.74 million to HK\$35.81 million, which mainly comprised interests on bank loans of HK\$5.60 million (2018: HK\$0.46 million), interests on borrowings from 北京控股集團財務有限公司 ("BG Finance"), a fellow subsidiary of the Company, of HK\$16.63 million (2018: HK\$18.95 million) and imputed interest on convertible bonds issued to Idata Finance Trading Limited ("Idata"), the immediate holding company of the Company, of HK\$14.55 million (2018: HK\$14.92 million). Interests on other borrowings of HK\$2.31 million (2018: HK\$4.26 million) incurred for expansion construction have been capitalised during the period.

Income tax

The Group's income tax expense for the six months ended 30 June 2019 amounted to HK\$14.19 million, decreased by 13% or HK\$2.19 million as compared with last corresponding period of HK\$16.38 million. Certain subsidiaries of the Group in Mainland China are (i) exempted from corporate income tax for three years starting from the first year they generate revenue and are granted by a 50% tax reduction for the ensuring three years; and (ii) qualified for the high-tech enterprises corporate income tax rate reduction. The Group's effective tax rate for the period was 9.4% (2018: 11.8%).

EBITDA and profit for the period

EBITDA for the six months ended 30 June 2019 was HK\$273.15 million, increased by 18% or HK\$41.62 million as compared with last corresponding period of HK\$231.53 million.

Profit for the period amounted to HK\$136.63 million, increased by 12% or HK\$14.23 million as compared with last corresponding period of HK\$122.40 million. Profit for the period attributable to members of the Company amounted to HK\$130.56 million, increased by 14% or HK\$15.56 million as compared with last corresponding period of HK\$115.00 million.

	EBITDA		Profit for the period		Profit for the period attributable to members of the Company	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018	2019	2018
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Solid waste treatment segment	265.94	223.71	154.08	131.32	151.29	123.91
Landscaping segment	13.56	14.37*	6.76	14.37*	3.44	14.37*
Corporate and others segment	(6.35)	(6.55)	(24.21)	(23.29)	(24.17)	(23.28)
	<u>273.15</u>	<u>231.53</u>	<u>136.63</u>	<u>122.40</u>	<u>130.56</u>	<u>115.00</u>

* Included the provisional gain on bargain purchase of Beifa Landscape of HK\$14.41 million.

FINANCIAL POSITION

Except for the expansion construction and technical modifications on certain existing household waste treatment plants, the Group had made no material investment, acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2019.

Total assets and liabilities

As at 30 June 2019, the Group had total assets and total liabilities amounted to HK\$8,916 million and HK\$5,843 million, respectively, decreased by HK\$120 million and HK\$238 million as compared with those as at 31 December 2018, respectively.

Property, plant and equipment

The increase in cost of the Group's property, plant and equipment by HK\$58 million was mainly attributable to the expansion construction work of Taian Project of HK\$32 million and landscaping services of HK\$22 million.

Goodwill

The Group acquired certain companies relating to solid waste treatment projects in April 2014 and October 2016 and an aggregate goodwill of HK\$1,123 million arose from these acquisitions. The Company will appoint an independent professional valuer to assess the goodwill impairment testing as at the financial year end.

Right-of-use assets

The Group initially adopted HKFRS 16 effective from 1 January 2019 and right-of-use assets and lease liabilities (included within "other payables and accruals") of HK\$85 million and HK\$38 million, respectively, are recognised as at the end of the reporting period.

Operating concessions

The Group's operating concessions are recognised from six solid waste treatment plants operated under Build-Operate-Transfer ("BOT") arrangements. During the period, construction expenditure of HK\$4 million has been incurred and HK\$52 million has been amortised in the statement of profit or loss.

Other intangible assets

The Group's other intangible assets mainly comprised the operating rights of two household waste treatment plants operated under Build-Own-Operate ("BOO") arrangements. During the period, HK\$3 million has been amortised in the statement of profit or loss.

Receivables under service concession arrangements

The Group's receivables under service concession arrangements are recognised from five household waste treatment plants operated under BOT arrangements with guaranteed waste treatment revenue, and was decreased by HK\$35 million during the period.

Inventories

The Group's inventories of HK\$37 million mainly represented coal and consumables for the solid waste treatment plants.

Trade and bills receivables

The Group's trade and bills receivable increased by HK\$99 million to HK\$300 million, which was mainly attributable to Haidian Project, which commenced commercial operation during the second half of 2018, of HK\$43 million. 62% of the total trade and bills receivables have invoice date within 3 months and only 8% of the total trade and bills receivables have invoice date over 1 year.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets comprised prepayments of HK\$64 million, value added tax refund and other taxes recoverable of HK\$47 million, balances due from non-controlling equity holders of HK\$45 million, deposits and other receivables of HK\$41 million.

Bank and other borrowings

The Group's bank and other borrowings were all denominated in RMB. During the period, the Group repaid RMB74 million and further advanced for RMB117 million. As at the end of the reporting period, the Group has bank and other borrowings amounted to RMB887 million, of which RMB188 million from a commercial bank, RMB660 million from BG Finance and RMB39 million from other parties of Beifa Landscape. The weighted average interest rate of the Group's bank and other borrowings was 4.8% per annum.

Convertible bonds

The Group's convertible bonds were issued to Idata with principal amount of HK\$2,202 million and share conversion price of HK\$1.13, which are non-interest-bearing and will mature in October 2021. For accounting purpose, the outstanding convertible bonds were bifurcated into liability component of HK\$2,132 million and equity component of HK\$147 million as at the end of the reporting period.

Deferred income

The Group's deferred income of HK\$156 million represented PRC government grants and subsidies on solid waste treatment business.

Trade payables

The Group's trade payables decreased by HK\$28 million to HK\$440 million during the period.

Other payables and accruals

During the period, the Company repaid HK\$300 million to Idata. Included in the Group's other payables and accruals (i) an amount due to Idata of HK\$491 million (31 December 2018: HK\$791 million) and (ii) amounts due to fellow subsidiaries of RMB914 million (31 December 2018: RMB920 million), which are unsecured and non-interest-bearing.

Liquidity and financial resources

The Group adopts conservative treasury policies in cash management. As at 30 June 2019, the Group had cash and cash equivalents amounted to HK\$1,348 million (approximately 54% of which were denominated in Renminbi and 46% of which were denominated in Hong Kong dollars and United States dollars); bank and other borrowings amounted to RMB887 million; non-interest-bearing amounts due to Idata and certain fellow subsidiaries of the Company amounted to HK\$491 million and RMB914 million, respectively; and outstanding non-interest-bearing convertible bonds issued to Idata in the principal amount of HK\$2,202 million (which will mature in October 2021).

As at 31 December 2018, Beijing Enterprises Holdings Limited (“BEHL”), the intermediate holding company of the Company, has undertaken not to demand of the amounts due by the Group to Idata and a fellow subsidiary of the Company of HK\$1,704,242,000 until such time when the Group is in a position to repay without impairing its liquidity and financial position. During the six months ended 30 June 2019, the Company repaid HK\$300,000,000 to Idata.

As at 30 June 2019, the Group’s current liabilities of HK\$2,434 million exceeded its current assets of HK\$2,067 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 will be able to operate on a going concern basis and the Group has sufficient cash resources to finance its operations in the foreseeable future.

Key performance indicators

	For the six months ended 30 June	
	2019	2018
Gross profit margin	33.1%	29.5%
Operating profit margin	28.0%	30.9%
Net profit margin	20.5%	22.4%
Return on average equity	<u>4.8%</u>	<u>4.4%</u>

	30 June	31 December
	2019	2018
Current ratio (<i>times</i>)	0.85	0.80
Debt ratio (<i>total liabilities/total assets</i>)	65.5%	67.3%
Net gearing ratio (<i>net debt/total equity</i>)	58.3%	49.8%

Capital expenditure and commitment

During the six months ended 30 June 2019, the Group's total capital expenditures amounted to HK\$49 million, of which HK\$40 million was spent on construction and modification of waste treatment plants and HK\$9 million was spent on purchase of items of plant and equipment and other intangible assets. As at 30 June 2019, the Group has capital commitment for service concession arrangements amounted to HK\$64 million.

Charges on the Group's assets

As at 30 June 2019, save as (i) the Group's land and buildings with a net carrying amount of HK\$47 million, the Group's right-of-use assets of HK\$21 million and the Group's trade receivables arising from the provision of solid waste treatment service with an aggregate net carrying amount of HK\$44 million are pledged for the Group's bank loans, and (ii) the Group's bank deposits of HK\$12 million are pledged as security deposits to the government authorities and a customer for the provision of construction and related services of solid waste treatment plants; the Group did not have any charges on the Group's assets.

Foreign exchange exposure

The Group's businesses are principally located in Mainland China and the majority of its transactions are conducted in Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, any fluctuation of exchanges rates would impact the Group's net asset value. During the six months ended 30 June 2019, the losses arising on settlement or translation of monetary items of HK\$1.08 million (2018: losses of HK\$3.47 million) are taken to the statement of profit or loss and the losses arising on retranslation of foreign operations of HK\$18.22 million (2018: gains of HK\$1.23 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

The final acceptance of the construction of certain waste treatment plants have not been obtained from the relevant government authorities and the Group is still in the process of applying for certain permits in relation to their operations. According to the relevant PRC Law, the Group may be liable to administrative sanctions to be charged by the relevant government authorities due to the above matters. Nevertheless, the Company is of the view that the non-compliance incidents, individually and in aggregate, would have no material adverse impact on the operations and financial position of the Group.

Save as disclosed above, as at 30 June 2019, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 1,140 employees (31 December 2018: 1,171). Total staff cost for the six months ended 30 June 2019 amounted to HK\$115.36 million, increased by 33% as compared with HK\$86.43 million in the corresponding period 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.

No share option was granted, exercised, lapsed or forfeited during the period under review. The Company has 37,620,000 share options outstanding as at 30 June 2019, which were granted on 21 June 2011 at an exercise price of HK\$1.25 per share and represented approximately 2.5% of the Company's ordinary shares in issue as at 30 June 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

CORPORATE GOVERNANCE PRACTICES

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 14 to the Listing Rules for the six months ended 30 June 2019.

- (1) Under Code Provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation of a majority of directors entitled to present. 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.
- (2) Under Code Provision A.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 A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, all existing non-executive directors of the Company are not appointed for a specific term but subject to retirement by rotation at the annual general meeting in accordance with the Company’s articles of association.
- (4) Under Code Provision A.6.7, 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, the independent non-executive directors of the Company were unable to attend the 2019 annual general meeting of the Company due to other business engagements.

- (5) Under Code Provision C.2.5, the issuer should have an internal audit function. During the period under review, the Company has not yet established a formal internal audit department. However, the Company considers the Group's existing risk management and internal control mechanisms are effective to safeguard the Group's assets and the shareholders' investment. In order to cope with the business expansion, a formalised internal audit functional department will be considered to establish in the future.
- (6) Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration and nomination committees to attend. However, the chairman of the board and the chairmen of the board committees were unable to attend the 2019 annual general meeting of the Company due to other business engagements.

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 10 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 2019.

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 C.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 2019.

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 2019.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2019 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

E Meng

Chairman

Hong Kong, 29 August 2019

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. E Meng, Mr. Ke Jian, Ms. Sha Ning 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.