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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 392)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- Revenue for the year amounted to approximately HK\$68.41 billion, representing an increase of 1% over last year.
- EBITDA amounted to approximately HK\$13.13 billion, representing a decrease of 17.7% over last year.
- Profit attributable to shareholders of the Company amounted to approximately HK\$5.29 billion, representing a decrease of 34.4% over last year.
- After excluding the effect of the one-off events for the year, profit attributable to shareholders of the Company amounted to HK\$7.2 billion, representing a decrease of 10.7% over last year.
- Basic and diluted earnings per share amounted to HK\$4.19, representing a decrease of 34.4% over last year.
- A final dividend of HK74 cents per share is proposed for 2020.

RESULTS

The Board of Directors of Beijing Enterprises Holdings Limited (the “Company”) hereby presents the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020, together with the comparative figures for the previous year. The revenue of the Group was approximately HK\$68.41 billion for 2020, representing an increase of 1% over last year. Profit attributable to shareholders of the Company was approximately HK\$5.29 billion, representing a decrease of 34.4% as compared to 2019. After excluding the effect of the one-off events for the year, profit attributable to shareholders of the Company amounted to HK\$7.2 billion, representing a decrease of 10.7% as compared to 2019.

Profit contributed by each business segment during the year are set out as follows:

	Profit of the Company <i>HK\$'000</i>	Proportion %
Piped gas operation	5,218,796	74.3
Beer operation	159,629	2.3
Water and environmental operations	1,720,659	24.5
Solid waste treatment operation	<u>(75,161)</u>	<u>-1.1</u>
Profit from major operations	7,023,923	100
Corporate and others	<u>(1,377,460)</u>	
Profit of the Company	<u>5,646,463</u>	
Profit attributable to non-controlling interests	<u>359,575</u>	
Profit attributable to shareholders of the Company	<u><u>5,286,888</u></u>	

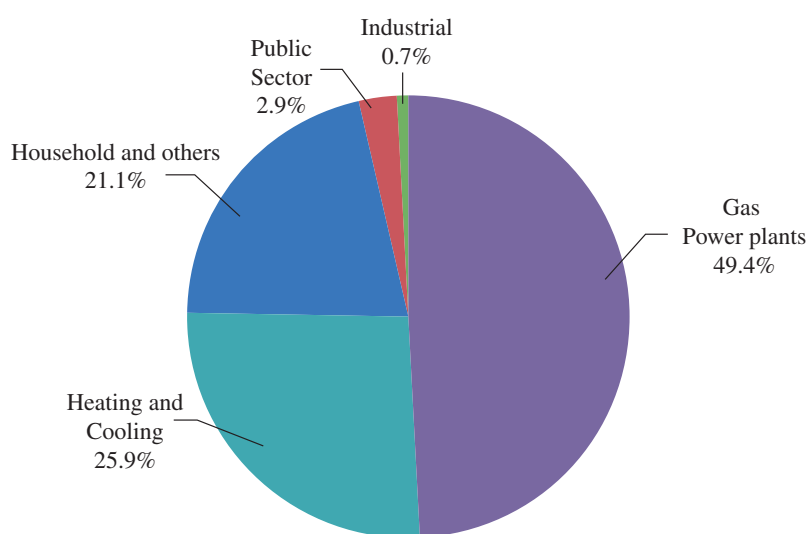
MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In 2020, the novel coronavirus (COVID-19) pandemic broke out and spread across the world, causing a major impact on global economic development and the world's political and economic landscape. The main business segments within the Group had also been affected in various degrees by reductions in operating activities, consumption shrinkage, and projects delay. The Company and our subsidiaries actively responded to the profound and complex changes in the development environment both domestically and abroad, adhered to the coordinated promotion of normalized pandemic prevention and control and business development, and delivered best services in urban operation service guarantee of gas, water and environmental protection.

Natural Gas Distribution Business of Beijing Gas

Beijing Gas Group Company Limited (“Beijing Gas”) recorded an operating revenue of HK\$48.55 billion in 2020, representing a year-on-year increase of 2.2%. Profit before taxation from principal businesses (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft) was HK\$4.51 billion, representing a year-on-year decrease of 17%. Beijing Gas accomplished an aggregate gas sales volume of 17.07 billion cubic meters after combining with that of the subsidiaries outside Beijing, representing a year-on-year decrease of 0.8%. The gas sales volume accomplished inside Beijing amounted to 16.57 billion cubic meters, remaining at the same level as last year. An analysis by subscriber sector is shown as follows:



In 2020, Beijing Gas developed 241,800 new household subscribers and 4,902 new public sector subscribers. New heating boiler subscribers with a total capacity of 3,301 t/h were developed. As at 31 December 2020, Beijing Gas had a total of 6.53 million piped gas subscribers in Beijing and approximately 25,100 kilometers of natural gas pipelines in operation. Beijing Gas's capital expenditure for the year amounted to approximately HK\$2.88 billion.

Beijing Gas completed its high quality natural gas supply mission in the capital city in 2020, and had established a secured mechanism for key pandemic prevention and control units such as hospitals and disease control and prevention centers to ensure the safe and stable supply of natural gas. In addition, the Tangshan LNG emergency reserve project was completed during the year, and the construction of the Tianjin Nangang LNG project progressed steadily, which further enhanced the capabilities of Beijing Gas in natural gas supply. In terms of market expansion, Beijing Gas had accelerated the acquisition and centralized integration of assets inside Beijing, and participated in the facilitation of the gas supporting facilities construction in the Xiong'an New Area outside Beijing and completed the natural gas ventilation project of Xiong'an High-speed Railway Station. It had also steadily propelled the integrated energy projects, among which the Universal Beijing Resort project completed its natural gas ventilation installation. In addition, the value-added businesses centering on product sales and gas insurance grew rapidly and its service capabilities and service quality also continued to improve.

Natural Gas Transmission Business

In 2020, PetroChina Beijing Gas Pipeline Co., Ltd. ("PetroChina Beijing Pipeline Co.") recorded a gas transmission volume of 49.33 billion cubic meters, representing a year-on-year decrease of 4.86%. Beijing Gas's share of net profit after taxation, through its 40% equity interests in PetroChina Beijing Pipeline Co., decreased by 26.5% over the year to HK\$1.36 billion. The total capital expenditure of PetroChina Beijing Pipeline Co. for the year was HK\$1.16 billion.

VCNG of Rosneft

The PJSC Verkhnechonskneftegaz (“VCNG”) project of Rosneft Oil Company achieved its petroleum sales of approximately 7.445 million tons in 2020. Beijing Gas shared a net operating profit after taxation of HK\$710 million through its 20% equity interest in VCNG, representing a year-on-year decrease of 41.8%, which was mainly due to the impact of intense fluctuations in oil price.

China Gas

China Gas Holdings Limited (“China Gas”, stock code: 384) achieved a profit attributable to the Group of HK\$2.2 billion in 2020, representing a year-on-year increase of 3.9%. During the six months ended 30 September 2020, China Gas achieved a sales volume of 12.83 billion cubic meters in natural gas, representing an increase of 8.4% over the corresponding period of last year. It achieved a sales volume of 1.95 million tons in LPG, representing a decrease of 1.1% over last year. It completed 2.83 million new household connections and the cumulative number of households connected by China Gas was approximately 37.94 million as of 30 September 2020, with a natural gas pipeline network of approximately 447,000 kilometers.

Beer Business

Owing to the impact of the pandemic on consumer activities, the production and operation of Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”) faced relatively higher pressure. Yanjing Brewery took the four key measures of “brand enhancement, channel consolidation, market intensification, and precision operation” as an important layout of strategic transformation, focused on the three important means in products, channels and markets to actively adopt various measures such as enriching product matrix and innovating communication media. The beer sales volume had achieved continuous growth since the second quarter.

During the year, Yanjing Brewery achieved a sales volume of 3.53 million kilolitres, of which, the sales volume of Yanjing main brand was 2.34 million kilolitres and the sales volume of “1+3” brand was 3.25 million kilolitres. The operating revenue that Beijing Yanjing Brewery Investments Co., Limited* (北京燕京啤酒投資有限公司) (“Yanjing Limited”) recorded was HK\$11.05 billion during the year with its profit before taxation from major operations of HK\$460 million. The capital expenditure of Yanjing Limited for the year was approximately HK\$345 million.

Water and Environmental Business

In 2020, Beijing Enterprises Water Group Limited (“BE Water”, stock code: 371) continued to develop its core capabilities to operate distinctively, facilitated the construction of standardized model plants, strengthened the guidance on corporate investment strategy and enhanced internal investment capabilities. BE Water’s profit attributable to its shareholders decreased by 15% year-on-year to HK\$4.183 billion due to the factors such as delay in construction caused by the epidemic and higher costs in fighting against the epidemic, and the net profit attributable to the Group was HK\$1.72 billion, a year-on-year decrease of 15.1%.

As of 31 December 2020, BE Water entered into service concession arrangements and entrustment agreements with 1,334 water plants in total, including 1,115 sewage treatment plants, 174 water distribution plants, 43 reclaimed water treatment plants and 2 seawater desalination plants, with a total daily design capacity of 42.12 million tons. The net increase in daily design capacity for the year was 2.736 million tons.

Solid Waste Treatment Business

As at the end of 2020, the waste incineration power generation treatment capacity of the solid waste treatment business segment reached 29,932 tons/day, and the hazardous waste treatment capacity reached 115,000 tons/year. During the year, EEW Energy from Waste GmbH (“EEW GmbH”) accomplished a waste treatment volume of 4.811 million tons, representing a year-on-year increase of 1.9%. The sales volume of electricity was 1,818 million KWH, a year-on-year increase of 2.5%, the sales volume of heat was 887 million KWH, a year-on-year increase of 12.1%, and the sales volume of steam was 2,096 million KWH, with a year-on-year decrease of 3.7%. EEW GmbH maintained an overall stable operation during the height of the pandemic in Europe, and its operating revenue for the year reached HK\$5.66 billion, a year-on-year increase of 6.5%.

The domestic solid waste projects of the Group completed a waste treatment volume of 4.683 million tons during the year, a year-on-year increase of 9.9%. It completed an on grid power generation volume of 1,450 million KWH, representing a year-on-year increase of 18.5%. The domestic enterprises had strengthened the operation and maintenance management, put more efforts in equipment maintenance and overhaul during the pandemic, improved machinery unit stability and equipment serviceability, and well prepared for the post stage operation after reaching the capacity in stable production. Beijing Enterprises Environment Group Limited (“BE Environment”, stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd (“BEHET”) achieved a total operating revenue of HK\$3,050 million. The capital expenditure for solid waste related businesses (both domestic and overseas) during the year was approximately HK\$2,300 million.

Major capital operations

In 2020, the Group established a green finance framework and successfully issued a 5-year green bond of EUR500 million for the first time under this framework, demonstrating its determination to promote the harmonious development of its business, economy, society and the environment, as well as sustainable development.

Principal Risks – Exchange Rate Fluctuation

The Group primarily operates its businesses in the PRC, therefore, most of its revenues and expenses are transacted in RMB. The value of RMB against Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, the changes in the PRC’s economic conditions and policies. The conversion of RMB into foreign currencies, including Hong Kong dollar and U.S. Dollar, has been based on rates guided by the People’s Bank of China.

During 2020, the average exchange rates of RMB against Hong Kong dollar and U.S. Dollar were stable as compared with last year. And, the Board did not expect the mild fluctuation of RMB’s exchange rate in the future will have material adverse impact on the operations of the Group. As the Euro assets and Euro debts of the Group were basically matched, the Group was less affected by the fluctuation of Euro exchange rate.

Main Uncertainties

The Group's principal businesses include natural gas downstream distribution and midstream transmission, water and environmental operations, solid waste treatment and beer production. Most of the utilities related businesses are governed by policies set out by National Development and Reform Commission and may be subject to changes from time to time. The continuous spreading of the pandemic overseas has led to a decline in international energy demand, and the normalization of domestic pandemic prevention and control has also brought many changes and uncertainties to the industries and the market environments associated with the industries that the Group is operating in. The Group will timely adjust its strategy, take proactive moves, and strive to take the initiative in operation under the domestic market environment changes such as the accelerating industry chain reform and remodelling, consumer demand rebound, and consumption structure upgrade.

II. PROSPECTS

Natural gas distribution business of Beijing Gas

From the perspective of the domestic natural gas industry, driven by the target of "carbon neutrality", natural gas will continue to play an important role in the realization of the medium-term environmental policy goals. Beijing Gas will further strive to integrate the market inside Beijing and expand the share of point-to-point supply, while the LNG business is committed to opening up the entire process of independent procurement of overseas resources, storage in own LNG tanks, and sales in own market. Meanwhile, we will conform to the energy development situation, actively explore clean energy and integrated energy projects, promote the multi-energy coupling and smart synergy of natural gas and renewable energies, and realize the diversified development of aero-thermal-power and other businesses.

China Gas

China Gas will focus on improving its efficiency and effectiveness, and continue to endeavour every effort to advance its established development strategy. In the urban gas business, China Gas will strive to increase its gas sales volume while optimizing the gas sales structure. In the liquefied petroleum gas business, it will strengthen operation management, improve market-oriented mechanisms, and increase overall profitability by enhancing terminal market sales. In terms of value-added services, it will rely on its huge piped natural gas and liquefied petroleum gas service network and high quality customer resources to open up new market growth potential for value-added services.

Beer business

In line with the development trend of the beer industry, Yanjing Brewery will follow the strategic marketing direction of “channel consolidation and market intensification”, continue to develop the incremental potential for retail channels, and make every effort to stabilize its market competitive position. Meanwhile, to meet the needs of consumption upgrade, Yanjing Brewery will expand the supply of mid-to-high-end products, speed up the development and storage of new products, take the new product creation and old product upgrade as opportunities to optimize production capacity layout, and build a full-cycle, efficient production and operation system centering on product development, supply chain, production control and marketing management.

Water and environmental business

The water and environmental operation of the Group is transforming from high-speed development to high-quality development. BE Water will focus on smart water upgrading, create technological innovation drive and promote the integration of technology and operation so as to enhance the core competitiveness of light assets operation through connecting the water-related assets in the whole region with the metropolitan smart platform. Meanwhile, we will promote the capacity upgrading of our investment system and implement high-quality project investment strategy.

Solid waste treatment business

The solid waste treatment business segment of the Group will strive to comprehensively improve production efficiency and expand profitability growth potential. The domestic enterprises will strengthen the efficient and stable operation of existing projects, while continuing to improve the co-processing capabilities of new types of solid waste such as sludge, kitchen waste and biomass waste. We will conduct in-depth study of resources utilization of industrial solid waste and hazardous waste, and expand new revenue streams. For the overseas projects through EEW GmbH, we will actively respond to the impact of the pandemic in Europe, rely on the internal growth brought about by the commissioning of new projects and steadily increase its revenue contributions on the basis of ensuring a stable waste supply.

III. FINANCIAL REVIEW

Revenue

The revenue of the Group in 2020 was HK\$68.41 billion, which increased by 1% as compared with 2019. Of which, the revenue of Beijing Gas was HK\$48.55 billion, representing a year-on-year increase of 2.2%, which accounted for 71% of total revenue. The revenue of beer sales was HK\$11.05 billion, which accounted for 16.1% of total revenue. The solid waste treatment businesses contributed a total revenue of HK\$8.81 billion, which accounted for 12.9% of total revenue, including the revenue of EEW GmbH amounted to HK\$5.66 billion.

Cost of Sales

Cost of sales increased by 1.2% to HK\$57.54 billion. Cost of sales of gas distribution business included purchase cost of natural gas as well as depreciation charge of pipeline network. Cost of sales of brewery business included raw materials, wage expenses and absorption of certain direct overheads. Cost of sales of solid waste treatment business included fuel charges, amortisation and waste collection costs.

Gross Profit Margin

In 2020, the overall gross profit margin was 15.9%, down by 0.2 percentage point when compared with 16.1% of last year. The slight decrease in overall gross profit margin was mainly attributable to the increase in gas purchase cost of Beijing Gas as well as the increase in operating costs of EEW GmbH.

Gains on Deemed Disposal of Partial Interests in Associates

In 2019, BE Water and China Gas, the associates of the Group, issued the ordinary shares, respectively. A total gain of HK\$338 million on the deemed disposal of the partial interest in an associate was recognised as the equity interest held by the Group was diluted.

There was no related gains in 2020.

Other Income

Other income mainly comprised government grants of HK\$105 million; dividend income of HK\$222 million; value-added tax refund income of HK\$69 million; gain on transfer of assets from customers of HK\$59 million; rental income of HK\$59 million; income of sales of scraps and beer bottles of Yanjing Brewery amounting to HK\$92 million and bank interest income amounting to HK\$605 million.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in 2020 were HK\$2.03 billion, which was basically the same as last year.

Administrative Expenses

Administrative expenses of the Group in 2020 were HK\$4.72 billion, decreased by 2.5% when compared to last year, which was mainly attributable to the decrease in administrative expenses resulting from the effective control in cost and expenses by Beijing Gas and Yanjing Brewery.

Other Operating Expenses, net

Other operating expenses, net mainly included the impairment on certain assets of solid waste businesses affected by the change in the national electricity tariff subsidy policy during the year.

Finance Costs

Finance costs of the Group in 2020 were HK\$2.0 billion, decreased by 9% when compared to 2019, which was mainly due to the decrease in loan costs.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly included the 40% share of profit attributable to shareholders of PetroChina Beijing Pipeline Co., the 20% share of profit attributable to shareholders of VCNG, the 23.74% share of profit attributable to shareholders of China Gas and the 41.13% share of profit attributable to shareholders of BE Water.

In 2020, the Group shared the profit after taxation of PetroChina Beijing Pipeline Co. amounting to HK\$1.36 billion, the profit after taxation of VCNG amounting to HK\$710 million, the profit after taxation of China Gas amounting to HK\$2.2 billion and the net profit of BE Water amounting to HK\$1.72 billion. Furthermore, during the year, the Group provided for asset value adjustment for its associate, Beijing Gas Blue Sky Holdings Limited (“Beijing Gas Blue Sky”, stock code: 6828), with reference to its share price and the impact on the Group was a decrease in profit of HK\$1.12 billion.

Taxation

After deducting the share of profits and losses of associates and jointly-controlled entities, the effective income tax rate was 60%, which was higher than the 39.6% in last year and was mainly due to the non-deductible taxation effect of the one-off asset value adjustment for Beijing Gas Blue Sky and certain impairment expenses for solid waste business for the year.

Profit Attributable to Shareholders of the Company

The profit attributable to the shareholders of the Company for the year ended 31 December 2020 was HK\$5.29 billion. After excluding the effect of the one-off events for the year, profit attributable to shareholders of the Company amounted to HK\$7.2 billion (2019: HK\$8.05 billion), representing a decrease of 10.7% over last year.

IV. FINANCIAL POSITION OF THE GROUP

Non-current assets

Property, plant and equipment

The net book value of property, plant and equipment was approximately HK\$55.9 billion, increased by 7.7% over last year and was principally derived from the construction of LNG project in Tianjin Nangang of Beijing Gas.

Other intangible assets

Other intangible assets were mainly from EEW GmbH.

Investments in associates

The increase in balance by HK\$3.74 billion was mainly due to the share of profits from BE Water, PetroChina Beijing Pipeline Co., VCNG and China Gas as well as the asset value adjustment of Beijing Gas Blue Sky with reference to its share price.

Equity investments at fair value through other comprehensive income

It mainly represented the fair value of Beijing Gas's investment in CNPC Capital Company Limited.

Receivables under a finance lease

The balance of receivables under a finance lease was from EEW GmbH.

Financial asset at fair value through profit or loss

It mainly represented the fair value of Beijing Gas' investment in Beijing Guolian Energy Industrial Investment Fund (L.P.).

Prepayments, other receivables and other assets

The balance increased by HK\$951 million, which was mainly derived from the prepayments for construction from the LNG project in Tianjin Nangang of Beijing Gas.

Current assets***Inventories***

It mainly represented the inventory balance of Yanjing Brewery.

Trade receivables

The balance increased by HK\$741 million, which was mainly due to the increase in account receivables of Beijing Gas from power factory users during the heating season.

Cash and Bank Borrowings

As at 31 December 2020, cash and bank deposits held by the Group amounted to HK\$29.12 billion. The Group maintains sufficient banking facilities for its working capital requirements and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's total borrowings amounted to HK\$68.64 billion as at 31 December 2020, which comprised, inter alia, guaranteed bonds and senior notes of US\$2.5 billion in total, Euro guaranteed bonds amounting to EUR1.3 billion and bank loans of the Company's headquarter amounting to HK\$19.92 billion. Around 60.3% of the total borrowings were denominated in US and Hong Kong dollar and 27% in Euro. The Group had net borrowings of HK\$39.52 billion as at 31 December 2020, decreased by 5.0% year-one-year.

Non-current liabilities

Bank and other borrowings

There was an increase of HK\$4.04 billion in long-term and short-term balance in total, which was mainly due to the new bank loans by Beijing Gas for the year.

Guaranteed bonds and notes

During the year, the Group had issued Euro guaranteed green bonds of EUR500 million in exchange of the Euro guaranteed bonds in the same amount that was due. The balance was basically unchanged as compared with last year.

Provision for onerous contracts and major overhauls

The balances were mainly from EEW GmbH.

Current liabilities

Other payables, accruals and contract liabilities

The increase in balance of HK\$3.09 billion was mainly due to the increase in the receipt in advance and the prepayments for construction from the LNG project in Tianjin Nangang of Beijing Gas.

Liquidity and Capital Resource

The downstream natural gas distribution business, plus the dividends income from PetroChina Beijing Pipeline Co., the dividends from BE Water, China Gas and EEW GmbH, have been constantly contributing to the operating cash flow of the Group and significantly increased its liquidity. As at the end of 2020, the issued capital of the Company amounted to 1,262,053,268 shares and the shareholders' equity was HK\$84.90 billion. Total equity was HK\$97.43 billion. The gearing ratio, that is all the interest-bearing borrowings, guaranteed bonds and notes divided by the sum of total equity plus all interest-bearing borrowings, guaranteed bonds and notes was 41% (2019: 42%).

Given the primarily cash nature business of natural gas distribution, brewery and water concession, the Group is benefiting from a very strong recurring cash flow and is well positioned to capture any investment opportunities in the future.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

		2020	2019
	Notes	HK\$'000	HK\$'000
REVENUE	2	68,407,443	67,783,028
Cost of sales		<u>(57,542,546)</u>	<u>(56,836,891)</u>
Gross profit		10,864,897	10,946,137
Gains on deemed disposal of partial interests in associates		–	338,115
Other income and gains, net		1,811,336	1,387,500
Selling and distribution expenses		(2,028,737)	(2,066,966)
Administrative expenses		(4,723,212)	(4,846,395)
Other operating expenses, net		(2,247,954)	(978,673)
Finance costs	4	(1,998,037)	(2,194,968)
Share of profits and losses of:			
Joint ventures		16,565	28,810
Associates		<u>4,958,399</u>	<u>6,982,418</u>
PROFIT BEFORE TAX	3	6,653,257	9,595,978
Income tax	5	<u>(1,006,794)</u>	<u>(1,022,369)</u>
PROFIT FOR THE YEAR		<u>5,646,463</u>	<u>8,573,609</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		5,286,888	8,054,780
Non-controlling interests		<u>359,575</u>	<u>518,829</u>
		<u>5,646,463</u>	<u>8,573,609</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	7		
Basic and diluted		<u>HK\$4.19</u>	<u>HK\$6.38</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 HK\$'000	2019 HK\$'000
PROFIT FOR THE YEAR	5,646,463	8,573,609
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	4,315,091	(741,233)
Share of other comprehensive income/(loss) of associates	1,961,382	(678,817)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	6,276,473	(1,420,050)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Defined benefit plans:		
Actuarial loss, net	(32,704)	(193,323)
Income tax effect	13,059	59,650
	(19,645)	(133,673)
Equity investments at fair value through other comprehensive income:		
Changes in fair value	(175,614)	355,682
Income tax effect	132,218	(70,901)
	(43,396)	284,781
Share of other comprehensive loss of associates	(69,994)	(16,037)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	(133,035)	135,071
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX	6,143,438	(1,284,979)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	11,789,901	7,288,630
ATTRIBUTABLE TO:		
Shareholders of the Company	10,676,811	6,954,047
Non-controlling interests	1,113,090	334,583
	11,789,901	7,288,630

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

		2020	2019
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		55,910,968	51,898,919
Investment properties		1,189,696	1,131,346
Right-of-use assets		2,136,712	2,839,886
Goodwill		16,762,006	16,332,072
Operating concessions		4,248,848	3,783,828
Other intangible assets		3,394,102	3,373,759
Investments in joint ventures		392,516	327,691
Investments in associates		60,982,149	57,244,835
Equity investments at fair value			
through other comprehensive income		3,233,117	3,284,217
Financial asset at fair value through profit or loss		2,400,086	2,265,249
Receivables under service concession arrangements	8	2,966,895	2,380,255
Receivables under a finance lease		702,343	738,296
Prepayments, other receivables and other assets		1,889,176	937,969
Deferred tax assets		1,799,088	1,638,766
Total non-current assets		158,007,702	148,177,088
Current assets:			
Inventories		5,143,960	5,189,188
Receivables under service concession arrangements	8	110,388	97,552
Receivables under a finance lease		98,535	84,707
Trade receivables	9	6,770,865	6,029,450
Prepayments, other receivables and other assets		4,743,928	3,638,798
Other tax recoverables		531,641	393,871
Financial assets at fair value through profit or loss		238,095	–
Restricted cash and pledged deposits		36,879	36,701
Cash and cash equivalents		29,122,428	22,158,921
Total current assets		46,796,719	37,629,188
TOTAL ASSETS		204,804,421	185,806,276

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		30,401,883	30,401,883
Reserves		54,495,223	44,879,756
		84,897,106	75,281,639
Non-controlling interests		12,528,616	11,733,188
TOTAL EQUITY		97,425,722	87,014,827
Non-current liabilities:			
Bank and other borrowings		21,770,556	25,765,222
Guaranteed bonds and notes		26,861,083	26,268,062
Lease liabilities		608,805	684,279
Defined benefit plans		2,591,259	2,270,816
Provision for onerous contracts and major overhauls		410,290	355,576
Other non-current liabilities		1,954,380	1,823,219
Deferred tax liabilities		2,654,242	2,576,094
Total non-current liabilities		56,850,615	59,743,268
Current liabilities:			
Trade and bills payables	10	4,700,433	4,508,343
Other payables, accruals and contract liabilities		24,321,243	21,235,911
Provision for onerous contracts		53,723	49,525
Income tax payables		958,514	981,218
Other tax payables		367,672	374,237
Bank and other borrowings		15,398,065	7,361,029
Guaranteed bonds and notes		4,611,320	4,373,180
Lease liabilities		117,114	164,738
Total current liabilities		50,528,084	39,048,181
TOTAL LIABILITIES		107,378,699	98,791,449
TOTAL EQUITY AND LIABILITIES		204,804,421	185,806,276

Notes:

1.1 BASIS OF PRESENTATION

Despite that the Group had net current liabilities of HK\$3.7 billion and capital commitments of approximately HK\$13.3 billion as at 31 December 2020, the directors consider that the Group will have adequate funds available to enable it to operate as a going concern which, inter alia, takes into account the historical operating performance of the Group and the following: (a) listed investments of the Group could be realised immediately for funds to enable the Group to meet its liabilities as and when they fall due; and (b) the Company is considering to raise funds through issuance of corporate bonds in 2021. Accordingly, these financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

1.2 BASIS OF PREPARATION

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) investment properties and (ii) equity and fund investments which have been measured at fair value. These financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results for the year ended 31 December 2020 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2019, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The consolidated financial statements for the year ended 31 December 2020 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2019. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss.

The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the Conceptual Framework and the revised HKFRSs are described below:

- (a) The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess

whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group early adopted the amendments from the accounting period beginning on 1 January 2020 and the amendments did not have any impact on the financial position and performance of the Group.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any impact on the financial position and performance of the Group.

2. REVENUE AND 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 piped gas operation segment engages in the distribution and sale of piped natural gas, the provision of natural gas transmission, the surveying and plotting of underground construction projects, and the installation of gas pipelines and related equipment and the provision of repairs and maintenance services;
- (b) the brewery operation segment produces, distributes and sells brewery products;
- (c) the water and environmental operation segment engages in the construction of sewage and water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, water treatment and distribution, and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in the PRC and certain overseas countries;
- (d) the solid waste treatment segment comprises the construction and operation of waste incineration plants, waste treatment and the sale of electricity, heat and steam generated from waste incineration in Germany and the PRC; and
- (e) the corporate and others segment comprises the provision of consultation services, property investment and corporate income and expense items.

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

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

Year ended 31 December 2020

	Piped gas operation <i>HK\$'000</i>	Brewery operation <i>HK\$'000</i>	Water and environmental operations <i>HK\$'000</i>	Solid waste treatment operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	48,550,430	11,046,394	–	8,810,619	–	–	68,407,443
Cost of sales	(43,852,391)	(7,155,053)	–	(6,535,102)	–	–	(57,542,546)
Gross profit	<u>4,698,039</u>	<u>3,891,341</u>	<u>–</u>	<u>2,275,517</u>	<u>–</u>	<u>–</u>	<u>10,864,897</u>
Profit from operating activities	2,804,268	356,482	–	462,912	52,668	–	3,676,330
Finance costs	(358,992)	(23,158)	–	(210,707)	(1,405,180)	–	(1,998,037)
Share of profits and losses of:							
Joint ventures	16,565	–	–	–	–	–	16,565
Associates	<u>3,195,791</u>	<u>16,411</u>	<u>1,720,659</u>	<u>25,538</u>	<u>–</u>	<u>–</u>	<u>4,958,399</u>
Profit/(loss) before tax	5,657,632	349,735	1,720,659	277,743	(1,352,512)	–	6,653,257
Income tax	<u>(438,836)</u>	<u>(190,106)</u>	<u>–</u>	<u>(352,904)</u>	<u>(24,948)</u>	<u>–</u>	<u>(1,006,794)</u>
Profit/(loss) for the year	<u>5,218,796</u>	<u>159,629</u>	<u>1,720,659</u>	<u>(75,161)</u>	<u>(1,377,460)</u>	<u>–</u>	<u>5,646,463</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>5,260,233</u>	<u>(31,133)</u>	<u>1,720,659</u>	<u>(285,413)</u>	<u>(1,377,458)</u>	<u>–</u>	<u>5,286,888</u>
Segment assets	<u>122,118,783</u>	<u>22,978,662</u>	<u>15,836,203</u>	<u>38,284,776</u>	<u>13,442,424</u>	<u>(7,856,427)</u>	<u>204,804,421</u>
Segment liabilities	<u>38,747,877</u>	<u>7,899,876</u>	<u>–</u>	<u>19,544,802</u>	<u>49,042,571</u>	<u>(7,856,427)</u>	<u>107,378,699</u>

Year ended 31 December 2019

	Piped gas operation <i>HK\$'000</i>	Brewery operation <i>HK\$'000</i>	Water and environmental operations <i>HK\$'000</i>	Solid waste treatment operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	47,517,770	11,826,321	–	8,438,937	–	–	67,783,028
Cost of sales	<u>(42,699,589)</u>	<u>(8,010,183)</u>	<u>–</u>	<u>(6,127,119)</u>	<u>–</u>	<u>–</u>	<u>(56,836,891)</u>
Gross profit	<u>4,818,181</u>	<u>3,816,138</u>	<u>–</u>	<u>2,311,818</u>	<u>–</u>	<u>–</u>	<u>10,946,137</u>
Profit/(loss) from operating activities	2,745,406	402,537	–	1,799,744	(167,969)	–	4,779,718
Finance costs	(372,147)	(21,565)	–	(174,222)	(1,627,034)	–	(2,194,968)
Share of profits and losses of:							
Joint ventures	28,810	–	–	–	–	–	28,810
Associates	<u>4,888,992</u>	<u>26,185</u>	<u>2,026,934</u>	<u>40,307</u>	<u>–</u>	<u>–</u>	<u>6,982,418</u>
Profit/(loss) before tax	7,291,061	407,157	2,026,934	1,665,829	(1,795,003)	–	9,595,978
Income tax	<u>(437,085)</u>	<u>(184,686)</u>	<u>–</u>	<u>(395,207)</u>	<u>(5,391)</u>	<u>–</u>	<u>(1,022,369)</u>
Profit/(loss) for the year	<u>6,853,976</u>	<u>222,471</u>	<u>2,026,934</u>	<u>1,270,622</u>	<u>(1,800,394)</u>	<u>–</u>	<u>8,573,609</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>6,873,408</u>	<u>1,073</u>	<u>2,026,934</u>	<u>953,794</u>	<u>(1,800,429)</u>	<u>–</u>	<u>8,054,780</u>
Segment assets	<u>110,776,401</u>	<u>21,273,476</u>	<u>13,028,341</u>	<u>34,142,062</u>	<u>13,696,288</u>	<u>(7,110,292)</u>	<u>185,806,276</u>
Segment liabilities	<u>34,577,988</u>	<u>6,994,699</u>	<u>–</u>	<u>17,356,966</u>	<u>46,972,088</u>	<u>(7,110,292)</u>	<u>98,791,449</u>

Geographical information

Revenue from external customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Mainland China	62,743,815	62,463,119
Germany	<u>5,663,628</u>	<u>5,319,909</u>
	<u>68,407,443</u>	<u>67,783,028</u>

The revenue information above is based on the locations of the customers.

Information about major customers

During each of the years ended 31 December 2020 and 2019, none of the Group's individual customers contributed to 10% or more of the Group's revenue.

3. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of inventories sold	54,746,367	54,198,006
Cost of services provided	2,473,606	2,340,908
Depreciation of items of property, plant and equipment	3,816,942	3,592,541
Depreciation of right-of-use assets	169,381	198,898
Amortisation of operating concessions	155,903	131,863
Amortisation of other intangible assets	<u>337,566</u>	<u>235,434</u>

4. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank loans and other loans	919,875	1,049,473
Interest on guaranteed bonds and notes	1,048,095	1,101,247
Interest on lease liabilities	28,993	45,573
Total interest expenses	1,996,963	2,196,293
Increase in discounted amounts of provision for major overhauls arising from the passage of time	1,074	1,815
Total finance costs	1,998,037	2,198,108
Less: Interest capitalised in construction in progress	–	(3,140)
	1,998,037	2,194,968

5. INCOME TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – Hong Kong	11,475	3,303
Current – Mainland China		
Charge for the year	556,742	601,427
Underprovision in prior years	36,255	–
Current – Germany		
Charge for the year	407,151	392,043
Overprovision in prior years	(33,696)	(63,750)
Current – Others	40,768	48,603
Deferred	(11,901)	40,743
Total tax expense for the year	1,006,794	1,022,369

6. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim – HK\$0.4 (2019: HK\$0.40) per ordinary share	504,821	504,821
Proposed final – HK\$0.74 (2019: HK\$0.74) per ordinary share	<u>933,919</u>	<u>933,919</u>
	<u><u>1,438,740</u></u>	<u><u>1,438,740</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of HK\$5,286,888,000 (2019: HK\$8,054,780,000), and the weighted average number of ordinary shares of 1,262,053,268 (2019: 1,262,053,268) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2020 and 2019 for a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

8. 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 31 December 2020 and 2019.

9. TRADE RECEIVABLES

The various group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. The Group does not hold any collateral or other credit enhancement over its trade receivables.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Billed:		
Within one year	3,721,305	3,987,212
One to two years	176,892	63,304
Two to three years	56,807	26,112
Over three years	13,066	67,730
	3,968,070	4,144,358
Unbilled*	2,802,795	1,885,092
	6,770,865	6,029,450

* *The unbilled balance was attributable to the sale of natural gas near the year end date and such sale will be billed in the next meter reading date.*

10. TRADE AND BILLS PAYABLES

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Billed:		
Within one year	3,176,207	3,142,503
One to two years	137,301	127,634
Two to three years	10,611	3,046
Over three years	13,402	15,923
	3,337,521	3,289,106
Unbilled*	1,362,912	1,219,237
	4,700,433	4,508,343

* *The unbilled balance was attributable to (i) purchase of natural gas near the year end which will be billed subsequently in early January 2021; and (ii) accrued extra purchase cost which will be billed when the price is agreed by the Group with the supplier.*

DIVIDEND

The Directors of the Company recommended the payment of a final dividend of HK74 cents (2019: HK74 cents) per share for the year ended 31 December 2020 payable to shareholders whose names appear on the register of members of the Company on 15 July 2021. Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid on 26 July 2021.

ANNUAL GENERAL MEETING

The 2021 annual general meeting will be held on Thursday, 17 June 2021. The notice of the 2021 annual general meeting, which constitutes part of the circular to shareholders, will be sent to all shareholders and will be published on the Company's website (www.behl.com.hk) and The Stock Exchange of Hong Kong Limited's ("Stock Exchange") website (www.hkexnews.hk) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2021 annual general meeting, and entitlement to the final dividend, the register of members will be closed. Details of such closures are set out below:

- (i) For determining eligibility to attend and vote at the 2021 annual general meeting:

Latest time to lodge transfer documents

for registration 4:30 pm on
Thursday, 10 June 2021

Closure of register of members Friday, 11 June 2021 to
Thursday, 17 June 2021
(both dates inclusive)

Annual General Meeting Thursday, 17 June 2021

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents

for registration4:30 pm on Friday, 9 July 2021

Closure of register of membersMonday, 12 July 2021 to
Thursday, 15 July 2021
(both dates inclusive)

Record dateThursday, 15 July 2021

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2021 annual general meeting, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

EMPLOYEES

As at 31 December 2020, the Group had approximately 39,000 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE CODE

Save as disclosed below, the directors believe that the Company complied with the code provisions (the "Code Provisions") as set out in Appendix 14 "Corporate Governance Code" to the Listing Rules for the year ended 31 December 2020.

During the year, the Company held two full board meetings instead of at least four full board meetings as required under Code Provision A.1.1. The Directors consider 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.

The former Chairman, Mr. Hou Zibo had assumed the positions of Chairman and Chief Executive Officer from 1 September 2017 to 1 February 2021. This arrangement deviates from Code Provision A.2.1 which recommends that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board considered that the appointment of Mr. Hou Zibo as Chairman and Chief Executive Officer during that time can bring benefits to the Company's business development and management, and would not impair the balance of power and authority between the Board and the management of the Company. Since 2 February 2021, the positions of Chairman and Chief Executive Officer have been assumed by Executive Director Mr. Li Yongcheng and Executive Director Mr. Xiong Bin, respectively. Since then, the Company has not deviated from Code Provision A.2.1.

Under Code Provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings to develop a balanced understanding of the views of shareholders. During the year, not all independent non-executive directors attended general meetings of the Company due to other business engagements, which deviates from Code Provision A.6.7.

Due to other business engagements, the former Chairman of the Board was unable to attend the annual general meeting of the Company held on 18 June 2020, which deviates from Code Provision E.1.2. However, the former Chairman had arranged other directors to attend the meeting and communicate with shareholders.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted Appendix 10 "Model Code" to the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirm that they complied with the "Model Code" during the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company Mr. Wu Jiesi, Mr. Lam Hoi Ham (the chairman of the Audit Committee) and Dr. Yu Sun Say. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management system and internal controls system of the Group. The annual results have been reviewed and approved by the Audit Committee of the Company.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement dated 20 December 2019 of the Company in relation to, among other things, the Deposit Agreement. On 1 January 2020, the cumulative daily outstanding deposits balance placed by the Group with Beijing Enterprises Group Finance Co., Ltd. (including any interest accrued thereon) was HK\$2,876,600,000, which was HK\$646,600,000 more than the 2020 annual cap of HK\$2,230,000,000 stipulated in the announcement dated 20 December 2019 of the Company. It was mainly due to the failure of making timely adjustment to the deposit amount on 1 January 2020 when it was a public holiday. Except that, there was no reoccurrence of exceeding the annual cap.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.behl.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The annual report will be sent to all shareholders and will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board
Beijing Enterprises Holdings Limited
Li Yongcheng
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Yongcheng (Chairman), Mr. Jiang Xinhao (Vice Chairman), Mr. Zhao Xiaodong (Vice Chairman), Mr. Dai Xiaofeng, Mr. Xiong Bin (Chief Executive Officer) and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Lam Hoi Ham, Dr. Sze Chi Ching and Dr. Yu Sun Say as independent non-executive directors.