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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

- Revenue for the first half of 2021 amounted to approximately HK\$40.39 billion, representing an increase of 26.1% over the corresponding period of last year.
- Profit attributable to shareholders of the Company for the first half of 2021 amounted to HK\$6.32 billion, representing an increase of 77% over the corresponding period of last year.
- After excluding the effect of a one-off event for the period, profit attributable to shareholders of the Company amounted to HK\$4.6 billion, representing an increase of 28.9% over the corresponding period of last year.
- Basic earnings per share attributable to shareholders of the Company amounted to HK\$5, representing a year-on-year increase of 77%.
- An interim cash dividend of HK40 cents per share is declared for the six months ended 30 June 2021.

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Beijing Enterprises Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”) together with the comparative figures in 2020. The consolidated revenue of the Group for the first half of 2021 was HK\$40.39 billion, representing an increase of 26.1% over the corresponding period of last year. Profit attributable to shareholders of the Company was HK\$6.32 billion, representing an increase of 77% over the corresponding period in 2020. After excluding the effect of a one-off event for the period, profit attributable to shareholders of the Company amounted to HK\$4.6 billion, representing an increase of 28.9% over the corresponding period in 2020.

Profit after taxation contributed by each business segment attributable to shareholders of the Company during the period was as follows:

	Profit after taxation HK\$'000	Proportion %
Piped gas operation	3,741,230	65.8
Beer operation	365,218	6.4
Water and environmental operation	995,680	17.5
Solid waste treatment operation	587,124	10.3
Profit from major operations	5,689,252	100
Corporate and others	1,048,180	
Profit of the Group	6,737,432	
Profit attributable to non-controlling interests	(421,574)	
Profit attributable to shareholders of the Company	6,315,858	

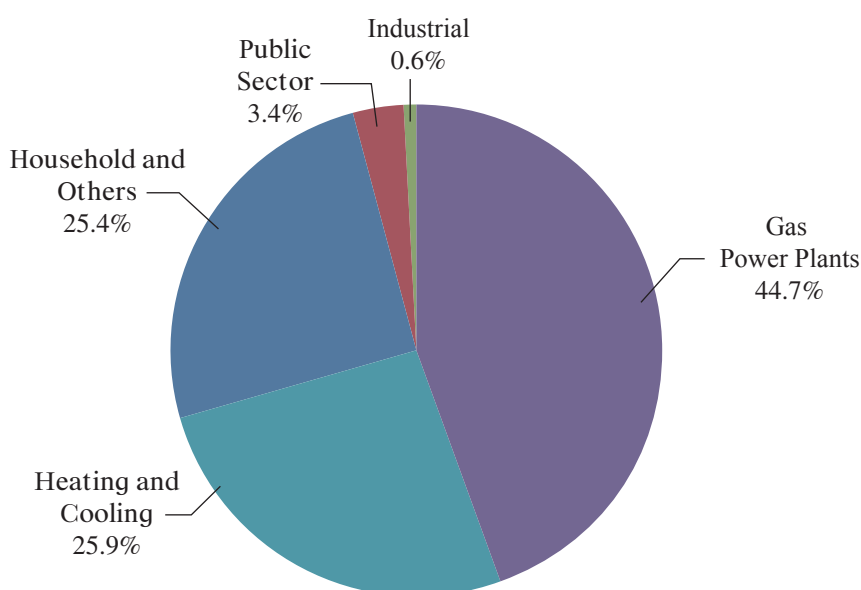
MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In the first half of 2021, China's economy sustained steady recovery after the novel coronavirus (COVID-19) epidemic came under control domestically. On the premise of ensuring normalised epidemic prevention and control, the Group proactively carried out production and operation management and implemented various key tasks, achieving a considerable growth in the operating results of the Group's principal businesses in the first half of the year.

Natural Gas Distribution Business of Beijing Gas

Beijing Gas Group Company Limited ("Beijing Gas") recorded a revenue of HK\$29.37 billion in the first half of 2021, representing a year-on-year increase of 27.1%. Profit before taxation from principal businesses (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft) was HK\$2.92 billion, representing an increase of 10.4% over the corresponding period of last year. Beijing Gas accomplished an aggregate gas sales volume of 9.481 billion cubic meters in the first half of the year, after combining with that of the subsidiaries outside Beijing, representing a year-on-year increase of 5.99%. Affected by the combining factors such as temperature, increasing demand and market expansion, the natural gas sales volume accomplished inside Beijing increased by 3.4% year-on-year to 8.869 billion cubic meters. An analysis of the same by subscriber sector is shown as follows:



During the Reporting Period, Beijing Gas developed approximately 45,900 new household subscribers and 3,255 new public sector subscribers. New heating boiler subscribers with a capacity of 683 t/h were developed. As of 30 June 2021, Beijing Gas had a total of approximately 6.58 million piped gas subscribers in Beijing and approximately 26,400 kilometers of natural gas pipelines in operation. Beijing Gas's capital expenditure in the first half of the year amounted to approximately HK\$3.22 billion.

During the first half of the year, Beijing Gas continued to strengthen its overall management with safety and efficiency as its core and propelled key project construction and principal business layout in an orderly manner. The natural gas business continued to expand its market scale. While developing piped natural gas projects proactively, Beijing Gas also secured rapid development in LNG business, with procurement and sales system becoming increasingly matured. Revenue from value-added businesses, which were mainly end-products and gas insurance, grew substantially over the corresponding period, which posed enhanced synergy effects with the principal businesses. During the period, Beijing Gas also continued to improve its service quality, optimise business environment and comprehensive service capabilities, strengthen its safety production and potential risk management efforts, and strive to improve risk prevention and control level. In addition, the construction of the LNG project in Nangang, Tianjin, a key national project, was under progress as scheduled.

Natural Gas Transmission Business

PipeChina Group Beijing Pipeline Co., Ltd. ("PipeChina Beijing Pipeline Co.", formerly known as PetroChina Beijing Gas Pipeline Co., Ltd.) recorded a gas transmission volume of 26.829 billion cubic meters in the first half of 2021, representing a year-on-year increase of 2.35%. During the period, Beijing Gas's share of net profit after taxation, through its 40% equity interests in PipeChina Beijing Pipeline Co., amounted to HK\$954 million, which remained unchanged over the same period of last year. The total capital expenditure of PipeChina Beijing Pipeline Co., for the first half of the year was approximately HK\$692 million.

VCNG of Rosneft

The PJSC Verkhnechonskneftegaz (“VCNG”) project of Rosneft Oil Company achieved its petroleum sales of 3.393 million tons during the Reporting Period, representing a year-on-year decrease of 11%. Beijing Gas shared a net operating profit after taxation of HK\$280 million through its 20% equity interest in VCNG in the first half of the year, representing a year-on-year decrease of 8.1%, which was mainly due to the impact from the exchange rate fluctuations.

China Gas

The Group’s share of profit of China Gas Holdings Limited (“China Gas”, stock code: 384) in the first half of 2021 was HK\$1.27 billion, which was calculated based on the share of profit attributable to shareholders of China Gas for the six months ended 31 March 2021 and representing an increase of 26.4% when compared with the same period of last year. In facing the epidemic, as well as the opportunities and challenges posed by the development of the natural gas industry, China Gas conducted the reform of the management and control system steadily with main focus on the management target of “reducing costs and increasing efficiency”, so as to stimulate organisational dynamism. It continued to expand the urban gas project footprint, facilitated the conversion of coal to gas in the industrial and commercial sectors as well as the natural gas supply for winter heating in northern villages and towns, and safeguard gas supply. It strengthened the development efforts of LPG, value-added business and integrated energy and other businesses, and commenced the market development of two new businesses, namely LPG Smart Microgrid and Urban Heating. For the 2021 financial year, China Gas’ total natural gas sales volume increased by 23.0% to 31.21 billion cubic meters, and its LPG sales volume increased by 11.0% to 4.25 million tons. Approximately 5.05 million households were newly connected, and the cumulative number of households connected reached approximately 40.15 million as at 31 March 2021.

Beer Business

Since this year, the overall epidemic situation in China has been well controlled and the consumption environment has improved as compared with the corresponding period of last year, and Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”) recorded growth in production and sales. During the Reporting Period, Yanjing Brewery strengthened its quality concept, promoted the unification and standardisation of product standards, and carried out comprehensive quality evaluation. The company continued to promote its strategy of bulk single product during the period and successively launched a series of new products to optimise the product structure while highlighting the strategic core position of U8. In addition, Yanjing Brewery carried out full-chain brand marketing during the Reporting Period to build a brand content system and enrich brand promotion methods.

During the Reporting Period, Yanjing Brewery achieved a sales volume of 2.13 million kilolitres, representing a year-on-year increase of 1.65%, of which, the sales volume of Yanjing main brand was 1.48 million kilolitres and the sales volume of “1+3” brand was 1.97 million kilolitres. The revenue that Beijing Yanjing Brewery Investments Co., Limited* (北京燕京啤酒投資有限公司) (“Yanjing Limited”) recorded during the period was HK\$6.78 billion, representing a year-on-year increase of 22.3%, with its profit before taxation of HK\$487 million, representing a year-on-year increase of 54.7%. The capital expenditure of Yanjing Limited for the first half of the year was approximately HK\$221 million.

Water and Environmental Business

Beijing Enterprises Water Group Limited (“BE Water”, stock code: 371) comprehensively promoted the construction of smart water business, and made concrete achievements in 1+N group construction, application products development, and new technology research and development during the period. In addition, the First reclaimed water project in Yinchuan City and the EPCO project of the comprehensive water environment treatment programme in Pengjiang District, Jiangmen City (Phase II) were implemented in an orderly manner during the period. In the first half of the year, BE Water’s revenue increased by 9.8% year-on-year to HK\$13.67 billion, profit attributable to its shareholders increased by 6.7% year-on-year to HK\$2.42 billion. The net profit attributable to the Group was HK\$1 billion, representing a year-on-year increase of 6.7%.

As at 30 June 2021, BE Water already participated in 1,317 water plants which are or will be in operation, including 1,092 sewage treatment plants, 174 water distribution plants, 49 reclaimed water treatment plants and 2 seawater desalination plants, with a total design capacity of 43.43 million tons/day. The net increase in design capacity for the period was approximately 1.31 million tons/day.

Solid Waste Treatment Business

At the end of the first half of the year, the solid waste treatment business segment of the Group realised a waste incineration and power generation treatment capacity of 29,932 tons/day. During the period, EEW Energy from Waste GmbH (“EEW GmbH”) accomplished a waste treatment volume of 2.376 million tons, which remained basically the same year-on-year. The sales of electricity was 864 million KWH. It recorded a revenue of HK\$2.96 billion, representing a year-on-year increase of 12.2%.

In the first half of the year, the domestic solid waste treatment business segment of the Group recorded a waste treatment volume of 2.518 million tons, representing a year-on-year increase of 18.8%. It completed an on grid power generation volume of 843 million KWH, representing a year-on-year increase of 26.7%. Beijing Enterprises Environment Group Limited (“BE Environment”, stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd (“BEHET”) together achieved a total revenue of HK\$1.22 billion during the period, representing a year-on-year increase of 74.8%, which was mainly due to the construction revenue recognised from new construction projects and the operating revenue contributed by newly commissioned projects. During the period, the domestic solid waste treatment business segment established a headquarter management and control model to reduce costs and increase efficiency through centralised procurement, so as to ensure the quality of project procurement; and continued to strengthen safety and environmental protection management and control, and improved the safe production accountability system, so as to ensure production safety. Capital expenditures for domestic and overseas solid waste-related businesses amounted to approximately HK\$1.34 billion in the first half of the year.

II. PROSPECTS

Currently, the industrial development of the Group is at a critical stage of strategic transformation and upgrading. In the second half of the year, the Group will continue to implement various key tasks, strengthen strategic guidance and support, accelerate business restructuring, leverage capital advantages, enhance communication and coordination, so as to lay a solid foundation for a new start of high-quality development under the 14th Five-Year Plan.

Natural Gas Distribution Business of Beijing Gas

Beijing Gas will continue to consolidate and expand its market size, promote market integration in the Beijing-Tianjin-Hebei region, and accelerate the overall planning and synergistic development of the Beijing market, Tianjin Nangang LNG project and Tangshan market. By coordinating and promoting the LNG business, Beijing Gas will continue to expand the scale of international trade, expand downstream distribution markets, build a system of purchasing and selling resources with multi-source of supply and multi-form of adjustment; and create growth drivers for value-added business, as well as carrying out optimisation and iteration of major products and category expansion of e-commerce products.

Beer Business

In the second half of the year, the beer segment will steadily carry out the construction of quality system, leveraging the promotion of the three major single products, namely Yanjing U8, Yanjing V10, and Xuelu Beer, as starting points to comprehensively promote the construction of an excellent quality system; increase efforts in technological transformation and create a centralized brewing center, and improve the efficiency of labor and production and brewing control by leveraging automation and information technologies. By consolidating the market foundation in an all-round way, it will implement the strategies of U8 and bulk single product, and supplemented by three-dimensional (diversified, online and offline) marketing; and consolidate its position in Beijing as the base market, and support sales growth with increased market share.

Water and Environmental Business

In the second half of the year, the water segment will continue to propel the construction of a market development system, speed up the establishment of a customer relationship management system, build a digitalised business support and empowerment platform, and continue to promote the capacity upgrading of the market and investment system. Meanwhile, BE Water will proactively respond to the national policy and objectives, continue to optimise the environmental management system, strengthen the pollutant emissions control, implement green construction and green operational modes to save energy and reduce consumption, optimise the resources usage and improve the operating efficiency of projects. BE Water will actively implement low-carbon concepts and become a leader in promoting high-quality industrial development, so as to help achieve the national emission peak and carbon neutrality targets.

Solid Waste Treatment Business

The Group will promote the development of the solid waste industry towards a professional, large-scale and intensive direction. Operational projects shall comprehensively improve economic and management efficiency, strengthen operation management and maintenance, implement various elimination, maintenance, and transformation projects step by step, and maintain a safe, stable and sound operating condition; actively pay attention to the development of the carbon trading market and carbon emissions trading; and explore resources utilization of industrial wastes, promote organic waste treatment projects, and facilitate the ecological environment management business. Overseas projects through EEW GmbH will continue to expand production and capacity based on existing project facilities, optimize the management of procurement and logistics, control operating costs, and improve capital efficiency.

III. FINANCIAL REVIEW

Revenue

The Group's revenue from operating activities in the first half of 2021 was approximately HK\$40.39 billion, increased by 26.1% when compared with the corresponding period of last year, which was mainly due to the benefits brought by the easing of COVID-2019 epidemic. The revenue of gas sales was HK\$29.37 billion. The revenue of beer sales was HK\$6.78 billion. The revenue of the solid waste treatment and environment protection businesses was HK\$4.23 billion, which included the revenue of EEW GmbH amounting to HK\$2.96 billion and the revenue of other solid waste treatment businesses amounting to HK\$1.27 billion in total.

Cost of Sales

Cost of sales increased by 26.9% to HK\$34.24 billion year-on-year. Cost of sales of gas distribution business mainly included the purchase costs of natural gas as well as the depreciation charges of gas 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 operation included fuel charges, amortisation and waste collection costs.

Gross Profit Margin

The overall gross profit margin was 15.2% when compared with that of 15.8% over the same period of last year. The slight decrease in gross profit was mainly due to the increase in costs of gas purchase of Beijing Gas and the increase in operating costs of EEW GmbH.

Gain on Deemed Disposal of Partial Interests in An Associate

China Gas allotted 392 million ordinary shares at the price of HK\$29.75 per share during 2021, accordingly, the Group recognised a gain of HK\$1.72 billion on the deemed disposal of the partial interests in an associate as a result of the dilution in the Group's shareholding in China Gas.

Other income and gains, net

Other income and gains, net mainly comprised bank interest income amounting to HK\$342 million, investment income of a financial asset at fair value through profit or loss amounting to HK\$155 million, government grants of HK\$103 million and rental income of HK\$41 million.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in the first half of 2021 were HK\$1.12 billion, increased by 35.9% when compared with the corresponding period of last year, which was mainly due to the increase in sales and distribution expenses of Yanjing Brewery as a result of the slowdown in the COVID-19 epidemic.

Administrative Expenses

Administrative expenses of the Group in the first half of 2021 were HK\$2.52 billion, increased by 23.8% when compared with corresponding period of last year, which was consistent with the increase in revenue.

Other Operating Expenses, net

Other operating expenses, net decreased when compared with corresponding period of last year, which was mainly due to the inclusion of the impairment on certain assets in the same period of last year but no impairment is made this year.

Finance Costs

Finance costs of the Group in the first half of 2021 were HK\$897 million, decreased by 14.8% when compared with that of corresponding period in last year, which was mainly due to lower interest rates for floating rate loans.

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 PipeChina 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 the first half of 2021, the Group shared the profit after taxation of PipeChina Beijing Pipeline Co., amounting to HK\$954 million, the Group shared the profit after taxation of VCNG amounting to HK\$280 million, the Group shared the profit after taxation of China Gas amounting to HK\$1.27 billion and the Group shared the net profit of BE Water amounting to HK\$1 billion.

Taxation

The effective income tax rate was 14.2%, which was lower than the 42.2% in the corresponding period of last year, the reason of which was mainly due to the decrease in non-deductible impairment expenses during the period when compared with the same period of last year.

Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company in the first half of 2021 was HK\$6.32 billion, increased by 77% when compared with the same period of last year.

Changes of major items in the Interim Condensed Consolidated Statement of Financial Position

Non-current Assets

The net value of property, plant and equipment increased by HK\$2.7 billion as compared with the end of 2020, which was mainly due to the increase in construction projects in the first half of 2021 amid the slowdown of the COVID-19 epidemic.

Other intangible assets were mainly from EEW GmbH.

Investments in associates increased by HK\$3.46 billion, which was mainly due to the fact that the Group sharing the first half profits of VCNG, PipeChina Beijing Pipeline Co., BE Water and China Gas.

The equity investments at fair value through other comprehensive income mainly represented the fair value of Beijing Gas' investment in CNPC Capital Company Limited.

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

The balance of prepayments, other receivables and other assets increased by HK\$805 million, which was mainly due to the prepaid project amounts by Beijing Gas for the LNG project in Nangang, Tianjin.

Financial asset at fair value through profit or loss mainly represented the fair value of Beijing Gas' investment in Beijing Guolian Energy Industrial Investment Fund (L.P.).

Current Assets

Inventories mainly represented the inventory balance of Yanjing Brewery.

The balance of trade receivables mainly represented the account receivables of Beijing Gas for selling gas during the heating season.

Cash balance was HK\$32.54 billion, increased by HK\$3.41 billion as compared with the balance at the end of 2020, which was mainly due to the increase in cash balance arising from the issuance of green bonds of EUR 400 million by EEW GmbH at the end of the period.

Non-current Liabilities

The balance of bank and other borrowings increased by HK\$6.69 billion, which was mainly due to the replacement of part of short-term revolving bank loans and matured loans to medium- and long-term loans during the period.

The balance of guaranteed bonds and notes decreased by HK\$8.71 billion, which was mainly due to the reclassification of certain relevant guaranteed bonds and notes due within one year after the period to current liabilities during the period.

The onerous contracts and major overhauls were mainly from EEW GmbH.

Current Liabilities

The balance of trade and bills payables increased by HK\$529 million, which was mainly due to the increase in trade payables balance by Yanjing Brewery during the period.

Other payables, accruals and contract liabilities increased by HK\$2.64 billion, which was mainly due to the increase in receipts in advance from Beijing Gas and project amounts payable of the LNG project in Nangang, Tianjin.

The balance of bank and other borrowings decreased by HK\$7.92 billion, which was mainly due to the replacement of part of short-term revolving bank loans and matured loans to medium- and long-term loans during the period.

IV. FINANCIAL POSITION OF THE GROUP

Cash and Bank Borrowings

As at 30 June 2021, cash and bank deposits held by the Group amounted to HK\$32.54 billion, representing an increase of HK\$3.41 billion as compared with that of 2020.

The Group's total borrowings amounted to HK\$71.5 billion as at 30 June 2021, which mainly comprised guaranteed bonds and notes of US\$2.6 billion in total, Euro guaranteed bonds amounting to EUR1.7 billion, and medium- and long-term loans amounting to HK\$21.1 billion.

Liquidity and Capital Resources

The Group maintains sufficient banking facilities both in Hong Kong and Mainland China for its working capital requirements and has abundant cash resources to finance its capital expenditures in the foreseeable future.

As at 30 June 2021, the issued capital of the Company was 1,262,053,268 shares and equity attributable to shareholders of the Company was HK\$91.57 billion. Total equity was HK\$104.31 billion when compared with HK\$97.43 billion as at the end of 2020. The gearing ratio, being interest-bearing bank borrowings, guaranteed bonds and notes divided by the sum of total equity, interest-bearing bank borrowings, guaranteed bonds and notes, was 41% (31 December 2020: 41%).

Foreign Exchange Exposure

Majority of the subsidiaries of the Company are operating in the PRC with most of the transactions denominated and settled in RMB. Currently, the Group has not used any derivative financial instruments to hedge against its risk on foreign exchange rates' fluctuation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
	Notes	HK\$'000	HK\$'000
REVENUE		40,388,185	32,038,587
Cost of sales		<u>(34,237,613)</u>	<u>(26,971,708)</u>
Gross profit		6,150,572	5,066,879
Gain on deemed disposal of partial interests in an associate	10	1,717,201	–
Other income and gains, net	4	987,788	719,143
Selling and distribution expenses		(1,123,681)	(826,919)
Administrative expenses		(2,522,990)	(2,037,540)
Other operating expenses, net		(301,502)	(698,226)
Finance costs	5	(896,581)	(1,052,869)
Share of profits and losses of:			
Joint ventures		8,813	6,008
Associates		<u>3,288,918</u>	<u>3,104,596</u>
PROFIT BEFORE TAX	6	7,308,538	4,281,072
Income tax	7	<u>(571,106)</u>	<u>(494,077)</u>
PROFIT FOR THE PERIOD		<u>6,737,432</u>	<u>3,786,995</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		6,315,858	3,568,116
Non-controlling interests		<u>421,574</u>	<u>218,879</u>
		<u>6,737,432</u>	<u>3,786,995</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK\$5.00</u>	<u>HK\$2.83</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>6,737,432</u>	<u>3,786,995</u>
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	946,960	(2,331,705)
Share of other comprehensive income/(loss) of associates	<u>741,741</u>	<u>(392,747)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>1,688,701</u>	<u>(2,724,452)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Defined benefit plans:		
Actuarial gains, net	163,335	59,353
Income tax effect	<u>(47,436)</u>	<u>(17,157)</u>
	<u>115,899</u>	<u>42,196</u>
Equity investments at fair value through other comprehensive income:		
Changes in fair value	(229,088)	(323,559)
Income tax effect	<u>55,766</u>	<u>86,905</u>
	<u>(173,322)</u>	<u>(236,654)</u>
Share of other comprehensive income/(loss) of associates	<u>4,501</u>	<u>(28,586)</u>

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(52,922)</u>	<u>(223,044)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	<u>1,635,779</u>	<u>(2,947,496)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>8,373,211</u>	<u>839,499</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	7,840,718	858,020
Non-controlling interests	<u>532,493</u>	<u>(18,521)</u>
	<u>8,373,211</u>	<u>839,499</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021 Unaudited HK\$'000	31 December 2020 Audited HK\$'000
	Notes		
ASSETS			
Non-current assets:			
Property, plant and equipment		58,613,694	55,910,968
Investment properties		1,191,087	1,189,696
Right-of-use assets		2,111,871	2,136,712
Goodwill		16,557,734	16,762,006
Operating concessions		4,456,621	4,248,848
Other intangible assets		3,301,055	3,394,102
Investments in joint ventures		405,839	392,516
Investments in associates		64,438,431	60,982,149
Equity investments at fair value through other comprehensive income		3,015,569	3,233,117
Financial asset at fair value through profit or loss		2,429,002	2,400,086
Receivables under service concession arrangements	11	3,138,350	2,966,895
Receivable under a finance lease		624,871	702,343
Prepayments, other receivables and other assets		2,694,447	1,889,176
Deferred tax assets		1,874,297	1,799,088
Total non-current assets		164,852,868	158,007,702
Current assets:			
Inventories		5,279,382	5,143,960
Receivables under service concession arrangements	11	114,945	110,388
Receivable under a finance lease		99,210	98,535
Trade receivables	12	8,229,228	6,770,865
Prepayments, other receivables and other assets		5,349,249	4,743,928
Other tax recoverables		588,279	531,641
Financial assets at fair value through profit or loss		506,024	238,095
Restricted cash and pledged deposits		36,167	36,879
Cash and cash equivalents		32,536,230	29,122,428
Total current assets		52,738,714	46,796,719
TOTAL ASSETS		217,591,582	204,804,421

		30 June 2021 Unaudited HK\$'000	31 December 2020 Audited HK\$'000
	<i>Notes</i>		
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	13	30,401,883	30,401,883
Reserves		61,170,454	54,495,223
		91,572,337	84,897,106
Non-controlling interests		12,740,840	12,528,616
TOTAL EQUITY		104,313,177	97,425,722
Non-current liabilities:			
Bank and other borrowings		28,459,811	21,770,556
Guaranteed bonds and notes		18,148,851	26,861,083
Lease liabilities		517,879	608,805
Defined benefit obligations		2,487,213	2,591,259
Provision for major overhauls and onerous contracts		401,487	410,290
Other non-current liabilities		1,914,893	1,954,380
Deferred tax liabilities		2,590,847	2,654,242
Total non-current liabilities		54,520,981	56,850,615
Current liabilities:			
Trade and bills payables	14	5,229,534	4,700,433
Other payables, accruals and contract liabilities		26,956,277	24,321,243
Provision for major overhauls and onerous contracts		52,248	53,723
Income tax payables		938,345	958,514
Other tax payables		572,534	367,672
Bank and other borrowings		7,475,472	15,398,065
Guaranteed bonds and notes		17,413,538	4,611,320
Lease liabilities		119,476	117,114
Total current liabilities		58,757,424	50,528,084
TOTAL LIABILITIES		113,278,405	107,378,699
TOTAL EQUITY AND LIABILITIES		217,591,582	204,804,421

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION:

1. BASIS OF PREPARATION AND PRESENTATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 set out in this announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 of The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The accounting policies and basis of preparation used in the preparation of the unaudited interim condensed consolidated financial information are consistent with those adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2020, which 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, except for the adoption of the revised HKFRSs, as disclosed in note 2 below.

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets as at 30 June 2021. Taking 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) new banking facilities currently under negotiation, the directors of the Company considered that the Group will be able to operate as a going concern. Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

The financial information relating to the year ended 31 December 2020 included in this unaudited interim condensed consolidated financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 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 2020. 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.

This 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 Group has adopted the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial information:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)

The adoption of the above revised HKFRSs has had no significant financial effect on this unaudited interim condensed consolidated financial information and there has been no significant changes to the accounting policies applied in this unaudited condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purpose, 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.

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 period of each reportable operating segment, which is measured consistently with the Group's profit for the period.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2021 and 2020, respectively.

Six months ended 30 June 2021

	Piped gas operation Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Water and environmental operation Unaudited HK\$'000	Solid waste treatment operation Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Inter- segment elimination Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Segment revenue	29,374,563	6,783,066	-	4,230,556	-	-	40,388,185
Cost of sales	(26,731,024)	(4,378,287)	-	(3,128,302)	-	-	(34,237,613)
Gross profit	<u>2,643,539</u>	<u>2,404,779</u>	<u>-</u>	<u>1,102,254</u>	<u>-</u>	<u>-</u>	<u>6,150,572</u>
Profit/(loss) from operating activities	1,873,708	488,905	-	899,419	1,707,489	(62,133)	4,907,388
Finance costs	(190,276)	(14,169)	-	(107,386)	(646,883)	62,133	(896,581)
Share of profits and losses of:							
Joint ventures	8,813	-	-	-	-	-	8,813
Associates	<u>2,265,288</u>	<u>11,884</u>	<u>995,680</u>	<u>16,066</u>	<u>-</u>	<u>-</u>	<u>3,288,918</u>
Profit before tax	3,957,533	486,620	995,680	808,099	1,060,606	-	7,308,538
Income tax	(216,303)	(121,402)	-	(220,975)	(12,426)	-	(571,106)
Profit for the period	<u>3,741,230</u>	<u>365,218</u>	<u>995,680</u>	<u>587,124</u>	<u>1,048,180</u>	<u>-</u>	<u>6,737,432</u>
Segment profit attributable to shareholders of the Company	<u>3,757,079</u>	<u>106,982</u>	<u>995,680</u>	<u>407,937</u>	<u>1,048,180</u>	<u>-</u>	<u>6,315,858</u>

Six months ended 30 June 2020

	Piped gas operation Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Water and environmental operation Unaudited HK\$'000	Solid waste treatment operation Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Inter- segment elimination Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Segment revenue	23,108,070	5,547,023	–	3,383,494	–	–	32,038,587
Cost of sales	(20,847,556)	(3,594,517)	–	(2,529,635)	–	–	(26,971,708)
Gross profit	<u>2,260,514</u>	<u>1,952,506</u>	<u>–</u>	<u>853,859</u>	<u>–</u>	<u>–</u>	<u>5,066,879</u>
Profit/(loss) from operating activities	1,649,032	319,460	–	620,700	(299,516)	(66,339)	2,223,337
Finance costs	(265,207)	(11,924)	–	(85,926)	(756,151)	66,339	(1,052,869)
Share of profits and losses of:							
Joint ventures	6,008	–	–	–	–	–	6,008
Associates	<u>2,152,300</u>	<u>7,093</u>	<u>933,008</u>	<u>12,195</u>	<u>–</u>	<u>–</u>	<u>3,104,596</u>
Profit/(loss) before tax	3,542,133	314,629	933,008	546,969	(1,055,667)	–	4,281,072
Income tax	(218,259)	(88,388)	–	(176,066)	(11,364)	–	(494,077)
Profit/(loss) for the period	<u>3,323,874</u>	<u>226,241</u>	<u>933,008</u>	<u>370,903</u>	<u>(1,067,031)</u>	<u>–</u>	<u>3,786,995</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>3,354,774</u>	<u>64,246</u>	<u>933,008</u>	<u>251,640</u>	<u>(1,035,552)</u>	<u>–</u>	<u>3,568,116</u>

During each of the six months ended 30 June 2021 and 2020, none of the Group's individual customers contributed 10% or more of the Group's revenue.

4. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Bank interest income	341,800	155,243
Finance income on the net investment in a finance lease	30,300	30,899
Rental income	41,078	21,885
Investment income of a financial asset at fair value through profit or loss	154,550	152,415
Government grants	102,502	87,394
Transfer of assets from customers	13,974	11,062
Gain on disposal of items of property, plant and equipment, net	–	2,902
Foreign exchange differences, net	5,444	–
Others	298,140	257,343
	<u>987,788</u>	<u>719,143</u>
Other income and gains, net	<u>987,788</u>	<u>719,143</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on bank loans and other loans	338,065	499,671
Interest on guaranteed bonds and notes	558,123	535,834
Interest on lease liabilities	14,455	19,022
Total interest expenses	910,643	1,054,527
Increase in discounted amounts of provision for major overhauls arising from the passage of time	294	531
Total finance costs	910,937	1,055,058
Less: Interest capitalised in construction in progress	(14,356)	(2,189)
	<u>896,581</u>	<u>1,052,869</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation of items of property, plant and equipment	1,914,843	1,693,787
Depreciation of right-of-use assets	85,736	108,711
Amortisation of operating concession*	103,470	66,639
Amortisation of other intangible assets [#]	145,512	135,649
Loss on disposal of items of property, plant and equipment, net	6,878	–
Foreign exchange differences, net	–	18,151
	<u>–</u>	<u>18,151</u>

* The amortisation of operating concession for the period is included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

[#] HK\$122,111,000 (six months ended 30 June 2020: HK\$113,045,000) and HK\$23,401,000 (six months ended 30 June 2020: HK\$22,604,000) of the amortisation of other intangible assets for the period are included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

7. INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	Unaudited HK\$'000	Unaudited HK\$'000
Current:		
Hong Kong	–	37
Mainland China	368,081	254,661
Germany	211,525	186,151
Others	32,263	26,698
Deferred	(40,763)	26,530
	<u>571,106</u>	<u>494,077</u>
Total tax expense for the period	<u>571,106</u>	<u>494,077</u>

8. INTERIM DIVIDEND

On 31 August 2021, the Board declared an interim cash dividend of HK40 cents per share (six months ended 30 June 2020: HK40 cents per share), totalling HK\$504,821,000 (six months ended 30 June 2020: HK\$504,821,000).

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit attributable to shareholders of the Company of HK\$6,315,858,000 (six months ended 30 June 2020: HK\$3,568,116,000), and the weighted average number of ordinary shares of 1,262,053,268 (six months ended 30 June 2020: 1,262,053,268) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2021 and 2020 for a dilution as the Group had no dilutive potential ordinary shares in issue during these periods.

10. GAIN ON DEEMED DISPOSAL OF PARTIAL INTERESTS IN AN ASSOCIATE

During the period, the Group's equity interest in China Gas Holdings Limited was diluted from 23.74% to 22.08% upon placing of 392,000,000 new shares by China Gas Holdings Limited under a top-up placing arrangement, resulting in a gain on deemed disposal of HK\$1,717,201,000 recognised by the Group in the condensed consolidated statement of profit or loss which was included in "Corporate and others" segment in the operating segment information set out in note 3.

11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements. They were all unbilled as at 30 June 2021 and 31 December 2020.

12. TRADE RECEIVABLES

The various group companies have different credit policies, depending on the requirements of their markets and the businesses 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 Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 Unaudited HK\$'000	31 December 2020 Audited HK\$'000
Billed:		
Within one year	7,531,186	3,721,305
One to two years	312,812	176,892
Two to three years	72,636	56,807
Over three years	85,318	13,066
	8,001,952	3,968,070
Unbilled*	227,276	2,802,795
	8,229,228	6,770,865

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

13. SHARE CAPITAL

	30 June 2021 Unaudited HK\$'000	31 December 2020 Audited HK\$'000
Issued and fully paid:		
1,262,053,268 ordinary shares	30,401,883	30,401,883

14. TRADE AND BILLS PAYABLES

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

	30 June 2021 Unaudited HK\$'000	31 December 2020 Audited HK\$'000
Billed:		
Within one year	3,802,436	3,176,207
One to two years	183,455	137,301
Two to three years	11,902	10,611
Over three years	9,913	13,402
	4,007,706	3,337,521
Unbilled*	1,221,828	1,362,912
	5,229,534	4,700,433

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

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2021 of HK40 cents (2020: HK40 cents) per share, which will be payable on 25 October 2021 to shareholders whose names appear on the register of members of the Company on 28 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Friday, 24 September 2021 to Tuesday, 28 September 2021, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 23 September 2021.

EMPLOYEES

At 30 June 2021, the Group had approximately 38,000 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 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 during the six months ended 30 June 2021.

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.

Due to other business engagements, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 17 June 2021, which deviates from Code Provision E.1.2. However, the 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 half year ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Wu Jiesi, Mr. Lam Hoi Ham (Chairman of Audit Committee) and Dr. Yu Sun Say. The Audit Committee has already reviewed the unaudited interim results for the six months ended 30 June 2021 and considers that appropriate accounting policies have been adopted in preparation of the relevant results and sufficient disclosures have been made.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM 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 interim report will be sent to all shareholders and will be published on the Stock Exchange's website in due course.

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

Hong Kong, 31 August 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 and Dr. Yu Sun Say as independent non-executive directors.