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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 2014

HIGHLIGHTS

- Revenue for the first half of 2014 amounted to approximately HK\$22.43 billion, representing an increase of 9.1% over the corresponding period of last year.
- Profit attributable to shareholders of the Company for the first half of 2014 amounted to HK\$2.81 billion, representing an increase of 36.5% over the corresponding period of last year.
- Basic earnings per share attributable to shareholders of the Company amounted to HK\$2.21.
- An interim cash dividend of HK28 cents per share is declared for the six months ended 30 June 2014.

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 2014 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2014 with the comparative figures in 2013. The consolidated revenue of the Group for the first half of 2014 was HK\$22.43 billion, representing an increase of 9.1% over the corresponding period of last year. Profit attributable to shareholders of the Company was HK\$2.81 billion, representing an increase of 36.5% over the corresponding period in 2013.

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

	Profit attributable to shareholders of the Company HK\$'000	Proportion %
Piped gas operation	2,197,353	77.0
Beer production operation	339,926	11.9
Sewage and water treatment operations	<u>315,448</u>	<u>11.1</u>
Profit from major operations	2,852,727	100
Other operations and headquarter expenses	(425,224)	
Non-operating gains, net	<u>386,380</u>	
Profit attributable to shareholders of the Company	<u><u>2,813,883</u></u>	

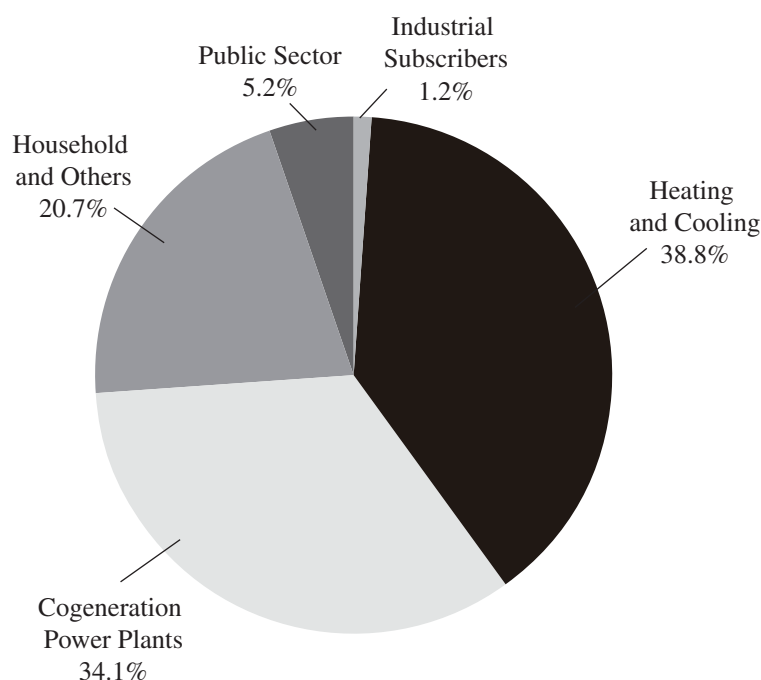
MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Natural Gas Distribution Business

The natural gas distribution business in Beijing City recorded a revenue of HK\$14.34 billion in the first half of 2014, increased by 14.6% as compared with the same period of last year. Gas sales volume was approximately 4.7 billion cubic meters, remained unchanged as compared with the same period last year, which was mainly attributable to the decrease in demand of gas for heating usage because of the higher average temperature in winter in Beijing.

The gas sales volume of Beijing Gas in the first half of 2014 was approximately 4.7 billion cubic meters. An analysis by subscriber sector is shown as follows:



During the period under review, a total of 97,100 household subscribers and 1,804 public sector subscribers were developed. The heating boiler capacity developed was 1,277.8 t/h steams with a loading of 81.2 t/h steam in summer. Subscriber growth across all user groups maintained a solid growth on a year-on-year basis. As at the end of June, the total number of all types of subscribers was 5.06 million. Net profit from gas distribution business in the first half year was HK\$838 million, increased by 10% as compared with the corresponding period of last year. The capital expenditure of Beijing Gas in the first half year amounted to approximately HK\$858 million.

During the period, Beijing Gas implemented action plan for clean air in Beijing City and accelerated the progress of clean energy reconstruction works for coal-fired boilers. As at the end of June, we completed the installation of 149 coal-fired boiler rooms covering total user units of 4,766 t/h steams. The Company actively pushed the implementation of major projects during the period and has finalized the ancillary gateway and ground work construction for No. 4 Shaanxi-Beijing Pipeline. The construction of gas pipelines infrastructure for Northwest and Northeast Thermal Power Centre had been completed and put into operation.

For business expansion, during the period, we implemented foreign investments and explored to more corporate development opportunities. We jointly worked with GDF Suez to provide advanced energy resolutions for the distributed energy and comprehensive energy application technology, facilities and services for the science and technology business district at Zhongguancun in Beijing. With this as a starting point, we further expanded the cooperation in the domestic and foreign natural gas sector chain and energy services. During the period, Beijing Gas successfully secured the tender for the operation and construction project of developing the natural gas pipeline network in Tengxian County, Guangxi, achieving a new breakthrough in investment in projects outside the Beijing region. We accelerated industrial chain expansion, developed new profit growth points, and achieved rapid development in our new business segments. We moved forward actively the development of cooling-heating-power supply for the distributed natural gas energy; the full facilitation of the development of vehicle gas market, and for the gas stations that were being built at the end of 2013, 25 of them are currently operational. We promoted the full range development in vehicle market, intensified the development of the vehicle market in suburban regions and counties. During the first half year, we had already developed 1,529 natural gas vehicles (640 urban public buses, 668 driving school vehicles, 200 converted vehicles and 21 other vehicles).

Natural Gas Transmission Business

PetroChina Beijing Natural Gas Pipeline Company Limited (中石油北京天然氣管道有限公司) (“PetroChina Beijing Pipeline Company”) achieved a gas transmission volume of 14.7 billion cubic meters in the first half of 2014, representing a year-on-year increase of 20%. The higher growth in gas transmission volume was mainly attributable to a rapid growth in transmission volume in Shandong and Hebei regions.

Beijing Gas shared a net profit after tax of HK\$1.08 billion through its 40% equity interests in PetroChina Beijing Pipeline Company in the first half of 2014, representing an increase of 2% when compared with the same period of last year. The increase in profit was less than the increase in gas transmission volume, which was mainly due to an average decrease of 13.6% in the pipeline transmission tariff recognised upon settlement and lower pipeline transmission tariff in Shandong region which achieved higher growth in gas transmission volume during the first half year. During the period, Beijing Gas reinforced its strategic co-operation with PetroChina, promoted actively the preparatory construction work of the long haul No. 4 Shaanxi-Beijing Pipeline and the construction of the underground gas storage in Dagang. The capital expenditure was HK\$820 million in the first half year.

China Gas

The Company completed its acquisition of the 21.13% equity interests in China Gas Holdings Limited (stock code: 384) (“China Gas”), and issued 98,100,000 new shares of the Company to our holding company for this transaction at the end of 2013. The Group commenced to consolidate the relevant profit attributable to its equity interests in China Gas from 1 January 2014. In the first half year, the Group’s share of profit of China Gas was HK\$273 million, which was based on the profit attributable to shareholders of China Gas for the six months ended 31 March 2014.

Beer Business

During the first half of 2014, China’s brewery industry still faced the challenge of continuous slowdown in China’s economy. Yanjing Brewery grasped the strategic opportunity to focus on three key structural adjustment missions in market, products and branding, strengthened its position in market competition, maintained Yanjing Brewery’s healthy development in the dominant markets in Beijing and Guangxi. At the same time, with Sichuan Yanjing’s stable operation and Xinjiang Yanjing’s measures in fitting local conditions, Yanjing Brewery has gradually established its presence in the mid-western market. Fujian Huiquan continued to adjust its operating strategies with market position gradually improving. We intensified the promotion efforts of the principal brands of Yanjing Brewery, further improved brands’ concentration and image. We perfected the concentrated-sourcing platform for bulk raw and auxiliary materials one by one, established the Group’s integrated knowledge and technology platform, as well as the Group’s internal benchmarking platform to improve the management standard and economies of scale of the Group, and continued to enhance the management and control capabilities of the Group. While promoting various technology upgrade and expansion projects in an orderly manner to further increase its production capability, we also created favourable conditions for improving efficiency and quality.

During the first half year, beer sales volume was 3.07 million thousand-litres, representing a year-on-year increase of 4.19%. Yanjing Brewery recorded a revenue of HK\$7.95 billion for the first half year. Profit attributable to shareholders of the Company in the first half year was HK\$340 million, representing a year-on-year increase of 16.7%. Its profit before tax was HK\$1.01 billion, representing a year-on-year increase of 13.5%, maintaining a good trend of the increase in profit that out-performed the increase in sales revenue and sales volume. The capital expenditure of Yanjing Brewery in the first half of 2014 was approximately HK\$422 million.

The Company continued to optimize its product mix, gradually forming the production lines to be represented by draft beer for its high-end beer, draught beer for its mid-end beer and fresh beer for its ordinary beer. At the same time, it had researched and developed protoplasmic white beer, dark beer and alcohol free beer to meet the personalized taste of consumers. The product mix is more rational. During the reporting period, the sales volume of the Company's medium-high end beer was up by 11.8%, representing 37.6% of its total sales volume, or an increase of 2.55 percentage points.

Yanjing Brewery continued to promote the “1+3” brand strategy with the brand concentration of “1+3” reaching 89% during the period. Of which, sales volume of Yanjing reached 2.12 million thousand-litres, representing a year-on-year increase of 8.65%. The brand concentration of Yanjing reached 69%. Not only had the brand strategy of “1+3” of the Company enhanced the brand value of Yanjing, it also established the strong regional brand names like “Liquan (漓泉)”, “Huiquan (惠泉)” and “Xuelu (雪鹿)”.

Sewage and Water Treatment Operation

The sewage treatment and water supply businesses of Beijing Enterprises Water Group Limited (stock code: 371) (“BE Water”) developed rapidly in the first half of 2014. Its turnover increased 38% to HK\$3.82 billion as a result of the increase in income from water treatment service. Profit attributable to shareholders of BE Water increased 39% to HK\$714 million, of which HK\$320 million was attributable to the Company, representing a year-on-year increase of 23.3%. As at the end of June 2014, BE Water entered into service concession arrangements for total 301 water plants, which including 234 sewage treatment plants, 61 water treatment plants, 5 reclaimed water plants and 1

desalination plant. Its total designed capacity reached 18.16 million tons/day, increased by 9%. Its operation capacity was 11.62 million tons/day, and the capacity under development was 6.53 million tons/day. The projects developed by BE Water are located in different regions in the PRC and it has developed into a leading water treatment company nationwide.

Environmental treatment and power generation business for solid waste

In the first half year, we achieved an increase in solid waste operation capacity of 3,400 tons/day. Of which, Beijing Enterprises Holdings Environment Technology Co., Ltd (“BEHE”) achieved an operating revenue of HK\$54.25 million, and realised an operating profit of HK\$4.2 million. The newly acquired solid waste treatment projects of Beijing Development (Hong Kong) Limited (Stock Code: 154) (“Beijing Development”) achieved an operating revenue of HK\$24.39 million, with an operating profit of HK\$4.09 million in the first half year.

In the first half year, the 6 projects in Wenchang, Taian, Changde, Siping, Shuangqi and Hengyang had been put into operation and trial operation respectively. During the first half year, actual waste treatment volume was 407,000 tons, actual on-grid power generation volume was 93,160,000 KWH, and actual hazardous waste disposal volume in the half year was 3,570 tons. The medical waste disposal area scope for the project in Hengyang was further expanded, 60 contracts for medical waste disposal were executed, and medical waste of 1,506 tons were collected and transported. The above had significantly alleviated the difficult situation in medical waste disposal in Hunan Province and was well recognised by local government. At the same time, the Company studied the market situation in depth, adhered to the dual marketing strategies of conducting mergers and acquisitions in the industry while securing orders in the primary market. We adjusted the market layout appropriately, focused on tapping into emerging solid waste market segment, the solid waste markets in mid-western region and third-tier and fourth-tier cities, actively conducted project reserve, and achieved a key breakthrough in various business sectors like hazardous waste disposal, kitchen waste treatment and sewage disposal. We further expanded the solid waste industry chain of the Company and created a new value growth point for the Company.

II. Prospects

Natural Gas Distribution Business

The coal-to-gas conversion projects of four largest thermal power centres in Beijing are progressing smoothly. Beijing Gas has basically completed pipeline facilities related construction to cope with the development of relevant projects and the gas sales volume to co-generation power plants will see a significant growth in the coming years. Southeast and Southwest Thermal Power Centres were operating, Datang International's 1,350 MW gas turbine at Northeast Thermal Power Centre has commenced trial operation in July, natural gas demand for power generation will be increased in the second half year, and furthermore, Jingneng's Jingxi 1,305 MW and Gaoantun 845 MW gas turbine will also be put into operation by the end of the year.

Natural Gas Transmission Business

The construction work of No. 3 Shaanxi-Beijing Pipeline has basically completed, and there is still much room for growth of its current utilization rate. The integrated gas transmission capacity of the first three pipelines has reached 35 billion cubic metres per annum. The preliminary work of No. 4 Shaanxi-Beijing Pipeline has commenced and its designed transmission volume capacity will reach over 23 billion cubic metres per annum.

Beer Business

"Yanjing" is one of the leading domestic beer brand names in Mainland China. The nationwide bottling facilities together with the established distribution network will further boost up the market share in the future. Yanjing Brewery's profit margin will maintain stable as premium beer with higher profit margin is getting higher market share and contributing more profit to Yanjing Brewery. Currently, Yanjing Brewery continues to expand its production capacity in China's central and western provinces and will maintain the target of improving its production capacity and sales volume to 8 million thousand-litres within 3 years.

Solid Waste Treatment Business and Power Generation Business

Recently, there has been great support in the PRC for the development of environmental business, and small, medium and large size cities in the PRC are all actively planning for new solid waste treatment facilities, which including waste-to-energy related facilities. The Group has commenced such business and will seek related business opportunities in the foreseeable futures, as well as developing such business actively to become the leading operator in the industry.

III. Financial Review

Revenue

The revenue of the Group's operations in the first half of 2014 was approximately HK\$22.43 billion, increased by 9.1% when compared to the corresponding period of last year. Gas sales revenue was HK\$14.34 billion, representing a year-on-year increase of 14.6%. Beer sales revenue was HK\$7.95 billion. Other businesses contributed an aggregate of not more than 1% of the total revenue.

Cost of Sales

Cost of sales increased by 9.3% to HK\$17.68 billion. The cost of sales for gas distribution business mainly included the purchase cost of natural gas as well as the depreciation of gas pipeline network. Cost of sales for beer business included materials costs, direct labour cost, consumables and depreciation.

Gross Profit Margin

Overall gross profit margin was 21.2% compared to 21.3% in corresponding period of last year. The overall gross profit margin remained stable.

Gain on deemed disposal of partial interest in an associate

During the first half of 2014, BE Water issued approximately 220,000,000 ordinary shares, the Group recognised a gain on deemed disposal of partial interest in an associate of HK\$327 million.

Other Income and Gains, net

Other income and gains, net, of the Group mainly included interest income of HK\$69 million, government grant of HK\$169 million and gain on disposal of available-for-sale investments of HK\$61 million.

Selling and Distribution Expenses

Selling and distribution costs of the Group in the first half of 2014 increased by 0.3% to HK\$1.26 billion due to enhancement of marketing efficiency and effective control of expenses.

Administration Expenses

Administration expenses of the Group in the first half of 2014 was HK\$1.65 billion, increased by 9.8% when compared to the corresponding period of last year. The increase was comparable with the increase in revenue.

Finance Costs

Finance costs of the Group in the first half of 2014 was HK\$562 million, increased by 1.5% when compared to the corresponding period in last year.

The indebtedness of the Group mainly comprises of long term debts and are all with fixed interest rates, only a small part of syndicated loans and working capital loans are with floating interest rates.

Share of Profits and Losses of Associates

The amount increased significantly for the first half year was due to the share of 21.1% of the net profit of China Gas amounting to HK\$273 million from 1 September 2013 to 31 March 2014, the remaining balance mainly represented the 40% share of net profit of PetroChina Beijing Pipeline Company and the 44.18% share of net profit of BE Water for the first half of this year.

Taxation

The effective income tax rate was 18.9%, lower than the 21.9% in the corresponding period of last year, which was mainly due to the proportion of other income not subject to income tax in the first half of 2014 was higher than that in the corresponding period of last year.

Changes of major items in the interim condensed consolidated statement of financial position

The net book value of property, plant and equipment decreased by HK\$111 million, which was mainly attributable to current depreciation and amortisation beyond the newly purchased fixed assets and capital expenditure.

Investments in associates increased by HK\$219 million, which was mainly due to its share of profit of PetroChina Beijing Pipeline Company for the first half year, its share of profit of BE Water for the first half year and its share of profit of China Gas for the first half year.

Operating concessions increased due to the consolidation of solid waste treatment projects acquired by Beijing Development in Changde and Taian.

Other intangible assets increased by HK\$364 million, which was mainly due to the original remaining balance in the acquisition of projects in Changde and Taian by Beijing Development.

The balance of trade and bills receivables decreased by HK\$462 million, which was mainly because Beijing Gas strengthened the collection of accounts receivable from gas power plants for their purchase of gas.

The balance of prepayments, deposits and other receivables increased by HK\$506 million, which was mainly due to the significant increase of dividend receivable from PetroChina Beijing Pipeline Co..

The balance of other taxes recoverable significantly increased by HK\$2.23 billion, which was mainly due to the significant increase of gas purchase valued added tax invoices settlement in the first half year, resulting in a significant increase in the balance of deductible value added tax credit.

The balance of trade and bills payables increased by HK\$4.17 billion, which was mainly due to certain gas purchase balances were not paid by Beijing Gas at the end of the period. Subsequent to the period, Beijing Gas has paid relevant payables of approximately HK\$2.08 billion.

Other payables and accruals increased by HK\$280 million, which was mainly due to the completion and settlement of construction projects by Beijing Gas during the period affected the payment progress.

The balance of the convertible bonds included in current liabilities decreased to HK\$Nil, which was mainly due to a full exercise of HK\$2.175 billion convertible bonds issued by the Company.

IV. Financial Position of the Group

Cash and Bank Borrowings

As at 30 June 2014, cash and bank deposits held by the Group amounted to HK\$13.16 billion, representing an increase of HK\$2.3 billion as compared to the end of 2013.

The Group's bank and other borrowings, convertible bonds and guaranteed senior notes amounted to HK\$25.88 billion as at 30 June 2014, which mainly comprised the 10-year and 30-year US dollar guaranteed senior notes of HK\$13.87 billion, syndicated loans amounting to HK\$4 billion and short-term loans amounting to HK\$6.67 billion.

Liquidity and Capital Resources

As at the period end date, the Group had a strong net working capital of HK\$2.71 billion. The Group maintains sufficient banking facilities in both Hong Kong and Mainland China for its working capital requirements and had abundant cash resources to finance its capital expenditures in the foreseeable future.

As at 30 June 2014, the issued capital of the Company was 1,284,350,268 shares and equity attributable to shareholders of the Company was HK\$55.64 billion. Total equity was HK\$66.22 billion when compared to HK\$64.07 billion as at the end of 2013. Gearing ratio, being interest-bearing bank borrowings and the Guaranteed Senior Notes divided by the sum of total equity, interest-bearing bank borrowings and the Guaranteed Senior Notes, was 28% (31 December 2013: 27%).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
		Unaudited	Unaudited
	Notes	HK\$'000	HK\$'000
REVENUE	3	22,429,905	20,549,941
Cost of sales		<u>(17,679,867)</u>	<u>(16,178,566)</u>
Gross profit		4,750,038	4,371,375
Gain on deemed disposal of partial interest in an associate		326,908	–
Other income and gains, net	4	511,340	478,976
Selling and distribution expenses		(1,260,048)	(1,255,704)
Administrative expenses		(1,645,579)	(1,498,155)
Other operating expenses, net		<u>(163,168)</u>	<u>(61,871)</u>
PROFIT FROM OPERATING ACTIVITIES	5	2,519,491	2,034,621
Finance costs	6	(561,507)	(553,354)
Share of profits and losses of:			
Joint ventures		2,360	(8,243)
Associates		<u>1,678,402</u>	<u>1,321,255</u>
PROFIT BEFORE TAX		3,638,746	2,794,279
Income tax	7	<u>(369,835)</u>	<u>(325,032)</u>
PROFIT FOR THE PERIOD		<u>3,268,911</u>	<u>2,469,247</u>

		For the six months ended 30 June	
		2014	2013
		Unaudited	Unaudited
		HK\$'000	HK\$'000
Note			
ATTRIBUTABLE TO:			
	Shareholders of the Company	2,813,883	2,062,080
	Non-controlling interests	455,028	407,167
		<u>3,268,911</u>	<u>2,469,247</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	Basic	<u>HK\$2.21</u>	<u>HK\$1.80</u>
	Diluted	<u>HK\$2.19</u>	<u>HK\$1.76</u>

Details of interim dividend declared are disclosed in note 8.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	3,268,911	2,469,247
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	(110,418)	313,107
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss	(60,587)	(94,923)
Income tax effect	—	15,276
	<u>(171,005)</u>	<u>233,460</u>
Exchange differences:		
Translation of foreign operations	(1,316,664)	1,384,706
Reclassification adjustments for gain on disposal of interests in subsidiaries included in the consolidated statement of profit or loss	—	(12,378)
Reclassification adjustments for gain on deemed disposal of partial interest in an associate included in the consolidated statement of profit or loss	(8,305)	—
	<u>(1,324,969)</u>	<u>1,372,328</u>
Share of other comprehensive loss of associates	<u>(74,205)</u>	<u>—</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(1,570,179)	1,605,788
Items not to be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Actuarial gains	18,186	—
Income tax effect	(4,546)	—
	<u>13,640</u>	<u>—</u>
Share of other comprehensive income of associates	<u>1,594</u>	<u>—</u>

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>15,234</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	<u>(1,554,945)</u>	<u>1,605,788</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,713,966</u>	<u>4,075,035</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	1,502,282	3,478,346
Non-controlling interests	<u>211,684</u>	<u>596,689</u>
	<u>1,713,966</u>	<u>4,075,035</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

		30 June 2014 Unaudited HK\$'000	31 December 2013 Audited HK\$'000
	Notes		
ASSETS			
Non-current assets:			
Property, plant and equipment		38,886,194	38,996,767
Investment properties		703,932	719,968
Prepaid land premiums		1,873,432	1,785,609
Goodwill		7,643,249	7,659,735
Operating concessions		919,672	606,292
Other intangible assets		428,443	64,120
Investments in joint ventures		214,206	217,350
Investments in associates		29,402,960	29,184,338
Available-for-sale investments		1,118,558	1,315,859
Amounts due from contract customers		896,354	947,102
Prepayments, deposits and other receivables		1,305,153	1,316,771
Deferred tax assets		555,507	601,056
Total non-current assets		83,947,660	83,414,967
Current assets:			
Prepaid land premiums		36,530	53,509
Inventories		5,727,600	5,661,492
Amounts due from contract customers		21,253	28,599
Receivables under service concession arrangements	10	684,043	701,582
Trade and bills receivables	11	3,930,925	4,393,374
Prepayments, deposits and other receivables		4,796,738	4,290,561
Other taxes recoverable		2,446,019	219,169
Restricted cash and pledged deposits		151,994	63,104
Cash and cash equivalents		13,007,221	10,795,467
Total current assets		30,802,323	26,206,857
TOTAL ASSETS		114,749,983	109,621,824

		30 June 2014 Unaudited HK\$'000	31 December 2013 Audited HK\$'000
	<i>Notes</i>		
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital	12	30,401,883	127,019
Reserves		24,880,316	53,130,524
Dividends declared/proposed		359,618	763,695
		55,641,817	54,021,238
Non-controlling interests		10,581,353	10,046,841
TOTAL EQUITY		66,223,170	64,068,079
Non-current liabilities:			
Bank and other borrowings		5,236,284	4,519,636
Guaranteed senior notes		13,872,609	13,866,081
Liability component of convertible bonds		91,748	93,501
Derivative component of convertible bonds		8,630	8,851
Defined benefit plans		527,088	535,655
Provision for major overhauls		30,544	30,544
Other non-current liabilities		357,972	361,859
Deferred tax liabilities		305,488	233,462
Total non-current liabilities		20,430,363	19,649,589
Current liabilities:			
Trade and bills payables	13	6,555,592	2,383,225
Amounts due to contract customers		244,739	325,794
Receipts in advance		4,311,634	5,690,597
Other payables and accruals		9,294,668	9,014,718
Income tax payables		385,181	378,319
Other taxes payables		630,640	821,418
Liability component of convertible bonds		–	673,054
Bank and other borrowings		6,673,996	6,617,031
Total current liabilities		28,096,450	25,904,156
TOTAL LIABILITIES		48,526,813	45,553,745
TOTAL EQUITY AND LIABILITIES		114,749,983	109,621,824

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The accounting policies and basis of preparation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) issued by the HKICPA, accounting policies generally accepted in Hong Kong and the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

2. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> – <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

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 its 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 2014 and 2013, respectively.

For the six months ended 30 June 2014

	Piped gas operation Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Sewage and water treatment operations Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Inter- segment elimination Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Segment revenue	14,342,614	7,954,567	–	132,724	–	22,429,905
Cost of sales	(12,506,008)	(5,063,134)	–	(110,725)	–	(17,679,867)
Gross profit	<u>1,836,606</u>	<u>2,891,433</u>	<u>–</u>	<u>21,999</u>	<u>–</u>	<u>4,750,038</u>
Profit/(loss) from operating activities	1,192,299	1,049,546	–	322,760	(45,114)	2,519,491
Finance costs	(172,074)	(39,531)	–	(395,016)	45,114	(561,507)
Share of profits and losses of:						
Joint ventures	3,846	–	–	(1,486)	–	2,360
Associates	<u>1,355,603</u>	<u>(753)</u>	<u>315,448</u>	<u>8,104</u>	<u>–</u>	<u>1,678,402</u>
Profit/(loss) before tax	2,379,674	1,009,262	315,448	(65,638)	–	3,638,746
Income tax	<u>(175,979)</u>	<u>(193,425)</u>	<u>–</u>	<u>(431)</u>	<u>–</u>	<u>(369,835)</u>
Profit/(loss) for the period	<u>2,203,695</u>	<u>815,837</u>	<u>315,448</u>	<u>(66,069)</u>	<u>–</u>	<u>3,268,911</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>2,197,353</u>	<u>339,926</u>	<u>315,448</u>	<u>(38,844)</u>	<u>–</u>	<u>2,813,883</u>

For the six months ended 30 June 2013

	Piped gas operation Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Sewage and water treatment operations Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Inter- segment elimination Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Segment revenue	12,514,879	7,913,960	–	121,102	–	20,549,941
Cost of sales	<u>(10,846,981)</u>	<u>(5,234,390)</u>	<u>–</u>	<u>(97,195)</u>	<u>–</u>	<u>(16,178,566)</u>
Gross profit/(loss)	<u>1,667,898</u>	<u>2,679,570</u>	<u>–</u>	<u>23,907</u>	<u>–</u>	<u>4,371,375</u>
Profit/(loss) from operating activities	1,002,480	989,955	–	87,300	(45,114)	2,034,621
Finance costs	(87,107)	(99,525)	–	(411,836)	45,114	(553,354)
Share of profits and losses of:						
Joint ventures	(979)	–	–	(7,264)	–	(8,243)
Associates	<u>1,056,166</u>	<u>(1,003)</u>	<u>255,916</u>	<u>10,176</u>	<u>–</u>	<u>1,321,255</u>
Profit/(loss) before tax	1,970,560	889,427	255,916	(321,624)	–	2,794,279
Income tax	<u>(142,675)</u>	<u>(177,566)</u>	<u>–</u>	<u>(4,791)</u>	<u>–</u>	<u>(325,032)</u>
Profit/(loss) for the period	<u>1,827,885</u>	<u>711,861</u>	<u>255,916</u>	<u>(326,415)</u>	<u>–</u>	<u>2,469,247</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>1,817,888</u>	<u>291,360</u>	<u>255,916</u>	<u>(303,084)</u>	<u>–</u>	<u>2,062,080</u>

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of financial statements.

During each of the six months ended 30 June 2014 and 2013, none of the Group's individual customers contributed 10% or more of the Group's revenue.

4. OTHER INCOME AND GAINS, NET

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Other income		
Bank interest income	68,950	74,458
Rental income	12,299	9,197
Government grants	169,085	47,670
Transfer of assets from customers	35,390	15,505
Others	162,072	135,898
	<u>447,796</u>	<u>282,728</u>
Gains, net		
Gain on disposal of items of property, plant and equipment, net	–	761
Gain on disposal of interests in subsidiaries	–	13,110
Gain on disposal of receivables under service concession arrangements	–	46,499
Gain on disposal of an available-for-sale investment carried at fair value, net	60,587	94,923
Foreign exchange differences, net	2,957	40,955
	<u>63,544</u>	<u>196,248</u>
Other income and gains, net	<u>511,340</u>	<u>478,976</u>

5. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation	1,066,485	1,015,351
Amortisation of prepaid land premium	18,721	14,490
Amortisation of operating concession*	6,518	–
Amortisation of patents**	250	–
Amortisation of computer software**	7,349	3,915
	<u>7,349</u>	<u>3,915</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.

** The amortisation of patents and computer software for the period are included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

6. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on bank loans and other loans wholly repayable		
within five years	191,321	163,192
Interest on guaranteed senior notes	361,447	360,774
Interest on convertible bonds	8,739	29,388
	<u>8,739</u>	<u>29,388</u>
Total interest costs	<u>561,507</u>	<u>553,354</u>

7. INCOME TAX

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Current – Mainland China	345,026	395,481
Deferred	24,809	(70,449)
	<u>369,835</u>	<u>325,032</u>
Total tax expense for the period	<u>369,835</u>	<u>325,032</u>

No provision for Hong Kong profits tax has been made during the period ended 30 June 2014 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. In accordance with the relevant tax rules and regulations in Mainland China, certain of the Company's subsidiaries enjoy income tax exemptions and reductions.

8. INTERIM DIVIDEND

On 29 August 2014, the Board declared an interim cash dividend of HK28 cents per share (six months ended 30 June 2013: HK25 cents per share), totalling HK\$359,618,000 (six months ended 30 June 2013: HK\$291,658,000).

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

The calculation of diluted earnings per share amounts for the period is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the deemed conversion of all dilutive convertible bonds of the Group at the beginning of the period, and the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of those convertible bonds of the Group which are convertible into ordinary shares of the Company at the beginning of the period.

The calculation of the basic and diluted earnings per share amounts is based on the following data:

	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to shareholders of the Company, used in the basic earnings per share calculation	2,813,883	2,062,080
Interest expense for the period relating to the liability component of the dilutive convertible bonds of the Group	<u>6,118</u>	<u>23,447</u>
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u>2,820,001</u>	<u>2,085,527</u>
	For the six months ended 30 June	
	2014	2013
	Unaudited	Unaudited
Number of ordinary shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	1,274,472,627	1,145,995,102
Effect of dilution – weighted average number of ordinary shares: Convertible bonds	<u>11,198,373</u>	<u>41,575,898</u>
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	<u>1,285,671,000</u>	<u>1,187,571,000</u>

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

In respect of the Group's receivables under service concession arrangements, aged analysis of receivables under service concession arrangements are closely monitored in order to minimise any credit risk associated with the receivables.

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

	30 June 2014 Unaudited HK\$'000	31 December 2013 Audited HK\$'000
One to two years	–	358,585
Two to three years	349,621	342,997
Over three years	334,422	–
	684,043	701,582

11. TRADE AND BILLS RECEIVABLES

The various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Aged analyses of trade and bills receivables are prepared and closely monitored in order to minimise any credit risk associated with receivables.

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

	30 June 2014 Unaudited HK\$'000	31 December 2013 Audited HK\$'000
Billed:		
Within one year	2,494,369	2,260,699
One to two years	63,898	66,176
Two to three years	48,960	34,955
Over three years	32,980	28,804
	2,640,207	2,390,634
Unbilled	1,290,718	2,002,740
	3,930,925	4,393,374

12. SHARE CAPITAL

A summary of the movements in the Company's issued share capital during the six months ended 30 June 2014 is as follows:

	Number of ordinary shares in issue	Issued capital (Unaudited) HK\$'000
At 1 January 2014	1,270,193,509	127,019
Transfer from share premium account (<i>note</i>)	–	29,607,291
Transfer from capital redemption reserve (<i>note</i>)	–	238
Conversion of convertible bonds into shares	15,208,259	667,335
Shares repurchased under the new Companies Ordinance	(1,051,500)	–
At 30 June 2014	<u>1,284,350,268</u>	<u>30,401,883</u>

Note:

Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014, the balances of share premium account and capital redemption reserve as at 3 March 2014 have been transferred to issued capital.

13. TRADE AND BILLS PAYABLES

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

	30 June 2014 Unaudited HK\$'000	31 December 2013 Audited HK\$'000
Within one year	6,207,055	1,920,092
One to two years	123,083	437,011
Two to three years	211,469	9,378
Over three years	<u>13,985</u>	<u>16,744</u>
	<u>6,555,592</u>	<u>2,383,225</u>

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2014 amounted to HK\$2,705,873,000 (unaudited) (31 December 2013: HK\$302,701,000 (audited)) and HK\$86,653,533,000 (unaudited) (31 December 2013: HK\$83,717,668,000 (audited)), respectively.

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2014 of HK28 cents (2013: HK25 cents) per share, which will be payable on about 28 October 2014 to shareholders whose names appear on the register of members of the Company on 9 October 2014.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Tuesday, 7 October 2014 to Thursday, 9 October 2014, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 6 October 2014.

EMPLOYEE

At 30 June 2014, the Group had approximately 49,000 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 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 2014.

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 period, not all independent non-executive directors and non-executive director attended general meetings of the Company due to other business engagements, which deviates from Code Provision A.6.7.

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 2014.

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 Mr. Fu Tingmei.

The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal controls system of the Company. The Audit Committee of the Company has already reviewed the unaudited interim results for the six months ended 30 June 2014 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the last six months ended 30 June 2014, the Company bought back a total of 1,051,500 ordinary shares of the Company on the Stock Exchange and these shares were subsequently cancelled by the Company. Details of the buy-backs of such ordinary shares are as follows:

Date	Number of Shares bought back	Price per Share		Total price paid HK\$
		Highest	Lowest	
		HK\$	HK\$	
28 January 2014	300,000	64.35	63.50	19,263,000
29 January 2014	301,500	66.67	66.50	20,172,000
30 January 2014	450,000	65.82	65.82	29,726,000

The buy-back of the Company's shares during the period was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

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
Wang Dong
Chairman

Hong Kong, 29 August 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong (Chairman), Mr. Hou Zibo, Mr. Zhou Si, Mr. Li Fucheng, Mr. Li Yongcheng, Mr. Liu Kai, Mr. E Meng, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Guo Pujin as non-executive director; Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say as independent non-executive directors.