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 2017

HIGHLIGHTS

- Revenue for the first half of 2017 amounted to approximately HK$27.6 billion, representing a decrease of 2.9% over the corresponding period of last year.

- Profit attributable to shareholders of the Company for the first half of 2017 amounted to HK$3.78 billion, representing an increase of 10.3% over the corresponding period of last year.

- Basic earnings per share attributable to shareholders of the Company amounted to HK$2.99, a year-on-year increase of 11.2%.

- An interim cash dividend of HK30 cents per share is declared for the six months ended 30 June 2017.

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 2017 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2017 together with the comparative figures in 2016. The consolidated revenue of the Group for the first half of 2017 was HK$27.6 billion, representing a decrease of 2.9% over the corresponding period of last year. Profit attributable to shareholders of the Company was HK$3.78 billion, representing an increase of 10.3% over the corresponding period in 2016.

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	**Proportion**
	HK$'000	*%*
Piped gas operation	3,248,410	72.8
Beer operation	234,230	5.2
Water and environmental operations	835,899	18.7
Solid waste treatment operation	143,703	3.3
Profit from major operations	4,462,242	100
Other operations and headquarter expenses	(685,864)	
Profit attributable to shareholders of the Company	3,776,378	

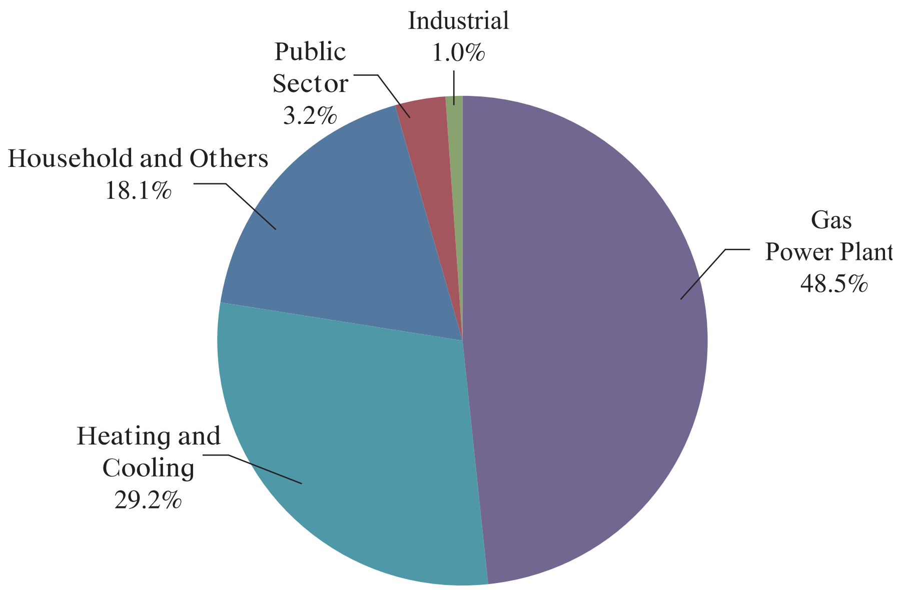
MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Natural Gas Distribution Business

Beijing Gas Group Company Limited ("Beijing Gas") recorded a revenue of HK$18.62 billion in the first half of 2017, decreased by 4.9% as compared with the same period of last year, which was mainly due to the depreciation in RMB exchange rate on a year-on-year basis. The gas sales volume was approximately 7.222 billion cubic meters, a year-on– year decrease of 1.2%, which was mainly attributable to higher temperature in winter as compared with the same period of last year and a decrease of gas consumption volume from the heating and power generation subscribers.

The gas sales volume of Beijing Gas in the first half of 2017 was approximately 7.222 billion cubic meters. An analysis by subscriber sector is shown as follows:



During the period under review, a total of 74,200 new household subscribers, 2,504 public sector subscribers, and heating boiler capacity of 961 t/h steam were developed. The subscriber growth across all user groups maintained a solid growth on a year-on-year basis. The capital expenditure of Beijing Gas in the first half year amounted to approximately HK$9.53 billion, including US$1.09 billion expenditure spent for the investment in Verkhnechonskneftegaz of Rosneft Oil Company ("VCNG Project").

Beijing Gas implemented the 2017 Clean Air Action Plan actively in the first half of the year. 336 villages in 10 suburbs were involved in the "coal-to-gas replacement" projects of the year. The construction of all the planned projects had been commenced, and 776 km of pipeline were completed by end of June. In the first half of the year, the tender and bidding work of the design and construction for the projects of "coal-to-gas conversion" for boilers was completed, and the construction work has been commenced in succession. Meanwhile, in cooperating with the development program of the Beijing government, Beijing Gas actively improved its natural gas distribution network in the surrounding areas. Beijing Gas actively expanded its distributed energy business, and proceeded to the subcenter projects of Beijing, Tongzhou Universal Studios and New aerospace city in Daxing in an orderly manner. Beijing Gas also actively expanded the LNG point-to-point supply business in Hebei, escorting the development of the "coal-to-gas replacement" projects in villages.

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 18.73 billion cubic meters in the first half of 2017, representing a year-on-year increase of 12.7%.

Beijing Gas shared a net profit after tax of HK$1.493 billion in the first half of 2017 through its 40% equity interests in PetroChina Beijing Pipeline Company, representing an increase of 6.1% when compared with the same period of last year. The total capital expenditure of PetroChina Beijing Pipeline Company was approximately HK$5.15 billion in the first half year.

China Gas

In the first half of 2017, the Group's share of profit of China Gas Holdings Limited ("China Gas", stock code: 384) was HK$556 million, which was based on the profit attributable to shareholders of China Gas for the six months ended 31 March 2017, representing a significant growth of 163% when compared with the corresponding period of last year. Benefited from the effective implementation of natural gas policy, China Gas responded actively to market changes and achieved considerable growth in its financial and operational performance in the three business segments (natural gas sales and pipeline connection, LPG sales and value-added business). In the 2017 financial year, China Gas achieved a sales volume of 12.22 billion cubic metres in natural gas, representing a year-on-year increase of 24.0%, and achieved a sales volume of 3.699 million tons in LPG, representing a year-on-year increase of 19.2%. 2.565 million households were newly connected and the cumulative number of households connected reached 20.68 million.

Beer Business

In the first half of 2017, as affected by various factors such as intense market competition, lacking of demand drive, rising labour cost and sustained heavy rains in many places, Beijing Yanjing Brewery Co., Ltd. ("Yanjing Beer") was still under a relatively high operating pressure. It maintained a stable and healthy development through grasping the "new normality" of economic development and developing operation concepts. Yanjing Beer kept abreast of consumption market upgrading, continued to facilitate the three key structural adjustments in products, branding and market. It moved forward the strategy of Yanjing fresh beer and cans, increased efforts in selling mid-range products, sorted out product lines and promoted price growth of unit products. At the same time, through dual branding operational strategy, it enhanced the proportion and efficiency of Yanjing main brands and drove the regional market development, adapted to the changes of consumption structure and integrated online and offline marketing strategies.

During the first half of 2017, sales volume of Yanjing Beer was 2.73 million kilolitres, representing a year-on-year increase of 2.2%. The sales volume of Yanjing main brand was 2.0 million kilolitres, representing a year-on-year increase of 4.7%, sales volume of "1+3" brand was 2.48 million kilolitres, representing a year-on-year increase of 2.6%. The revenue recorded was HK$6.093 billion. Its profit before tax was HK$759 million. Profit attributable to the shareholders of the Group in the first half year was HK$234 million, representing a year-on-year increase of 2.1%. The capital expenditure of Yanjing Beer in the first half year was approximately HK$474 million.

Water and Environmental Business

Beijing Enterprises Water Group Limited ("BE Water", stock code: 371) continued to strengthen and expand its businesses in water treatment, construction and technical services for water environmental renovation in the first half of 2017. Its turnover increased by 16% to HK$9.126 billion due to the increase in turnover from comprehensive renovation projects and water treatment services. Profit attributable to shareholders of BE Water increased by 22% to HK$1.914 billion, of which HK$836 million was net profit attributable to the Group, representing a year-on-year increase of 20.9%.

As at the end of June 2017, BE Water already participated in 544 water plants which are or will be in operation, including 423 sewage treatment plants, 110 water distribution plants, 10 reclaimed water plants and 1 seawater desalination plant. The total designed capacity was 29.651 million tons/day. Total designed capacity of new projects for the period was 2.668 million tons/day. In the first half year, BE Water actively participated in the construction of the subcenter of Beijing, and facilitated the synergic development among Beijing, Tianjin and Hebei region. It also secured the tender for the comprehensive improvement of urban water ecology PPP projects in Baotou. In actively responding to the national initiatives of "One Belt One Road", BE Water steadily carried out the reconstruction of its water distribution plants and the construction of pipeline projects in Chukai, the state of Terengganu in Malaysia. BE Water participated in various projects that spread across 21 provinces, 4 autonomous regions and 2 municipalities nationwide as well as in overseas countries and regions.

Solid Waste Treatment Business

At the end of the first half of the year, the solid waste treatment business segment of the Group has realized a waste incineration and power generation integrated treatment capacity of 27,575 tons/day. During the period, EEW Energy from Waste GmbH ("EEW GmbH") achieved an operating revenue of HK$2.32 billion, profit before interest, tax, depreciation and amortisation of EUR85.55 million, actual waste treatment volume of 2.197 million tons and sale of electricity of 790 million KWH. Beijing Enterprises Environment Group Limited ("BE Environment", Stock Code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd ("BEHET") achieved a total operating revenue of HK$520 million. The capital expenditure of solid waste related business in the first half year amounted to approximately HK$290 million.

In the first half of 2017, the solid waste treatment business of the Group in China completed a waste treatment volume of 1.602 million tons. It accomplished an on-grid power generation volume of 390 million KWH. BE Environment currently has 8 solid waste treatment projects under operation and one project under construction, which recorded a significant growth in its operation scale as compared with the same period last year, and carried out the expansion construction plan and technical reconstruction for Shandong Tai'an Project, Hunan Changde Project and Jiangsu Shuyang Project. BEHET attached importance to the standard of economic operation and environmental protection, focused on the integration of introducing know-how and its own technology management and innovation, and strived to transform them into actual application in production. It applied for a total of 24 patents in the first half year, of which 6 utility model patents were duly certified successfully.

Material Capital Operation

In the first half of the year, Beijing Gas successfully completed the acquisition of the 20% equity interest in VCNG Project, which laid a foundation for the further cooperation of both parties in future. The VCNG Project will greatly increase the natural gas supply capacity in the capital city, provide support in environmental protection business as well as its economic social development. Both parties will take this event as an opportunity to establish the direction for future cooperation purpose, outline a comprehensive planning on environment, trade, storage and transportation, consumption and market expansion policies related to the import of natural gas from Russia in future, and explore the possibilities of cooperation in sectors such as vehicle gas. The VCNG Project will also contribute stable profits and cash returns to the Group.

During the period under review, total foreign financing completed by the Group were approximately HK$12.977 billion. Of which, the Company successfully issued the 5-year guaranteed bonds amounting to EUR800 million and listed for trading in Ireland, which replaces part of the bridging loans for acquiring EEW GmbH. Beijing Gas successfully issued the 5-year guaranteed notes amounting to US$500 million and US$290 million syndicated loan to facilitate the acquisition of VCNG Project.

II. Prospects

Natural Gas Business

With the increasing awareness on environmental improvement, market demand for clean energy has increased remarkably, the proportion of natural gas to energy consumption continued to increase. Beijing Gas will continue to implement its clean air action plan, vigorously develop the "coal-to-gas conversion" for boilers and "coal-to-gas replacement" projects in villages, speed up the process of the projects in Beijing, Tianjin and Hebei region. For the distributed energy business, it will focus on assuring the investment and construction of energy station in the subcenter of Beijing, facilitate the projects of new airport, new aerospace city and Universal Studios actively. Meanwhile, it will also speed up the cooperation with Central Government energy enterprises to carry out storage facility investments. Through vigorously implementing the CNG/LNG point-to-point supply businesses, it plans to form a user development and gas supply model complemented with pipeline gas. It will also build the LNG trading platform gradually by integrating the LNG market sourcing resources in Beijing.

It is expected that the No. 4 Shaanxi-Beijing Pipeline will be completed and put into operation by the end of 2017. The comprehensive gas transmission capacity of the Shaanxi-Beijing Pipelines will be enhanced significantly to ensure meeting the increasing demand of natural gas in the greater Beijing region in future.

Beer Business

Since early this year, with the supply-side structural reforms, the China economy has shown an overall steady growing trend. Benefited from the gradual macroeconomic recovery, the consolidation in the beer industry shows signs of bottoming out, and the industry will benefit from the consumption upgrading in the PRC in the long term. In the second half year, Yanjing Beer will follow the upgrading trends of personalization of beer consumption structure, whilst making efforts to the structural adjustments on product, brand and market. It will also emphasize on the development and changes of personal beer preference to cater for the market demand of consumers, strengthen and fortify the sales channel development to enhance sales competition. Furthermore, Yanjing Beer will improve its management standards in market and quality by adopting centralized platform for market management, quality control, production/consumption matching and bulk materials sourcing and purchasing.

Water and Environmental Business

The water environment comprehensive renovation will enjoy a period of ample development opportunities in the second half of the year and the years to come. BE Water will grasp the opportunities brought by the PPP projects and further embark on various major works under the direction of its ecological strategies.

BE Water will co-ordinate the resources both internally and externally to ensure the smooth implementation of its ecological strategies. It will continue to engage in the extensive co-operation at different levels within the industry chain and boost the value of the entire industry by developing a business ecosystem of water and environmental services which is dynamic, favourable and beneficial by using BE Water's business value in the industry chain. It will also seek opportunities in business expansion through various channels in order to create synergy in exploring the market.

BE Water will further gain an edge by creating and developing its own water environment comprehensive renovation projects and provide comprehensive solutions and services at all levels for environmental project implementation in the cities in which it operate. The reform of the organisational structure of BE Water's five regional segments are measured in depth, and business investment will shift to a strategy-oriented approach with further improvement in the investment system.

Solid Waste Treatment Business

By continuing to leverage on the two platforms, namely BE Environment and BEHET, the domestic solid waste treatment business of the Group will focus on improving the economic benefits of the operating projects. Meanwhile, it will also introduce the advanced technology and management concept from EEW GmbH to upgrade and re-engineer its domestic projects, so as to improve quality and enhance efficiency. It will emphasize on strengthening the sophisticated management standard in eliminating discrepancies and supplementing deficiencies, exploiting production capacity to ensure the stable operation of equipment and facilities. It will strengthen the construction structure and site management to develop benchmark competitive products of project construction. It will establish big data system management in a creative manner to deepen the monitoring and control on existing assets efficiency. It will promote technology innovation comprehensively, carry out cooperation with the universities and institutions nearby, and accumulate patent and technical achievements relating to the process, equipment and operation within the sectors in household waste incineration and hazardous waste treatment to enhance core competitiveness.

In the second half of 2017, the Group will continue to adhere to the environmentally friendly and high-end development concept, grasp the golden development opportunity of national strategy and industrial environment actively, continue to promote capital operation, move forward the pace of deepening market reform, rapidly release the drivers of development innovation for facilitating the realization of overall upgrading in the industrial development of member enterprises, and increase the earnings growth standards and sustainable development capacity to provide support in achieving the high-end strategy development of the Company during the "13th Five-Year Plan" period.

III. Financial Review

Revenue

The revenue of the Group's operations in the first half of 2017 was approximately HK$27.6 billion, decreased by 2.9% when compared with the corresponding period of last year, which was mainly due to the depreciation in RMB exchange rate on a year-on-year basis. The revenue of gas sales was HK$18.62 billion, representing a year-on-year decrease of 4.9%. The revenue of beer sales was HK$6.09 billion. The revenue of solid waste treatment and environmental protection business was HK$2.88 billion, which included the revenue of EEW GmbH amounting to HK$2.32 billion. Other solid waste treatment businesses contributed an aggregate revenue of HK$560 million.

Cost of Sales

Cost of sales decreased by 2.8% to HK$22.77 billion on a year-on-year basis. 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 raw materials, wage expenses and certain direct management fees etc. Cost of sales of solid waste treatment operation included fuel charges, amortization and waste collection costs.

Gross Profit Margin

The overall gross profit margin was 17.5% when compared with the 17.6% in corresponding period of last year. The gross profit margin remained stable, which was mainly due to the gross profit margin from natural gas business that represented the highest proportion of total turnover was similar with the corresponding period of last year.

Gain on deemed disposal of partial interest in an associate

During the first half of 2017, BE Water issued ordinary shares upon the exercise of share options by its employees. The Group recognized a gain of HK$6.98 million on the deemed disposal of partial interest in an associate.

Other Income and Gains, net

Other income and gains, net mainly included interest income of HK$140 million, dividend income of HK$117 million, gain on disposal of certain fixed assets of HK$132 million, government grant of HK$85 million and rental income of HK$35 million etc.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in the first half of 2017 decreased by 4.9% to HK$1.039 billion, which was mainly due to the enhancement of marketing efficiency and effective cost control.

Administration Expenses

Administration expenses of the Group in the first half of 2017 were HK$1.783 billion, decreased by 2.1% when compared with the corresponding period of last year, which was slightly lower than the decrease in its operating revenue.

Finance Costs

Finance costs of the Group in the first half of 2017 was HK$708 million, increased by 2.1% when compared with the corresponding period of last year, which was mainly due to the recognition of 6 months interest expenses for a newly added bridging loan used for the acquisition of EEW GmbH in March last year during the period.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly included the 40% share of profit after taxation of PetroChina Beijing Pipeline Company, the 23.11% share of profit attributable to shareholders of China Gas and the 43.67% share of profit attributable to shareholders of BE Water.

In the first half of 2017, the Group shared the profit after taxation of PetroChina Beijing Pipeline Company amounting to HK$1.493 billion, and the Group shared the profit after taxation of China Gas amounting to HK$556 million and shared net profit of BE Water amounting to HK$836 million.

Taxation

The effective income tax rate was 29.2%, which was higher than the 22.4% in the corresponding period of last year. This was mainly due to higher tax rate of EEW GmbH.

Profit Attributable to Shareholders of the Company

In the first half of 2017, profit attributable to shareholders of the Company was HK$3.776 billion, representing an increase of 10.3% 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 book value of property, plant and equipment increased by HK$2.076 billion as compared with the end of 2016, which was mainly attributable to the increase in the amount of construction in progress resulted from new coal-to-gas conversion project of Beijing Gas and factory facilities upgrade of Yanjing Beer during the period.

Other intangible assets were mainly from EEW GmbH.

Interests in associates increased significantly by HK$13.47 billion, which was mainly due to completion of the acquisition of the 20% equity interest in VCNG project in the first half of the year, and the Group’s share of profit of PetroChina Beijing Pipeline Company, BE Water and China Gas in the first half year.

The balance of available-for-sale investment increased by HK$2.234 billion as compared with the end of last year, which was mainly due to the transfer of a prepayment amount of RMB1.9 billion to an available-for-sale investment during the period.

Balance of receivables under finance lease was from EEW GmbH.

Balance of prepayments, deposits and other receivables decreased by HK$1.546 billion, which was mainly due to the transfer of a prepayment amount of RMB1.9 billion to an available-for-sale investment during the period.

The balance of convertible bonds receivables represented the balance granted to allot the debt and derivatives of convertible bonds invested in Beijing Gas Blue Sky Holdings Limited by Beijing Gas.

Current Assets

The balance of inventories increased by HK$695 million, which was mainly due to the increase in inventories of Yanjing Beer.

The balance of trade and bills receivables increased by HK$972 million, which was mainly due to the account receivables of Beijing Gas incurred during the heating season that remained outstanding at the end of the period. It is expected that such receivables would be recovered one after another in the second half year.

The balance of prepayments, deposits and other receivables decreased significantly by HK$1.115 billion, which was mainly due to that dividend receivable from PetroChina Beijing Pipeline Company as at the end of last year was received during the period.

Cash balance increased by HK$1.161 billion, which was mainly due to the increase in cash flow during the period.

The balance of assets held for sale was nil, which was due to completion of the disposal of the ten city gas projects by Beijing Gas to China Gas and the coal to gas project in Keshiketeng County during the period.

Non-current Liabilities

The balance of bank and other borrowings increased by HK$4.787 billion, which was mainly due to the additional bank loans borrowed for the acquisition of VCNG project by Beijing Gas.

The balance of guaranteed bonds, notes and senior notes increased by HK$11.39 billion, which was mainly generated from additional guaranteed bonds amounted to EUR800 million, and the US$500 million guaranteed notes issued by Beijing Gas in the first half of the year.

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

Current Liabilities

The balance of trade and bills payables increased by HK$157 million, which was mainly due to the increase in accounts payable of Yanjing Beer.

The balance of receipts in advance decreased by HK$346 million, which was mainly due to the decline of natural gas sales volume in summer.

Other payables and accruals increased by HK$1.112 billion, which was mainly due to the final dividend for 2016 not yet paid by the Group as at the end of the period.

The balance of bank and other borrowings decreased by HK$6.814 billion, which was mainly due to the additional long-term guaranteed bonds of EUR800 million has replaced the original equivalent balance of bridging loan.

IV. Financial Position of the Group

Cash and Bank Borrowings

As at 30 June 2017, cash and bank deposits held by the Group amounted to HK$17.19 billion, representing an increase of HK$1.161 billion as compared with the year end of 2016.

The Group's bank and other borrowings, guaranteed bonds, notes and senior notes amounted to HK$59.99 billion as at 30 June 2017, which mainly comprised the 10-year and 30-year US dollar guaranteed senior notes of US$1.8 billion in total, the 5-year US dollar guaranteed notes of US$500 million, the 25-year US dollar guaranteed bonds of US$200 million, the 5-year Euro guaranteed bonds of EUR1.3 billion in total, syndicated loans amounting to US$290 million, term loan facility of HK$12.94 billion, bridging loans amounting to EUR865 million and HK dollar floating loans amounting to HK$2.71 billion.

Liquidity and Capital Resources

As at 30 June 2017, if the receipts in advance of approximately HK$3.717 billion for the replenishment of IC Card value of Beijing Gas are excluded, the Group had net current assets of HK$2.326 billion. The Group maintains sufficient banking facilities both in 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 2017, the issued capital of the Company was 1,262,153,268 shares and equity attributable to shareholders of the Company was HK$61.41 billion. Total equity was HK$72.89 billion when compared with HK$68.04 billion as at the end of 2016. Gearing ratio, being interest-bearing bank borrowings, guaranteed bonds, notes and senior notes divided by the sum of total equity, interest-bearing bank borrowings, guaranteed bonds, notes and senior notes, was 45% (31 December 2016: 43%).

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 2017

		For the six months ended 30 June	
		2017	2016
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**27,596,856**	28,417,102
Cost of sales		**(22,771,469)**	(23,428,367)
Gross profit		**4,825,387**	4,988,735
Gain on deemed disposal of partial interest in an associate		**6,982**	1,125
Other income and gains, net	*4*	**719,252**	646,848
Selling and distribution expenses		**(1,039,380)**	(1,092,622)
Administrative expenses		**(1,783,155)**	(1,821,594)
Other operating expenses, net		**(255,049)**	(103,920)
PROFIT FROM OPERATING ACTIVITIES	*5*	**2,474,037**	2,618,572
Finance costs	*6*	**(707,956)**	(693,512)
Share of profits and losses of:			
Joint ventures		**23,922**	977
Associates		**2,932,363**	2,376,584
PROFIT BEFORE TAX		**4,722,366**	4,302,621
Income tax	*7*	**(515,066)**	(430,336)
PROFIT FOR THE PERIOD		**4,207,300**	3,872,285

		For the six months ended 30 June	
		2017	2016
		Unaudited	Unaudited
	Note	***HK$'000***	*HK$'000*
ATTRIBUTABLE TO:			
Shareholders of the Company		**3,776,378**	3,423,338
Non-controlling interests		**430,922**	448,947
		4,207,300	3,872,285
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted		**HK$2.99**	HK$2.69

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**4,207,300**	3,872,285
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(63,906)**	(45,302)
Exchange differences:		
Translation of foreign operations	**1,749,494**	(1,670,577)
Reclassification adjustments for gain on deemed disposal of partial interest in an associate included in the consolidated statement of profit or loss	**–**	83
Reclassification adjustments for a foreign operation disposed of during the period	**(15,530)**	–
	1,733,964	(1,670,494)
Share of other comprehensive income/(loss) of associates	**79,978**	(314,118)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**1,750,036**	(2,029,914)
Items not to be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Actuarial losses	**(111,423)**	(157,787)
Income tax effect	**27,825**	43,388
	(83,598)	(114,399)
Share of other comprehensive loss of associates	**(3,080)**	(7,344)

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(86,678)**	(121,743)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	**1,663,358**	(2,151,657)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**5,870,658**	1,720,628
ATTRIBUTABLE TO:		
Shareholders of the Company	**4,900,003**	1,610,117
Non-controlling interests	**970,655**	110,511
	5,870,658	1,720,628

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	**30 June 2017 Unaudited** ***HK$'000***	31 December 2016 Audited *HK$'000*
ASSETS			
Non-current assets:			
Property, plant and equipment		**45,503,406**	43,427,899
Investment properties		**1,188,376**	1,133,290
Prepaid land premiums		**1,574,847**	1,529,906
Goodwill		**16,417,581**	15,772,276
Operating concessions		**2,731,480**	2,666,050
Other intangible assets		**3,581,701**	3,355,963
Investments in joint ventures		**299,171**	345,942
Investments in associates		**46,243,059**	32,771,154
Available-for-sale investments		**5,405,905**	3,171,535
Amounts due from contract customers		**10,351**	9,943
Receivables under service concession arrangements	*10*	**1,775,628**	1,598,429
Receivables under finance lease		**955,528**	848,684
Prepayments, deposits and other receivables		**1,395,545**	2,941,380
Debt component of convertible bond receivables		**89,906**	83,107
Derivative component of convertible bond receivables		**40,376**	40,376
Deferred tax assets		**1,312,338**	1,176,529
Total non-current assets		**128,525,198**	110,872,463
Current assets:			
Prepaid land premiums		**38,184**	36,371
Inventories		**5,648,406**	4,952,949
Receivables under finance lease		**81,761**	135,477
Amounts due from contract customers		**47,702**	23,335
Receivables under service concession arrangements	*10*	**57,196**	70,673
Trade and bills receivables	*11*	**4,649,331**	3,677,157
Prepayments, deposits and other receivables		**3,666,787**	4,781,741
Other taxes recoverable		**497,747**	560,011
Restricted cash and pledged deposits		**39,738**	56,547
Cash and cash equivalents		**17,148,935**	15,971,552
		31,875,787	30,265,813
Assets of a disposal group classified as held for sale		**–**	3,570,485
Total current assets		**31,875,787**	33,836,298
TOTAL ASSETS		**160,400,985**	144,708,761

	Notes	**30 June 2017 Unaudited** *HK$'000*	31 December 2016 Audited *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*12*	**30,401,883**	30,401,883
Reserves		**31,003,601**	26,919,325
		61,405,484	57,321,208
Non-controlling interests		**11,482,054**	10,717,718
TOTAL EQUITY		**72,887,538**	68,038,926
Non-current liabilities:			
Bank and other borrowings		**17,663,345**	12,876,585
Guaranteed bonds, notes and senior notes		**30,722,063**	19,333,950
Defined benefit plans		**1,892,194**	1,633,945
Provision for onerous contracts and major overhauls		**507,205**	461,103
Other non-current liabilities		**1,183,897**	1,022,636
Deferred tax liabilities		**2,278,220**	2,081,420
Total non-current liabilities		**54,246,924**	37,409,639
Current liabilities:			
Trade and bills payables	*13*	**4,086,616**	3,929,197
Amounts due to contract customers		**426,335**	322,684
Receipts in advance		**5,220,086**	5,566,252
Other payables and accruals		**10,612,661**	9,500,657
Provision for onerous contracts		**50,603**	46,235
Income tax payables		**739,060**	908,600
Other taxes payables		**526,395**	250,267
Bank and other borrowings		**11,604,767**	18,418,558
		33,266,523	38,942,450
Liabilities directly associated with the assets of a disposal group classified as held for sale		**–**	317,746
Total current liabilities		**33,266,523**	39,260,196
TOTAL LIABILITIES		**87,513,447**	76,669,835
TOTAL EQUITY AND LIABILITIES		**160,400,985**	144,708,761

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 have 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, 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 unaudited interim condensed consolidated financial statements do 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 2016.

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2016, 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 revised HKFRSs as disclosed in note 2 below.

In preparing the consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's total current liabilities exceeded its total current assets as at 30 June 2017. Taking into account the Group's internal financial resources, available banking facilities and new banking facilities currently under negotiation, the Directors of the Company considered that the Group will be able to continue as a going concern. Accordingly, the unaudited interim condensed consolidated financial statements have been prepared on a going concern basis.

The financial information relating to the year ended 31 December 2016 that is included in the condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 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 have reported on the financial statements for the year ended 31 December 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements have not been audited, but have 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 statements:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interests in Other Entities*

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

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 2017 and 2016, respectively.

For the six months ended 30 June 2017

	Piped gas operation Unaudited *HK$'000*	Brewery operation Unaudited *HK$'000*	Water and environmental operations 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	18,620,032	6,093,171	–	2,883,653	–	–	27,596,856
Cost of sales	(16,566,963)	(3,953,448)	–	(2,251,058)	–	–	(22,771,469)
Gross profit	2,053,069	2,139,723	–	632,595	–	–	4,825,387
Profit/(loss) from operating activities	1,444,863	770,260	–	484,149	(96,721)	(128,514)	2,474,037
Finance costs	(73,193)	(10,527)	–	(122,781)	(629,969)	128,514	(707,956)
Share of profits and losses of:							
Joint ventures	23,632	–	–	290	–	–	23,922
Associates	2,080,700	(893)	835,899	4,405	12,252	–	2,932,363
Profit/(loss) before tax	3,476,002	758,840	835,899	366,063	(714,438)	–	4,722,366
Income tax	(215,994)	(167,950)	–	(123,430)	(7,692)	–	(515,066)
Profit/(loss) for the period	3,260,008	590,890	835,899	242,633	(722,130)	–	4,207,300
Segment profit/(loss) attributable to shareholders of the Company	3,248,410	234,230	835,899	143,703	(685,864)	–	3,776,378

For the six months ended 30 June 2016

	Piped gas operation Unaudited *HK$'000*	Brewery operation Unaudited *HK$'000*	Water and environmental operations 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	19,578,867	6,739,315	–	2,067,064	31,856	–	28,417,102
Cost of sales	(17,469,497)	(4,252,915)	–	(1,689,710)	(16,245)	–	(23,428,367)
Gross profit	2,109,370	2,486,400	–	377,354	15,611	–	4,988,735
Profit/(loss) from operating activities	1,373,706	792,250	–	332,312	234,101	(113,797)	2,618,572
Finance costs	(98,373)	(27,308)	–	(109,518)	(572,110)	113,797	(693,512)
Share of profits and losses of:							
Joint ventures	(376)	–	–	(35)	1,388	–	977
Associates	1,629,283	(5,267)	691,420	–	61,148	–	2,376,584
Profit/(loss) before tax	2,904,240	759,675	691,420	222,759	(275,473)	–	4,302,621
Income tax	(189,307)	(189,031)	–	(34,303)	(17,695)	–	(430,336)
Profit/(loss) for the period	2,714,933	570,644	691,420	188,456	(293,168)	–	3,872,285
Segment profit/(loss) attributable to shareholders of the Company	2,696,133	229,458	691,420	131,246	(324,919)	–	3,423,338

During each of the six months ended 30 June 2017 and 2016, 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	
	2017	2016
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Other income		
Interest income	**139,987**	239,247
Rental income	**35,211**	35,017
Investment income from an available-for-sale investment	**117,110**	–
Government grants	**85,211**	96,309
Transfer of assets from customers	**15,383**	13,046
Others	**187,568**	242,561
	580,470	626,180
Gains, net		
Gain on disposal of items of property, plant and equipment, net	**132,423**	–
Foreign exchange differences, net	**6,359**	20,668
	138,782	20,668
Other income and gains, net	**719,252**	646,848

5. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Depreciation	**1,505,517**	1,345,408
Amortisation of prepaid land premium	**20,024**	29,590
Amortisation of customer contracts*	**156,427**	150,638
Amortisation of operating concession*	**50,388**	45,745
Amortisation of operating right*	**2,304**	1,641
Amortisation of patents*	**1,324**	1,307
Amortisation of computer software**	**20,333**	17,152

* *The amortisation of customer contracts, operating concession, operating right, and patents for the period are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.*

** *The amortisation of computer software for the period is 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	
	2017	2016
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**245,429**	252,161
Interest on guaranteed bonds, notes and senior notes	**455,449**	441,351
Total interest expenses	**700,878**	693,512
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**7,078**	–
	707,956	693,512

7. INCOME TAX

	For the six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current:		
Mainland China	**441,299**	461,820
Germany	**139,748**	44,194
Deferred	**(65,981)**	(75,678)
Total tax expense for the period	**515,066**	430,336

No provision for Hong Kong profits tax has been made during the six months ended 30 June 2017 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2016: 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 31 August 2017, the Board declared an interim cash dividend of HK30 cents per share (six months ended 30 June 2016: HK30 cents per share), totalling HK$378,616,000 (six months ended 30 June 2016: HK$378,646,000).

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount was based on the profit attributable to shareholders of the Company, and the weighted average number of ordinary shares of 1,262,135,588 (2016: 1,270,984,543) in issue during the period.

The Group has no potentially dilutive ordinary shares in issue during the six months ended 30 June 2017 and 2016.

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 2017	31 December 2016
	Unaudited	Audited
	HK$'000	*HK$'000*
Billed:		
Within one year	**–**	21,969
Unbilled	**1,832,824**	1,647,133
	1,832,824	1,669,102
Portion classified as current assets	**(57,196)**	(70,673)
Non-current portion	**1,775,628**	1,598,429

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. The Group does not hold any collateral or other credit enhancement over its trade and bills 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 2017	31 December 2016
	Unaudited	Audited
	HK$'000	*HK$'000*
Billed:		
Within one year	**4,084,139**	2,435,956
One to two years	**88,753**	54,286
Two to three years	**36,630**	30,323
Over three years	**47,234**	39,584
	4,256,756	2,560,149
Unbilled	**392,575**	1,117,008
	4,649,331	3,677,157

12. SHARE CAPITAL

	30 June 2017	31 December 2016
	Unaudited	Audited
	HK$'000	*HK$'000*
Issued and fully paid:		
1,262,153,268 (2016: 1,262,153,268) ordinary shares	**30,401,883**	30,401,883

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 2017	31 December 2016
	Unaudited	Audited
	HK$'000	*HK$'000*
Billed:		
Within one year	**2,595,240**	2,801,186
One to two years	**28,748**	64,644
Two to three years	**9,431**	11,122
Over three years	**16,711**	29,961
	2,650,130	2,906,913
Unbilled	**1,436,486**	1,022,284
	4,086,616	3,929,197

14. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 30 June 2017 amounted to HK$1,390,736,000 (unaudited) (31 December 2016: net current liabilities of HK$5,423,898,000 (audited)) and HK$127,134,462,000 (unaudited) (31 December 2016: HK$105,448,565,000 (audited)), respectively.

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2017 of HK30 cents (2016: HK30 cents) per share, which will be payable on about 18 October 2017 to shareholders whose names appear on the register of members of the Company on 25 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Thursday, 21 September 2017 to Monday, 25 September 2017, 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 Wednesday, 20 September 2017.

EMPLOYEE

At 30 June 2017, the Group had approximately 48,000 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 2017.

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 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 2017.

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. Ma She (with effect from 22 June 2017).The Audit Committee has already reviewed the unaudited interim results for the six months ended 30 June 2017 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 period, the Company bought back a total of 100,000 ordinary shares of the Company on the Stock Exchange. These shares were subsequently cancelled by the Company on 8 August 2017. Details of the buy-backs of such ordinary shares are as follows:

Month	**Number of Shares bought back**	**Price per Share**		**Total consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
May	100,000	37.20	37.20	3,720,000

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, 31 August 2017

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. E Meng, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Sze Chi Ching, Dr. Yu Sun Say and Mr. Ma She as independent non-executive directors.