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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(website: www.behl.com.hk)

(Stock Code: 392)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

HIGHLIGHTS

- Revenue from continuing operations for the year amounted to approximately HK\$19.7 billion, representing an increase of 79.5% over last year.
- Profit attributable to shareholders of the Company amounted to approximately HK\$2.28 billion, a record high since listing, representing an increase of 54.4% over last year.
- Basic earnings per share amounted to HK\$2.01.
- A final dividend of HK40 cents per share is proposed for 2008.
- A final special dividend of HK5 cents per share is proposed for 2008.

RESULTS

The Board of Directors of Beijing Enterprises Holdings Limited (the “Company”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2008, together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Restated)
CONTINUING OPERATIONS:			
REVENUE	2	19,704,247	10,975,515
Cost of sales		<u>(15,199,351)</u>	<u>(7,810,757)</u>
Gross profit		4,504,896	3,164,758
Gain on deemed disposal of interest in a subsidiary, net		450,791	–
Other income and gains, net		534,930	532,645
Selling and distribution costs		(1,142,871)	(888,992)
Administrative expenses		(1,457,685)	(891,415)
Other operating expenses, net		<u>(193,225)</u>	<u>(86,166)</u>
PROFIT FROM OPERATING ACTIVITIES	3	2,696,836	1,830,830
Finance costs	4	(407,068)	(243,275)
Share of profits and losses of:			
Jointly-controlled entities		912,628	178,243
Associates		<u>(146,811)</u>	<u>261,009</u>
PROFIT BEFORE TAX		3,055,585	2,026,807
TAX	5	<u>(359,297)</u>	<u>(263,872)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		2,696,288	1,762,935
DISCONTINUED OPERATIONS:			
Profit for the year from discontinued operations		<u>–</u>	<u>80,827</u>
PROFIT FOR THE YEAR		<u>2,696,288</u>	<u>1,843,762</u>

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000 (Restated)
ATTRIBUTABLE TO:			
Shareholders of the Company:			
Continuing operations		2,281,828	1,397,385
Discontinued operations		<u>–</u>	<u>80,827</u>
		2,281,828	1,478,212
Minority interests		<u>414,460</u>	<u>365,550</u>
		<u>2,696,288</u>	<u>1,843,762</u>
DIVIDENDS:			
	6		
Interim		227,479	227,706
Proposed final		<u>511,650</u>	<u>455,576</u>
		<u>739,129</u>	<u>683,282</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	7		
Basic:			
– For profit for the year		<u>HK\$2.01</u>	<u>HK\$1.72</u>
– For profit from continuing operations		<u>HK\$2.01</u>	<u>HK\$1.63</u>
Diluted:			
– For profit for the year		<u>HK\$1.90</u>	<u>HK\$1.71</u>
– For profit from continuing operations		<u>HK\$1.90</u>	<u>HK\$1.62</u>

CONSOLIDATED BALANCE SHEET

31 December 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000 (Restated)
ASSETS			
Non-current assets:			
Property, plant and equipment		17,988,216	15,813,634
Investment properties		198,759	334,262
Prepaid land premiums		1,136,358	837,507
Goodwill		8,537,759	6,898,734
Operating concessions		1,813,494	1,431,907
Other intangible assets		14,969	12,034
Interests in jointly-controlled entities		4,508,590	3,302,725
Interests in associates		802,207	881,268
Receivables under service concession arrangements		2,821,311	1,502,056
Prepayments, deposits and other receivables		124,270	22,094
Available-for-sale investments		309,789	290,424
Deferred tax assets		484,772	385,657
Total non-current assets		<u>38,740,494</u>	<u>31,712,302</u>
Current assets:			
Prepaid land premiums		24,356	18,832
Inventories		3,067,436	2,342,259
Amounts due from contract customers		202,512	178
Trade and bills receivables	8	1,056,026	874,995
Receivables under service concession arrangements		380,792	256,216
Prepayments, deposits and other receivables		1,419,334	1,538,517
Financial assets at fair value through profit or loss		1,566	39,250
Other taxes recoverable		72,873	35,196
Restricted cash and pledged deposits		64,413	131,800
Cash and cash equivalents		6,666,940	8,072,484
Total current assets		<u>12,956,248</u>	<u>13,309,727</u>
TOTAL ASSETS		<u><u>51,696,742</u></u>	<u><u>45,022,029</u></u>

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company:			
Issued capital		113,700	113,894
Reserves		29,006,598	26,319,844
Proposed final dividend	6	<u>511,650</u>	<u>455,576</u>
		29,631,948	26,889,314
Minority interests		<u>6,678,522</u>	<u>4,675,076</u>
TOTAL EQUITY		<u>36,310,470</u>	<u>31,564,390</u>
Non-current liabilities:			
Bank and other borrowings		3,895,388	3,282,325
Convertible bonds		515,908	–
Defined benefit plans		389,815	223,772
Provision for major overhauls		121,438	13,569
Other long term liabilities		204,442	136,690
Deferred tax liabilities		<u>279,859</u>	<u>175,469</u>
Total non-current liabilities		<u>5,406,850</u>	<u>3,831,825</u>
Current liabilities:			
Trade and bills payables	9	1,190,222	1,737,563
Amounts due to contract customers		107,831	20,468
Other payables and accruals		4,689,729	4,286,012
Provision for major overhauls		–	82,386
Income tax payable		457,983	528,064
Other taxes payable		361,021	330,046
Bank and other borrowings		<u>3,172,636</u>	<u>2,641,275</u>
Total current liabilities		<u>9,979,422</u>	<u>9,625,814</u>
TOTAL LIABILITIES		<u>15,386,272</u>	<u>13,457,639</u>
TOTAL EQUITY AND LIABILITIES		<u>51,696,742</u>	<u>45,022,029</u>

Notes:

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company’s subsidiaries. For the acquisition of minority interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill or in the income statement as an excess over cost of acquisition, where appropriate.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements:

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

The Group has concluded that the adoption of HK(IFRIC)-Int 12 has resulted in changes in accounting policies for the Group's expressway and related structures, and water plants of which are under public-to-private service concession arrangements. HK(IFRIC)-Int 12 has been applied by the Group retrospectively and comparative amounts have been restated.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ²
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ¹
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i> ¹
HKFRS 3 (Revised)	<i>Business Combinations</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i> ¹
HKFRS 8	<i>Operating Segments</i> ¹
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ¹
HKAS 23 (Revised)	<i>Borrowing Costs</i> ¹
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ²
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i> ¹
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ²
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i> ³
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> ³
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> ¹
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> ⁴
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> ²
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> ⁵

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarify wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for transfers of assets from customers received on or after 1 July 2009

* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

2. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents (1) the aggregate of the invoiced value of goods sold, net of value-added tax, consumption tax and government surcharges, and after allowances for returns and trade discounts; (2) the aggregate of revenue from toll revenue and the value of services rendered, net of business and consumption taxes and government surcharges; (3) an appropriate proportion of contract revenue of construction contracts, net of value-added tax, business tax and government surcharges; (4) the value of sewage treatment services and consultancy services on sewage treatment rendered; and (5) the value of licence fees, net of government surcharges.

(a) Business segments

The following tables present revenue and profit for the Group's business segments for the years ended 31 December 2008 and 2007:

Year ended 31 December 2008

	Continuing operations						Consolidated HK\$'000
	Piped gas operation HK\$'000	Brewery operation HK\$'000	Expressway and toll road operations HK\$'000	Sewage and water treatment operations HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	
Segment revenue:							
Sales to external customers	10,151,625	8,473,045	475,318	570,615	33,644	-	19,704,247
Intersegment sales	-	-	-	-	-	-	-
Other income and gains, net	51,413	186,715	20,344	8,954	42,260	-	309,686
Total	10,203,038	8,659,760	495,662	579,569	75,904	-	20,013,933
Segment results	724,258	814,043	187,973	306,757	(9,983)	-	2,023,048
Unallocated income and gains, net							676,035
Unallocated expenses							(2,247)
Profit from operating activities							2,696,836
Finance costs							(407,068)
Share of profits and losses of:							
Jointly-controlled entities	913,439	-	-	(811)	-		912,628
Associates	-	(1,091)	205	-	(145,925)		(146,811)
Profit before tax							3,055,585
Tax							(359,297)
Profit for the year							2,696,288

Year ended 31 December 2007

	Continuing operations					Discontinued operations					Consolidated HK\$'000 (Restated)
	Piped gas operation HK\$'000	Brewery operation HK\$'000	Expressway and toll road operations HK\$'000 (Restated)	Sewage and water treatment operations HK\$'000 (Restated)	Corporate and others HK\$'000	Total HK\$'000 (Restated)	Retail operation HK\$'000	Others HK\$'000	Total HK\$'000	Eliminations HK\$'000	
Segment revenue:											
Sales to external customers	3,253,919	6,738,239	608,584	227,039	147,734	10,975,515	-	-	-	-	10,975,515
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-
Other income and gains, net	27,021	94,496	2,188	2,838	104,655	231,198	-	-	-	-	231,198
Total	3,280,940	6,832,735	610,772	229,877	252,389	11,206,713	-	-	-	-	11,206,713
Segment results	263,564	684,336	392,077	221,725	(32,319)	1,529,383	-	-	-	-	1,529,383
Unallocated income and gains, net						301,447			80,827		382,274
Profit from operating activities						1,830,830			80,827		1,911,657
Finance costs						(243,275)			-		(243,275)
Share of profits and losses of:											
Jointly-controlled entities	178,243	-	-	-	-	178,243			-		178,243
Associates	-	(280)	-	-	261,289	261,009			-		261,009
Profit before tax						2,026,807			80,827		2,107,634
Tax						(263,872)			-		(263,872)
Profit for the year						1,762,935			80,827		1,843,762

3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Cost of inventories sold	14,587,099	7,495,161
Cost of services provided	612,252	315,596
Depreciation	1,208,107	845,040
Amortisation of operating concessions*	90,222	78,906
Amortisation of patents*	26	–
Amortisation of computer software*	23,483	1,053
Amortisation of prepaid land premiums	26,652	13,751
Loss on disposal of items of property, plant and equipment, net	2,234	21,333
Gain on disposal of subsidiaries	(94,707)	(80,827)
Gain on disposal of available-for-sale investments carried at cost	(10,456)	(111,230)
Gain on disposal of financial assets at fair value through profit and loss, net	(393)	(18,619)
Gain on deemed disposal of interest in an associate	(2,084)	(61,370)
Investment income	(1,370)	(12,086)
Interest income	(116,234)	(98,890)

* *The amortisations of operating concessions and patents for the year are included in “Cost of sales” on the face of the consolidated income statement. The amortisation of computer software for the year is included in “Administrative expenses” on the face of the consolidated income statement.*

4. FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	369,393	186,856
Interest on convertible bonds	21,294	3
Interest on finance leases	1,005	–
Interest on other loans	1,415	6,432
Imputed interest on an interest-free amount due to the immediate holding company with an extended credit period of one year	10,780	34,708
Imputed interest on an interest-free other loan from a minority shareholder	7,410	6,563
	<hr/>	<hr/>
Total interest expenses	411,297	234,562
Increase in discounted amounts of provisions arising from the passage of time	1,022	8,713
	<hr/>	<hr/>
Total finance costs	412,319	243,275
Less: Interest capitalised	(5,251)	–
	<hr/>	<hr/>
	407,068	243,275
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5. TAX

No provision for Hong Kong profits tax has been made during the year ended 31 December 2008 as the Group did not generate any assessable profits in Hong Kong. Hong Kong profits tax for the year ended 31 December 2007 had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during that year. The income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of the PRC, certain of the Company's subsidiaries enjoy income tax exemptions and reductions.

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Current – PRC:		
Hong Kong	–	612
Mainland China	415,952	277,741
Overprovision in prior years	(57,959)	–
Deferred	<u>1,304</u>	<u>(14,481)</u>
Total tax charge for the year	<u>359,297</u>	<u>263,872</u>

6. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim – HK\$0.20 (2007: HK\$0.10) per ordinary share	227,479	113,853
Interim special – Nil (2007: HK\$0.10) per ordinary share	<u>–</u>	<u>113,853</u>
	<u>227,479</u>	<u>227,706</u>
Proposed final – HK\$0.40 (2007: HK\$0.30) per ordinary share	454,800	341,682
Proposed final special – HK\$0.05 (2007: HK\$0.10) per ordinary share	<u>56,850</u>	<u>113,894</u>
	<u>511,650</u>	<u>455,576</u>
	<u>739,129</u>	<u>683,282</u>

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

The calculation of diluted earnings per share amounts for the year ended 31 December 2008 is based on the following:

- (i) the profit for the year attributable to shareholders of the Company, adjusted to reflect the effect of the convertible bonds issued by Beijing Enterprises Water Group Limited (“BE Water Group”), a subsidiary of the Company, on the profit for the year attributable to shareholders of the Company assuming the conversion of all dilutive convertible bonds issued by BE Water Group; and
- (ii) the weighted average number of ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all share options of the Company into ordinary shares.

The exercise or conversion of all outstanding options of Beijing Development (Hong Kong) Limited (“Beijing Development”, an associate of the Company) and all outstanding convertible bonds of China Information Technology Development (“CIT Development”, an associate of Beijing Development) had either an anti-dilutive effect or no diluting effect on the Group’s basic earnings per share for the year ended 31 December 2008.

The calculation of diluted earnings per share amounts for the year ended 31 December 2007 was based on the following:

- (i) the profit for the year attributable to shareholders of the Company, adjusted to reflect the effect of the exercise of all outstanding share options of Beijing Development (Hong Kong) Limited (“Beijing Development”);
- (ii) the convertible bonds issued by China Information Technology Development (“CIT Development”, an associate of Beijing Development) assuming the conversion of all outstanding convertible bonds of CIT Development; and
- (iii) the weighted average number of ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all share options of the Company into ordinary shares.

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Earnings:		
Profit for the year attributable to shareholders of the Company, used in the basic earnings per share calculation		
From continuing operations	2,281,828	1,397,385
From discontinued operations	—	80,827
	2,281,828	1,478,212
Interest expense for the year relating to the liability component of the convertible bonds of BE Water Group	21,294	—
Decrease in profit for the year as a result of the dilution of interest in BE Water Group assuming the exercise of all dilutive convertible bonds issued by BE Water Group	(145,292)	—
Decrease in share of profit of Beijing Development by the Company as a result of the exercise of all outstanding share options of Beijing Development	—	(1,568)
Decrease in share of profit of Beijing Development as a result of the dilution of interest in CIT Development assuming the full conversion of all outstanding convertible bonds issued by CIT Development	—	(1,481)
Profit for the year attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u>2,157,830</u>	<u>1,475,163</u>
Attributable to:		
Continuing operations	2,157,830	1,394,336
Discontinued operations	—	80,827
	<u>2,157,830</u>	<u>1,475,163</u>
Number of ordinary shares:		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	1,138,028,340	859,604,521
Effect of dilution of share options – weighted average number of ordinary shares	<u>525,258</u>	<u>1,804,079</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>1,138,553,598</u>	<u>861,408,600</u>

8. 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 the receivables.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of impairment, is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Within one year	961,288	790,595
One to two years	44,698	34,907
Two to three years	18,548	17,612
Over three years	31,492	31,881
	<u>1,056,026</u>	<u>874,995</u>

9. TRADE AND BILLS PAYABLES

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within one year	997,868	1,334,249
One to two years	158,266	392,436
Two to three years	18,351	3,947
Over three years	15,737	6,931
	<u>1,190,222</u>	<u>1,737,563</u>

10. EVENTS AFTER THE BALANCE SHEET DATE

(a) Issuance of new shares from conversion of convertible bonds

As at the date of this announcement, convertible bonds with aggregate principal amount of HK\$94,244,700 have been converted by certain bondholders of BE Water Group, in exchange for 199,630,000 new shares. As a result of the conversions, the issued capital of BE Water Group has been increased from HK\$240,507,336 divided into 2,405,073,357 shares to HK\$260,470,336 divided into 2,604,703,357 shares and the Group's equity interest in BE Water Group was diluted from 64.32% to 59.39%. The Group is not yet in a position to disclose any financial impact of this transaction.

(b) Acquisition of 貴港市供水有限責任公司 (“Guigang Water”)

Pursuant to a share transfer agreement dated 17 November 2008 (the “Acquisition Agreement”), the Beijing Enterprises Water (Hong Kong) Limited, a wholly-owned subsidiary of the BE Water Group agreed to purchase, and 貴港市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of People's Government of Guigang Municipality) (the “Vendor”) agreed to sell, 80% of the enlarged equity interests in Guigang Water for the consideration of RMB100,001,600 (equivalent to approximately HK\$113,687,000), comprising (i) RMB50,001,600 (equivalent to approximately HK\$56,844,000) being the consideration for acquisition of the 66.67% equity interests in Guigang Water; and (ii) RMB50,000,000 (equivalent to approximately HK\$56,843,000) being the consideration for the capital contribution of further 13.33% equity interests (as enlarged) of Guigang Water (the “Capital Contribution”). The consideration is to be settled by cash and is subject to adjustment based on the operating results of Guigang Water between the period from 31 December 2007 to 30 October 2008.

Guigang Water holds the entire share capital of 貴港市供水工程安裝公司 (Guigang Water Supply Installation Company) and 貴港市水錶檢定中心 (Guigang Water Meter Examination Centre). Guigang Water and its subsidiaries (collectively, the “Guigang Group”) is principally engaged in the operations of water supply and treatment, and the provision of related water supply services in Guigang City, Guangxi province, the PRC. The Guigang Group aims to expand its business into sewage treatment. A sewage treatment plant, known as 貴港城西污水處理廠 (Guigang ChengXi Sewage Treatment Plant), is currently under construction by Guigang Water.

The abovementioned transactions were approved by the shareholders of BE Water Group in a special general meeting held on 19 January 2009. The first consideration of RMB50,001,000 was settled during the year 2008. As at the date of this announcement, the Capital Contribution has not yet been made and the Group is not yet in a position to disclose any financial impact of this transaction.

11. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 31 December 2008 amounted to HK\$2,976,826,000, (2007: HK\$3,683,913,000, as restated) and HK\$41,717,320,000 (2007: HK\$35,396,215,000, as restated), respectively.

DIVIDENDS

The Directors of the Company recommended the payment of a final dividend of HK40 cents per share and a final special dividend of HK5 cents per share for the year ended 31 December 2008 payable to shareholders whose names appear on the register of members of the Company on Wednesday, 3 June 2009. Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend and the final special dividend will be paid on or around 18 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue of the Group was HK\$19.7 billion for 2008, increased by 79.5% comparing to last year. Profit attributable to the shareholders of the Company was HK\$2.28 billion, jumped 54.4% as compared to 2007 and marked a record high since the listing of the Company in 1997.

Profit attributable to the shareholders of the Company contributed by each business segment during the year are set out as follows:

	Profit attributable to shareholders of the Company <i>HK'000</i>	Proportion %
Natural gas business	1,481,171	70.5
Sewage and water treatment operation	230,830	11.0
Beer production operation	210,276	10.0
Expressway toll road operation	<u>178,716</u>	<u>8.5</u>
Profit from major business	2,100,993	100
Other businesses	(140,325)	
Exceptional items	<u>321,160</u>	
Profit attributable to the shareholders of the Company	<u><u>2,281,828</u></u>	

I. Business Review

Natural Gas Business

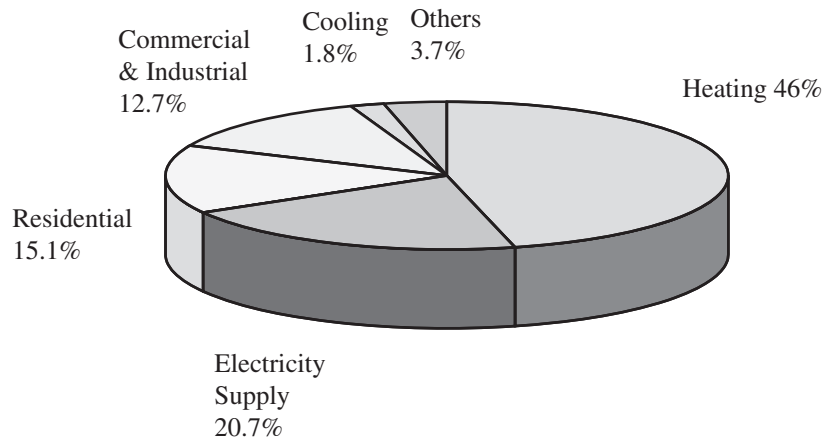
The results of the Group for 2008 completely reflect the achievements in the acquisition of Beijing Gas Group Company Limited (“Beijing Gas”). In 2008, profit contributed by Beijing Gas to the Group amounted to HK\$1.48 billion, representing 75.5% of the profit contributed from major business, which helped the Company successfully converted into a diversified conglomerate with public utilities as its principal businesses.

In 2008, Beijing Gas strengthened its development in the natural gas market in Beijing and achieved a remarkable progress in its expansion to the upstream and downstream parts along natural gas production chain. The natural gas market in Beijing has developed into the largest domestic gas market in terms of gas supply infrastructure and gas consumption. The total length of the natural gas pipeline reaches 7,758 kilometers with the gas supply network covering all urban areas in Beijing and rural counties such as Tongzhou, Daxing, Changping, Shunyi, Fangshan and Mentougou. There are a total of 3.6 million subscribers for natural gas, among which the number of public sector subscribers with higher commercial performance increased by 2,906 users, hitting a record high in four years.

In order to offset the seasonal fluctuations in the consumption of natural gas in Beijing, Beijing Gas extended the application of natural gas into the fields of heat-electricity co-generation, diversified energy and gas cooling. In 2008, the capacity of gas direct fired machines and equipment have achieved 2,934 t/h steam. The commencement of operations of the two natural-gas powered cogeneration plants, namely Taiyang Gong (太陽宮) and Zhengchang Zhuang (鄭常莊) both played an important role in enhancing the sales volume of natural gas and the transmission efficiency of pipelines. The volume of gas sold to cogeneration plants amounted to 1.01 billion cubic metres, driving the growth of gas transmission business substantially.

The sales volume of natural gas in the Beijing market in 2008 reached 4.89 billion cubic metres, representing a year-on-year growth of 32.9%. The revenue of this business segment increased 212% from the second half of 2007 to HK\$10.15 billion. The net profit after taxation amounted to HK\$568 million, representing a growth of 252.7% as compared with the second half of 2007. The total capital expenditure was approximately HK\$1 billion.

	For the 12 months ended	
	31 December 2008	
	Sales Volume	Proportion
	<i>Million cubic meter</i>	
Heating	2,250	46.0%
Electricity supply	1,010	20.7%
Residential users	740	15.1%
Commercial and industrial users	620	12.7%
Cooling	88	1.8%
Others	182	3.7%
	<hr/>	<hr/>
Total	<u>4,890</u>	<u>100.0%</u>



With respect to the development of the overseas markets, Beijing Gas successfully acquired 60% equity interest in Shandong Zhongyuan Gas at a consideration of RMB79.8 million in 2008, and established Beijing Gas Group Shandong Co., Ltd. (北京市燃氣集團山東有限公司). It then obtained the piped gas operation concession in the cities such as Rongcheng and Rushan in Shandong province. Beijing Gas Group Shandong Co., Ltd. has 82,000 subscribers for piped gas and a trunk pipeline of 311 kilometers long. As it is located in a region with well-developed economy, the long-term gas supply volume will be more than 300 million cubic meters.

In respect of the business of upstream gas transmission, Beijing Gas strengthened its business relationship with Petrochina Company Limited (“Petrochina”) in 2008. Through its 40% equity interest in Petrochina Beijing Natural Gas Pipeline Company Limited 中石油北京天然氣管道有限公司 (“Petrochina Natural Gas Pipeline Company”) (formerly known as Beijing Huayou Natural Gas Company Limited), Beijing Gas completed Nos. 1 and 2 Shanxi-Beijing Gas Pipelines project, the Beijing-Tang-Qin Pipeline (京唐秦管線) and Ban 808, 828 underground gas storages project (板808, 828地下儲氣庫群工程) with the total capital expenditure of approximately HK\$2.9 billion, which was partially satisfied by retained profits with the remaining portion financed by the shareholders’ loan provided by Petrochina. In 2008, the gas transmission volume of Petrochina Natural Gas Pipeline Company reached 12.2 billion cubic meters, representing an increase of 37.7% from 2007. The profit distributed to Beijing Gas based on its shareholding was approximately HK\$910 million, increased by 4.1 times from the second half of 2007.

The significant increase in gas transmission volume of Petrochina Natural Gas Pipeline Company was primarily attributable to the increasing number of cities in the northern region of China and the Bohai Bay switching to the use of piped gas as a clean energy, thus boosting the gas transmission volume through the Shaanxi-Beijing Pipeline of Phase I West-East Pipeline Project. In view of the nearly saturated gas transmission capacity of Nos. 1 and 2 Shaanxi-Beijing Gas Pipelines, Petrochina Natural Gas Pipeline Company will accelerate the progress of compression project for Nos. 1 and 2 Shaanxi-Beijing Gas Pipelines, which will further enhance the annual gas transmission capacity to more than 19 billion cubic meters.

Sewage and water Treatment Operation

In 2008, profit of Beijing No.9 water treatment plant concession attributable to the Group was approximately HK\$190 million, representing an increase of 3% as compared with the restated comparative figures of last year.

The Group completed the acquisition of Beijing Enterprises Water Group Limited (“BE Water Group”) (stock code: 371) in March 2008. BE Water Group commenced the operation of the wastewater treatment business after its acquisition of Z.K.C. Environmental Group Co., Ltd. (“ZKC Group”) in August 2008. ZKC Group is a major PRC wastewater treatment operator which enjoys economies of scale. As at 31 December 2008, BE Water Group had 20 wastewater treatment plants in China with an aggregate daily planned wastewater treatment capacity of 1.48 million tonnes, which includes the existing capacity of 1.12 million tonnes and the capacity of 360,000 tonnes to be contributed by the plants under construction. During the period from 1 August 2008 (the date of acquisition of ZKC Group) to 31 December 2008, the actual wastewater treatment capacity was 114 million tonnes, contributing approximately HK\$138 million to the revenue. Contribution of BE Water Group to profit attributable to shareholders amounted to approximately HK\$37.92 million.

Beer Production Operation

2008 was a challenging year to the PRC brewery industry. The sales volume of beer was affected by the snowstorm and the Wenchuan earthquake in the first half of the year and the implementation of logistic controls during the Beijing Olympic Games. Despite such adverse conditions, the sales volume of Beijing Yanjing Brewery Co., Ltd 北京燕京啤酒有限公司 (“Yanjing Beer”) in 2008 grew by approximately 5% to 4.22 million thousand litres while its revenue for 2008 amounted to HK\$8.47 billion, representing an increase of 25.7% over last year. Profit attributable to shareholders of the Company was approximately HK\$210 million, increased by 25.1% as compared to last year. The 10-12% rise in price of most beer products at the beginning of the year increased the revenue by HK\$530 million. The increase in sales volume of medium and high end beer products after optimization of the product structure also led to the rise in revenue by HK\$330 million, which offset the price pressure on raw materials. In addition, the exchange gain resulting from the appreciation of Renminbi also contributed to the increase in profit.

Beijing Yanjing Brewery Company Limited 北京燕京啤酒股份有限公司 (“Yanjing Brewery”) successfully issued 110 million new shares at an issue price of RMB10.2 per share in the fourth quarter in 2008, raising net proceeds of approximately RMB1.11 billion. After the issuance of new shares, the Group effectively held 45.18% equity interest in Yanjing Brewery. The net proceeds were primarily allocated to the implementation of nine new brewery technological improvement and expansion projects. Most of these projects have been completed, bringing a new production capacity of 1 million thousand litres per year. On the other hand, a portion of the proceeds was used in the Inner Mongolia barley advanced processing project (內蒙古大麥深度加工項目), which helped to strengthen the vertical integration of our production.

The 2008 Olympic Games was held in Beijing and Yanjing Brewery was one of the sponsors for the Games. During the Games, Yanjing Brewery proactively advertised and promoted its brandname, and was well-received by the domestic consumers. The increase in the brand value of Yanjing will be beneficial to its market development in the future.

Expressway and toll Road Operation

Since Terminal Three of the Beijing Capital Airport commenced operations in April 2008, the traffic volume of the Airport Expressway has shrunk. Up to 50,000 vehicles have been diverted to the auxiliary South Link Expressway per day. In addition, given the slowdown of the economic growth and the decline in overall air traffic volume, the current daily traffic volume of the Airport Expressway has reduced to approximately 90,000 vehicles. The total traffic volume amounted to 39.81 million vehicles in 2008, representing an average daily traffic flow of approximately 109,000 vehicles, marking a decline of 28.8% from 2007.

The revenue of the Airport Expressway in 2008 amounted to approximately HK\$390 million, representing a year-on-year decrease of 26.2%. Profit attributable to shareholders was approximately HK\$160 million, posting a year-on-year decline of 46.3%.

In 2008, the traffic volume of Shenzhen Shiguan Road reached 9.38 million vehicles, down 2.3% from 2007. Profit attributable to shareholders amounted to HK\$18.58 million, increased by 3.6% from last year.

Exceptional Items

In 2008, due to the conversion of the convertible bonds by minority shareholders, the Group recorded an extraordinary profit from the deemed disposal of interests in subsidiaries of approximately HK\$450 million. In addition, the Group gained approximately HK\$86.82 million on disposal of Long Qing Xia and Shun Xing Wine, and recorded a profit of HK\$46.75 million from the reversal of provision for other receivables. On the other hand, the Group allocated HK\$140 million to Beijing Development (Hong Kong) Limited (“Beijing Development”) (stock code: 154) as a provision for investment in China Information Technology Development Limited (“CIT Development”) (stock code: 8178). The Group also had certain provisions for assets and a one-off expenditure during the Olympic Games amounting to approximately HK\$120 million in aggregate. The Group recorded a net exceptional gains of more than HK\$320 million after reconciliation of the exceptional items mentioned above.

Other

Beijing Development remained as the platform for information technology business of the Group. The total number of the smart cards issued under the Smart Card Project (市政交通一卡通項目), in which 43% equity interest is owned by Beijing Development, reached 25 million. The Smart Card has become the largest platform for electronic payment in terms of market share. Since the commercial terms of the Smart Card has yet to be concluded, Beijing Development continued to record an operating loss.

The exceptional loss suffered by Beijing Development was mainly due to the provision for investment in CIT Development amounting to HK\$330 million.

II. Prospects

Natural Gas Operation

Beijing Gas will continue to adopt its expansion strategy along the production chain of natural gas. The gas supply network in Beijing has gradually extended to certain rural counties. Beijing Gas will step up its efforts to expand its gas markets to ten satellite cities located in Waihuan district of Beijing. On the other hand, the Beijing municipal government will continue to implement preferential policies for the environmentally-friendly co-generation power plants, providing support to the long-term demand of co-generation power plants for natural gas. As such, the proportion of natural gas supply to co-generation power plants will continue to increase.

Regarding the gas transmission operation, as Petrochina Natural Gas Pipeline Company has completed the majority of pipeline extension project in Bohai district, more cities in the Bohai Bay economic circle will switch to the use of cleaner natural gas as their energy. The gas transmission capacity will be restricted to certain extent in the short run due to the implementation of compression project for Nos. 1 and 2 Shanxi-Beijing Pipelines. However, the gas transmission capacity of Nos. 1 and 2 Shaanxi-Beijing Pipelines will be enhanced upon completion of the compression project in 2010.

In addition, Petrochina Natural Gas Pipeline Company has decided to invest in the establishment of No.3 Shaanxi-Beijing Pipeline, the gas transmission capacity of which will reach at least 15 billion cubic meters per year. This project involves a total investment amount of more than RMB20 billion, and is expected to commence its operation in the second half of 2011.

Beer Production Operation

Most of the nine brewery technological improvement and expansion projects of Yanjing Brewery have been completed. In 2009, there will be an additional annual production capacity of almost 1 million thousand litres, which will provide a great support for the nationwide business expansion. In the short term, the demand for premium beer will be affected by the economic slowdown while the low and medium end markets will continue to grow steadily in the first quarter of 2009. With respect to the costs, the prices of raw materials have undergone substantial adjustment but the inventory of raw materials is still under consumption at present. It is believed that the average cost of raw materials will decline, which will be beneficial to the growth of gross profit margin. After the Group increases its shareholding in Yanjing Brewery, the revenue and profit contributed by the beer production business to the Group will continue to grow.

Toll Road Operations

In view of the modifications of the investment policy on toll roads in the PRC by the China Development and Reform Commission, there is a tendency that new projects will be carried out in a mode of loan repayment through toll fees, thus restricting the commercial value of the projects. Due to the change in policy, it is difficult to explore new road project with high investment value in the foreseeable future. Under the influence of the diversion of traffic volume to the new expressway, the revenue from the existing Airport Expressway and Shenzhen Shiguan Road (深圳石觀路) of the Group will decline and the profit will decrease as well. Although the traffic flow of these two toll roads will eventually be stabilized, the proportion of their profit contribution to the total profit of the Group will begin to decline.

Water Treatment Operation

The Group will continue to develop the businesses in wastewater treatment and water supply through BE Water Group. The operational capacity of BE Water Group has reached 1.12 million tonnes of water per day. Upon completion of the water plants which are now under construction and those which are under planning, the daily integrated water processing capacity will exceed 1.58 million tonnes of water. Taking into account the projects of Nos. 9 and 10 Water Treatment Plants directly owned by the Group and the water treatment project in Baishamen, Hainan Province, the total operational capacity will exceed 3 million tonnes of water per day in the future. The Group expects that the profit contribution from the water treatment operation will grow steadily.

III. Financial review

Revenue

The revenue of the Group's continuing operations in 2008 was approximately HK\$19.7 billion, jumped 79.5% compared with the restated HK\$10.98 billion in 2007. This was mainly driven by the consolidation of Beijing Gas' full year revenue of HK\$10.15 billion in 2008. Yanjing Beer's revenue also grew healthily by 25.7% to HK\$8.47 billion. Other business contributed an aggregate of not more than 6% of the total revenue.

Cost of sales

Cost of sales jumped 94.6% to HK\$15.2 billion, mainly due to consolidation of the full year results of natural gas distribution business in Beijing. The cost of sales for gas distribution business included purchase cost of natural gas as well as depreciation of piped line network. Cost of sales of beer operations includes raw materials, direct overhead and absorption of certain indirect overhead.

Gross profit margin

Overall gross profit margin was 22.9% compared to 28.8% in 2007. The decline in profit margin was due to consolidation of the full year results of gas distribution business. Natural gas distribution business had average gross margin of approximately 14.5% which is lower than the higher margin brewery business, toll road and water business due to different direct cost structure. The gross margin of natural gas distribution business in Beijing narrowed in the second half of the year as the ratio of gas sales to co-generation power plant clients, which have lower gas supply bill value, was much higher than first half. The substantial increase of gas consumption volume of co-generation plants led to the increase of gas transmission volume of Petrochina Natural Gas Pipeline Company as well as the higher of profit of a jointly-controlled entity shared by Beijing Gas. Due to the surge in raw materials price, the gross profit margin of the beer production business slightly decreased to 28.3%.

Other income

Other income mainly comprised of total interest income amounted to HK\$120 million; gain on disposal of interests in certain subsidiaries amounted to HK\$86.82 million; reversal of provision for receivable amounted to HK\$46.75 million; receipts of tax refund, government grants and others in aggregate amounted to HK\$280 million.

Selling and distribution costs

Selling and distribution costs of the Group's continuing business in 2008 increased by 28.6% to HK\$1.14 billion mainly due to consolidation of full year results of natural gas distribution business. The proportion of selling and distribution costs for gas distribution business was lower than that of brewery business due to much higher advertisement expenses for consumer products business.

Administration expenses

Administration expenses of the Group in 2008 was HK\$1.46 billion, increased by 63.6% comparing to last year. The increase was mainly due to consolidation of the full year results of natural gas distribution business. The lower than gross margin percentage increase was due to relatively lower proportion of administration costs for gas distribution business comparing to brewery business.

Finance costs

Finance costs of the Group in 2008 was HK\$410 million, increased by 67.3% comparing to HK\$240 million in 2007. The significant increase was mainly due to drawdown of a syndicated loan amounting to HK\$2.1 billion which was used to complete the acquisition of Beijing Gas and consolidation of Beijing Gas' bank loans.

Share of profits and losses of jointly-controlled entities

This substantially represents the 40% share of the profit after taxation of Petrochina Natural Gas Pipeline Company. Petrochina Natural Gas Pipeline Company is 40% owned by Beijing Gas and 60% owned by Petrochina. The primary business of Petrochina Natural Gas Pipeline Company is natural gas transmission which supplies to city gas operators along the two long piped lines with an approximate total length of 2,200 kilometers owned by Petrochina Natural Gas Pipeline Company.

Share of results of associated companies

The Group's share of net losses of associates amounted to HK\$147 million in 2008.

Tax

After deducting the non-taxable other income of more than HK\$800 million, the effective income tax rate is approximately 25.5% as the standard enterprise income tax rate applicable to the two enterprises with the highest profit contribution, namely, Beijing Gas and Yanjing Beer was 25%.

Profit from continuing operation for the year

Based on the foregoing, the profit from continuing operations attributable to the shareholders of the Company for the year ended 31 December 2008 was HK\$2.28 billion (2007: HK\$1.4 billion).

IV. Financial Position of the Group

Cash and bank borrowings

As at 31 December 2008, cash and bank deposits held by the Group amounted to HK\$6.73 billion. At the period end date, the Group had a strong net working capital of HK\$2.98 billion. The Group maintains sufficient banking facilities for its working capital requirement and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's bank and other borrowings amounted to HK\$7.07 billion as at 31 December 2008, which mainly comprised of five year syndicated loans amounting to HK\$2.1 billion and working capital loans HK\$4.97 billion denominated in Renminbi and Hong Kong dollar. Around 33.8% of the bank loans were denominated in Hong Kong dollars with the rest in Renminbi. The Group was in a net bank and other borrowings position of HK\$337 million as at 31 December 2008.

Liquidity and Capital Resources

Upon completion of the Beijing Gas transaction in June 2007, the downstream gas distribution business has been contributing to the operating cash flow of the Group and significantly increased its liquidity.

During the year under review, there was no significant movements in the issued capital of the Company. As at the end of 2008, the issued capital of the Company has increased to 1,137,001,000 shares and shareholders equity grew to HK\$29.63 billion. Total equity was HK\$36.31 billion comparing to HK\$31.56 billion as at the end of 2007. With solid capital base and very strong balance sheets, the Group was not affected by the ongoing global credit crunch.

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

EMPLOYEES

At 31 December 2008, the Group had approximately 36,625 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

COMPLIANCE WITH THE "CODE ON CORPORATE GOVERNANCE PRACTICES"

Save as disclosed below, the directors believe that the Company complied with the code provisions (the "Code Provisions") as set out in Appendix 14 "Code on Corporate Governance Practices" to the Listing Rules for the year ended 31 December 2008.

Code Provision A.1.1

Code Provision A.1.1 stipulates that members of the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals and such regular board meetings will normally involve the active participation, either in person or through other electronic means of communication.

Three board meetings were held during the year. Directors consider it is more efficient to hold board meetings to address emerging issues as appropriate. Sufficient measures will be taken to ensure that the Company's corporate governance practices are no less exacting than those in this Code.

Code Provision A.4.1

The non-executive directors of the Company are not appointed for specific terms, which deviates from the requirement of Code Provision A.4.1. However, in view of the fact that nonexecutive directors are subject to retirement by rotation in accordance with the Company's Articles of Association, the Company considers that there are sufficient measures to ensure that the corporate governance standard of the Company is not less exacting than that of the Code Provisions.

COMPLIANCE WITH THE “MODEL CODE”

The Company has adopted Appendix 10 “Model Code” to the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirm that they complied with the “Model Code” during the year ended 31 December 2008.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors of the Company Mr. Wu Jiesi, Mr. Lam Hoi Ham (the Chairman of the 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 annual results have been reviewed and approved by the Audit Committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 28 May 2009 to Wednesday, 3 June 2009 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend and final special dividend and for attending the forthcoming annual general meeting of the Company to be held on Wednesday, 3 June 2009, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 June 2009.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2008, the Company repurchased a total of 2,279,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and these shares were subsequently cancelled by the Company. Details of the repurchases of such ordinary shares are as follows:

Month	Number of shares repurchased	Price per share		Total price paid HK\$’000
		Highest HK\$	Lowest HK\$	
June	936,000	25.6227	25.0077	23,562
July	857,000	25.4000	24.3000	21,357
September	100,000	22.5000	22.0000	2,238
October	386,000	24.9500	21.8500	9,259

The purchased shares were cancelled upon repurchase and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the purchase of the shares of approximately HK\$56,188,000 has been charged to the retained profits of the Company. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

The purchase of the Company's shares during the year 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 FINAL RESULTS AND ANNUAL REPORT

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

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors

Mr. Yi Xi Qun, Mr. Zhang Hong Hai, Mr. Li Fu Cheng, Mr. Bai Jin Rong, Mr. Zhou Si, Mr. Liu Kai, Mr. Guo Pu Jin, Mr. E Meng, Mr. Lei Zhen Gang, Mr. Jiang Xin Hao and Mr. Tam Chun Fai.

Independent Non-Executive Directors

Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei.

On behalf of the Board

Yi Xi Qun

Chairman

Hong Kong, 30 March 2009