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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 2012

HIGHLIGHTS

- Revenue for the year amounted to approximately HK$35.57 billion, representing an increase of 16.7% over last year.
- Profit attributable to shareholders of the Company amounted to approximately HK$3.27 billion, representing an increase of 17.8% over last year.
- Basic earnings per share amounted to HK$2.87.
- A final dividend of HK50 cents per share is proposed for 2012.

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 2012, together with comparative figures for the previous year. The revenue of the Group was HK$35.57 billion for 2012, increased by 16.7% as compared to last year. Profit attributable to shareholders of the Company was HK$3.27 billion, increased by 17.8% as compared to 2011.

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

	Profit attributable to shareholders of the Company *HK$'000*	**Proportion** *%*
Piped gas operation	2,787,827	79.5
Beer production operation	348,860	9.9
Sewage and water treatment operations	469,577	13.4
Expressway and toll road operations	(99,330)	(2.8)
Profit from major operations	3,506,934	100
Other operations and headquarter expenses	(616,029)	
Non-operating gains, net	379,478	
Profit attributable to shareholders of the Company	3,270,383	

MANAGEMENT DISCUSSION AND ANALYSIS

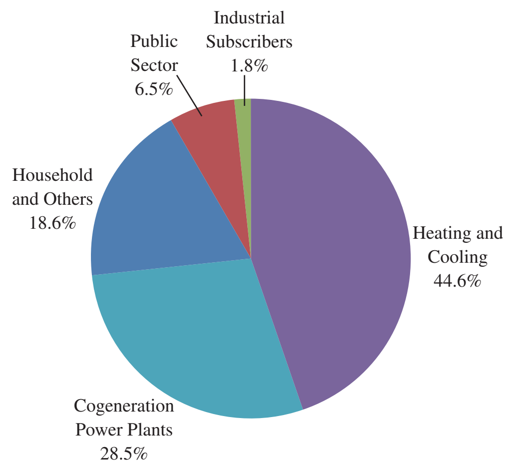
I. Business Review

Natural Gas Distribution Business

Beijing Gas Group Company Limited ("Beijing Gas") recorded a gas sales volume of 7.94 billion cubic metres in 2012, representing a year-on-year growth of 22.7%. Revenue amounted to HK$20.64 billion, representing a year-on-year growth of 25.4%. Net profit amounted to HK$1.09 billion, representing a year-on-year growth of 13%.

In 2012, there were approximately 374,000 new subscribers, of which 334,000 were household subscribers and 4,081 were public-sector subscribers. At the end of 2012, the total number of natural gas subscribers has reached 4,694,000 and pipelines in operation in Beijing increased to over 15,231 kilometres in length. During the year, heating boilers with a total capacity of 5,443 t/h steam were developed, with a loading of 430t/h steam in summer. Capital expenditure for basic pipeline and gateway stations infrastructure in Beijing amounted to HK$5.47 billion.

The sales volume of Beijing Gas in 2012 was approximately 7.94 billion cubic metres, analysed as follows:



Beijing Gas reported a strong growth in sales last year, reflecting mainly significant increase in annual gas consumption by Huaneng Power Plant (華能電廠) after the commencement of its gas-fired generating units at the beginning of the year. Moreover, gas consumption for heating also increased substantially by 615 million cubic metres or 20.1% in tandem with the continuous growth in residential users as well as the lower-than-usual temperature in winter. Direct gas consumption by residential users increased by 17% as a result of the addition of new residential subscribers and the use of wall-type heaters.

During the year under review, Beijing Gas seized the opportunities presented by the Capital City's initiatives to cure the PM2.5 hazard and achieved notable results in safeguarding energy supply security for the Capital City, enhancing the coverage of the suburban market, penetrating the urban market for gas consumption and promoting the use of clean energy, in persistent application of the general principle of "adjusting structures and procuring growth."

First of all, the construction of main pipeline networks for gas sources and the urban area was expedited. Full connection for gas supply of the Yancun-Xishatun section of No. 3 Shaanxi-Beijing Pipeline, a section within Beijing city, took place during the year, as strong support was afforded to intra-city engineering construction in connection with No. 3 Shaanxi-Beijing Pipeline. Further improvements were made to the natural gas pipeline network system to facilitate better gas reception and distribution. Key construction works at the north-south section of the 6th West Ring Road, Xisha Tunmen Station and Xijimen Station were advanced in steady progress.

Development was focused on the suburban areas with enhanced market development efforts. Gas resources for the suburban areas have been further consolidated with the full inclusion of operations of acquired enterprises in Huairou, Miyun and Changping etc into our respective local subsidiaries. The official unveiling of Beijing Gas Yanqing Company signified the full coverage of all outer suburban districts and counties of Beijing by Beijing Gas and the formation of a basic setup for suburban market development. The business development model for compressed gas operations in suburban areas has been elucidated, as we endeavoured to increase supply to the suburban market to drive the full coverage of suburban areas with clean energy, leveraging the local strengths of suburban companies and synergies afforded by the "operation of three gases."

Infrastructure investments for the year increased significantly by RMB1 billion over the previous year, making positive contributions in safeguarding gas supply and accelerating market development. The implementation of gas supply constructions at the four major Thermal Power Centres was advanced with increased pace. Phase II gas supply construction of Huaneng Power Plant (華能電廠) was fully completed. Connection for gas supply at the Southwest Thermal Power Centre (Caoqiao Thermal Power Plant) has commenced upon the completion of relevant construction works played an important role in the growth of annual gas consumption. Preliminary works for the Northeast and Northwest Thermal Power Centres and the reception facilities of the Datang Coal-to-Gas Conversion Project were progressing smoothly. The annual target coal-to-gas conversion of boilers has been met and exceeded.

Historically significant progress has been made in the vehicle gas market, with advances on all fronts such as production at gas sources, gas distribution, establishment of stations and the promotion of natural-gas vehicles, etc. Firstly, in a bid to lobby government adoption of policies relating to vehicle gas, we proactively offered to undertake related policy research and completed the "12th Five-Year Period" planning for vehicle gas development on behalf of the government, thereby fostering a favourable environment for vehicle gas development. Secondly, the construction of CNG and LNG gas sources were commenced in full scale. Meanwhile, Tongzhou Ciqu LNG Storage Station, the first LNG transfer station in Beijing, was completed and commenced to become the main source of gas supply for natural-gas public buses in Beijing during the 18th CPC National Congress. Thirdly, vigorous efforts were being made to promote the use of natural-gas vehicles, in connection with which a proposal for the promotion of natural-gas buses and taxis was formulated and published. Fourthly, the construction of natural-gas service stations was expedited. A vehicle gas company has been set up in joint venture with Sinopec and this joint venture has started natural-gas service station operations in cooperation with Beijing Public Transport (北京公交). Cooperation with Shunyi, Tongzhou, Daxing and other districts and counties has also been established, resulting in the completion and operation of a number of service stations. As at 31 December 2012, close to 20 service stations had been built and 1,000 natural-gas vehicles has been developed.

Breakthroughs have also been made in the distributive energy market for cooling-heating-power supply. Firstly, active efforts were made to strive for government adoption of policies relating to cooling-heating-power supply. Consequently, distributive energy of natural gas was classified as a priority sector at national level. Secondly, project company was established to expedite the development of such projects in Beijing, in connection with which a framework agreement was signed with the Haidian District Government for cooperation in energy projects located in the development area in northern Haidian. The target for the year, namely to complete 2, start construction of another 2 and further develop 3 projects, was completed, allowing us to stock up a number of cooling-heating-power supply projects.

Active efforts were made to advance projects in upstream resources. Meanwhile, positive developments of the Datang Coal-to-Gas Conversion Project have been reported, as the project is ready to supply gas to the Capital City following by a successful test run under large loading. Basic construction of the Wushenqi LNG Project has been completed, while the progress of non-conventional natural gas projects has been accelerated.

Investments in the urban gas business will be actively accelerated. As a matter of fact, Beijing Gas developed more gas projects outside Beijing than ever during the year under review, with three major regions of investment basically formed in Shandong, the Northeastern region and the periphery of Beijing. Meanwhile, through actively tracking and searching, a number of valuable investment projects have been stocked to provide a sound foundation for greater development of Beijing Gas in the future.

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 Co."), a company in which Beijing Gas holds 40% equity interests, achieved a gas transmission volume of 23.72 billion cubic meters in 2012, a year-on-year increase of 16.8%. Profit after taxation attributable to the Company amounted to HK$1.7 billion, a year-on-year increase of 30.5%. The urban ancillary work in Beijing for No. 3 Shaanxi-Beijing Pipeline project, which stretches 86 km in total from the Liangxiang gas transmission station in the south, up to the Xishatun gas transmission station in the north, is close to completion. This section will increase the overall transmission capacity of the Shaanxi-Beijing Pipeline system after its completion in January 2013.

Beer Business

Beijing Yanjing Brewery Co., Ltd.(北京燕京啤酒有限公司) ("Yanjing Beer") was confronted by the most challenging operating conditions of China's beer industry in the past 10 years. National sales volume of Yanjing Beer was 5.404 million kilolitres, representing a year-on-year decrease of 1.8%. The decrease in sales was mainly due to the decrease in sales of particular enterprises. Revenue was HK$14.44 billion, a year-on-year increase of 8%. It was mainly attributed to the product restructuring and the increase in sales of mid-high end products. Profit attributable to shareholders of the Company was approximately HK$350 million, representing a year-on-year decrease of HK$90 million or 20.5%. The decrease in profit was mainly attributed to the land compensation of

RMB110 million received by Hohhit City Company last year and the delay in receiving the land compensation of Gangzhou Company's relocation from the city to industrial park in the current year.

In 2012, China's beer industry was significantly affected by the macroeconomic conditions. As construction workers represent an important mass of consumers of beer, the decrease in the population of construction workers, in the wake of the close of the RMB4,000 billion fiscal stimulus, more stringent control over the real estate industry and reduced infrastructure construction work, have resulted in the decrease in beer consumption as compared to the past, with a low growth rate for the beer industry not seen in the past 20 years.

In response to such new trends and circumstances as slowing down of the economy of China, declining growth of beer consumption and rising production costs, Yanjing Beer was primarily engaged in structural adjustments in 2012 in three principal aspects, namely product structure adjustment, brand structure adjustment and market structure adjustment. A great deal of work has been done in relation to these core tasks and notable results have been achieved.

First of all, we conducted product structure adjustment. On the one hand, members of Yanjing Beer, seized the opportunities to adjust the prices of popular beers. As a principle, we are proactive in raising the prices of leading products in markets where we have the advantage, while in disadvantaged markets we raise prices only when the dominant brands have done so. A number of foreign enterprises have made price adjustments to their leading products in first half of 2012. On the other hand, we strengthened our sales efforts for medium and high end products. A diversified product line featuring high end flagship products like Yanjing Chunsheng (燕京純生) and Yanjing Wuchun (燕京無醇), medium end flagship products like Yanjing Draught Beer (燕京鮮啤) and affordable flagship products like Yanjing Refreshing Beer (燕京清爽啤酒) was established. Through efforts in these two areas, the per kilolitre price was improved, thereby lifting revenue from our core business. In 2012, the sales volume of products with revenue per kilolitre below RMB2,500 was 3.94 million kilolitres, a decrease of 0.33 million kilolitres or 7.7% from the corresponding period of the previous year; while sales volume of products with revenue per kilolitres above RMB2,500 was 1.46 million kilolitres, an increase of 0.22 million kilolitres or 18% from the corresponding period of the previous year. Generally, the ratio of medium and high end products reached 27%, an increase of 4 percentage points from the same period of the previous year.

In terms of brand structure adjustment, the Company continued to implement the "1+3" branding strategy and increased the concentration of "1+3" brands, establishing "Yanjing" as the national core brand and Liquan (漓泉), Huiquan (惠泉) and Xuelu (雪鹿) as the regional strong brands. The emphasis in 2012 was mainly focus on certain enterprises, such as the newly acquired subsidiaries, Henan Yueshan (河南月山) and Zhumadian (駐馬店), as well as the Shandong subsidiaries which have greater sales volume of local brands. Sales efforts of beer under Yanjing brand were intensified to enhance the influence of Yanjing brand so as to curtail the sales volume of other weaker regional brands.

In order to complement the promotion of the main Yanjing brand in the national market, the Company increased its advertising efforts with a series of marketing campaigns to promote the popularity and reputation of the Yanjing brand. Through such endeavours, Yanjing Beer's brand value reached RMB36.594 billion, representing an increase of 30.15% from last year. Sales volume of the brands included in the Company's "1+3" brands was 4.83 million kilolitres last year, representing a concentration of over 90%. Sales volume of the Yanjing Beer reached 3.54 million kilolitres, an increase of 0.16 million kilolitres over the corresponding period of the previous year, increasing at a growth rate of 4.73% and with a major brand concentration of 66%.

Lastly, we also carried out market structure adjustment. Since market growth for China's beer industry is shifting from the eastern and coastal to the central and western regions, Yanjing Beer is also shifting the focus of its investment from the eastern to central and western regions, progressively increasing its investment and marketing efforts in the central and western markets. During the year, subsidiaries in Yunnan and Sichuan underwent renovation or expansion from time to time. Investment projects currently under construction include: (1) a newly built project in Alar, Xinjiang, which is currently in trial run; (2) the relocation of Xuelu Beer (Fengzhen) Co. Ltd. (雪鹿啤酒(豐鎮)有限責任公司) from urban areas to industrial parks; (3) the relocation of 燕京啤酒(金川)有限責任公司 (Yanjing Beer (Jinchuan) Co. Ltd.) out of urban areas into industrial parks; (4) a newly built project in Guizhou; (5) the technological upgrade project of Xiandu (仙都); and (6) the expansion project of Yanjing Beer (Zhumadian) Co. Ltd.(燕京啤酒(駐馬店)有限公司) to increase its capacity by 100,000 tons. All projects mentioned above are scheduled for commissioning in mid to late 2013. Meanwhile, in order to fulfil the funding requirements for the expansions and to reduce financial costs, a resolution was passed in December at the board meeting and the general meeting of Yanjing Beer to raise funds amounting to approximately RMB1.64 billion by way of public issue of shares, to finance the new construction, renovation and expansion projects in 9 companies in Xinjiang, Sichuan, and Yunnan, etc.

Sewage and Water Treatment Operations

The water treatment business of the Group carried out through Beijing Enterprises Water Group Limited ("BE Water") (stock code: 371) continued to report a rapid development in 2012. During the year, BE Water continued to adopt the multi-module development strategy, with an addition of 1.7655 million tons/day in water processing capacity.

As of 31 December 2012, in the 19 provinces across the country, BE Water owned a total of 155 water plants of different categories, including 120 sewage treatment plants, 30 water treatment plants, 4 reclaimed water plants and 1 desalination plant. Total completed operating treatment capacity was 7.29 million tons/day, comprising sewage processing capacity of 4.78 million tons/day, water supply capacity of 2.13 million tons/day and reclaimed water capacity of 0.38 million tons/day. The capacity of water plants that had not yet commenced operation was 3.2 million tons/day, comprising sewage processing capacity of 1.81 million tons/day, water supply capacity of 1.23 million tons/day and reclaimed water capacity of 0.11 million tons/day and desalination capacity of 50,000 tons/day. The actual treatment volume was 1.611 billion tons in 2012, representing a growth of 42.8% over last year. During the year, the revenue of construction services of BE Water had a more rapid growth, eliminating the effects of the increased head office expense. Revenue from the operation of BE water as a whole was HK$3.73 billion, and profit attributable to its shareholders was HK$750 million, representing a growth of 25% over last year. Net profit for the year attributable to the Company was HK$3.31 million, representing a growth of 25% over last year. The relative faster profit growth in 2012 was primarily driven by the substantial increase in revenue from processing fees after the new sewage treatment plants were put into operation and the rapid growth of the profits of construction services.

As for water purification business, net profit of water concession of Beijing No. 9 Water Treatment Plant attributable to the Group was approximately HK$139 million (2011: HK$146 million).

Toll Roads Business

The toll charging traffic volume of the Beijing Capital Airport Expressway in 2012 was 25.17 million (2011: 26.34 million) vehicles. The toll revenue amounted to HK$150 million, representing a year-on-year decrease of 36%. Net loss attributable to shareholders of the Company was HK$99.33 million (2011: Profit of HK$6.27 million). The operation of Shenzhen Shiguan Road was terminated during the year and discussions with the Shenzhen government regarding the arrangements of shareholder settlement are currently underway.

Following the Company's formal disposal of 96% equity interests in Beijing Capital Airport Expressway to Beijing Enterprises Group Company Limited, the parent company, at a consideration of RMB1.114 billion subsequent to the balance sheet date, the Company will cease to operate any toll road business.

Solid Waste Treatment Business

After several years of cultivation and development, the Company has commenced the establishment and operation of 4 solid waste treatment projects, including (1) the Guodingshan domestic waste to energy project in Wuhan with a processing capacity of 1,500 tons/day equipped with 3 circulating fluidized bed combustion boilers fuelled by waste and 2 pure condensing power units. The project has a concession term of 25 years, and commenced commercial operation at the end of September 2012; (2) a hazardous waste treatment centre in Hengyang with a designed annual capacity of 35,000 tons and a concession term of 25 years. The project is currently in trial run; (3) the Shuangqi domestic waste to energy project in Harbin with a designed total capacity of 1,600 tons/day. The project includes renovation of the fluidized bed process with a capacity of 400 tons/day and expansion of the chain-grate stoker combustion process with a capacity of 1,200 tons/day. The project was invested and constructed on a BOT basis and has a concession term for 30 years. The upgrade project is scheduled to complete testing by the end of April 2013; (4) the Wenchang waste to energy project in Hainan Island, which has passed its trial run. Volume of waste fed into the furnace throughout the year was 25,866 tons, from which 4.86 million of units of electricity was generated, out of which 3.58 million units was supplied to the power grid. Hazard-free production was maintained throughout the year.

II. Prospects

Natural Gas Distribution Business

Beijing Gas will continue to penetrate the urban market. We will procure the implementation of the Beijing Government's policy for curing PM2.5 hazards and enhance the development of coal-to-gas boiler projects to complement coal-to-gas projects in urban areas, striving to achieve the goal of a coal-free No. 6 District by 2014. Further sub-division will be made in respect of mature markets, with an eye for quality customers in the restaurant, public service and construction sectors. Increased efforts will be made to identify potential customers in various functional parks and zones, as well as to direct and optimise the manner of energy consumption by users, in close tandem with urban development planning and functional positioning. Development of the suburban market will be expedited to drive gas sales at suburban counties for a higher-than-average annual growth rate. The implementation of key construction work will be expedited, and the subsequent phases of the 6th West Ring Road Project will be actively advanced to secure gas supply. Intra-city ancillary constructions for the No. 4 Shaanxi Pipeline, as well as the construction of intra-city reception facilities for the Datang Coal-to-Gas Project, will be properly conducted. The construction of the thermal power centres at Gaoantun and Gaojing, together with ancillary gas pipelines and facilities, will also be accelerated to ensure completion and connection for gas supply by the end of 2013. The construction of ancillary pipelines for the Tangshan LNG Project will be completed. The coal-to-gas conversion of the coal-fired boiler with a capacity of over 2,590 tonnes of steam and 20 tonnes/hour will be completed with full force. Vigorous efforts will be made to develop urban gas markets in other regions of China. In line with the strategic setup of Beijing Gas, focused efforts will be made to tap regional urban gas markets along the Shaanxi-Beijing Line and in the Northeastern, Northern and Bohai Rim regions, with a view to forming a greater regional market comprising mutually supportive and synergistic sub-segments.

In connection with the penetration of the Beijing market for gas distribution, we will first and foremost seek to expedite development of the distributive energy market for cooling-heating-power supply through natural gas. As our market development principal, the project company established will step up with the implementation of relevant supporting policies. High-end exemplary projects will be properly conducted with the Beijing market as the primary target, as focused efforts will be made to advance projects in zones and parks such as Beijing Technology Business Zone, the northern Haidian District and Beijing-Bohai Rim High-end Headquarter Base, etc, in order to enhance our ability to compete and control and assure our dominance in the Beijing market.

Secondly, the vehicle gas market will be developed with vigorous efforts. As the principal for market development, Luyuanda (綠源達公司) will step up with the construction of the LNG-CNG supply system, to create a one-stop supply chain for vehicle gas comprising production, transportation and sales. The construction of service stations will also be accelerated — the construction of LNG plants, transfer stations and CNG main stations will be properly conducted and the distribution of service stations will be further improved to reassure our stronghold of the high-end market. Cooperation with district/county governments and Sinopec will be enhanced to facilitate faster tapping of the market utilising all forms of resources. We will continue to strengthen our marketing efforts, procuring the implementation of projects for the use of natural gas in buses and taxis, while making focused efforts to seek breakthroughs for the use of natural gas vehicles in the sectors of logistics and long-distance passenger transport, etc, with the aim of procuring the use of natural gas in 10,000 vehicles by the end of 2013. Operations should be enhanced — a complete operation and service regime covering the entire CNG and LNG business chain of production, transportation and sales will be formed as soon as practicable, while our ability to safeguard and maintain the standard of operating services for vehicle gas will also be enhanced to ensure effective operation of the business chain.

Natural Gas Transmission Business

With the full connection and operation of No. 3 Shaanxi-Beijing Pipeline, the Shaanxi-Beijing pipeline system currently boasts an integrated annual gas transmission capacity of over 35.0 billion cubic metres, which will be sufficient to meet the growth in demand for the next two years. Preliminary ancillary construction for No. 4 Shaanxi-Beijing Pipeline has started and connection for gas supply is expected to take place by the end of 2014, which will provide assurance for supply requirements in the natural gas development of Beijing and the Northern regions.

Beer Business

The overall target set out in the "12th Five Year Period" of Yanjing Beer remains at 8 million kilolitres, aiming to enter the world's beer industry as one of the top six brands. The targeted beer sales volume of Yanjing Beer for 2013 is 6 million kilolitres. In 2013, Yanjing Beer will remain focused on the adjustment of three principal structures: namely the product structure, the brand structure and the market structure. The most important priority for the adjustment of the product structure would be the adjustment of the price regime. In the coming year, Yanjing Beer will endeavour to increase sales of high-end beer, and future development will be focused on canned beer. As canned beer currently accounts for a relatively low percentage of the overall beer market in China, opportunities presented by this trend should be well seized. Meanwhile, the designs, price mechanisms and images of products should be standardised in the process of product structure adjustment. In terms of brand structure adjustment, we will remain committed to the "1+3" branding strategy and continue to enhance the level of concentration on the "1+3" branding. In terms of market structure adjustment, we will continue to increase investment in the mid-western market in persistent implementation of our policy of committing more resources to better-performing regions, so as to further enlarge the market share of Yanjing Beer.

III. Financial Review

Revenue

The revenue of the Group in 2012 was approximately HK$35.57 billion, increased by 16.7% compared with the revenue of HK$30.47 billion in 2011. This was mainly driven by the stable growth of Beijing Gas' revenue and Yanjing Beer's revenue. Other business contributed an aggregate of not more than 3% of the total revenue.

Cost of Sales

Cost of sales increased by 19% to HK$28.21 billion. 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, wage expenses and absorption of certain direct overhead.

Gross Profit Margin

Overall gross profit margin was 20.7% as compared to 22.1% in 2011. The decrease in gross profit margin was mainly attributable to the increase in raw materials costs and energy charges, resulting in the higher cost of sales as a whole. The results of toll roads from profit to loss also lowered the gross profit margin as a whole.

Gain on Disposal of Interests in Subsidiaries

During 2012, the Group disposed of its 96% interest in Beijing Capital Expressway Development Co., Ltd. with a gain of HK$602 million.

Other Income

Other income was mainly comprised of government grants amounted to HK$210 million, transfer of pipeline networks amounted to HK$120 million and bank interest income amounted to HK$250 million and so on.

Selling and Distribution Expenses

Selling and distribution costs of the Group in 2012 increased by 8.3% to HK$2.38 billion and was mainly due to the promotion of natural gas for cars by Beijing Gas also incurred higher selling costs and many new breweries outside Beijing has commenced operation and the launching of more new products during the year, recruitment of a large number of new sales staff and higher increase in marketing expenditure.

Administration Expenses

Administration expenses of the Group in 2012 were HK$3.01 billion, increased by 23.3% comparing to last year. The increase in administration expenses was mainly due to the continuing expansion of the scale of gas distribution business and beer business and increase in related wages and fixed costs.

Finance Costs

Finance costs of the Group in 2012 was HK$997 million, increased by 54.1% comparing to HK$647 million in 2011, which was mainly due to the increase in the issuance of Guaranteed senior notes of US$0.8 billion in April 2012 and the calculation of last year annual interest expenses of Guaranteed senior notes of US$1 billion.

Share of Profits and Losses of Jointly-Controlled Entities

Share of profits and losses of jointly controlled entities in last year mainly represents the 40% share of the profit after taxation of PetroChina Beijing Pipeline Co.. PetroChina Beijing Pipeline Co. is 40% owned by Beijing Gas and 60% owned by Kunlun Energy. The primary business of PetroChina Beijing Pipeline Co. is natural gas transmission which supplies natural gas to city gas operators along the three long piped lines with an approximate total length of 3,000 kilometers owned by PetroChina Beijing Pipeline Co..

Share of Profits and Losses of Associates

During 2012, PetroChina Beijing Pipeline Co. became our associate. The Group shared 40% of its net profits after taxation, amounted to HK$1.7 billion. The Group's share of net profits of BE Water amounted to HK$331 million and share of net loss of Beijing Development (Hong Kong) Limited ("Beijing Development") amounted to HK$8.19 million in 2012.

Tax

After deducting the share of profits and losses of jointly-controlled entities and associates, the effective income tax rate is 26.4%, higher than that of 22.7% in last year. The increase in effective income tax rate in 2012 was mainly because most of the Guaranteed senior notes interest expenses are non tax-deductible for the year.

Profit Attributable to Shareholders of the Company

The profit attributable to the shareholders of the Company for the year ended 31 December 2012 was HK$3.27 billion (2011: HK$2.776 billion).

IV. Financial Position of the Group

Non-current assets

Property, plant and equipment and capital expenditure

The net book value of property, plant and equipment increased by HK$6.5 billion. During 2012, Beijing Gas incurred a capital expenditure of approximately HK$5.47 billion in gas distribution business. The capital expenditure of Yanjing Beer was approximately HK$2.3 billion.

Interests in associates

During 2012, the Group's additional capital contribution to PetroChina Beijing Pipeline Co. and Datang Coal-to-Gas amounted to HK$940 million and HK$490 million respectively.

The increased balances attributed to the net of the share of net profits in 2012 of PetroChina Beijing Pipeline Co. and BE Water and the capital contribution to PetroChina Beijing Pipeline Co. less the amounts of dividend distributed.

Receivables under service concession arrangements

The substantial decrease in the balance by HK$1.08 billion was mainly attributable to the reclassification of the concession assets of Beijing No. 9 Water Treatment Plant as non-current assets held for sale.

Prepayments, deposits and other receivables

The substantial increase in the balance by HK$709 million was mainly attributable to the receivables from the disposal of Beijing Capital Expressway Development Co., Ltd. amounting to HK$660 million.

Current assets

Trade and bills receivables

The substantial increase in the balance by HK$820 million was mainly attributable to the significant increase in the volume of gas purchased by the power plant users and heat users of Beijing Gas near the year end.

Prepayments, deposits and other receivables

The substantial increase in the balance by HK$1.68 billion was mainly attributable to the increase in prepaid gas fee amounted to HK$911 million to meet the demands of the peak season for gas consumption during January and February 2013, and was also due to the addition of new receivables from the disposal of Beijing Capital Airport Expressway amounting to HK$440 million and prepayments made for the purchase of certain assets.

Cash and Bank Borrowings

As at 31 December 2012, cash and bank deposits held by the Group amounted to HK$12.3 billion. At the end of the reporting period, the Group had a strong net working capital of HK$6.96 billion. The Group will maintain 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 total borrowings amounted to HK$26.62 billion as at 31 December 2012, which mainly comprised three Guaranteed senior notes totalling of US$1.8 billion, five year syndicated loans amounting to HK$3 billion and convertible bonds amounting to HK$2.26 billion with the rest working capital loans of HK$7.62 billion denominated in Renminbi and Hong Kong dollars. Around 28.3% of the bank loans were denominated in Hong Kong dollars with the rest mainly in Renminbi. The Group was in a net debt position of HK$14.32 billion as at 31 December 2012.

Non-current liabilities

Guaranteed senior notes

The increase in the balance by HK$6.15 billion was mainly attributable to the issue of 10-year guaranteed senior notes with a principal amount of approximately US$800 million in the first half of the year. Such notes carry a coupon interest rate of 4.5% per annum.

Liability component of convertible bonds

The decrease in the balance by HK$450 million was mainly attributable to the partial exercise of the Renminbi convertible bonds of Yanjing Beer for conversion into the issued share capital of Yanjing Beer and the partial repurchase of convertible bond from Yanjing Beer.

Current liabilities

Trade and bills payables

The increase in the balance by HK$710 million was mainly attributable to the larger volume of purchases made by Beijing Gas and Yanjing Beer in line with their ongoing business expansion.

Other payables and accruals

The substantial increase in the balance by HK$2.521 billion was mainly attributable to the significant increase in the balance of construction in progress as a result of the acceleration of a number of pipeline construction projects in Beijing in the fourth quarter by Beijing Gas.

Liquidity and Capital Resources

The downstream gas distribution business and brewery business has been constantly contributing to the operating cash flow of the Group and significantly increased its liquidity. During the year, there was no significant movement in the issued capital of the Company. As at the end of 2012, the issued capital of the Company amounted to 1,137,571,000 shares and the shareholders' equity grew to HK$39.61 billion. Total equity was HK$47.64 billion comparing to HK$45.2 billion as at the end of 2011.

Given the primarily cash nature business of gas distribution, 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. The Group will continue its stable dividend distribution policy and at least 30% of its recurring earnings per share will be used for dividend distribution.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	2	**35,569,649**	30,471,759
Cost of sales		**(28,207,604)**	(23,737,684)
Gross profit		**7,362,045**	6,734,075
Gain on disposal of interests in subsidiaries		**601,976**	–
Other income and gains, net		**883,508**	872,925
Selling and distribution expenses		**(2,382,424)**	(2,200,075)
Administrative expenses		**(3,010,588)**	(2,442,252)
Fair value gain on the derivative component of convertible bonds		**13,973**	239,130
Other operating expenses, net		**(319,085)**	17,962
PROFIT FROM OPERATING ACTIVITIES	3	**3,149,405**	3,221,765
Finance costs	4	**(996,636)**	(646,643)
Share of profits and losses of:			
Jointly-controlled entities		**(343)**	1,300,189
Associates		**2,049,495**	373,392
PROFIT BEFORE TAX		**4,201,921**	4,248,703
Income tax	5	**(568,953)**	(583,456)
PROFIT FOR THE YEAR		**3,632,968**	3,665,247
ATTRIBUTABLE TO:			
Shareholders of the Company		**3,270,383**	2,775,880
Non-controlling interests		**362,585**	889,367
		3,632,968	3,665,247
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	7		
Basic		**HK$2.87**	HK$2.44
Diluted		**HK$2.81**	HK$2.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012 *HK$'000*	2011 *HK$'000*
PROFIT FOR THE YEAR	**3,632,968**	3,665,247
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	**95,318**	(111,615)
Reclassification adjustments for gain on disposal included in the consolidated income statement	**(52,938)**	–
Income tax effect	**(22,333)**	–
	20,047	(111,615)
Exchange differences:		
Reclassification adjustments for gain on disposal of interests in subsidiaries included in the consolidated income statement	**(353,123)**	–
Translation of foreign operations	**23,096**	1,918,783
	(330,027)	1,918,783
Fair value gain on revaluation of a building upon transfer to investment properties	**–**	4,087
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX	**(309,980)**	1,811,255
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,322,988**	5,476,502
ATTRIBUTABLE TO:		
Shareholders of the Company	**2,969,926**	4,234,047
Non-controlling interests	**353,062**	1,242,455
	3,322,988	5,476,502

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		**32,805,468**	26,317,184
Investment properties		**665,144**	681,096
Prepaid land premiums		**1,640,194**	1,275,264
Goodwill		**7,549,326**	7,453,561
Operating concessions		**419,238**	1,225,011
Other intangible assets		**19,650**	23,681
Investments in jointly-controlled entities		**136,706**	210,878
Investments in associates		**15,120,306**	12,573,986
Amounts due from contract customers		**769,559**	566,032
Receivables under service concession arrangements	8	**505,248**	1,588,046
Prepayments, deposits and other receivables		**1,139,600**	430,583
Available-for-sale investments		**883,170**	917,412
Deferred tax assets		**562,256**	594,721
Total non-current assets		**62,215,865**	53,857,455
Current assets:			
Prepaid land premiums		**43,643**	30,165
Property held for sale		**28,511**	27,611
Inventories		**5,913,959**	5,285,611
Amounts due from contract customers		**16,441**	46,631
Receivables under service concession arrangements	8	**1,007,375**	1,003,260
Trade and bills receivables	9	**2,403,154**	1,586,438
Prepayments, deposits and other receivables		**3,992,633**	2,313,196
Other taxes recoverable		**203,152**	588,996
Restricted cash and pledged deposits		**60,953**	36,631
Cash and cash equivalents		**12,236,964**	12,579,439
		25,906,785	23,497,978
Non-current asset and assets of disposal groups classified as held for sale		**1,385,301**	–
Total current assets		**27,292,086**	23,497,978
TOTAL ASSETS		**89,507,951**	77,355,433

	Notes	**2012**	2011
		HK$'000	*HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		**113,757**	113,757
Reserves		**38,923,422**	36,984,003
Proposed final dividend	*6*	**572,286**	511,907
		39,609,465	37,609,667
Non-controlling interests		**8,030,221**	7,587,062
TOTAL EQUITY		**47,639,686**	45,196,729
Non-current liabilities:			
Bank and other borrowings		**4,224,787**	4,070,115
Guaranteed senior notes		**13,853,502**	7,699,084
Liability component of convertible bonds		**2,259,313**	2,711,835
Derivative component of convertible bonds		**9,428**	61,783
Defined benefit plans		**544,467**	522,390
Provision for major overhauls		**29,414**	196,157
Other non-current liabilities		**244,060**	239,320
Deferred tax liabilities		**375,979**	371,353
Total non-current liabilities		**21,540,950**	15,872,037
Current liabilities:			
Trade and bills payables	*10*	**2,616,491**	1,904,594
Amounts due to contract customers		**177,874**	123,822
Receipts in advance		**3,418,479**	3,446,916
Other payables and accruals		**6,951,842**	4,430,794
Income tax payables		**504,624**	342,313
Other taxes payables		**240,517**	333,277
Bank and other borrowings		**6,276,941**	5,704,951
		20,186,768	16,286,667
Liabilities directly associated with the assets of disposal groups classified as held for sale		**140,547**	–
Total current liabilities		**20,327,315**	16,286,667
TOTAL LIABILITIES		**41,868,265**	32,158,704
TOTAL EQUITY AND LIABILITIES		**89,507,951**	77,355,433

Notes:

1.1 BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) investment properties, certain available-for-sale investments and the derivative component of convertible bonds which have been measured at fair value; and (ii) non-current asset and disposal groups held for sale which are stated at the lower of their carrying amounts and fair values less costs to sell. The Group's 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 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the income statement or retained profits, as appropriate.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on the Group's financial statements.

2. REVENUE AND OPERATING 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 toll revenue, net of business tax; (3) an appropriate proportion of contract revenue of construction contracts and service contracts, net of value-added tax, business tax and government surcharges; and (4) the imputed interest income on receivables under service concession arrangements.

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

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

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

Operating segment information

Year ended 31 December 2012

	Piped gas operation *HK$'000*	Brewery operation *HK$'000*	Sewage and water treatment operations *HK$'000*	Expressway and toll road operations *HK$'000*	Corporate and others *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue	20,644,716	14,442,726	185,549	150,022	146,636	–	35,569,649
Cost of sales	(17,974,593)	(9,942,636)	(4,841)	(213,293)	(72,241)	–	(28,207,604)
Gross profit/(loss)	2,670,123	4,500,090	180,708	(63,271)	74,395	–	7,362,045
Profit/(loss) from operating activities	1,303,135	1,236,166*	184,384	(98,111)	523,831	–	3,149,405
Finance costs	(34,666)	(207,542)	(159)	(5,114)	(749,155)	–	(996,636)
Share of profits and losses of:							
Jointly-controlled entities	(343)	–	–	–	–	–	(343)
Associates	1,696,913	(1,553)	330,999	–	23,136	–	2,049,495
Profit/(loss) before tax	2,965,039	1,027,071	515,224	(103,225)	(202,188)	–	4,201,921
Income tax	(175,598)	(270,541)	(45,647)	(243)	(76,924)	–	(568,953)
Profit/(loss) for the year	2,789,441	756,530	469,577	(103,468)	(279,112)	–	3,632,968
Segment profit/(loss) attributable to shareholders of the Company	2,787,827	348,860	469,577	(99,330)	(236,551)	–	3,270,383
Segment assets	44,520,555	23,973,359	7,032,770	1,991,483	16,262,690	(4,272,906)	89,507,951
Segment liabilities	13,641,443	10,949,960	1,002,626	539,759	20,007,383	(4,272,906)	41,868,265

Year ended 31 December 2011

	Piped gas operation *HK$'000*	Brewery operation *HK$'000*	Sewage and water treatment operations *HK$'000*	Expressway and toll road operations *HK$'000*	Corporate and others *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue	16,460,277	13,373,398	195,693	288,401	153,990	–	30,471,759
Cost of sales	(14,398,880)	(8,966,202)	(4,370)	(269,047)	(99,185)	–	(23,737,684)
Gross profit	2,061,397	4,407,196	191,323	19,354	54,805	–	6,734,075
Profit/(loss) from operating activities	1,169,923	1,842,623*	188,235	(21,559)	42,543	–	3,221,765
Finance costs	(44,652)	(184,275)	(210)	(12,905)	(404,601)	–	(646,643)
Share of profits and losses of:							
Jointly-controlled entities	1,300,189	–	–	–	–	–	1,300,189
Associates	66,872	(2,946)	265,020	–	44,446	–	373,392
Profit/(loss) before tax	2,492,332	1,655,402	453,045	(34,464)	(317,612)	–	4,248,703
Income tax	(204,952)	(293,547)	(42,002)	(1,832)	(41,123)	–	(583,456)
Profit/(loss) for the year	2,287,380	1,361,855	411,043	(36,296)	(358,735)	–	3,665,247
Segment profit/(loss) attributable to shareholders of the Company	2,265,506	441,889	411,043	(16,038)	(326,520)	–	2,775,880
Segment assets	37,513,058	21,565,474	7,230,730	2,016,084	13,178,337	(4,148,250)	77,355,433
Segment liabilities	9,285,421	9,500,248	1,509,017	460,848	15,551,420	(4,148,250)	32,158,704

* The amount included a fair value gain on the derivative component of convertible bonds of HK$13,973,000 (2011: HK$239,130,000), which was wholly attributable to non-controlling shareholders of the relevant subsidiary company and therefore did not affect profit for the year attributable to shareholders of the Company.

Geographical information

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

Information about major customers

During each of the years ended 31 December 2012 and 2011, none of the Group's individual external customers contributed 10% or more of the Group's revenue.

3. PROFIT FROM OPERATING ACTIVITIES

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

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**27,902,611**	23,167,686
Cost of services provided	**252,183**	479,326
Depreciation	**1,800,332**	1,669,217
Amortisation of prepaid land premiums	**33,221**	32,050
Amortisation of operating concessions*	**52,810**	90,672
Amortisation of computer software*	**9,988**	13,968
Loss/(gain) on disposal of items of property, plant and equipment, net	**61,792**	(127,317)

* The amortisations of operating concessions and computer software for the year are included in "Cost of sales" and "Administrative expenses" on the face of the consolidated income statement, respectively.

4. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**396,321**	294,502
Interest on Guaranteed senior notes	**627,186**	273,767
Interest on convertible bonds	**64,819**	59,832
Imputed interest on convertible bonds	**3,481**	27,799
Imputed interest on an interest-free other loan from a non-controlling shareholder	**–**	8,390
Total interest expense	**1,091,807**	664,290
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**5,004**	4,307
Total finance costs	**1,096,811**	668,597
Less: Interest included in construction in progress	**(100,175)**	(21,954)
	996,636	646,643

5. INCOME TAX

No provision for Hong Kong profits tax has been made during the year ended 31 December 2012 as the Group did not generate any assessable profits in Hong Kong during the year (2011: 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 of the PRC, certain of the Company's subsidiaries enjoy PRC corporate income tax exemptions and reductions.

	2012	2011
	HK$'000	*HK$'000*
Current — PRC:		
Mainland China	**654,047**	569,919
Underprovision in prior years	**2,985**	1,929
Deferred	**(88,079)**	11,608
Total tax expense for the year	**568,953**	583,456

6. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim — HK$0.25 (2011: HK$0.25) per ordinary share	**284,393**	284,393
Proposed final — HK$0.5 (2011: HK$0.45) per ordinary share	**572,286**	511,907
	856,679	796,300

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

7. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

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

	2012 *HK$'000*	2011 *HK$'000*
Earnings:		
Profit for the year attributable to shareholders of the Company, used in the basic earnings per share calculation	**3,270,383**	2,775,880
Interest expense for the year relating to the liability component of the dilutive convertible bonds of the Group	**62,844**	52,683
Profit for the year attributable to shareholders of the Company, used in the diluted earnings per share calculation	**3,333,227**	2,828,563

	2012	2011
Number of ordinary shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**1,137,571,000**	1,137,500,120
Effect of dilution — weighted average number of ordinary shares:		
Share options	**–**	55,342
Convertible bonds	**50,000,000**	50,000,000
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	**1,187,571,000**	1,187,555,462

8. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements. 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 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:

	2012 *HK$'000*	2011 *HK$'000*
Billed:		
Within one year	**327,484**	323,369
One to two years	**1,685**	372,102
Two to three years	**372,102**	307,789
Three to four years	**306,104**	–
	1,007,375	1,003,260
Unbilled	**505,248**	1,588,046
	1,512,623	2,591,306
Portion classified as current assets	**(1,007,375)**	(1,003,260)
Non-current portion	**505,248**	1,588,046

9. 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 end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Billed:		
Within one year	**1,029,031**	536,266
One to two years	**24,639**	43,152
Two to three years	**12,174**	15,615
Over three years	**17,742**	124,980
	1,083,586	720,013
Unbilled	**1,319,568**	866,425
	2,403,154	1,586,438

10. 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 the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**2,546,259**	1,867,774
One to two years	**48,430**	21,463
Two to three years	**7,485**	3,947
Over three years	**14,317**	11,410
	2,616,491	1,904,594

11. EVENT AFTER THE REPORTING PERIOD

(a) On 5 February 2013, the Group completed the sale of the following assets to BE Water:

(i) the estimated future net cash income (after deducting all state and local taxes in the PRC and operating costs) generated from the service concession arrangement on the water purification and treatment operation of the Phase 1 of No. 9 water treatment plant in Beijing for the six years ending 31 December 2018;

(ii) the entire equity interest in 濰坊北控水務有限公司 (Beijing Enterprises Water (Weifang) Company Limited) which is engaged in a service concession arrangement on water supply in Shandong Province, the PRC; and

(iii) the entire equity interest in Beijing Enterprises Water Company Limited, an investment holding company holding an interest in a jointly-controlled entity which is engaged in a service concession arrangement on water supply in Beijing.

The above disposal transactions were made pursuant to a master agreement (the "Master Agreement") dated 26 September 2012 entered into between the Group and BE Water, and the total consideration of HK$1,066,540,000 in respect of the above disposal transactions was satisfied by way of the issuance of 658,357,748 ordinary shares of BE Water at HK$1.62 per share to Beijing Enterprises Environmental Construction Limited ("BE Environmental"), a wholly-owned subsidiary of the Company.

On the other hand, pursuant to the Master Agreement, the Group will also sell a 90% equity interest in 北控水務集團（海南）有限公司 (Beijing Enterprises Water Group (Hainan) Company Limited), which is principally engaged in sewage treatment operation in Hainan Province, the PRC to BE Water for a consideration of RMB157,000,000 to be settled by way of the issuance of 118,453,090 ordinary shares of BE Water at HK$1.62 per share to BE Environmental. As at the date of this announcement, this disposal transaction has not been completed.

Further details of the disposal transactions are set out in BE Water's circular and announcement dated 30 November 2012 and 5 February 2013, respectively.

(b) On 28 February 2013, 177,000,000 new ordinary shares of HK$1 each at a price of HK$1.13 per share and convertible bonds due 2018 in the aggregate principal amount of HK$300,580,000 at the initial conversion price of HK$1.13 were issued by Beijing Development to the Group. Upon the completion of the share allotment, the Group holds 54.71% equity interest in Beijing Development.

12. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 31 December 2012 amounted to HK$6,964,771,000 (2011: HK$7,211,311,000) and HK$69,180,636,000 (2011: HK$61,068,766,000), respectively.

DIVIDEND

The Directors of the Company recommended the payment of a final dividend of HK50 cents per share for the year ended 31 December 2012 payable to shareholders whose names appear on the register of members of the Company on 3 July 2013. Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid on or around 18 July 2013.

ANNUAL GENERAL MEETING

The 2013 annual general meeting will be held on Wednesday, 19 June 2013. The notice of the 2013 annual general meeting, which constitutes part of the circular to shareholders, will be sent to all shareholders and will be published on the Company's website (www.behl.com.hk) and The Stock Exchange of Hong Kong Limited ("Stock Exchange") website (www.hkexnews.hk) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2013 annual general meeting, and entitlement to the final dividend, the register of members will be closed. Details of such closures are set out below:

(i) For determining eligibility to attend and vote at the 2013 annual general meeting:

Latest time to lodge transfer documents for registration	4:30 pm on Thursday, 13 June 2013
Closure of register of members	Friday, 14 June 2013 to Wednesday, 19 June 2013 (both dates inclusive)

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on Wednesday, 26 June 2013
Closure of register of members	Thursday, 27 June 2013 to Wednesday, 3 July 2013 (both dates inclusive)
Record date	Wednesday, 3 July 2013

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2013 annual general meeting, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong no later than the aforementioned latest time.

EMPLOYEES

At 31 December 2012, the Group had approximately 49,000 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE CODE

Save as disclosed below, the directors believe that the Company complied with the code provisions (the "Code Provisions") as set out in Appendix 14 "Corporate Governance Code" to the Listing Rules for the year ended 31 December 2012.

As at 31 December 2012, the Board of the Company comprises 16 members, among them 4 are independent non-executive directors. The Company has therefore, failed to meet the requirement set out in Rule 3.10(A) of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") that a listed issuer must appoint independent non-executive directors representing at least one-third of the board on or before 31 December 2012. On 28 March 2013, the Company appointed Mr. Sze Chi Ching and Mr. Shi Hanmin as independent non-executive directors to fulfill the requirement set out in Rule 3.10(A) of Listing Rules. The Company has made another announcement in relation to the appointments.

During the year, the Company held two full board meetings instead of at least four full board meetings as required under Code Provision A.1.1. The Directors consider it is more efficient to hold board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the Directors.

During the year, the chairman of the Company did not hold any meeting with the non-executive directors (all of the non-executive directors of the Company were independent non-executive directors) without the executive directors present in accordance with Code Provision A.2.7. Nevertheless, from time to time, independent non-executive directors of the Company express their views directly to the chairman via other means including correspondences and emails. The Company is of the view that there is efficient communication between independent non-executive directors and the chairman.

Under Code Provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings to develop a balanced understanding of the views of shareholders. During the year, Mr. Lam Hoi Ham attended the 2012 annual general meeting of the Company while the remaining three independent non-executive directors of the Company were not able to attend the meeting 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 year ended 31 December 2012.

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.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, has made any purchase, sale or redemption of any of the Company's listed securities during the year.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

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

By order of the Board
Beijing Enterprises Holdings Limited
Wang Dong
Chairman

Hong Kong, 28 March 2013

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