北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

- Revenue for the year amounted to approximately HK$55.96 billion, representing decrease of 7% over last year.
- Profit attributable to shareholders of the Company amounted to approximately HK$6.236 billion, representing an increase of 10% over last year.
- Basic and diluted earnings per share amounted to HK$4.92, representing an increase of 11.6% over last year.
- A final dividend of HK65 cents per share is proposed for 2016.

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 2016, together with comparative figures for the previous year. The revenue of the Group was approximately HK$55.96 billion for 2016, representing a decrease of 7% as compared to last year. Profit attributable to shareholders of the Company was approximately HK$6.236 billion, representing an increase of 10% as compared to 2015.

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	Proportion
	HK$'000	*%*
Piped gas operation	5,255,196	75.8
Beer operation	64,866	0.9
Water and environmental operations	1,412,463	20.4
Solid waste treatment operation	198,373	2.9
Profit from major operations	6,930,898	100
Corporate and others	(695,015)	
Profit attributable to shareholders of the Company	6,235,883	

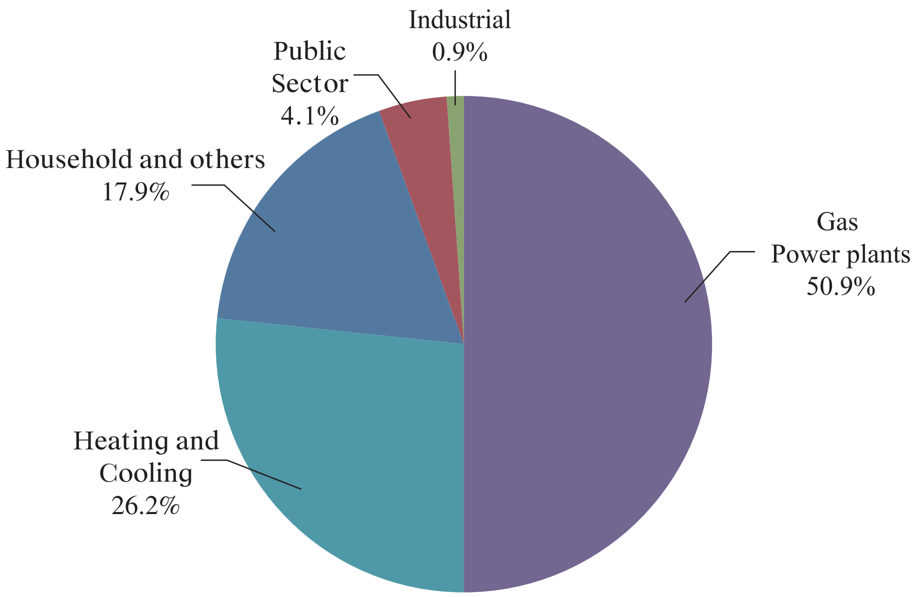
MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

Natural Gas Distribution Business

Beijing Gas Group Company Limited ("Beijing Gas") recorded a revenue of HK$39.38 billion in 2016, representing a year-on-year decrease of 10.4%, which was mainly due to the drop in average selling price in tandem with city gate price. The gas sales volume reached 14.38 billion cubic meters, representing a year-on-year growth of 10%, which was mainly due to a steady increase in gas demand for power generation and heating and cooling in 2016.

The gas sales volume of Beijing Gas in 2016 was approximately 14.38 billion cubic meters, an analysis by subscriber sector is as follows:



In 2016, there were approximately 221,300 new subscribers, of which 216,000 were household subscribers and 4,624 were public-sector subscribers. As at the end of 2016, the total number of natural gas subscribers of Beijing has reached approximately 5,750,000 and the pipelines in operation in Beijing increased to 19,491 kilometers in length. During the year, heating boilers with a total capacity of 6,227 t/h steam were developed. Capital expenditure for basic pipelines and city gates infrastructure in Beijing amounted to approximately HK$2.99 billion.

In 2016, Beijing Gas vigorously facilitated the development of clean air program with municipal government, innovated suburb business development model, and established coal-to-gas conversion LNG supply assurance system. It completed the coal-fire boiler transformation with a capacity of 6,227 t/h steam and coal-to-gas conversion in 78 villages. With scalable offshore LNG sourcing for the first time, Beijing Gas opened the channel for entering into international energy trade market, and gradually established the LNG trade sector of Beijing Gas. Furthermore, it also proactively implemented the development strategy of “supply chain extension”, accelerated its pace in investing overseas, resolved to invest in Verkhnechonskneftegaz (“VCNG”) project controlled by Rosneft Oil Company (“Rosneft”), thereby obtained the pre-emptive right of transmitting Rosneft’s natural gas to China. It acquired 29% equity interest (including the potential shares in respect of the outstanding convertible bonds) of Beijing Gas Blue Sky Holdings Limited (“Blue Sky”), and established the overseas investment and financing platform.

Natural Gas Transmission Business

PetroChina Beijing Gas Pipeline Co., Ltd. ("PetroChina Beijing Pipeline Co.") recorded a gas transmission volume of 34.9 billion cubic meters in 2016, representing a year-on-year growth of 6%. The capital expenditure for the year was HK$6.53 billion, which was mainly due to accelerating the construction work of the No. 4 Shaanxi-Beijing Pipeline. Through holding the 40% equity interest of PetroChina Beijing Pipeline Co., the Group's share of net profit after taxation was HK$2.79 billion, which contributed an increase in profit of 2.2% year-on-year.

China Gas

For the half year from April to September 2016, China Gas Holdings Limited ("China Gas", stock code: 384) achieved a sales volume of 4.81 billion cubic metres in gas sales, representing a year-on-year increase of 7.1%. Its interim profit for the half year ended 30 September 2016 attributable to shareholders increased by 29.7% to HK$1.69 billion. Profit attributable to the Group amounted to HK$588 million in 2016.

Beer Business

In 2016, facing various unfavorable factors such as industry downturn, monopolized competition, rising marketing costs and labour costs and environment protection and intensified requirements on emission reduction, Beijing Yanjing Brewery Co., Ltd. ("Yanjing Beer") responded proactively, continued to facilitate the three key structural adjustments in products, branding and market, strived to improve the proportion of sales volume of mid-to-high end products and increased the income per ton. During the year, the proportion of sales volume of its products with price over RMB2,500/KL has reached 51%, of which, the sales volume of cans recorded a year-on-year increase of 14.6%; the sales volume of Yanjing fresh beer recorded a year-on-year increase of 3.7%; the proportion of sales volume of "1+3" brand was 92%, of which 74% is for Yanjing's main brands; the brand value of "Yanjing" is RMB88.275 billion, representing a year-on-year increase of 10%. During the year, sales volume of Yanjing Beer reached 4.50 million kilolitres, achieving a revenue of HK$11.59 billion. The capital expenditure of Yanjing Beer amounted to HK$950 million in 2016.

Water and Environmental Business

The water and environmental operations of Beijing Enterprises Water Group Limited ("BE Water", stock code: 371) maintained a rapid growth in 2016. Its turnover increased 29% to HK$17.35 billion as a result of the increase in income from water treatment service and BOT projects construction service. Profit attributable to shareholders of BE Water increased 31% to HK$3.23 billion, of which HK$1.41 billion was attributable to the Company, representing a year-on-year increase of 31.1%. As at the end of 2016, BE Water already participated in 452 water plants which are or will be in operation, including 335 sewage treatment plants, 108 water distribution plants, 8 reclaimed water plants and 1 seawater desalination plant, with a total designed capacity of the water treatment service of 27,170,000 tons/day. BE Water participated in various projects that spread across 25 provinces, cities and autonomous regions nationwide as well as in Singapore, Malaysia and Portugal and continued to maintain its leading position in water companies in China.

In 2016, China proactively promoted the launching of the environmental policies, including the Ten Provisions in Water industry（水十條）and the implementation of the PPP (Public-Private-Partnership) fund raising project model, provided adequate growth momentum for the water and environmental industry. BE Water grasped the opportunities, increased its resources investments in the PPP projects, perfect its investment mechanism, synergistically cooperated to develop the operational management of urban water business. Its investments accelerated obviously through integrated watershed management, sewage body remediation, and improvement in river and lake systems, flood control and drainage, improved water ecological environment, and achieved the market layout in numerous key regions.

Solid Waste Treatment Business

In 2016, the solid waste treatment business segment of the Group has accomplished waste incineration and power generation integrated treatment capacity of 27,961 tons/day (of which, the newly acquired EEW Energy from Waste GmbH ("EEW GmbH") project in Germany achieved a treatment capacity of approximately 13,000 tons/day). The entities under the solid waste segment pursued the construction progress of engineering projects in an orderly manner through enhancing project management efficiency, strengthening cost control, and continued to expand project reserves. It focused on the integration of introducing know-how and its own technology management and innovation, so as to enhance corporate specialized technology quality. In 2016, stable growth was achieved in the operating results of each entity of solid waste segment, showing healthy and positive growth trend. Of which, Beijing Enterprises Environment Group Limited ("BE Environment", stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd. ("BEHET") achieved an aggregate operating revenue of HK$790 million, and realized an operating profit of HK$210 million.

As at the end of the year, BE Environment accomplished an annual household waste input volume of 2,660,000 tons with a daily treatment volume of 7,288 tons. It accomplished an on-grid power generation volume of 636,000,000 kWh.

In 2016, EEW GmbH in Germany accomplished treatment waste input volume of 4,579,000 tons, representing a year-on-year increase of 3.7%. It accomplished an annual on-grid power generation volume of 1,749,000,000 kWh, representing an increase of 7.2% as compared with 2015. Total revenue was EUR524 million, representing an increase of 8.5% as compared with 2015.

Principal Risks – Exchange Rate Fluctuation

The Group primarily operates its businesses in the PRC, therefore most of its revenues and expenses are transacted in RMB. The value of RMB against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's economic conditions and policies. The conversion of RMB into foreign currencies, including Hong Kong dollar and U.S. Dollar, has been based on rates guided by the People's Bank of China.

During 2016, the exchange rates of RMB against the Hong Kong dollar and U.S. Dollar remained weak but the Board does not expect the mild fluctuation of RMB's exchange rate in future will have material adverse impact on the operations of the Group.

Principal Uncertainties

The Group's principal businesses include natural gas distribution, natural gas transmission, water and environmental operations, solid waste treatment and beer production. Most of the utilities related businesses are governed by policies set out by National Development and Reform Commission and may be subject to change from time to time. The Group has maintained a proven track record on managing relevant industrial policy such that sustainable growth could be maintained within each business sector we operate.

II. PROSPECTS

Natural Gas Distribution Business

Beijing Gas will continue to actively implement the clean air action plan to develop foreign markets by emphasizing on the various gas segments including pipeline gas, LNG and CNG. By seizing the integrated opportunities of Beijing, Tianjin and Hebei, it will accelerate the implementation of city gas projects in Tianjin and Hebei as priority. Furthermore, it will also firmly establish its dominant position in the distributed energy market and promote the implementation of new clean energy project, thereby ensuring its continuous leading technology position in the domestic clean energy sector.

Beijing Gas will also continue to strengthen the development of vehicle gas market, and explore possible replacement vehicles of bus and environmental health users. By leveraging on the opportunity of industry positioning in Beijing, it will vigorously expand the gas filling market in outdoor delivery logistics enterprises and logistics and distribution hubs.

China Gas

China Gas will continue to make clear its geographical focus in the future strategy planning with Beijing Gas, accelerate the nationwide layout for its city gas business, especially the expansion opportunity of coal-to-gas conversion, and at the same time, increase the development on neighboring towns and counties surrounding the cities to achieve the diversified energy business layout involving pipeline gas, LNG, CNG, LPG and distributed energy. Furthermore, it will also continue to maintain its dominant position in city gas, gas for vehicles and vessels, and LPG markets, and promote the synergistic development of natural gas business and liquefied petroleum gas business, intensify its efforts to business innovation, and accelerate the comprehensive development of value-added business.

Natural Gas Transmission Business

PetroChina Beijing Pipeline Co. is investing and establishing the long-haul transmission pipeline projects of the No. 4 Shaanxi-Beijing Pipeline. The transmission capacity of Shaanxi-Beijing Pipeline will be further expanded to meet future demand. The Group will benefit from the increase in transmission business scale in the long run and will share the related economic benefits.

Beer Business

Yanjing Beer will actively adapt to the "new normal" of domestic economic development as well as the implementation of the development strategy of integrating Beijing, Tianjin and Hebei. It will focus on the structural adjustments on product, branding and market, expand the base markets, and improve product market competitiveness and profitability. It will actively increase its market share for balanced and weaker markets, enter into potential new markets as and when appropriate to increase product coverage and market share effectively. It will consolidate its advantageous markets position, intensify the nationwide well-known brand position of Yanjing brand, improve its management standards in market, quality and internality by adopting centralized platform for market management, quality control, production/consumption matching and bulk materials sourcing and purchasing.

Water and Environmental Business

BE Water will seize the golden development opportunity in water industry to achieve the external development of traditional water business through co-operation with governmental environmental group and industry merger and acquisition. It will seize the PPP opportunities and attach great importance to client loyalty development and maintenance to establish the long-term and stable project resource channel. BE Water will also continue to upkeep its capital advantages and vigorously enhance its technology competitiveness to achieve the dual-mover of its capital and scientific advantages.

Solid Waste Treatment Business

The "13th Five-Year Plan" is a critical stage for the emergence and soaring of the solid waste industry of the Group. BE Environment and BEHET will intensify their communications and cooperation, accurately assess the market and industry trends, diligently obtain high-quality solid waste projects through capital raising, innovative business competitive model, and optimize market layout. It will strive to expand rapidly and consolidate its own leading position in this golden development era of environmental protection industry.

The solid waste treatment business under the Group will accelerate its resource integration processes, make itself clear in its strategic positioning and strategic planning of the environmental protection and solid waste treatment business platform. It will enhance project construction and operation management standard, rapidly achieve breakthrough in technology, equipment and production capacity bottleneck, and lays a solid development basis for being one of the domestic leading enterprises in environmental protection business by emphasizing on the integrative strengths of quality, safety, efficiency and environmental protection.

III. FINANCIAL REVIEW

Revenue

The revenue of the Group in 2016 was HK$55.96 billion, representing a decrease of 7% when compared with 2015. This was mainly due to the decrease in natural gas distribution price as a result of the drop in city gate price and depreciation of RMB against HKD at an average rate of approximately 5.8%. During the year, the solid waste treatment business of the newly acquired EEW GmbH in Germany contributed 10 months' revenue of HK$3.79 billion. Yanjing Beer's revenue decreased due to a drop in sales volume, which accounted for 20.7% of total revenue. The PRC solid waste treatment businesses contributed a total revenue of HK$1.14 billion, which accounted for 2% of total revenue. Other business contributed an aggregate of not more than 1% of total revenue.

Cost of Sales

Cost of sales decreased by 9% to HK$46.52 billion. Cost of sales of gas distribution business included purchase cost of natural gas as well as depreciation of piped line network. Cost of sales of brewery business included raw materials, wage expenses and absorption of certain direct overheads. Cost of sales of solid waste treatment operation included fuel charges, amortization and waste collection costs.

Gross Profit Margin

In 2016, the overall gross profit margin was 16.9%, representing an increase by 1.9% when compared with the 15% in 2015. The increase in overall gross profit margin was mainly attributable to the increase in gross profit margin of the natural gas distribution business together with higher gross profit margin of newly consolidated Germany EEW GmbH's business.

Gain on Deemed Disposal of the Partial Interest in an Associate

During the year, BE Water issued ordinary shares upon the exercise of share options by its employees. The Group recognized a gain on deemed disposal of the partial interest in an associate of HK$4.39 million.

Other Income

Other income mainly comprised of government grants amounted to HK$200 million; gain on disposal of certain water treatment business amounted to HK$270 million; gain on transfer of assets from customers amounted to HK$63.72 million; bank interest income amounted to HK$222 million; gain on disposal of materials and beer bottles by Yanjing Beer amounted to HK$71.64 million and rental income of HK$61.05 million.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in 2016 decreased by 6.1% to HK$2.42 billion which was mainly due to better selling expenses control for the brewery business.

Administrative Expenses

Administrative expenses of the Group in 2016 were HK$4.23 billion, increased by 7.4% when compared to last year, which was mainly due to the newly consolidated solid waste treatment operation of EEW GmbH in Germany and continuous expansion of the domestic solid waste operations.

Other Operating Expenses, net

It mainly comprised of the provisions for certain other receivables and operating concession rights.

Finance Costs

Finance costs of the Group in 2016 was HK$1.49 billion, increased by 14.6% comparing to 2015, which was mainly due to a newly added bridging loan of EUR1.665 billion and a long-term loan of HK$1.4 billion with maturity of five years in 2016.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly included the 40% share of the profit after taxation of PetroChina Beijing Pipeline Co., the 22.95% share of the profit attributable to shareholders of China Gas and the 43.77% share of the profit attributable to shareholders of BE Water. PetroChina Beijing Pipeline Co. is as to 40% equity interest owned by Beijing Gas and as to 60% equity interest owned by Kunlun Energy Company Limited respectively. 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.

In 2016, the Group shared the 40% profit after taxation of PetroChina Beijing Pipeline Co. amounting to HK$2.79 billion, and in the same year, the Group shared the 22.95% net profit of China Gas amounting to HK$588 million. The Group's share of net profits of BE Water amounted to HK$1.41 billion in 2016.

Tax

After deducting the share of profits and losses of associates, the effective income tax rate is 33.7%, lower than that of 35.3% in last year. It was because of the non-deductible expenses being lower than last year.

Profit Attributable to Shareholders of the Company

The profit attributable to the shareholders of the Company for the year ended 31 December 2016 was HK$6.236 billion (2015: HK$5.67 billion).

IV. FINANCIAL POSITION OF THE GROUP

Non-current assets

Property, plant and equipment

The net book value of property, plant and equipment increased by HK$5.69 billion, which was mainly due to the consolidation of newly acquired Germany EEW GmbH's waste treatment business in March 2016.

Goodwill

The increase of HK$6.84 billion was due to the goodwill arising from the acquisition of EEW GmbH's waste treatment business in Germany in March 2016.

Other intangible assets

The net increase of HK$3.07 billion was mainly due to intangible assets identified upon the acquisition of EEW GmbH in Germany.

Investments in associates

The increase in the balance by HK$1.17 billion was mainly due to share of attributable profits from BE Water, PetroChina Beijing Pipeline Co. and China Gas for the year of 2016.

Available-for-sale investments

The increase of HK$2.16 billion was mainly due to the completion of subscription of 0.81% equity interests in PetroChina Pipeline Company Ltd. in the current year.

Receivables under finance lease

The balance arose from the consolidation of EEW GmbH in Germany upon completion of acquisition.

Convertible bonds receivables

The balance represented convertible bonds issued by Blue Sky to Beijing Gas in the current year.

Current assets

Inventories

The increase in the balance by approximately HK$309 million was mainly due to the consolidation of Germany EEW GmbH's inventories in March 2016.

Prepayments, deposits and other receivables

The increase in the balance by HK$946 million was mainly attributable to the increase in a dividend receivable of approximately HK$2.22 billion from PetroChina Beijing Pipeline Co., which was offset by the decrease in balance of other receivables of HK$1.2 billion.

Other taxes recoverable

The decrease in the balance by HK$777 million, which was mainly due to continuous utilisation of amounts of value-added tax prepaid in previous years by Beijing Gas.

Cash and Bank Borrowings

As at 31 December 2016, cash and bank deposits held by the Group amounted to HK$15.97 billion. The Group maintains sufficient banking facilities for its working capital requirements and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's total borrowings amounted to HK$50.63 billion as at 31 December 2016, which mainly comprised guaranteed bonds and senior notes of US$2.0 billion in total, Euro bonds amounting to EUR500 million, medium and long-term loans amounting to HK$10.38 billion and bridging loans amounting to EUR1.665 billion with the remaining loans denominated in Hong Kong dollars and RMB. Around 57.1% of the total borrowings were denominated in US and Hong Kong dollars and 35.8% in Euro. The Group had net borrowings of HK$34.66 billion as at 31 December 2016.

Assets of disposal groups classified as held for sale

The decrease in the balance by HK$2.72 billion was mainly due to completion of disposal of certain water treatment businesses to a third party.

Non-current liabilities

Bank and other borrowings

There was an increase of HK$15.98 billion in long and short term balance in total, which was mainly due to the new bridging loan of EUR1.665 billion drawn down for the acquisition of 100% equity interest in EEW GmbH in Germany in March 2016.

Defined benefits plans, provision for onerous contracts and major overhauls and deferred tax liabilities

The increase in balances was mainly due to consolidation of the EEW GmbH in Germany upon completion of its acquisition.

Current liabilities

Trade and bills payables

The increase in the balance by HK$288 million was mainly due to payables of natural gas purchased before year end.

Receipts in advance

The balance was mainly receipts in advance of Beijing Gas from residential users and public sector subscribers for the refillment of IC Card value.

Other payables and accruals

The increase in the balance by HK$1.24 billion mainly due to consolidation of the EEW GmbH in Germany upon completion of its acquisition and certain other payables balances.

Liquidity and Capital Resources

The downstream natural gas distribution business, plus dividend income from PetroChina Beijing Pipeline Co., dividends from BE Water, China Gas and brewery business, have been constantly contributing to the operating cash flow of the Group and significantly increased its liquidity. As at the end of 2016, the issued capital of the Company amounted to 1,262,153,268 shares and the shareholders' equity was HK$57.32 billion. Total equity was HK$68.04 billion. The gearing ratio, which is all the interest-bearing borrowings and guaranteed senior notes divided by the sum of total equity plus all interest-bearing borrowings and guaranteed senior notes was 43% (2015: 34%).

Given the primarily cash nature business of natural gas distribution, brewery and water concession, the Group is benefiting from a 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 STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	2	**55,958,834**	60,149,945
Cost of sales		**(46,523,010)**	(51,098,897)
Gross profit		**9,435,824**	9,051,048
Gain on deemed disposal of partial interests in an associate		**4,387**	2,390
Other income and gains, net		**1,623,890**	1,464,170
Selling and distribution expenses		**(2,418,684)**	(2,575,564)
Administrative expenses		**(4,225,780)**	(3,936,272)
Other operating expenses, net		**(380,230)**	(773,964)
PROFIT FROM OPERATING ACTIVITIES	3	**4,039,407**	3,231,808
Finance costs	4	**(1,492,335)**	(1,301,863)
Share of profits and losses of:			
Joint ventures		**6,623**	(183)
Associates		**4,943,273**	4,708,112
PROFIT BEFORE TAX		**7,496,968**	6,637,874
Income tax	5	**(857,723)**	(681,961)
PROFIT FOR THE YEAR		**6,639,245**	5,955,913
ATTRIBUTABLE TO:			
Shareholders of the Company		**6,235,883**	5,667,378
Non-controlling interests		**403,362**	288,535
		6,639,245	5,955,913
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	7		
Basic and diluted		**HK$4.92**	HK$4.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
PROFIT FOR THE YEAR	**6,639,245**	5,955,913
OTHER COMPREHENSIVE LOSS		
Items to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(66,968)**	(107,495)
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss	**–**	(20,617)
Income tax effect	**–**	5,155
	(66,968)	(122,957)
Exchange differences:		
Exchange differences on translation of foreign operations	**(4,474,137)**	(2,927,685)
Reclassification adjustments for a foreign operation disposed of during the year	**58,619**	–
	(4,415,518)	(2,927,685)
Fair value gain on revaluation of a building upon transfer to investment property	**–**	29,685
Share of other comprehensive loss of associates	**(1,040,848)**	(683,697)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(5,523,334)**	(3,704,654)
Items not to be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Actuarial losses	**(205,211)**	(132,576)
Income tax effect	**50,099**	33,144
	(155,112)	(99,432)
Share of other comprehensive loss of associates	**(6,393)**	(7,498)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(161,505)**	(106,930)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX	**(5,684,839)**	(3,811,584)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**954,406**	2,144,329
ATTRIBUTABLE TO:		
Shareholders of the Company	**1,086,172**	2,334,243
Non-controlling interests	**(131,766)**	(189,914)
	954,406	2,144,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		**43,427,899**	37,735,621
Investment properties		**1,133,290**	1,194,258
Prepaid land premiums		**1,529,906**	1,888,032
Goodwill		**15,772,276**	8,927,959
Operating concessions		**2,666,050**	2,250,526
Other intangible assets		**3,355,963**	282,844
Investments in joint ventures		**345,942**	192,651
Investments in associates		**32,771,154**	31,599,399
Available-for-sale investments		**3,171,535**	1,012,557
Amounts due from contract customers		**9,943**	388,771
Receivables under service concession arrangements	8	**1,598,429**	1,655,090
Receivables under finance lease		**848,684**	–
Prepayments, deposits and other receivables		**2,941,380**	3,220,569
Debt component of convertible bond receivables		**83,107**	–
Derivative component of convertible bond receivables		**40,376**	–
Deferred tax assets		**1,176,529**	779,713
Total non-current assets		**110,872,463**	91,127,990
Current assets:			
Prepaid land premiums		**36,371**	45,222
Inventories		**4,952,949**	4,644,199
Receivables under finance lease		**135,477**	–
Amounts due from contract customers		**23,335**	39,623
Receivables under service concession arrangements	8	**70,673**	135,675
Trade and bills receivables	9	**3,677,157**	3,544,455
Prepayments, deposits and other receivables		**4,781,741**	3,835,300
Other taxes recoverable		**560,011**	1,336,880
Restricted cash and pledged deposits		**56,547**	73,003
Cash and cash equivalents		**15,971,552**	13,693,804
		30,265,813	27,348,161
Assets of disposal groups classified as held for sale		**3,570,485**	6,289,889
Total current assets		**33,836,298**	33,638,050
TOTAL ASSETS		**144,708,761**	124,766,040

	Note	**2016**	2015
		HK$'000	*HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		**30,401,883**	30,401,883
Reserves		**26,919,325**	27,785,384
		57,321,208	58,187,267
Non-controlling interests		**10,717,718**	10,464,903
TOTAL EQUITY		**68,038,926**	68,652,170
Non-current liabilities:			
Bank and other borrowings		**12,876,585**	8,263,049
Guaranteed bonds and senior notes		**19,333,950**	19,444,592
Defined benefit plans		**1,633,945**	827,960
Provision for onerous contracts and major overhauls		**461,103**	28,363
Other non-current liabilities		**1,022,636**	761,946
Deferred tax liabilities		**2,081,420**	480,481
Total non-current liabilities		**37,409,639**	29,806,391
Current liabilities:			
Trade and bills payables	*10*	**3,929,197**	3,640,954
Amounts due to contract customers		**322,684**	329,589
Receipts in advance		**5,566,252**	5,366,453
Other payables and accruals		**9,500,657**	8,256,953
Provision for onerous contracts and major overhauls		**46,235**	–
Income tax payables		**908,600**	494,147
Other taxes payables		**250,267**	198,802
Bank and other borrowings		**18,418,558**	7,047,965
		38,942,450	25,334,863
Liabilities directly associated with the assets of disposal groups classified as held for sale		**317,746**	972,616
Total current liabilities		**39,260,196**	26,307,479
TOTAL LIABILITIES		**76,669,835**	56,113,870
TOTAL EQUITY AND LIABILITIES		**144,708,761**	124,766,040

Notes:

1.1 BASIS OF PREPARATION

The 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 (the "HKICPA"), 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, derivative financial instruments and certain available-for-sale investments which have been measured at fair value; and (ii) disposal groups held for sale which are stated at the lower of its carrying amount and fair value less costs to sell. The financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

In preparing the consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's total current liabilities exceeded its total current assets as at 31 December 2016. Taking into account the Group's internal financial resources, available banking facilities and new banking facilities currently under negotiation, the Directors of the Company considered that the Group will be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The financial information relating to the years ended 31 December 2016 and 2015 included in this announcement of 2016 annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2016 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2015. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. 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 profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

   (i) the materiality requirements in HKAS 1;

   (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

   (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

   (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

   Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) Annual Improvements to *HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no significant impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

The Group has not applied other new and revised HKFRSs that have been issued but are not yet effective. The Group is in process of making an assessment of the impact of the other new and revised HKFRSs upon initial application.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, 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; and (2) an appropriate proportion of contract revenue of construction contracts and service contracts, net of value-added tax, business tax and government surcharges.

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. Particulars of the Group's reportable operating segments are summarised as follows:

(a) the piped gas operation segment engages in the distribution and sale of piped natural gas, the provision of natural gas transmission, gas technology consultation and development services, the surveying and plotting of underground construction projects, the construction and installation of gas pipelines and related equipment and the provision of repairs and maintenance services;

(b) the brewery operation segment produces, distributes and sells brewery products;

(c) the water and environmental operations segment engages in the construction of sewage and water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, water treatment and distribution, and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in the PRC and certain overseas countries;

(d) the solid waste treatment segment comprises the construction and operation of waste incineration plants, waste treatment and the sale of electricity, heat and steam generated from waste incineration in Germany and in the PRC; and

(e) the corporate and others segment comprises the sale of IT related products, the provision of system integration and maintenance services and software development and consultation services, property investment and corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the profit for the 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.

During the year ended 31 December 2016, the Group acquired the entire interests in EEW Holding GmbH and M+E Holding GmbH & Co. KG (the "EEW Group"). EEW Group is principally engaged in the solid waste treatment business which now constitutes a reportable operating segment of the Group.

Year ended 31 December 2016

	Piped gas operation *HK$'000*	Brewery operation *HK$'000*	Water and environmental operations *HK$'000*	Solid waste treatment operation *HK$'000*	Corporate and others *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue	39,378,983	11,589,905	–	4,929,259	60,687	–	55,958,834
Cost of sales	(35,101,605)	(7,662,523)	–	(3,693,640)	(65,242)	–	(46,523,010)
Gross profit/(loss)	4,277,378	3,927,382	–	1,235,619	(4,555)	–	9,435,824
Profit from operating activities	2,265,351	541,853	–	855,815	376,388	–	4,039,407
Finance costs	(29,562)	(38,595)	–	(297,342)	(1,126,836)	–	(1,492,335)
Share of profits and losses of:							
Join ventures	5,251	–	–	–	1,372	–	6,623
Associates	3,413,505	(1,592)	1,412,463	7,147	111,750	–	4,943,273
Profit/(loss) before tax	5,654,545	501,666	1,412,463	565,620	(637,326)	–	7,496,968
Income tax	(362,951)	(219,108)	–	(242,978)	(32,686)	–	(857,723)
Profit/(loss) for the year	5,291,594	282,558	1,412,463	322,642	(670,012)	–	6,639,245
Segment profit/(loss) attributable to shareholders of the Company	5,255,196	64,866	1,412,463	198,373	(695,015)	–	6,235,883
Segment assets	75,369,165	20,943,657	7,689,266	30,552,161	20,956,757	(10,802,245)	144,708,761
Segment liabilities	19,027,517	6,899,377	–	13,072,277	48,472,909	(10,802,245)	76,669,835

Year ended 31 December 2015 (Restated)

	Piped gas operation *HK$'000*	Brewery operation *HK$'000*	Water and environmental operations *HK$'000*	Solid waste treatment operation *HK$'000*	Corporate and others *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue	43,946,315	14,069,445	–	2,055,370	78,815	–	60,149,945
Cost of sales	(39,737,004)	(9,574,879)	–	(1,759,611)	(27,403)	–	(51,098,897)
Gross profit	4,209,311	4,494,566	–	295,759	51,412	–	9,051,048
Profit from operating activities	2,085,964	761,446	–	332,565	51,833	–	3,231,808
Finance costs	(102,379)	(79,752)	–	(138,533)	(981,199)	–	(1,301,863)
Share of profits and losses of:							
Joint ventures	(4,191)	–	–	–	4,008	–	(183)
Associates	3,374,838	6,259	1,077,087	–	249,928	–	4,708,112
Profit/(loss) before tax	5,354,232	687,953	1,077,087	194,032	(675,430)	–	6,637,874
Income tax	(271,912)	(241,260)	–	(34,303)	(134,486)	–	(681,961)
Profit/(loss) for the year	5,082,320	446,693	1,077,087	159,729	(809,916)	–	5,955,913
Segment profit/(loss) attributable to shareholders of the Company	5,065,227	142,520	1,077,087	97,117	(714,573)	–	5,667,378
Segment assets	71,097,885	22,246,260	7,565,313	16,035,078	11,692,116	(3,870,612)	124,766,040
Segment liabilities	16,663,896	7,174,547	–	11,958,815	24,187,224	(3,870,612)	56,113,870

Information about major customers

During each of the years ended 31 December 2016 and 2015, none of the Group's individual customers contributed to 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):

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**45,412,928**	49,145,605
Cost of services provided	**938,109**	1,868,954
Reversal of provision for onerous contracts	**(121,978)**	–
Depreciation	**2,929,052**	2,573,813
Amortisation of prepaid land premiums	**56,609**	65,759
Amortisation of operating concessions	**95,501**	84,338
Amortisation of other intangible assets	**244,507**	37,580
Loss on disposal of items of property, plant and equipment, net	**7,941**	8,523

4. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**612,047**	537,247
Interest on guaranteed bonds and senior notes	**878,329**	767,022
Interest on convertible bonds	**–**	438
Total interest expenses	**1,490,376**	1,304,707
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**1,959**	–
Total finance costs	**1,492,335**	1,304,707
Less: Interest included in construction in progress	**–**	(2,844)
	1,492,335	1,301,863

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2015: 16.5%). 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 established in Mainland China enjoy PRC corporate income tax exemptions and reductions.

	2016	2015
	HK$'000	*HK$'000*
Current:		
Mainland China	**829,380**	672,620
Hong Kong	**9,088**	4,996
Germany	**313,868**	–
Deferred	**(294,613)**	4,345
Total tax expense for the year	**857,723**	681,961

6. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Interim – HK$0.30 (2015: HK$0.30) per ordinary share	**378,646**	385,305
Proposed final – HK$0.65 (2015: HK$0.65) per ordinary share	**820,400**	833,853
	1,199,046	1,219,158

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 the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares of 1,266,544,776 (2015: 1,283,912,186) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2016 and 2015.

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:

	2016	2015
	HK$'000	*HK$'000*
Billed:		
Within one year	**21,969**	29,568
Unbilled	**1,647,133**	1,761,197
	1,669,102	1,790,765
Portion classified as current assets	**(70,673)**	(135,675)
Non-current portion	**1,598,429**	1,655,090

9. TRADE AND BILLS RECEIVABLES

The various group companies have different credit policies, depending on the requirements of their markets and the businesses in 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:

	2016	2015
	HK$'000	*HK$'000*
Billed:		
Within one year	**2,435,956**	1,733,227
One to two years	**54,286**	46,493
Two to three years	**30,323**	13,489
Over three years	**39,584**	35,677
	2,560,149	1,828,886
Unbilled	**1,117,008**	1,715,569
	3,677,157	3,544,455

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:

	2016	2015
	HK$'000	*HK$'000*
Billed:		
Within one year	**2,801,186**	2,022,042
One to two years	**64,644**	304,034
Two to three years	**11,122**	140,151
Over three years	**29,961**	171,715
	2,906,913	2,637,942
Unbilled	**1,022,284**	1,003,012
	3,929,197	3,640,954

11. EVENTS AFTER THE REPORTING PERIOD

In November 2016, Beijing Gas entered into an acquisition agreement (the "PJSC Agreement") with independent third parties (the "Seller"), pursuant to which Beijing Gas agreed to purchase and the Seller agreed to sell approximately 20% equity interest (an aggregate of 6,901,160 ordinary shares) of PJSC Verkhnechonskneftegaz ("PJSC") at a cash consideration of US$1,100 million plus a completion adjustment payment which is no more than US$20 million.

PJSC is an Oil and Gas Company located in Irkutsk, Russia Federation and its principal business is engaged in exploring, appraising, developing, producing and marketing oil, gas and condensate field.

The transaction has not yet been completed as at the date of approval of the financial statements.

Further details of this transaction were set out in the Company's announcement published on the website of The Stock Exchange of Hong Kong Limited on 9 November 2016.

12. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 31 December 2016 amounted to HK$5,423,898,000 (2015: net current assets of HK$7,330,571,000) and HK$105,448,565,000 (2015: HK$98,458,561,000), respectively.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in this result announcement as a result of the change in reportable segments due to the acquisition of EEW Group.

DIVIDEND

The Directors of the Company recommended the payment of a final dividend of HK65 cents (2015: HK65 cents) per share for the year ended 31 December 2016 payable to shareholders whose names appear on the register of members of the Company on 3 July 2017. Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid on or around 18 July 2017.

ANNUAL GENERAL MEETING

The 2017 annual general meeting will be held on Thursday, 22 June 2017. The notice of the 2017 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's ("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 2017 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 2017 annual general meeting:

Latest time to lodge transfer documents for registration	4:30 pm on Friday, 16 June 2017
Closure of register of members	Monday, 19 June 2017 to Thursday, 22 June 2017 (both dates inclusive)
Annual General Meeting	Thursday, 22 June 2017

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration . . . . 4:30 pm on Tuesday, 27 June 2017

Closure of register of members . . . . Wednesday, 28 June 2017 to Monday, 3 July 2017 (both dates inclusive)

Record date . . . . Monday, 3 July 2017

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2017 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

EMPLOYEES

At 31 December 2016, the Group had approximately 48,000 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

COMPLIANCE WITH 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 2016.

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted Appendix 10 "Model Code" to the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirm that they complied with the "Model Code" during the year ended 31 December 2016.

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 Audit Committee) and Mr. Fu Tingmei. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management system and internal controls system of the Group. The annual results have been reviewed and approved by the Audit Committee of the Company.

SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Company's auditors, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, the Company bought back a total of 19,697,000 ordinary shares of the Company on the Stock Exchange. The shares were subsequently cancelled by the Company. Details of the buy-backs of such ordinary shares are as follows:

Month	**Number of shares bought back**	**Price per share Highest**	**Price per share Lowest**	**Total consideration paid**
		HK$	*HK$*	*HK$*
February	11,697,000	35.35	32.60	397,605,800
May	8,000,000	38.00	38.00	304,000,000

The buy-back of the Company's shares during the year was effected by the directors of the Company, 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 Company.

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, 31 March 2017

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