

[For Immediate Release]



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

Beijing Enterprises Announces 2016 Annual Results

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Net Profit Increases by 10% to HK\$6.236 Billion Builds Leading International Public Utility Services Platform

Financial Data Highlights (Audited)

(HK\$ million)	For the Year Ended 31 December		Change
	2016	2015	
Revenue	55,959	60,150	-7.0%
Profit from Operating Activities	4,039	3,232	+25.0%
Profit Attributable to Shareholders of the Company	6,236	5,667	+10.0%
Basic and Diluted Earnings per Share (HK\$)	4.92	4.41	+11.6%
Gross Profit Margin	16.9%	15.0%	1.9 pts

(31 March 2017 - Hong Kong) **Beijing Enterprises Holdings Limited** (“BEHL” or “the Company”, together with its subsidiaries “the Group”; stock code: 392), an integrated public utility services provider focusing on gas, water and solid waste treatment as well as engaging in the beer business, has announced its annual results for the year ended 31 December 2016.

The revenue of the Group in 2016 was approximately HK\$55.96 billion, decreased by 7% when compared with 2015. This was mainly due to the decrease in natural gas distribution price as a result of the drop in gate price, and depreciation of Renminbi against Hong Kong dollar at an average rate of about 5.8%. Gross profit increased by 4.3% year-on-year to HK\$9.44 billion; overall gross profit margin was 16.9% (2015: 15.0%). 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 EEW Energy from Waste GmbH (“EEW GmbH”) business in Germany.

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In 2016, profit from operating activities increased 25.0% year-on-year to HK\$4.04 billion. Profit attributable to shareholders of the Company increased by 10.0% year-on-year to HK\$6.236 billion. Basic and diluted earnings per share were HK\$4.92. The Directors of the Company recommended the payment of a final dividend of HK65 cents per share for the year ended 31 December 2016.

Mr. Zhou Si, Vice Chairman and CEO of Beijing Enterprises Holdings Limited, said, “With the Chinese government increasing efforts to promote environmental protection and green finance, the healthy development of the public utility industry has again aroused great public attention across the country. As an internationally renowned and leading integrated public utility services provider focusing on gas, water and solid waste treatment, we have been relentless in protecting the environment, conserving resources and reducing greenhouse gas emissions. These efforts have yielded excellent results as exemplified by the notable enhancement in environmental, social and economic benefits which promote the sustainable development of society. In addition, we have complemented the government’s ‘One Belt One Road’ initiative, and responded to its appeal to state-owned enterprises to implement the ‘Going Global’ strategy. During the year, we completed the merger and acquisition of EEW, the largest waste incineration power enterprise in Germany, and invested in the largest gas and oil field in eastern Siberia, Russia. The two transactions have helped us to expand our interests, extending beyond China.”

Natural Gas Distribution Business

Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of HK\$39.38 billion in 2016, accounting for 70.4% of the Group’s overall revenue. 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.

With scalable offshore liquefied natural gas (LNG) sourcing for the first time, it opened the channel for entering into international energy trade market, and gradually formed the LNG trade sector of Beijing Gas in 2016. Beijing Gas 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. Besides, Beijing Gas acquired 29% equity interest of Beijing Gas Blue Sky Holdings, and established the foreign investment and financing platform.

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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%. Through holding the 40% equity interest of PetroChina Beijing Pipeline Co., BEHL’s share of net profit after taxation was HK\$2.79 billion, which contributed an increase in profit of approximately 2.2% year-on-year.

China Gas

For the half year of April to September 2016, China Gas Holdings Limited (“China Gas”, stock code: 384) achieved a sales volume of 4.81 billion cubic metres in pipeline gas, representing a year-on-year increase of 7.1%. Profit attributable to the Group amounted to approximately HK\$588 million in 2016.

Beer Business

In 2016, facing various unfavorable factors such as industry downward, monopolized competition, rising marketing costs and labour costs and environmental protection and intensified requirements on emission reduction, Beijing Yanjing Brewery Co., Ltd. (“Yanjing Beer”) responded proactively. It 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 beers and increased the income per ton. During the year, sales volume of Yanjing Beer reached 4.50 million kilolitres, achieving a revenue of HK\$11.59 billion, accounting for 20.7% of the Group’s overall revenue. The brand value of “Yanjing” is RMB88.275 billion, representing a year-on-year increase of 10%.

Water and Environmental Operation

The water and environmental operation 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 (Build-Operate-Transfer) 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 BEHL.

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.

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During the year, China proactively promoted the launching of the environmental policies, including the Ten Provisions in Water (水十條) and the project implementation of the PPP (Public-Private-Partnership) 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 system setting up, synergistically cooperated to develop the operational management of urban water business.

Solid Waste Treatment Business

In 2016, the solid waste treatment business segment of BEHL has accomplished waste incineration and power generation integrated treatment capacity of 27,961 tons/day (of which, the newly acquired EEW GmbH project in Germany achieved a treatment capacity of approximately 13,000 tons/day). In 2016, stable growth was achieved in the operating results of each entity of solid waste segment, showing healthy and positive growth trend. Segment revenue from the Group's solid waste treatment operations totaled HK\$4.93 billion, representing a year-on-year increase of 140% and accounting for 8.8% of the Group's overall revenue.

Beijing Enterprises Environment Group Limited ("BE Environment", stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd. achieved a revenue of HK\$790 million, and realized an operating profit of HK\$210 million for the year. 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 kilowatt-hour (kWh).

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. In 2016, EEW GmbH 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 a year-on-year increase of 7.2%. Total revenue was EUR524 million, representing an increase of 8.5% as compared with 2015.

Mr. Zhou concluded, "2017 is the 20th anniversary of BEHL's listing. Looking at 2017, we will continue to drive the development of various businesses in 2017 so as to consolidate our leading position in the industry and reward shareholders with better results. Capitalizing on our global vision, advanced management philosophy, professional technical team, and mature and quality asset allocation, we will continue to focus on developing clean energy and protecting the ecological environment, as well as realizing the effective integration of capital and industry operations so as to build a top international public utility service platform."

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About Beijing Enterprises Holdings Limited (0392.HK)

Beijing Enterprises Holdings Limited (“BEHL”) is the sole overseas listed conglomerate controlled by the Beijing Municipal Government for channeling capital, technology and management expertise from international markets into Beijing’s development priorities. After a series of divestitures, BEHL has successfully streamlined its assets portfolio and transformed itself into a diversified conglomerate with focus on gas business, beer business, water business, green industry and solid waste treatment.

As of 31 December 2016, the core assets held by BEHL include: 100% interest in Beijing Gas Group Company Limited (the largest integrated citywide natural gas distributor in the PRC); 23.11% interest in China Gas Holdings Limited (0384.HK); 57.4% interest in the A Share listed Beijing Yanjing Brewery Co., Ltd. (000729); 43.77% interest in Beijing Enterprises Water Group Limited (0371.HK) which is BEHL’s major vehicle for investing in regional water projects in mainland China; 50.40% interest in Beijing Enterprises Environment Group Limited (0154.HK) which is developing solid waste treatment business in the PRC, and 100% interest in EEW Energy from Waste GmbH which is the leading European waste to energy company with headquarter in Germany.

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