



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(website: www.behl.com.hk)

(Stock code: 392)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

HIGHLIGHTS

- Revenue from continuing operations for the first half of 2007 amounted to approximately HK\$3.94 billion, representing an increase of 15.4% over the corresponding period of last year.
- Profit attributable to shareholders of the Company for the first half of 2007 amounted to HK\$638 million, representing an increase of more than forty times over the corresponding period of last year.
- Basic earnings per share amounted to HK\$1.02.
- An interim cash dividend of HK10 cents per share and special cash dividend of HK10 cents per share are declared for the six months ended 30 June 2007.

UNAUDITED INTERIM RESULTS AND INTERIM DIVIDEND

The Board of Directors (the “Board”) of Beijing Enterprises Holdings Limited (the “Company”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2007 with the comparative figures in 2006. The consolidated revenue of the Group from continuing operations was HK\$3.94 billion for the first half of 2007, increased by 15.4% comparing to the corresponding period of last year. Profit attributable to shareholders of the Company was HK\$638 million, marked a record high of the Company, representing an increase of more than forty times over the corresponding period of last year.

Stripping off the aggregate of the net exceptional gain of HK\$143 million arising from the deemed disposal of interest in Beijing Development (Hong Kong) Limited (“Beijing Development”) and share of gain on deemed disposal and sale of its holding shares of Xteam Software International Limited (“Xteam”), profit attributable to shareholders of the Company increased by 104.1% to HK\$494 million which was mainly driven by strong profit growth of Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”) and Beijing Capital Airport Expressway (“Airport Expressway”).

Net profit before exceptional items contributed by each business segment during the period was as follows:

	Net profit before exceptional items for the six months ended 30 June	
	2007	2006
	<i>HK'000</i>	<i>HK'000</i>
	Unaudited	Unaudited
Infrastructure	171,620	127,700
Utilities	75,300	71,740
Consumer products	90,700	54,600
Retail and others	156,630	(11,860)
	<hr/> 494,250 <hr/>	<hr/> 242,180 <hr/>

The Board has resolved to declare an interim cash dividend of HK10 cents per share and special cash dividend of HK10 cents per share for the six months ended 30 June 2007 (2006: HK10 cents) payable on 9 November 2007 to shareholders whose names appear on the Register of Members of the Company on 10 October 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		For the six months ended 30 June	
		2007	2006
		Unaudited	Unaudited
	Notes	HK\$'000	HK\$'000
CONTINUING OPERATIONS:			
REVENUE	2	3,939,991	3,415,514
Cost of sales		(2,600,633)	(2,225,507)
Gross profit		1,339,358	1,190,007
Gain on deemed disposal of interest in a subsidiary		–	139,363
Other income and gains, net	3	371,176	128,088
Selling and distribution costs		(393,957)	(393,335)
Administrative expenses		(325,869)	(398,322)
Dilution loss on share reform of a subsidiary		–	(429,877)
Other operating expenses, net		(33,770)	(48,969)
PROFIT FROM OPERATING ACTIVITIES		956,938	186,955
Finance costs	4	(59,993)	(62,160)
Share of profits and losses of:			
Jointly-controlled entities		–	(922)
Associates		66,491	8,039
PROFIT BEFORE TAX	5	963,436	131,912
TAX	6	(120,195)	(90,000)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		843,241	41,912
DISCONTINUED OPERATIONS:			
Profit for the period from discontinued operations	7	–	68,576
PROFIT FOR THE PERIOD		843,241	110,488

		For the six months ended 30 June	
		2007	2006
		Unaudited	Unaudited
<i>Notes</i>		HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Shareholders of the Company:			
		637,688	(8,242)
		–	22,230
		637,688	13,988
		205,553	96,500
		843,241	110,488
DIVIDEND			
	8	103,839	62,250
		103,839	–
		207,678	62,250
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	9		
Basic			
		HK\$1.02	HK\$0.02
		HK\$1.02	HK\$(0.01)
Diluted			
		HK\$0.82	HK\$0.02
		HK\$0.82	HK\$(0.01)

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2007

		30 June	31 December
		2007	2006
		Unaudited	Audited
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		15,953,448	7,681,882
Investment properties		274,961	272,904
Prepaid land premiums		805,309	302,757
Goodwill		6,970,417	44,177
Other intangible assets		1,443,649	1,450,584
Interests in jointly-controlled entities		2,982,528	1,921
Interests in associates		653,245	519,854
Prepayments, deposits and other receivables		26,924	130,008
Restricted cash and pledged deposits		6,674	2,200
Available-for-sale investments		379,462	352,914
Deferred tax assets		184,941	663
		<hr/>	<hr/>
Total non-current assets		29,681,558	10,759,864
Current assets:			
Prepaid land premiums		18,831	8,086
Inventories		1,750,807	1,648,707
Amounts due from customers			
for contract work		432	–
Trade and bills receivables	<i>10</i>	1,311,433	458,313
Prepayments, deposits and other receivables		1,022,571	1,644,518
Financial assets at fair value through profit or loss		6,578	9,706
Taxes recoverable		10,783	27,258
Restricted cash and pledged deposits		78,071	59,305
Cash and cash equivalents		4,134,681	2,708,395
		<hr/>	<hr/>
Total current assets		8,334,187	6,564,288
		<hr/>	<hr/>
TOTAL ASSETS		38,015,745	17,324,152

		30 June	31 December
		2007	2006
		Unaudited	Audited
	<i>Notes</i>	HK\$'000	HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company:			
Issued capital	<i>11</i>	103,788	62,250
Reserves		21,528,501	8,683,955
Proposed dividend		207,678	124,500
		21,839,967	8,870,705
Minority interests		4,331,854	4,189,100
TOTAL EQUITY		26,171,821	13,059,805
Non-current liabilities:			
Bank and other borrowings		3,284,398	566,998
Convertible bonds		–	464
Defined benefits plans		192,996	–
Deferred income		18,895	–
Other long term liabilities		36,680	21,570
Deferred tax liabilities		35,759	20,512
Total non-current liabilities		3,568,728	609,544
Current liabilities:			
Trade and bills payables	<i>12</i>	1,695,336	733,615
Amounts due to customers for contract work		15,378	–
Other payables and accruals		4,451,188	1,036,140
Taxes payable		856,000	551,098
Bank and other borrowings		1,257,294	1,333,950
Total current liabilities		8,275,196	3,654,803
TOTAL LIABILITIES		11,843,924	4,264,347
TOTAL EQUITY AND LIABILITIES		38,015,745	17,324,152

Notes:

1. Basis of preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2007 are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of these interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006.

2. Segment information

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 business 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 business segments. The following tables present revenue and results for the Group’s business segments.

For the six months ended 30 June 2007

	Continuing operations					Discontinued operations				
	Expressway and toll road operation		Water treatment operations		Corporate and others Total	Retail operation			Eliminations	Consolidated
	Unaudited	Unaudited	Unaudited	Unaudited		Unaudited	Unaudited	Unaudited		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:										
Sales to external customers	3,308,576	288,810	267,968	74,637	3,939,991	-	-	-	-	3,939,991
Intersegment sales	-	-	-	-	-	-	-	-	-	-
Other income and gains, net	46,872	5,340	4,343	69,851	126,406	-	-	-	-	126,406
Total	<u>3,355,448</u>	<u>294,150</u>	<u>272,311</u>	<u>144,488</u>	<u>4,066,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,066,397</u>
Segment results	<u>376,132</u>	<u>231,079</u>	<u>91,125</u>	<u>13,832</u>	712,168	<u>-</u>	<u>-</u>	-	-	712,168
Unallocated income and gains, net					244,770			-	-	244,770
Profit from operating activities					956,938			-	-	956,938
Finance costs					(59,993)			-	-	(59,993)
Share of profits and losses of:										
Associates	(350)	-	-	66,841	66,491			-	-	66,491
Profit before tax					963,436			-	-	963,436
Tax					(120,195)			-	-	(120,195)
Profit for the period					<u>843,241</u>			<u>-</u>	<u>-</u>	<u>843,241</u>

For the six months ended 30 June 2006

	Continuing operations					Discontinued operations				
	Expressway		Water	Corporate and others	Total	Retail			Eliminations	Consolidated
	Brewery operation	and toll road operations	treatment operations			operation	Others	Total		
Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	
Segment revenue:										
Sales to external customers	2,676,009	250,978	248,208	240,319	3,415,514	2,769,178	175,047	2,944,225	-	6,359,739
Intersegment sales	-	-	-	226	226	-	-	-	(226)	-
Other income and gains, net	42,752	765	1,243	13,168	57,928	59,798	3,593	63,391	-	121,319
Total	<u>2,718,761</u>	<u>251,743</u>	<u>249,451</u>	<u>253,713</u>	<u>3,473,668</u>	<u>2,828,976</u>	<u>178,640</u>	<u>3,007,616</u>	<u>(226)</u>	<u>6,481,058</u>
Segment results	<u>252,005</u>	<u>159,742</u>	<u>83,159</u>	<u>(54,232)</u>	440,674	<u>178,812</u>	<u>(70,324)</u>	108,488		549,162
Unallocated income and gains, net					209,523			21,520		231,043
Unallocated expenses					(463,242)			-		(463,242)
Profit from operating activities					186,955			130,008		316,963
Finance costs					(62,160)			(10,850)		(73,010)
Share of profits and losses of:										
Jointly-controlled entities	-	-	-	(922)	(922)	(4,785)	(597)	(5,382)		(6,304)
Associates	(239)	-	-	8,278	8,039	(660)	-	(660)		7,379
Profit before tax					131,912			113,116		245,028
Tax					(90,000)			(44,540)		(134,540)
Profit for the period					<u>41,912</u>			<u>68,576</u>		<u>110,488</u>

3. Other income and gains, net

	For the six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Other income		
Bank interest income	21,765	39,757
Investment income	–	2,106
Corporate income tax and value-added tax refund	7,915	9,943
Others	232,479	104,992
	<u>262,159</u>	<u>156,798</u>
Gains, net		
Gain on partial disposal of interests in subsidiaries	–	39,850
Gain on deemed disposal of interests in an associate	61,368	–
Others	47,649	16,351
	<u>109,017</u>	<u>56,201</u>
	<u>371,176</u>	<u>212,999</u>
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	371,176	128,088
Discontinued operations – note 7	–	84,911
	<u>371,176</u>	<u>212,999</u>

4. Finance costs

	For the six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on bank loans and other loans wholly repayable within five years	50,778	69,526
Interest on convertible bonds	–	1,270
Interest on other loans	9,215	2,214
	<u>59,993</u>	<u>73,010</u>
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	59,993	62,160
Discontinued operations – note 7	–	10,850
	<u>59,993</u>	<u>73,010</u>

5. Profit before tax

The Group's profit before tax (including those attributable to discontinued operations) is arrived at after charging:

	For the six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation	295,246	330,076
Amortisation of intangible assets	55,369	54,197
	<u>55,369</u>	<u>54,197</u>

6. Tax

	For the six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Current – PRC		
Hong Kong	–	150
Mainland China	105,252	131,986
Deferred	14,943	2,404
	<hr/>	<hr/>
Total tax charge for the period	120,195	134,540
	<hr/>	<hr/>
Attributable to:		
Continuing operations reported in the condensed consolidated income statement	120,195	90,000
Discontinued operations – note 7	–	44,540
	<hr/>	<hr/>
	120,195	134,540
	<hr/>	<hr/>

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. The income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations in Mainland China, certain of the Company's subsidiaries enjoy income tax exemptions and reductions.

7. Discontinued operations

The Group's discontinued operations in the period ended 30 June 2006 represented the retail and property construction and development operations operated by Beijing Wangfujing Department Store (Group) Co., Ltd.. Further details of the disposal are set out in notes 12 and 46(a) to the financial statements of the Company for the year ended 31 December 2006 as included in the Company's annual report for that year.

8. Dividend

On 18 September 2007, the Board declared an interim cash dividend of HK10 cents per share (2006: HK10 cents) and special cash dividend of HK10 cents (2006: Nil), totalling HK\$207,678,000 (2006: HK\$62,250,000).

9. Earnings/(loss) per share attributable to shareholders of the Company

The calculation of basic earnings per share amounts for the period is based on the unaudited profit attributable to shareholders of the Company for the period, and the weighted average number of 627,971,602 (2006: 622,500,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts for the period is based on the unaudited profit attributable to shareholders of the Company for the period, where applicable, adjusted to reflect the impact of the acquisition of Beijing Gas Group (BVI) Co., Ltd. (“Beijing Gas BVI”). Pursuant to the sale and purchase agreement related to the acquisition of Beijing Gas BVI (the “Beijing Gas Sale and Purchase Agreement”) dated 10 April 2007, the Company agreed to issue 411,250,000 ordinary shares of the Company as part of the consideration. The acquisition was completed at 29 June 2007. These shares are potential ordinary shares and deemed to have been issued since the date of the Beijing Gas Sale and Purchase Agreement. The profit attributable to shareholders of the Company for the period, where applicable, is adjusted to reflect the effect of the profit of Beijing Gas BVI on the profit attributable to shareholders of the Company assuming the acquisition was completed on the date of the Beijing Gas Sale and Purchase Agreement. The weighted average number of ordinary shares was calculated assuming the shares were issued on the date of the Beijing Gas Sale and Purchase Agreement. The exercise or conversion of all outstanding convertible bonds of Beijing Yanjing Brewery Company Limited, an A shares subsidiary listed in the PRC of the Group, and the exercise of the outstanding share options of Beijing Development and Xteam did not have a material diluting effect or had an anti-dilutive effect on the Group’s earnings per share for the period.

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

	For the six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK\$’000	HK\$’000
Earnings/(loss):		
Profit/(loss) for the period attributable to shareholders of the Company, used in the basic earnings per share calculation		
From continuing operations	637,688	(8,242)
From discontinued operations – note 7	–	22,230
	637,688	13,988
Profit from Beijing Gas BVI attributable to shareholders of the Company assuming the acquisition completed on the date of the Beijing Gas Sale and Purchase Agreement	31,200	–
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	668,888	13,988

	For the six months ended 30 June	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Attributable to:		
Continued operations	668,888	(8,242)
Discontinued operations – note 7	–	22,230
	<hr/>	<hr/>
	668,888	13,988
	<hr/> <hr/>	<hr/> <hr/>
Number of ordinary shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	627,971,602	622,500,000
Effect of issue of shares for acquisition of Beijing Gas BVI assuming the shares issued on the date of the Beijing Gas Sale and Purchase Agreement	181,767,956	–
Effect of dilution of share options – weighted average number of ordinary shares	5,072,044	–
	<hr/>	<hr/>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	814,811,602	622,500,000
	<hr/> <hr/>	<hr/> <hr/>

10. Trade and bills receivables

The various group companies have different credit policies, depending on the requirements of their markets and the businesses which they operate. Aged analyses of trade and bills receivables are prepared and closely monitored in order to minimise any credit risk associated with receivables.

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

	30 June 2007 Unaudited HK\$'000	31 December 2006 Audited HK\$'000
Within one year	1,168,904	439,738
One to two years	116,183	8,485
Two to three years	10,057	5,139
Over three years	16,289	4,951
	<u>1,311,433</u>	<u>458,313</u>

11. Issued capital

	30 June 2007 Unaudited HK\$'000	31 December 2006 Audited HK\$'000
<i>Authorised:</i>		
2,000,000,000 ordinary shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
<i>Issued and fully paid:</i>		
1,037,880,000 (2006: 622,500,000) ordinary shares of HK\$0.1 each	<u>103,788</u>	<u>62,250</u>

Pursuant to the Beijing Gas Sale and Purchase Agreement, 411,250,000 ordinary shares of the Company were issued at HK\$18.48 each to the vendor, Beijing Enterprises Group (BVI) Company Limited, as part of the consideration. The acquisition of Beijing Gas BVI was completed at 29 June 2007. The market value of the shares issued was HK\$29.70 per share.

In addition, during the six months ended 30 June 2007, 3,830,000 and 300,000 ordinary shares of the Company were allotted at HK\$12.55 and HK\$20.60 each, respectively, upon the exercise of the share options of the Company for a total cash consideration, before expenses, of HK\$54,246,500.

12. Trade and bills payables

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

	30 June	31 December
	2007	2006
	Unaudited	Audited
	HK\$'000	HK\$'000
Within one year	1,668,098	709,773
One to two years	17,214	15,451
Two to three years	1,440	1,948
Over three years	8,584	6,443
	<hr/> 1,695,336 <hr/>	<hr/> 733,615 <hr/>

13. Events after the balance sheet date

On 2 August 2007, Beijing Anling Water Technology Company Limited ("BAWT"), a jointly-controlled entity of the Group, entered into a franchise agreement with 北京市水務局(Beijing Water Bureau), pursuant to which BAWT will be granted a franchise right in the finance, investment, design, construction, management and operation of the Plant A of Beijing No. 10 Water Treatment Plant for a period of 23 years commencing from the effective day of the franchise agreement.

On 16 August 2007, Beijing Enterprises Treasury Company Limited ("BJ Treasury"), a subsidiary of the Group, entered into a share transfer agreement with Ever Sincere Investment Limited ("Ever Sincere"), pursuant to which BJ Treasury has conditionally agreed to sell its 51% equity interest in Beijing Enterprises Ever Source Limited ("BEES"), to Ever Sincere at an aggregate consideration of HK\$157,498,141 to be settled in cash. Upon completion of the transaction under the agreement, the Group will no longer hold any equity interest in BEES.

14. Comparative amounts

Certain comparative amounts have been reclassified, where appropriate, in order to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

SCOPE OF CONSOLIDATION

The Company has consolidated Beijing Gas Group Company Limited (“Beijing Gas”) in the Group after the completion date of acquisition on 29 June 2007. Its financial position has already been included in the Group’s unaudited condensed consolidated balance sheet as at 30 June 2007 and its results will be consolidated from the date thereafter. The profit after tax from Beijing Gas was approximately RMB505 million for the first half of 2007 and sale of natural gas was more than 2 billion cubic metres for the period.

The Group’s effective interest in Beijing Development has been diluted from 55.81% to 46.57% upon the issuance of new shares by Beijing Development in December 2006 as disclosed in the Company’s 2006 financial statements. Beijing Development ceased to be a subsidiary and became an associate of the Group thereafter.

BUSINESS REVIEW

I. Infrastructure and Utilities

1. Toll Roads

Airport Expressway achieved record traffic volume of 26.63 million vehicles in the first half of the year, representing a growth of 9.5%. Revenue increased 16.1% to HK\$248.5 million and attributable profit to the Group increased 34.8% to HK\$160.3 million in the same period. Northern Extension of the Airport Expressway (機場北線) has started operations since the last quarter of last year, its business results were not taken up by the Group because the commercial terms are subject to finalisation.

The traffic volume of Shenzhen Shiguan Road remained steady at 4.73 million vehicles in the first half of the year. Revenue also remained steady at approximately HK\$40.3 million and profit attributable to the Group increased 29.2% to approximately HK\$11.4 million.

2. *Water Treatment Concession*

The attributable profit of Beijing No. 9 water treatment concession to the Group was HK\$75.3 million which is comparable with last period. The Group is actively pursuing investment opportunities in the water treatment sector and intends to raise the weighting of profit contribution from this sector in the Group.

II. Consumer Products

1. *Beer operations*

Yanjing Brewery achieved another record breaking sales volume in the first half of 2007, overall sales volume of beer operations managed by Yanjing Brewery increased 17% to 1.95 million tons. Revenue increased by approximately 23.6% to HK\$3.31 billion due to product price increase and appreciation of Reminbi exchange rate. Profit attributable to the Group jumped 62.3% to approximately HK\$88.5 million due to improved profit margin and turnaround situation of certain regional brewery operations in the PRC.

2. *Winery operations*

Both revenue and operating profit of Beijing Shun Xing Winery Co., Ltd. recovered healthily in the first half of the year due to strong demand for consumer products amid a buoyant stock and property market in the PRC.

III. Other Business

Longqingxia remained the only tourism site in the Group, revenue for the first half of the year was HK\$30.4 million, attributable profit from operations to the Group was HK\$0.2 million. The Company will look for opportunity to divest Longqingxia and completely withdraw from tourism sector.

Information technology business carried by Beijing Development and Xteam was operating under very competitive environment. Nevertheless, Beijing Development has officially launched the Smart Card program in Beijing and has issued more than 12.9 million cards up to now. Steady profit contribution is expected from the smart card business once the commercial terms are settled later on.

Riding on the very prosperous Hong Kong stock market in the first half of the year, Beijing Development and its subsidiary Xteam placed new shares respectively and generated gains on deemed disposals of interest for the Group. Also, Beijing Development placed down its holding shares of Xteam and recorded significant exceptional gain in its accounts. To sum up, the Group derived net exceptional gains of HK\$143 million from the various deemed disposals of interest in Beijing Development and Xteam and the sales of Xteam's shares in the first half of the year.

FINANCIAL REVIEW

I. Analysis of Financial Results

1. Revenue

Revenue from continuing business increased by 15.4% to HK\$3.94 billion mainly due to steady growth of beer business of Yanjing Brewery.

Revenue in the infrastructure segment comprising the two toll roads increased 15.1% to HK\$289 million. Revenue of the consumer products segment increased 23.8% to HK\$3.35 billion mainly driven by the strong growth of beer business in Guangxi, Inner Mongolia and Fujian.

Revenue contributions from other business segments were segment relatively insignificant to the Group.

2. Profit before Taxation

(a) Gross profit margin

Overall gross profit margin for the period under review was 34%, improved slightly comparing to corresponding period last year (excluding results of Beijing Development and its subsidiaries) mainly due to higher product prices of Yanjing Brewery as a result of higher growth in premium sector and price hike for certain mass market products. Toll roads remained the most profitable business due to their relatively fixed cost structure.

(b) Share of results of associates

During the period under review, Beijing Development (including Xteam), the associates of the Group captured the opportunities of the very prosperous stock market in Hong Kong and placed new shares and old shares of Xteam to fund their respective expansion programs. As the placing prices were significantly higher than the relevant net asset values, the Company was able to share significant net exceptional gains on deemed disposal of interests in Xteam in the first half of the year.

(c) Other income and gains, net

Other income increased by HK\$243.1 million mainly due to write back certain provisions of fixed assets and other receivables amounted to HK\$98.4 million. Moreover, as a result of placing of Beijing Development's new shares during the period, the Company had recorded HK\$61.4 million gain on deemed disposal of interest in Beijing Development.

(d) Income Tax rate

Effective income tax rate declined significantly to approximately 12.5% due to the lower weighted average tax rate from Airport Expressway and Yanjing's beer operations. Also, the net exceptional gains derived in Hong Kong were capital in nature and were not subject to tax.

II. Financial Position of the Group

1. Capital and Shareholders' Equity

As at 30 June 2007, the Company has a total of 1,037,880,000 issued share capital and total shareholders' equity increased significantly by HK\$13.11 billion, which was mainly due to the completion of the acquisition of the Beijing Gas. Minority interests amounted to HK\$4.33 billion.

2. Borrowings

The Group's bank and other borrowings amounted to HK\$4.54 billion as at 30 June 2007, which mainly comprised a five-year syndicated loan of the Company amounting to HK\$2.1 billion and working capital loans of HK\$2.44 billion carried by the Company's PRC subsidiaries. Approximately 46.2% of the bank and other borrowings of the Group were borrowed in Hong Kong dollars, 43.6% in Renminbi and the remaining in US dollars. The Group has a net debt to equity ratio (defined as cash netting off total bank and other borrowings) of 1.5% as at 30 June 2007.

3. Bank Deposits

As at 30 June 2007, cash and bank deposits held by the Group amounted to HK\$4.22 billion. At present, the Group has a strong net current assets of HK\$129 million. The Group maintains sufficient banking facilities for its working capital requirement and its balance sheet position has plenty of room to gear up for significant investment opportunities arise.

4. Goodwill

The increase in balance of goodwill mainly represents the excess of the fair value of the consideration for acquisition of Beijing Gas over the net fair value of identifiable assets acquired and liabilities and contingent liabilities assumed of Beijing Gas at the date of completion of acquisition.

5. Interests in jointly-controlled entities

This mainly represents Beijing Gas's 40% equity interests in Beijing Hua You Gas Company Limited (北京華油天然氣有限責任公司), which is engaged in the transmission of natural gas business.

6. Other payables and accruals

The significant increase was mainly due to consolidation of receipt in advance of gas fees of Beijing Gas, which amounted to HK\$793 million, and HK\$731 million payables related to capital expenditures of Beijing Gas.

III. Risk management

The Group's major financial instruments include equity investments, borrowings, trade receivables, trade payables, other receivables, other payables and bank balances and cash. The management adopts and applies the following policies to manage and monitor financial risks.

1. Provision for diminution is made according to Group's accounting policy or where a permanent impairment in value has taken place or there is evidence of reduction in recoverability of the cash flows;
2. Review market trends on interest rates and exchange rates movements, assess potential financial impact on the Group's operation and financial position. Effective hedging instruments can be used to level off dramatic market movements should a need arises.
3. The Group's cash and bank deposits should be placed with financial institutions with strong credit rating and good reputation.

PROSPECTS

The core businesses, including toll roads and beer operations, performed strongly in the first half of the year and are expected to maintain their strong momentum in the second half of the year. Water treatment concession remained a significant cash contributor to the Group. The outlook for information technology business has become more promising in the foreseeable future.

On 29 June 2007, the Company has completed the acquisition of Beijing Gas, the largest integrated citywide natural gas distributor in the PRC with interests in midstream gas transportation business. The Company will start to consolidate the operating results of Beijing Gas in the second half year. Beijing Gas is expected to contribute a significant portion of the recurring profit of the Group in the future. Upon completion of the acquisition, the Group's asset base as well as recurring profit base have increased substantially. The Group's operating performance will be dominated by utilities and infrastructure business in the future.

SUBSEQUENT EVENTS

Please refer to note 13 to the condensed consolidated financial statements.

EMPLOYEE INFORMATION

At 30 June 2007, the Group had 34,400 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARE DEALING

All Directors have confirmed, following specific enquiry by the Company, that they complied with the required standards set out in the Model Code for Directors' Share Dealing as set out in Appendix 10 to the Listing Rules throughout the review period.

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to building and maintaining high standards of corporate governance practices. Save the deviation as disclosed below, the Company has complied with the code provisions (the "Code Provisions") contained in Appendix 14 "Code on Corporate Governance Practices" of the Listing Rules throughout the six months ended 30 June 2007.

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

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely, Dr. Lee Tung Hai, Leo (Chairman of Audit Committee), Mr. Wang Xian Zhang and Mr. Wu Jiesi. The main duties of the committee include reviewing and providing supervision over the Company's financial reporting process and internal controls. The Audit Committee of the Company has already reviewed the unaudited interim results for the six months ended 30 June, 2007 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") website (www.hkex.com.hk) and the Company's website (www.behl.com.hk). The 2007 Interim Report will be dispatched to Shareholders in late September 2007 and will be available at the Stock Exchange's website and the Company's website accordingly.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises eleven executive directors, namely, Mr. Yi Xi Qun, Mr. Zhang Hong Hai, Mr. Li Fu Cheng, Mr. Bai Jin Rong, Mr. Zhou Si, Mr. Liu Kai, Mr. Guo Pu Jin, Mr. E Meng, Mr. Lei Zhen Gang, Mr. Jiang Xin Hao and Mr. Tam Chun Fai; five independent non-executive directors, namely, Mr. Lau Hon Chuen, Ambrose, Dr. Lee Tung Hai, Leo, Mr. Wang Xian Zhang, Mr. Wu Jiesi and Mr. Robert A. Theleen.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all the Group's employees for their continuous support and dedicated services.

By order of the Board
Yi Xi Qun
Chairman

Hong Kong, 18 September 2007