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**北京控股有限公司**  
**BEIJING ENTERPRISES HOLDINGS LIMITED**

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

*(website: [www.behl.com.hk](http://www.behl.com.hk))*

**(Stock code: 392)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009**

### **HIGHLIGHTS**

- Revenue for the first half of 2009 amounted to approximately HK\$11.628 billion, representing an increase of 21.2% over the corresponding period of last year.
- Profit attributable to shareholders of the Company for the first half of 2009 amounted to HK\$1.418 billion, representing an increase of 11.3% over the corresponding period of last year.
- Basic earnings per share attributable to shareholders of the Company amounted to HK\$1.25.
- An interim cash dividend of HK20 cents per share is declared for the six months ended 30 June 2009.

### **UNAUDITED INTERIM RESULTS**

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 2009 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2009 with the comparative figures for the corresponding period of 2008. The consolidated revenue of the Group was HK\$11.628 billion for the first half of 2009, increased by 21.2% comparing to the corresponding period of last year. Profit attributable to shareholders of the Company was HK\$1.418 billion, increased by 11.3% comparing to corresponding period of last year.

Profit after taxation contributed by each business segment attributable to shareholders of the Company during the period was as follows:

	<b>Profit After Taxation HK\$'000</b>	Proportion %
Natural Gas Business	<b>1,040,271</b>	73.4
Beer Business	<b>172,106</b>	12.1
Water Treatment Business	<b>118,954</b>	8.4
Toll Roads	<b>65,163</b>	4.6
Others	<b>21,584</b>	1.5

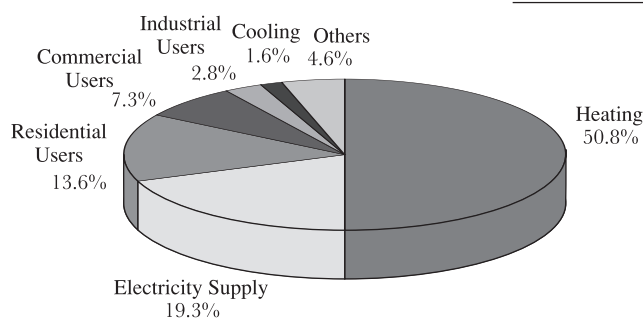
## MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS REVIEW

#### *Natural Gas Business*

The natural gas distribution business of Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of HK\$5.89 billion, increased by 16% comparing to the first half of last year. Net profit from gas distribution business in the first half of the year was HK\$451 million, increased by 11.4% comparing to the first half of 2008. Gas sales volume was approximately 2.86 billion cubic meters, up 14.9% against 2.49 billion cubic meters in the corresponding period of last year. The total length of the pipeline system including self owned and entrusted pipelines in Beijing city further increased to approximately 12,000 kilometers. During the period under review, capital expenditures incurred was HK\$881 million, primarily used in the construction of high-pressure pipelines in suburban counties and the new piped line network infrastructure project. The sales volume was analysed as follows:

<b>For the six months ended 30 June 2009</b>		
	<b>Sales Volume '0000 cubic meter</b>	<b>Proportion</b>
Heating	145,431	50.8%
Electricity Supply	55,365	19.3%
Residential Users	38,935	13.6%
Commercial Users	20,987	7.3%
Industrial Users	8,069	2.8%
Cooling	4,459	1.6%
Others	13,024	4.6%
<b>Total</b>	<b>286,270</b>	<b>100%</b>



The transmission volume of PetroChina Beijing Natural Gas Pipeline Company Limited (“PetroChina Beijing Pipeline Co”) for the first half of 2009 was approximately 6.96 billion cubic meters compared against 5.85 billion in the first half of last year, representing a growth of 19%. The strong transmission volume growth was mainly attributable to strong demand from the city gas operators in the Bohai and Hebei area. Beijing Gas shared a net profit after taxation of HK\$587 million, based on the 40% equity stake in PetroChina Beijing Pipeline Co in the first half of 2009, representing a 32.8% increase when compared with the first half of 2008. The capital expenditures of PetroChina Beijing Pipeline Co in the first half of 2009 was approximately HK\$1.3 billion, primarily used in the construction of Qinhuang Island Spur Pipeline, the transmission enhancement project for No. 2 Shaanxi-Beijing Gas Pipeline and Jing 58 underground gas storages project.

### ***Beer Business***

The overall sales volume of beer products sold under the “Yanjing” brand and its associated brands increased by approximately 14% to 2.34 million thousand litres. Revenue increased by 21.4% to HK\$5 billion, mainly due to volume increase and continuous appreciation of Renminbi exchange rate. Profit attributable to the Group increased by 39.4% to approximately HK\$172 million mainly due to higher gross profit margin, appropriate cost control measures and appreciation of the Renminbi exchange rate. Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”) controls over 85% of the market share in the Beijing market. Driven by the branding effect of the Olympics, our advantage in the Beijing market was further consolidated, recording a year-on-year sales growth of 6.9% in the first half of the year. The development of markets outside Beijing was even faster in the first half of the year, recording a year-on-year sales growth of 17%. Sales in the Guangdong market grew by 63% and that of the Hebei market grew by 42%.

During the period under review, Yanjing Brewery injected more than HK\$400 million to Guangdong Yanjing Beer and Chifeng Yanjing Beer, primarily used in the expansion and technological improvement projects.

### ***Water Treatment Business***

The attributable profit of Beijing No.9 water treatment concession to the Group in the first half of 2009 was approximately HK\$90.6 million.

Beijing Enterprises Water Group Limited (“BE Water”) (stock code: 371), a 60.22% owned subsidiary of the Group as at 30 June 2009, recorded a turnover of HK\$435 million and attributable profit of HK\$28 million to the Group in the first half of 2009. Currently, the Group has more than 3.6 million tons of water processing capacity per day in operation and under construction in Mainland China. We expect to continue investments in quality water projects through BE Water in the future.

### ***Toll Roads***

The traffic volume going through the Capital Airport Expressway declined by 25% to 17.38 million vehicles in the first half of 2009 mainly due to diversion of traffic to the South Extension Line connecting to the Terminal 3 of Beijing International Airport.

The revenue of Capital Airport Expressway decreased by 25.8% accordingly to HK\$167 million in the first half of 2009. Attributable profit to the Group also declined by 47% to approximately HK\$64 million comparing to corresponding period of last year.

The traffic volume of Shenzhen Shiguan Road declined by 14% to 4.01 million vehicles in the first half of the year. The attributable profit to the Group was HK\$1.6 million for the six months ended 30 June 2009.

## **II. PROSPECTS**

### ***Natural Gas Business***

The natural gas distribution business in Beijing area has recorded continuous volume growth and subscriber growth in the past. With sustainable economic and population growth in Greater Beijing area, the demand for clean energy consumption, in particular, piped natural gas will see steady demand growth. This demand growth will further drive the sales volume of gas distribution business in Beijing metropolitan area as well as suburban area. Beijing Gas has seen more aggressive dedication to piped natural gas infrastructure investments by county governments surrounding Beijing city. The Group will continue to deploy more resources to develop these new markets in suburban counties in the medium term.

In the transmission business, the compression and gas storage project for existing Shaanxi-Beijing No. 1 & 2 long piped lines progressed well during the period under review. Upon expected completion in first quarter next year, the annual consolidated transmission capacity should reach 19 billion cubic meters per annum.

### ***Beer Business***

“Yanjing” will remain one of the strongest local beer brands in the Mainland China. The nationwide bottling production facilities together with the established distribution network will further boost the market share in the future. Yanjing Brewery’s profit margin will remain stable as the more profitable premium beer gaining higher market share and contributes higher profit to Yanjing Brewery.

### ***Water Treatment Business***

The water treatment business conducted through BE Water is expected to build up the processing volume aggressively with medium term goal of achieving daily capacity of more than 5 million tons per day.

### ***Toll Roads***

The traffic volume of Capital Airport Expressway is expected to stabilise at around 90,000 vehicles per day based on the current air traffic volume of Terminals 1 to 3 of Beijing International Airport. The traffic volume of Shenzhen Shiguan Road is expected to shrink further due to diverting of traffic to other free highway around Shenzhen area. The Group will seriously consider withdraw from this project and seek reasonable compensation from the relevant Shenzhen authority.

### **III. FINANCIAL REVIEW**

#### ***Revenue***

The revenue of the Group's continuing operations in first half of 2009 was approximately HK\$11.6 billion, increased by 21.2% when compared with first half in 2008. This was mainly driven by higher gas sales volume and higher beer sales volume. Other business contributed an aggregate of not more than 6% of the total revenue.

#### ***Cost of Sales***

Cost of sales increased by 21.3% to HK\$8.71 billion, basically in line with the increase in revenue. The cost of sales for gas distribution business included purchase cost of natural gas as well as depreciation of piped line network.

#### ***Gross Profit Margin***

Overall gross profit margin was 25.1% for current period. The gross profit margin was similar to that of the corresponding period of last year. Natural gas distribution business had average gross margin of approximately 16.1% which is lower than the high margin brewery business, toll road and water business due to different direct cost structure.

#### ***Other Income***

Other income comprised of, inter alia, total interest income amounted to HK\$43.5 million; gain on deemed disposal of interests in subsidiaries amounted to HK\$134 million; government grants amounted to HK\$62.4 million; and exchange gain etc.

#### ***Selling and Distribution Costs***

Selling and distribution costs of the Group's operating business in first half of 2009 increased by 19% to HK\$663 million, in line with the increase in revenue. The proportion of selling and distribution costs for gas distribution business was lower than that of brewery business due to much higher advertisement expenses for consumer products business.

#### ***Administrative Expenses***

Administrative expenses of the Group in the first half of 2009 was HK\$766 million, increased by 30.5% comparing to the corresponding period of last year. The increase was mainly due to commencement of new beer bottling plants in Sichuan, Inner Mongolia and Xinjiang and consolidation of newly acquired sewage plants from BE Water. The higher than revenue percentage increase was due to relatively higher proportion of administrative costs for brewery business.

#### ***Finance Costs***

Finance costs of the Group in the first half of 2009 was HK\$183 million, remained almost the same as that in corresponding period of 2008. The lower bank loan interest was due to lower interest rates for Hong Kong dollar denominated syndicated bank loans during the period under review.

### ***Share of Results of Jointly-controlled Entities***

This substantially represented the 40% share of the net profits of PetroChina Beijing Pipeline Co for the first half of 2009. PetroChina Beijing Pipeline Co is 40% owned by Beijing Gas and 60% owned by PetroChina Company Limited. The primary business of PetroChina Beijing Pipeline Co is natural gas transmission which supplies to city gas operators along the Shaanxi-Beijing No. 1 & 2 long piped lines with an approximate total length of 2,200 kilometers owned by PetroChina Beijing Pipeline Co.

### ***Share of Results of Associated Companies***

The Group's share of net losses of associates amounted to HK\$3.9 million in the first half of 2009.

### ***Tax***

Effective income tax rate was steady at 25.7% due to stabilised business structure. Also, the net exceptional gains derived from deemed disposal of interests in BE Water were of capital nature and not subject to tax.

## **IV. FINANCIAL POSITION OF THE GROUP**

### ***Cash and Bank Borrowings***

As at 30 June 2009, cash and bank deposits held by the Group amounted to HK\$10.24 billion. In May of 2009, the Group has captured the opportunity to issue a five-year convertible bond amounting to HK\$2.175 billion. The proceeds will be used mainly to finance the capital contribution to the forthcoming Shaanxi-Beijing Third Pipeline Project.

At the statement of financial position date, the Group had a strong net working capital of HK\$6.74 billion. The Group maintains sufficient banking facilities for its working capital requirement and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's bank and other borrowings amounted to HK\$8.05 billion as at 30 June 2009, which mainly comprised of five year syndicated loans amounting to HK\$2.1 billion, project financing of HK\$2.83 billion and loans of HK\$ 3.12 billion carried in the PRC subsidiaries. Around 25% of the bank and other loans were denominated in Hong Kong dollars with the rest in Renminbi. The Group was in a net borrowing position of HK\$572 million as at 30 June 2009.

### ***Liquidity and Capital Resources***

During the period under review, there was no significant movements in the issued capital of the Company. As at the end of June 2009, the issued capital of the Company was 1,137,281,000 shares and shareholders' equity grew to HK\$30.52 billion. Total equity was HK\$37.76 billion comparing to HK\$36.31 billion as at the end of 2008.

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



## **INTERIM DIVIDEND**

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2009 of HK20 cents per share (2008: interim dividend of HK20 cents per share), which will be payable on or about 28 October 2009 to shareholders whose names appear on the Register of Members of the Company on 5 October 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company's Register of Members will be closed from Thursday, 1 October 2009 to Monday, 5 October 2009, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 30 September 2009.

## **EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

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

## **EMPLOYEE INFORMATION**

At 30 June 2009, the Group had approximately 37,000 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.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. 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.

## **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 2009.

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**

At 30 June 2009, the Audit Committee comprised three independent non-executive directors, namely, Mr. Wu Jiesi, Mr. Lam Hoi Ham (Chairman of Audit Committee) and Mr. Fu Tingmei. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting process and internal controls of the Company. The Audit Committee of the Company has already reviewed the unaudited interim results for the six months ended 30 June 2009 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’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.behl.com.hk](http://www.behl.com.hk)). The 2009 Interim Report will be dispatched to Shareholders in late September 2009 and will be available at the Stock Exchange’s website and the Company’s website accordingly.



## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2009*

		<b>For the six months ended 30 June</b>	
		<b>2009</b>	<b>2008</b>
		<b>Unaudited</b>	<b>Unaudited</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>		
REVENUE	3	<b>11,628,432</b>	9,593,445
Cost of sales		<b>(8,710,454)</b>	(7,183,059)
Gross profit		<b>2,917,978</b>	2,410,386
Other income and gains, net	4	<b>365,337</b>	379,035
Selling and distribution expenses		<b>(663,141)</b>	(557,202)
Administrative expenses		<b>(766,097)</b>	(586,884)
Other operating expenses, net		<b>(183,117)</b>	(96,274)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>5</b>	<b>1,670,960</b>	1,549,061
Finance costs	6	<b>(183,177)</b>	(183,324)
Share of profits and losses of:			
Jointly-controlled entities		<b>593,581</b>	441,741
Associates		<b>(3,875)</b>	(6,132)
<b>PROFIT BEFORE TAX</b>		<b>2,077,489</b>	1,801,346
TAX	7	<b>(346,266)</b>	(281,911)
<b>PROFIT FOR THE PERIOD</b>		<b>1,731,223</b>	1,519,435
<b>ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>1,418,078</b>	1,273,378
Minority interests		<b>313,145</b>	246,057
		<b>1,731,223</b>	1,519,435
<b>DIVIDEND – Interim</b>	<b>8</b>	<b>227,456</b>	227,600
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO SHAREHOLDERS</b>			
<b>OF THE COMPANY</b>	<b>9</b>		
Basic		<b>HK\$1.25</b>	HK\$1.12
Diluted		<b>HK\$1.15</b>	HK\$1.12

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2009*

	<b>For the six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>Unaudited</b>	Unaudited
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>1,731,223</b>	1,519,435
<b>OTHER COMPREHENSIVE INCOME:</b>		
Exchange differences on translation of foreign operations	<u>(36,468)</u>	<u>1,357,648</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>1,694,755</u></b>	<b><u>2,877,083</u></b>
<b>ATTRIBUTABLE TO:</b>		
Shareholders of the Company	<b>1,388,343</b>	2,361,439
Minority interests	<b>306,412</b>	515,644
	<b><u>1,694,755</u></b>	<b><u>2,877,083</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

		30 June 2009	31 December 2008
	<i>Notes</i>	<b>Unaudited</b> <i>HK\$'000</i>	Audited <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets:			
Property, plant and equipment		18,744,070	17,988,216
Investment properties		198,588	198,759
Prepaid land premiums		1,173,859	1,136,358
Goodwill		8,542,124	8,537,759
Operating concessions		1,970,154	1,813,494
Other intangible assets		13,625	14,969
Interests in jointly-controlled entities		4,740,084	4,508,590
Interests in associates		805,311	802,207
Receivables under service concession arrangements		2,814,449	2,821,311
Prepayments, deposits and other receivables		17,010	124,270
Available-for-sale investments		301,089	309,789
Deferred tax assets		496,897	484,772
		<b>39,817,260</b>	38,740,494
Current assets:			
Prepaid land premiums		23,423	24,356
Inventories		2,925,263	3,067,436
Amounts due from contract customers		364,617	202,512
Receivables under service concession arrangements		496,632	380,792
Trade and bills receivables	10	1,288,415	1,056,026
Prepayments, deposits and other receivables		1,428,476	1,419,334
Financial assets at fair value through profit or loss		751	1,566
Other taxes recoverable		36,243	72,873
Restricted cash and pledged deposits		61,843	64,413
Cash and cash equivalents		10,182,499	6,666,940
		<b>16,808,162</b>	12,956,248
<b>TOTAL ASSETS</b>		<b>56,625,422</b>	51,696,742

		<b>30 June 2009</b>	31 December 2008
		<b>Unaudited</b>	Audited
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders of the Company:			
Issued capital	11	<b>113,728</b>	113,700
Reserves		<b>30,179,060</b>	29,006,598
Proposed dividends		<b>227,456</b>	511,650
		<b>30,520,244</b>	29,631,948
Minority interests		<b>7,237,710</b>	6,678,522
<b>TOTAL EQUITY</b>		<b>37,757,954</b>	36,310,470
Non-current liabilities:			
Bank and other borrowings		<b>4,932,345</b>	3,895,388
Convertible bonds		<b>2,766,839</b>	515,908
Defined benefits plans		<b>398,026</b>	389,815
Provision for major overhauls		<b>166,561</b>	121,438
Other long term liabilities		<b>226,974</b>	204,442
Deferred tax liabilities		<b>307,601</b>	279,859
Total non-current liabilities		<b>8,798,346</b>	5,406,850
Current liabilities:			
Trade and bills payables	12	<b>1,131,208</b>	1,190,222
Amounts due to contract customers		<b>78,448</b>	107,831
Other payables and accruals		<b>4,684,198</b>	4,689,729
Income tax payable		<b>567,735</b>	457,983
Other taxes payable		<b>490,093</b>	361,021
Bank and other borrowings		<b>3,117,440</b>	3,172,636
Total current liabilities		<b>10,069,122</b>	9,979,422
<b>TOTAL LIABILITIES</b>		<b>18,867,468</b>	15,386,272
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,625,422</b>	51,696,742

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS :

### 1. Basis of preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2009 are prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). 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 2008 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which became effective for the Company’s financial year ending 31 December 2009. Details of the effect of changes in the accounting policies are set out in note 2.

### 2. Effect of changes in accounting policies

Amongst all, the adoption of the following new and revised standards had resulted in additional disclosures as further explained below:

#### HKFRS 8 *Operating Segments*

This standard requires disclosure of information about the Group’s operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*. Additional disclosures about each of these segments are shown in note 3, including revised comparative information.

#### HKAS 1 (Revised) *Presentation of Financial Statements*

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income; it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present the information in two linked statements.

The adoption of other new or revised standards and interpretation has had no material effect on these unaudited condensed interim consolidated financial statements.

### 3. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

#### Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008, respectively.

#### For the six months ended 30 June 2009

	Piped gas operation Unaudited HK\$'000	Sewage and water treatment operations Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Expressway and toll road operations Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Eliminations Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Revenue	5,888,694	553,901	5,005,828	204,252	20,297	(44,540)	11,628,432
Cost of sales	(4,942,844)	(262,410)	(3,408,619)	(115,263)	(14,060)	32,742	(8,710,454)
Gross profit	<u>945,850</u>	<u>291,491</u>	<u>1,597,209</u>	<u>88,989</u>	<u>6,237</u>	<u>(11,798)</u>	<u>2,917,978</u>
Profit from operating activities	667,081	238,318	654,723	87,756	78,569	(55,487)	1,670,960
Finance costs	(59,835)	(61,454)	(76,875)	(476)	(28,226)	43,689	(183,177)
Share of profits and losses of:							
Jointly-controlled entities	589,541	4,040	—	—	—	—	593,581
Associates	—	—	(354)	—	(3,521)	—	(3,875)
Profit before tax	<u>1,196,787</u>	<u>180,904</u>	<u>577,494</u>	<u>87,280</u>	<u>46,822</u>	<u>(11,798)</u>	<u>2,077,489</u>
Tax	(156,387)	(34,908)	(132,975)	(21,448)	(548)	—	(346,266)
<b>Profit for the period</b>	<b><u>1,040,400</u></b>	<b><u>145,996</u></b>	<b><u>444,519</u></b>	<b><u>65,832</u></b>	<b><u>46,274</u></b>	<b><u>(11,798)</u></b>	<b><u>1,731,223</u></b>
<b>Profit attributable to shareholders of the Company</b>	<b><u>1,040,271</u></b>	<b><u>118,954</u></b>	<b><u>172,106</u></b>	<b><u>65,163</u></b>	<b><u>33,382</u></b>	<b><u>(11,798)</u></b>	<b><u>1,418,078</u></b>

For the six months ended 30 June 2008

	Piped gas operation Unaudited HK\$'000	Sewage and water treatment operations Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Expressway and toll road operations Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Eliminations Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Revenue	5,077,756	121,260	4,123,912	267,793	2,724	—	9,593,445
Cost of sales	(4,223,484)	—	(2,857,725)	(99,499)	(2,351)	—	(7,183,059)
Gross profit	<u>854,272</u>	<u>121,260</u>	<u>1,266,187</u>	<u>168,294</u>	<u>373</u>	<u>—</u>	<u>2,410,386</u>
Profit from operating activities	589,135	129,717	536,517	162,650	146,850	(15,808)	1,549,061
Finance costs	(39,476)	(13,187)	(106,123)	(791)	(39,555)	15,808	(183,324)
Share of profits and losses of:							
Jointly-controlled entities	441,741	—	—	—	—	—	441,741
Associates	—	—	(794)	661	(5,999)	—	(6,132)
Profit before tax	<u>991,400</u>	<u>116,530</u>	<u>429,600</u>	<u>162,520</u>	<u>101,296</u>	<u>—</u>	<u>1,801,346</u>
Tax	(143,158)	(22,297)	(82,208)	(33,297)	(951)	—	(281,911)
<b>Profit for the period</b>	<b><u>848,242</u></b>	<b><u>94,233</u></b>	<b><u>347,392</u></b>	<b><u>129,223</u></b>	<b><u>100,345</u></b>	<b><u>—</u></b>	<b><u>1,519,435</u></b>
<b>Profit attributable to shareholders of the Company</b>	<b><u>847,182</u></b>	<b><u>93,815</u></b>	<b><u>123,492</u></b>	<b><u>126,564</u></b>	<b><u>82,325</u></b>	<b><u>—</u></b>	<b><u>1,273,378</u></b>



#### 4. Other income and gains, net

	For the six months ended 30 June	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
<b>Other income</b>		
Bank interest income	43,517	60,803
Imputed interest income	—	6,145
Investment income	—	4,476
Others	179,600	214,040
	<u>223,117</u>	<u>285,464</u>
<b>Gains, net</b>		
Gain on disposal of interests in subsidiaries	—	65,304
Gain on deemed disposal of interest in a subsidiary	134,071	—
Gain on deemed disposal of interest in an associate	—	2,581
Gain on disposal of available-for-sale investments	7,021	8,690
Others	1,128	16,996
	<u>142,220</u>	<u>93,571</u>
	<u>365,337</u>	<u>379,035</u>

#### 5. Profit from operating activities

The Group's profit from operating activities is arrived at after charging:

	For the six months ended 30 June	
	2009	2008
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation	648,554	615,591
Amortisation of operating concessions*	54,740	42,674
	<u>703,294</u>	<u>658,265</u>

\* The amortisation of operating concessions for the period is included in "Cost of sales" on the face of the condensed consolidated income statement.

## 6. Finance costs

	For the six months ended 30 June	
	2009	2008
	Unaudited HK\$'000	Unaudited HK\$'000
Interest on bank loans and other loans wholly repayable within five years	153,017	170,971
Imputed interest on convertible bonds	23,813	3,483
Interest on other loans	6,347	8,870
	<u>183,177</u>	<u>183,324</u>

## 7. Tax

	For the six months ended 30 June	
	2009	2008
	Unaudited HK\$'000	Unaudited HK\$'000
Current – the People's Republic of China		
Hong Kong	7	160
Mainland China	330,321	265,126
Deferred	15,938	16,625
Total tax charge for the period	<u>346,266</u>	<u>281,911</u>

Hong Kong profits tax has been provided at the rate of 16.5% 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.

## 8. Dividend

On 16 September 2009 the Board declared an interim cash dividend of HK20 cents per share (2008: HK20 cents per share), totalling HK\$227,456,000 (2008: HK\$227,600,000).

## 9. Earnings 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 1,137,034,591 (2008: 1,138,919,385) ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts for the six months ended 30 June 2009 is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the effect of the deemed conversion of all dilutive convertible bonds of the Group, the weighted average number of ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all share options of the Company and convertible bonds of the Group which are convertible into ordinary shares of the Company.

There was no dilutive event in respect of earnings per share amount for the period ended 30 June 2008.

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

	<b>For the six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings:</b>		
Profit for the period attributable to shareholders of the Company, used in the basic earnings per share calculation	<b>1,418,078</b>	1,273,378
Imputed interest expense for the period relating to the liability component of the dilutive convertible bonds of the Group	<b>23,109</b>	—
Decrease in profit for the period as a result of the dilution of interest in BE Water assuming the exercise of all dilutive convertible bonds issued by BE Water	<b>(127,973)</b>	—
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	<b>1,313,214</b>	1,273,378
	<b>For the six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
<b>Number of ordinary shares:</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>1,137,034,591</b>	1,138,919,385
Effect of dilution of share options and convertible bonds – weighted average number of ordinary shares	<b>7,849,136</b>	614,114
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<b>1,144,883,727</b>	1,139,533,499

## 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. The carrying amounts of the trade and bills receivables approximate to their fair values.

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

	<b>30 June 2009 Unaudited HK\$'000</b>	31 December 2008 Audited HK\$'000
Within one year	<b>1,136,709</b>	961,288
One to two years	<b>89,172</b>	44,698
Two to three years	<b>8,972</b>	18,548
Over three years	<b>53,562</b>	31,492
	<b><u>1,288,415</u></b>	<u>1,056,026</u>

## 11. Share capital

	<b>30 June 2009 Unaudited HK\$'000</b>	31 December 2008 Audited HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.1 each	<b><u>200,000</u></b>	<u>200,000</u>
Issued and fully paid:		
1,137,281,000 (2008: 1,137,001,000) ordinary shares of HK\$0.1 each	<b><u>113,728</u></b>	<u>113,700</u>

During the period, the subscription rights attaching to 280,000 share options were exercised at the subscription price of HK\$12.55 per share, resulting in the issue of 280,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$3,514,000.

## 12. Trade and bills payables

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

	<b>30 June 2009 Unaudited HK\$'000</b>	31 December 2008 Audited HK\$'000
Within one year	<b>1,029,671</b>	997,868
One to two years	<b>48,222</b>	158,266
Two to three years	<b>42,152</b>	18,351
Over three years	<b>11,163</b>	15,737
	<b><u>1,131,208</u></b>	<u>1,190,222</u>

## 13. Event after the statement of financial position date

On 3 July 2009 and 28 July 2009, certain of the Tranche 2 Bond and the ZKC Convertible Bonds 2 of BE Water, a subsidiary of the Company, in principal amounts of HK\$40,000,000 and HK\$34,090,784 were converted into 100,000,000 and 49,406,933 new ordinary shares of BE Water at conversion prices of HK\$0.40 and HK\$0.69, respectively, resulting in additional issued share capital and share premium of BE Water of HK\$14,941,000 and HK\$62,960,000, respectively, and a decrease in the Group's equity interest in BE Water from 60.22% to 57.62%. The Group is not yet in a position to disclose any financial impact of these transactions on the Group.

## 14. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current period presentation.

## 15. Other financial information

The net current assets and total assets less current liabilities of the Group as at 30 June 2009 amounted to HK\$6,739,040,000 (2008: HK\$2,976,826,000) and HK\$46,556,300,000 (2008: HK\$41,717,320,000), respectively.

By order of the Board  
**Wang Dong**  
*Chairman*

Hong Kong, 16 September 2009

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong, Mr. Zhang Honghai, Mr. Li Fucheng, Mr. Bai Jinrong, Mr. Zhou Si, Mr. E Meng, Mr. Liu Kai, Mr. Guo Pujin, Mr. Lei Zhengang, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei as independent non-executive directors.*