PRESS RELEASE

北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

2010 Interim Results

Financial Highlights

	For the six months ended 30 June		
	2010	2009	
	Unaudited (HK$'000)	Unaudited (HK$'000)	Change
Revenue	**15,229,015**	11,628,432	+31%
Gross Profit	**3,544,939**	2,917,978	+21.5%
Profit Attributable to Shareholders of the Company	**1,562,883**	1,418,078	+10.2%
Recurring Net Profit Attributable to Shareholders of the Company	**1,549,330**	1,331,620	+16.4%
Basic Earning Per Share (HK dollar)	**1.37**	1.25	+9.6%

(Hong Kong, 31 August 2010) – Beijing Enterprises Holdings Limited (the "Company" or the "Group") (stock code: 392) today announced its results for the six months ended 30 June 2010. The consolidated revenue of the Group was HK$15.23 billion for the first half of 2010, increased by 31% comparing to corresponding period in last year. Profit attributable to the shareholders of the Company was HK$1.56 billion, increased by 10.2% compared to the corresponding period in 2009. Recurring net profit attributable to shareholders of the Company increased by 16.4% to HK$1.55 billion. The board of directors of the Company resolved to declare an interim dividend of HK25 cents per share.

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

	Profit After Taxation *HK$'000*	Proportion *%*
Natural Gas Business	1,203,537	77.0
Beer Business	238,030	15.2
Sewage and Water Treatment Operations	153,284	9.8
Toll Roads	44,770	2.9
Headquarter expenses and others	(76,738)	(4.9)

MANAGEMENT DISCUSSION AND ANALYSIS

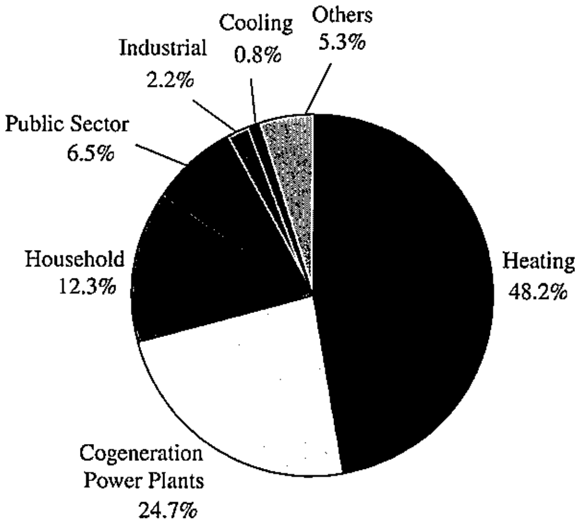
I. BUSINESS REVIEW

Natural Gas Distribution Business

The natural gas distribution business in Beijing recorded a revenue of HK$7.464 billion, increased by 26.7% comparing to the first half of last year. Net profit from gas distribution business in the first half of the year was HK$519 million, increased by 15.1% compared to the first half of 2009. Gas sales volume was approximately 3.6 billion cubic meters, up 26% against 2.86 billion cubic meters in corresponding period of last year. The length of the pipeline system in Beijing city further increased to approximately 12,867 kilometers. During the period under review, capital expenditures incurred was HK$410 million. There were 117,000 new residential subscribers, 1,439 new public sector subscribers, and fuel gas equipment capacity of 916.8 t/h steam. All types of subscribers grew steadily during the period under review.

The sales volume analysis of Beijing Gas during the six months ended 30 June 2010 is as follows:

	For the six months ended 30 June 2010	
	Sales Volume *Thousand cubic meter*	Ratio
Heating	1,733,970	48.2%
Cogeneration Power Plants	889,574	24.7%
Household	443,212	12.3%
Public Sector	233,253	6.5%
Industrial	78,803	2.2%
Cooling	30,302	0.8%
Others	192,239	5.3%
Total	3,601,353	100%



In respect of market development, we completed the acquisition of natural gas pipeline network in Fangshan District during the period and had ended the multiple operators situation in Fangshan District. We conducted active communication and negotiation with Mentougou and Shunyi District local governments and had arrived a mutual co-operative understanding. During the period, we also initiated the gas development works for several key towns at the suburban districts. We achieved the supply of piped gas for some regions while some are developing liquefied natural gas (LNG) stations, and have achieved preliminary success.

During the period, Beijing Gas Shandong Company's natural gas pipelines in "Rushan • Wendeng • Rongcheng" had commenced gas supply, laying a solid foundation for the gas market development in Shandong District. In addition, Beijing Gas signed strategic co-operation framework agreements with Datang International, Huaneng International Power Corporation (華能國際電力公司) and Huadian Operation Corporation (華電營運公司) respectively and had officially launched the coal-to-gas conversion works for Gaojing and Huaneng Thermal Power Plant (華能熱電廠).

Gas Upstream Business

The transmission volume of PetroChina Beijing Natural Gas Pipeline Company Limited (中石油北京天然氣管道有限公司) ("PetroChina Beijing Pipeline Co.") for the first half of 2010 was approximately 8.95 billion cubic meters compared against 6.96 billion in the first half of last year, increased by 28.6%. The strong transmission volume growth was mainly attributable to strong demand from the city gas operators in the Hebei area. Beijing Gas Group Company Limited ("Beijing Gas") shared a net profit after taxation of HK$685 million, based on the 40% equity stake in PetroChina Beijing Pipeline Co. in the first half of 2010, representing a 16.2% increase when compared with the first half of 2009. The lower than expected profit growth was mainly due to an additional HK$450 million of depreciation and electricity expenses related to the compression facilities in operation. The capital expenditures in the first half of 2010 was approximately HK$1.3 billion.

Beer Business

The overall sales volume of beer products sold under the brandname of "Yanjing" and associated brands increased by approximately 5.13% to 2.46 million thousand-litres. The decrease in sales volume in certain districts in the first half of the year was underpinned by the low temperature in northern China. During the period under review, by strengthening marketing network construction and launching strategic products, Yanjing Beer had firmly mastered more than 85% of the market share in Beijing. During the period, some major regional markets like Guangxi, Guangdong and Inner Mongonia recorded a strong growth in beer sales volume and attributable profit. The newly entered regional markets like Shanxi, Sichuan and Xinjiang delivered a rapid growth in the first half of the year. During the reporting period, Yangjing Beer aggressively promoted the "1+3" brand strategies and realised stable growth in concentration of four major brands of "Yanjing", "Liquan (漓泉)", "Huiquan (惠泉)" and "Xuelu (雪鹿). During the first half year, sales volume of the four major brands aggregated to 2.25 million thousand-litres, representing a year-on-year increase of 6.64% and accounting for 91.5% of total sales volume of beer.

Overall revenue of Yanjing Beer increased by 5% to HK$5.24 billion, mainly due to sales volume increase. Profit attributable to the Group increased by 38.3% to approximately HK$238 million which was mainly due to the optimisation of product mix, higher gross profit margin, lower income tax rate and better cost control. Starting from 20 January 2010, the ex-factory price of 10°c Refreshing Beer sold in the Beijing area was increased by approximately 10%.

Sewage and Water Treatment Operations

The attributable profit of Beijing No. 9 Water Treatment Plant concession to the Group in the first half of 2010 was approximately HK$72.5 million, representing a decrease of 20% as compared to the same period last year. This was mainly due to the two percentage points decrease in expected return upon the restructure of the concession term.

Beijing Enterprises Water Group Limited ("BE Water") (stock code: 371), a 55.77% owned subsidiary of the Group, recorded a strong turnover of HK$2.21 billion, and attributable profit of HK$80.78 million to the Group in the first half of 2010, 408% and 185% higher than the respective comparative figures in 2009. This was mainly due to the substantial revenue brought about by vigorous exploration of construction services during the period. Revenue of other relevant water businesses had achieved stable growth. BE Water is now operating 31 water plants in mainland China with designed water processing capacity of approximately 1.95 million metric tons per day and average processing volume was 1.37 million metric tons per day during the period. We expect to continue investments in quality water projects through BE Water in the future.

Toll Roads Business

The chargeable traffic volume going through the Tianzhu toll gate of Capital Airport Expressway declined by 11.2% to 13.45 million vehicles in the first half of 2010 which was mainly due to the change of toll collection policy to one way toll collection since 1 October 2009.

The revenue of Capital Airport Expressway decreased by 10% accordingly to HK$149.9 million in the first half of 2010. Attributable profit to the Group also declined by 31.4% to approximately HK$44 million comparing to corresponding period of last year.

The traffic volume of Shenzhen Shiguan Road was generally unchanged, declined by 0.5% to 3.99 million vehicles in the first half of the year. The attributable profit to the Group was HK$1.19 million for the six months ended 30 June 2010.

II. PROSPECTS

Natural Gas Distribution Business

The natural gas distribution business in Beijing 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 the medium term.

In addition, the coal-to-gas conversion projects of four largest thermal power centers in Beijing will increase the gas consumption for natural gas power generation significantly in future. Beijing Gas will make investments to cope with the development of relevant projects.

Gas Upstream Business

The existing transmission capacity of 20 billion cubic metres will become saturated in next year and requires new transmission facilities to fulfill the future demand growth in the region. The construction work of No. 3 Shaanxi-Beijing Pipeline is progressing well. The new pipeline will start operation in stage. The facilities with total annual designed capacity of 15 billion cubic metres will be put into operation partially in the first half of 2011 to cater for the ever growing demand.

Beer Business

"Yanjing" will remain one of the strongest local beer brand name in the mainland China. The nationwide bottling facilities together with the established distribution network will further boost the market share in the future. Yanjing Beer's product margin will maintain stable growth as the more profitable premium sector gains higher market share and contributes higher profit to Yanjing Beer.

Sewage and Water Treatment Operations

The water business conducted through BE Water has significantly built up the processing volume. Currently, the Group has participated in investments and development of 64 water plants. The total designed processing capacity has reached 4.58 million metric tons per day with medium term goal of achieving daily capacity of more than 5 million metric tons. Through aggressive exploration, the capital base and gearing ratio of BE Water has grown significantly. In order to rationalise the existing capital structure, the Group will continue to make additional capital contribution to BE Water to reduce its gearing ratio.

Toll Roads Business

The chargeable traffic volume of Capital Airport Expressway is expected to stabilize at around 75,000 vehicles per day based on the current air traffic volume of terminal one to three of Beijing International Airport. The traffic volume of Shenzhen Shiguan Road is expected to shrink further due to diverting of traffic to other free highways around Shenzhen area. The Group will seriously consider withdrawing from this project and seek reasonable compensation from the relevant Shenzhen authorities.

III. FINANCIAL REVIEW

Revenue

The revenue of the Group's operations in first half of 2010 was approximately HK$15.23 billion, increased by 31% when compared with the first half in 2009. This was mainly driven by higher gas sales volume and higher water related revenue. Revenue of beer business achieved moderate growth and other businesses contributed an aggregate of not more than 2% of the total revenue.

Cost of Sales

Cost of sales increased by 34.1% to HK$11.68 billion, slightly higher than 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 23.3% compared to 25.1% in corresponding period of 2009. The decline in overall gross profit margin was due to the decrease of gross profit margin of the sewage operation which revenue growth was much higher than other sectors during the period under review. Natural gas distribution business had average gross margin of approximately 15.9%, representing a slight decrease when compared to the same period last year. This was mainly due to a rapid growth in gas consumption of co-generation power plants which bear lower gross profit margin.

Other Income

Other income comprised, inter alia, total interest income amounted to HK$49.3 million; government grants amounted to HK$49.6 million; and exchange gain etc.

Selling and Distribution Costs

Selling and distribution costs of the Group in the first half of 2010 increased by 18.2% to HK$784 million, lower than the extent of increase in revenue. The proportion of selling and distribution costs for sewage business was lower than that of gas distribution and brewery business due to much higher advertisement expenses for consumer products business.

Administration Expenses

Administration expenses of the Group in the first half of 2010 was HK$986 million, increased by 28.7% comparing to the corresponding period of last year. The increase was mainly due to higher increase in wages and relevant welfare charges as a result of the organisation optimisation of natural gas distribution business and consolidation of newly acquired sewage plants from BE Water.

Finance Costs

Finance costs of the Group in the first half of 2010 was HK$225 million, increased by 22.8% comparing to HK$183 million in corresponding period of 2009.

Share of Profits and Losses of Jointly-controlled Entities

This substantially represented the 40% share of the net profits of PetroChina Beijing Pipelince Co. for the first half of 2010. PetroChina Beijing Pipelince Co. is 40% owned by Beijing Gas and 60% owned by PetroChina Company Limited. The primary business of PetroChina Beijing Pipelince Co. is natural gas transmission which supplies to city gas operators along No. 1 & No. 2 Shaanxi-Beijing long pipelines 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$1.08 million in the first half of 2010.

Tax

Effective income tax rate improved slightly to 22.7% due to full year impact of Yanjing Beer's privileged tax rate for its Beijing operations.

IV. FINANCIAL POSITION OF THE GROUP

Cash and Bank Borrowings

As at 30 June 2010, cash and bank deposits held by the Group amounted to HK$12.36 billion.

At the period end date, the Group had a strong net working capital of HK$6.44 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$15.98 billion as at 30 June 2010, which mainly comprised of five year syndicated loans amounting to HK$2.1 billion, convertible bonds of HK$2.175 billion, project financing of HK$7.3 billion and short term working capital loans of HK$2.2 billion carried in the PRC subsidiaries. Around 57% 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$3.62 billion as at 30 June 2010.

Liquidity and Capital Resources

During the period under review, there was no movement in the issued capital of the Company. As at 30 June 2010, the issued capital of the Company was 1,137,371,000 shares and equity attributable to shareholders of the Company grew to HK$32.5 billion. Total equity was HK$41.22 billion comparing to HK$39.02 billion as at the end of 2009.

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.

* * * * *

About Beijing Enterprises Holdings Limited (0392.HK)

Beijing Enterprises Holdings Limited ("Beijing Enterprises") 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, Beijing Enterprises has successfully streamlined its assets portfolio and transformed itself into a diversified conglomerate with focus on infrastructure, utilities and consumer products. Its core assets include Beijing Gas Group Company Limited (the largest integrated citywide natural gas distributor in the PRC), Beijing Yanjing Brewery Co., Ltd., Beijing Enterprises Water Group Limited (0371.HK), Beijing Number 9 Water Treatment Plant concession, and Capital Airport Expressway, etc.

Currently, Beijing Enterprises holds 45.18% interest in the A Share listed Yanjing Brewery Stock Company Limited (000729.Shenzhen), 43.94% interest in Beijing Enterprises Water Group Limited (0371. HK) which is Beijing Enterprises' major vehicle for investing in regional water projects in mainland China, and 42.87% interest in Beijing Development (Hong Kong) Limited (0154. HK) whose major activity is developing Smart Card business in Beijing.

For more information, please visit the Group's website at: **http://www.behl.com.hk**

Enquiry

Beijing Enterprises Holdings Limited

Corporate Affairs Department

Miss Lousie Chen

Tel: (852) 2105 6313

Fax: (852) 2857 5084

Email: mailbox@behl.com.hk

Beijing Enterprises Holdings Limited
Segment analysis on major enterprises

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Revenue	**Net profit attributable to shareholders**	Revenue	Net profit attributable to shareholders
	HKD'000	**HKD'000**	HKD'000	HKD'000
Piped Gas Operation				
Beijing Gas	**7,463,719**	**1,203,537**	5,888,694	1,040,271
Brewery Production Operation				
Yanjing Beer	**5,236,568**	**238,030**	5,005,828	172,106
Sewage And Water Treatment Operations				
Water Treatment Concession	**97,070**	**72,510**	119,263	90,620
BE Water Group	**2,208,480**	**80,774**	434,638	28,334
	2,305,550	**153,284**	553,901	118,954
Expressway And Toll Road Operations				
Capital Airport Expressway	**149,891**	**43,580**	166,608	63,529
Shiguan Road	**36,760**	**1,190**	37,644	1,634
	186,651	**44,770**	204,252	65,163
Other Operations				
Other Enterprises	**36,527**	**(21,982)**	20,297	(13,454)
Headquarter and other expenses	**-**	**(68,306)**	-	(39,624)
	36,527	**(90,288)**	20,297	(53,078)
Eliminations	**-**	**-**	(44,540)	(11,798)
	15,229,015	**1,549,333**	11,628,432	1,331,618
Exceptional gains, net	(1)	**13,550**	(2)	86,460
Total		**1,562,883**		**1,418,078**

(1) Amount represented reversal of provision of receivables of HKD13.55 million.

(2) Amount mainly represented the net of the gain on deemed disposal of a subsidiary of HKD134 million and the provision of receivables of HKD48 million.