PRESS RELEASE

北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

2011 Interim Results

Financial Highlights

	For the six months ended 30 June		
	2011	2010	
	Unaudited	Unaudited	Change
	(HK$'000)	(HK$'000)	
Revenue	**15,640,688**	15,229,015	+2.7%
Gross Profit	**3,683,021**	3,544,939	+3.9%
Profit Attributable to Shareholders of the Company	**1,650,883**	1,562,883	+5.6%
Basic Earning Per Share (HK dollar)	**1.45**	1.37	+5.8%

(Hong Kong, 31 August 2011) – Beijing Enterprises Holdings Limited (the "Company" or the "Group") (stock code: 392) today announced its results for the six months ended 30 June 2011. The consolidated revenue of the Group was HK$15.64 billion for the first half of 2011, increased by 2.7% comparing to corresponding period in last year. Profit attributable to the shareholders of the Company was HK$1.65 billion, increased by 5.6% compared to the corresponding period in last year. 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	1,155,536	70.0
Beer Business	260,780	15.8
Sewage and Water Treatment Operations	258,748	15.7
Toll Roads	45,320	2.7
Headquarter expenses and others	(69,501)	(4.2)

MANAGEMENT DISCUSSION AND ANALYSIS

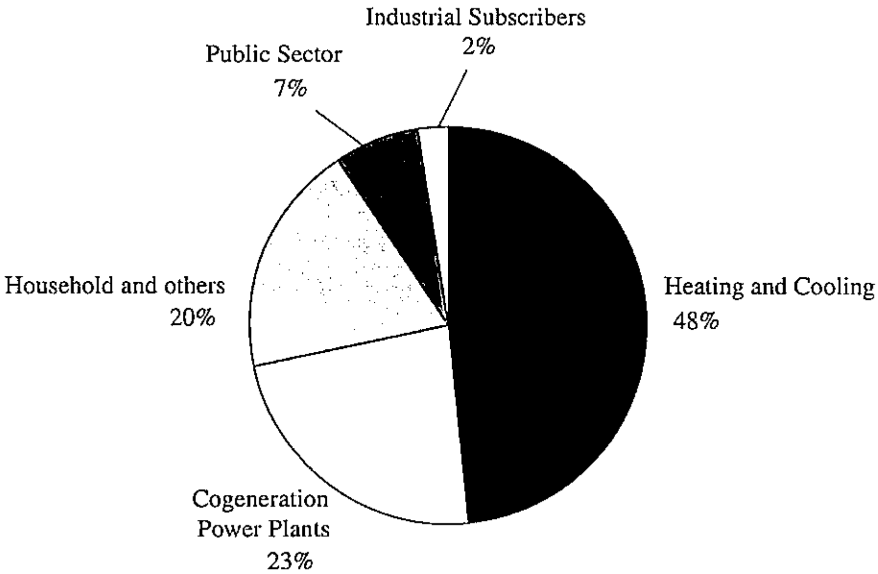
1. BUSINESS REVIEW

Natural Gas Distribution Business

The natural gas distribution business in Beijing City recorded revenue of HK$8.478 billion in the first half of 2011, increased by 13.6% as compared with the same period of last year. Gas sales volume was 3.45 billion cubic meters, representing a year-on-year decrease of 4.17%, mainly due to the fact that the heating supply duration was one week shorter than that of last year as the average temperature was significantly higher in the first quarter in Beijing as compared to the same period of last year, thus resulted in a reduction in gas consumption for heating which exceeded the increase in gas consumption by new subscribers. At the same time, early outage maintenance of cogeneration plants since the second quarter has led to a reduction in gas consumption for power generation, which further intensified the decrease in natural gas sales.

Net profit from gas distribution business in the first half of the year was HK$528 million, slightly increased by 2% as compared with the same period of last year. The growth rate was less than that of revenue, which was mainly due to the fact that there was a reduction in gas sales volume. During the period under review, total length of the gas pipeline system in Beijing City further increased to 13,878 kilometres. The capital expenditures incurred were HK$690 million. There were 122,263 new residential subscribers, 1,224 new public sector subscribers, and fuel gas equipment capacity of 656 t/h steam. All types of subscribers increased steadily.

The gas sales volume of Beijing Gas in 2011 was approximately 3.45 billion cubic meters. An analysis by user sector is shown as follows:



For business expansion, Beijing Gas Group Company Limited ("Beijing Gas") achieved new development progress in the first half of the year. It had entered into Hetian Strategic Framework Agreement for Investment Proposal with National Development Bank and Hetian Municipal Government, and entered into Strategic Co-operation Framework Agreement with Shenzhen Gas. At the same time, Beijing Gas is making efforts to implement the innovation management mechanism, aiming to fully cover and expand progressively in Beijing suburbs market by utilizing the synergy with different gas sources. In the first half of the year, Beijing Gas completed the acquisition of Beijing Fuhuadadi Gas Co. Ltd. (北京富華大地燃氣有限公司). Beijing Gas also achieved effective development in pipeline construction during the first half of the year, which played a positive supporting role in market development.

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 Company") during the first half of 2011 was 9.76 billion cubic meters, representing a year-on-year increase of 9.05%. The slowdown in the growth of transmission volume was mainly attributable to the warm winter of Beijing that affected the gas demand for heating and the presence of idle gas transmission capacity of No. 3 Shaanxi-Beijing Pipeline (陝京三線). Beijing Gas shared a net profit after taxation of HK$627 million through its 40% equity interests in PetroChina Beijing Pipeline Company in the first half of 2011, representing a decrease of 8.5% when compared with the same period of last year. The decrease was mainly due to significant increase in amortization and deprecation expenses and the increase of finance costs resulting from the commencement of operation of No. 3 Shaanxi-to-Beijing Line since the end of 2010. The capital expenditures of PetroChina Beijing Pipeline Company in the first half of 2011 was HK$1.09 billion.

Beer Business

Driven by China's constantly high consumer price index, accelerating pace of consumer structure upgrade, benefit of increase in beer sales volume, products mix adjustment and effective control on raw and auxiliary materials costs, the operating results of Yanjing Brewery has been improved steadily. During the first half year, beer sales volume was 2.72 million thousand-litres, representing a year-on-year increase of 14.8%, much higher than the growth rate of 11.4% of the industry; of which, beer sales volume reached 0.62 million thousand-litres in Beijing region, representing a year-on-year increase of 5.4%; the sales volume of beer in markets outside Beijing achieved a rapid growth, recorded a sales volume of 2.10 million thousand-litres, representing an increase of 17.3% as compared with the same period of last year.

Yanjing Brewery recorded a revenue of HK$6.746 billion for the first half of the year, representing a year-on-year increase of 28.8%, which was mainly due to the increase in sales volume and product prices. Operating profit for the first half of the year was HK$875 million, representing a year-on-year increase of 14.8%. Profit growth rate is lower than that of revenue, which is mainly attributable to a higher initial marketing expenses for certain beer factories outside Beijing as a result of their commencement of production during the period. Profit attributable to the Company for the first half of the year was HK$261 million, representing a year-on-year increase of 9.6%. The capital expenditures of Yanjing Brewery in the first half of 2011 was HK$870 million.

The market expansion of Yanjing Brewery has achieved an effective development in 2011. Its dominant position in Beijing market has been further consolidated, and maintained a sound development trend in the markets outside Beijing. Yanjing Brewery will continue to fully optimize the product mix through in-depth implementation of development strategy of "1+3" brands. Up to now, Yanjing Brewery has successfully completed various projects, including the technological upgrade of "Chunsheng Beer" (純生啤酒) by Hebei Yanjing Brewery Co., Ltd. (河北燕京啤酒有限公司), Phase I of 0.10 million thousand-litres project of Yanjing Brewery (Jinzhong) Co., Ltd. (燕京啤酒(晋中)有限公司), Phase III of 0.10 million thousand-litres expansion project of Sichuan Yanjing Brewery Co., Ltd. (四川燕京啤酒有限公司) and the technological upgrade of "Chunsheng Beer" (純生啤酒) by Fujian Yanjing Brewery Co., Ltd. (福建燕京啤酒有限公司), which laid a foundation in terms of production capacity for the implementation of the "12th Five-Year Plan".

Sewage Treatment and Water Operations

The net operating profit (excluding profit from reversal of provision of receivables under service concession arrangements) of water concession of Beijing No. 9 Water Treatment Plant attributable to the Group in the first half of 2011 was HK$75.25 million, representing an increase of 3.8% as compared with the same period last year.

During the first half of 2011, Beijing Enterprises Water Group Limited ("BE Water") (stock code: 371), a 44.49% held associate company of the Group, recorded a strong profit growth with profit attributable to the shareholders of the Company amounted to HK$134 million, representing a year-on-year increase of 66.2%. BE Water has continued to expand new investment projects during the period, and its business scope involves municipal sewage, water, industrial water and solid waste treatments. BE Water actually operates a total of 57 plants, which includes 50 sewage treatment plants, 5 water supply plants and 2 reclaimed water plants. The actual operation capacity is 3.51 million ton/day, and total actual water treatment capacity is 448,800,000 ton.

Toll Roads Business

The throughput of the Capital Airport Expressway recorded a slight natural growth in the first half of 2011, and its net profit attributable to the shareholders of the Company increased to HK$47.15 million, representing a year-on-year increase of 8.2%. To comply with the new toll policy of Beijing City, toll rate of the Capital Airport Expressway has been reduced to RMB5 since 1 July.

Environmental Protection Business

Beijing Beikong Environmental Engineering and Technology Co. Ltd. ("Beikong Environmental") stayed in line with the development trend of the expanding domestic solid waste market. As government policy favorable for waste-to-energy incineration is becoming more clear, Beikong Environmental accelerated its development pace. In the first half of 2011, Beikong Environmental achieved a solid growth in engineering construction and sewage treatment revenue. Up to June, domestic garbage treatment capacity nearly reached approximately 2,000 tons/day, hazardous waste treatment capacity amounted to 71,000 tons/year and sewage treatment capacity amounted to 250,000 tons/day. Although the business scale is not large, the development prospect is promising.

II. PROSPECTS

Natural Gas Distribution Business

The natural gas distribution business in Beijing has recorded continuous increase in sales volume and number of subscribers 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 centres 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 Phase II and Phase III construction work of No. 3 Shaanxi-Beijing Pipeline is still progressing. Upon fully completion of the construction of No. 3 Shaanxi-Beijing Pipeline, integrated gas transmission capacity of the three pipelines will reach 35 billion cubic metres per annum.

Beer Business

"Yanjing" will remain one of the leading 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 Brewery's growth in profit margin will maintain stable as premium beer with higher profit margin is getting higher market share and contributing more profit to Yanjing Brewery. Currently, Yanjing Brewery continues to expand its production capacity and will maintain the target of improving its production capacity and sales volume to 8 million thousand-litres within 5 years.

III. FINANCIAL REVIEW

Revenue

The revenue of the Group's operations in the first half of 2011 was approximately HK$15.64 billion, increased by 2.7% when compared to the corresponding period in last year. Gas sales revenue was HK$8.48 billion, representing a year-on-year increase of 13.6% higher. Beer sales revenue was HK$6.75 billion, 28.8% higher than that of the corresponding period. The much lower net increase was due to deconsolidation of BE Water's results since the second half of last year. Other business contributed to an aggregate of not more than 3% of the total revenue.

Cost of Sales

Cost of sales increased by 2.3% to HK$11.96 billion. The cost of sales for gas distribution business included mainly purchase cost of natural gas as well as depreciation of gas pipeline network. Cost of sales for beer business included materials cost, direct labor, consumables and depreciation.

Gross Profit Margin

Overall gross profit margin was 23.6% compared to 23.3% in corresponding period of last year. The slight improvement was attributable to deconsolidation of BE Water's result including its construction business which has lower profit margin.

Selling and Distribution Costs

Selling and distribution costs of the Group in the first half of 2011 increased by 34.4% to HK$1.054 billion, higher than the extent of increase in revenue. This was mainly attributable to the much higher initial selling and distribution expenses incurred by several new beer bottling plants of Yanjing Brewery in the first half year.

Administration Expenses

Administration expenses of the Group in the first half of 2011 was HK$1.068 billion, increased by 8.3% when compared to the corresponding period in last year. The increase was also attributable to the start up costs of the several new beer bottling plants of Yanjing Brewery.

Finance Costs

Finance costs of the Group in the first half of 2011 was HK$210 million, decreased by 6.6% when compared to corresponding period in last year, mainly due to lower HIBOR interest rates which determined the ultimate interest rates of the syndicated loans.

Share of Profits and Losses of Jointly-controlled Entities

This substantially represented the 40% share of the net profits of PetroChina Beijing Pipeline Co. for the first half of 2011. The primary business of PetroChina Beijing Pipeline Co. is transmission of natural gas through No. 1, 2 and 3 Shaanxi-Beijing pipelines with an approximate total length of 3,000 kilometers.

Share of Profits and Losses of Associates

This mainly represented the 44.49% share of the net profits of BE Water for the fist half of 2011 net of 42.9% share of net losses of Beijing Development (Hong Kong) Limited for the same period.

Tax

Effective income tax rate was 21.6%, lower than 22.7% in the corresponding period of last year mainly due to more tax concession enjoyed by Yanjing Brewery's national operations.

IV. FINANCIAL POSITION OF THE GROUP

Cash and Bank Borrowings

As at 30 June 2011, cash and bank deposits held by the Group amounted to HK$17.2 billion. The increase was mainly attributable to the proceeds received from the issue of one billion US dollar guaranteed senior notes in May this year net of the repayment of HK$3.5 billion of gas purchase fees in first quarter this year.

The Group's bank and other borrowings and convertible bonds amounted to HK$20.29 billion as at 30 June 2011, which mainly comprised 10 year and 30 year US dollar guaranteed senior notes to HK$7.8 billion, syndicated loans amounting to HK$5.1 billion and convertible bonds of HK$2.9 billion.

Liquidity and Capital Resources

As at the period end date, the Group had a strong net working capital of HK$10.15 billion. The Group maintains sufficient banking facilities in both Hong Kong and mainland for its working capital requirement and has abundant cash resources to finance its capital expenditures in the foreseeable future.

During the period under review, 300,000 new shares were issued as a result of exercise of share option by one executive director, while 100,000 shares were cancelled upon repurchase by the Company. As at 30 June 2011, the issued capital of the Company was 1,137,571,000 shares and equity attributable to shareholders of the Company was HK$36.24 billion. Total equity was HK$43.22 billion when compared to HK$40.94 billion as at the end of 2010.

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2011 of HK25 cents (2010: HK25 cents) per share, which will be payable on about 28 October 2011 to shareholders whose names appear on the register of members of the Company on 5 October 2011.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from 1 October 2011 to 5 October 2011, 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 Friday, 30 September 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	For the six months ended 30 June 2011 Unaudited *HK$'000*	2010 Unaudited *HK$'000*
REVENUE	**15,640,688**	15,229,015
Cost of sales	**(11,957,667)**	(11,684,076)
Gross profit	**3,683,021**	3,544,939
Other income and gains, net	**291,813**	196,179
Fair value gain on the derivative component of convertible bonds	**80,450**	–
Selling and distribution expenses	**(1,053,668)**	(784,045)
Administrative expenses	**(1,067,932)**	(985,858)
Other operating expenses, net	**25,378**	(32,540)
PROFIT FROM OPERATING ACTIVITIES	**1,959,062**	1,938,675
Finance costs	**(210,010)**	(224,897)
Share of profits and losses of:		
Jointly-controlled entities	**626,569**	684,882
Associates	**117,706**	(1,075)
PROFIT BEFORE TAX	**2,493,327**	2,397,585
Income tax	**(378,059)**	(389,583)
PROFIT FOR THE PERIOD	**2,115,268**	2,008,002
ATTRIBUTABLE TO:		
Shareholders of the Company	**1,650,883**	1,562,883
Non-controlling interests	**464,385**	445,119
	2,115,268	2,008,002
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
Basic	**HK$1.45**	HK$1.37
Diluted	**HK$1.41**	HK$1.34

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	30 June 2011 Unaudited *HK$'000*	31 December 2010 Audited *HK$'000*
ASSETS		
Non-current assets:		
Property, plant and equipment	**24,005,806**	22,244,006
Investment properties	**219,588**	215,637
Prepaid land premiums	**1,298,585**	1,233,403
Goodwill	**7,415,485**	7,245,773
Operating concessions	**1,240,708**	1,255,902
Other intangible assets	**21,316**	14,208
Investments in jointly-controlled entities	**6,387,038**	6,102,491
Investments in associates	**4,930,669**	3,109,858
Amounts due from contract customers	**386,640**	223,672
Receivables under service concession arrangements	**1,627,157**	1,699,231
Prepayments, deposits and other receivables	**413,803**	301,228
Available-for-sale investments	**980,318**	1,005,154
Deferred tax assets	**555,017**	598,157
Total non-current assets	**49,482,130**	45,248,720
Current assets:		
Prepaid land premiums	**29,615**	27,643
Inventories	**4,244,423**	3,726,623
Amounts due from contract customers	**48,575**	2,105
Receivables under service concession arrangements	**1,139,457**	900,524
Trade and bills receivables	**1,981,919**	1,347,008
Prepayments, deposits and other receivables	**1,534,487**	899,533
Other taxes recoverable	**673,122**	303,906
Restricted cash and pledged deposits	**362,312**	125,932
Cash and cash equivalents	**16,834,139**	14,446,800
Total current assets	**26,848,049**	21,780,074
TOTAL ASSETS	**76,330,179**	67,028,794

	30 June 2011 Unaudited *HK$'000*	31 December 2010 Audited *HK$'000*
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Issued capital	**113,757**	113,737
Reserves	**35,842,275**	33,642,355
Dividends declared	**284,393**	511,817
	36,240,425	34,267,909
Non-controlling interests	**6,974,599**	6,668,352
TOTAL EQUITY	**43,215,024**	40,936,261
Non-current liabilities:		
Bank and other borrowings	**4,627,492**	7,227,253
Guaranteed senior notes	**7,709,599**	–
Liability component of convertible bonds	**2,683,926**	2,650,489
Derivative component of convertible bonds	**218,010**	292,384
Defined benefit plans	**500,720**	470,515
Provision for major overhauls	**167,500**	140,192
Other non-current liabilities	**143,757**	157,081
Deferred tax liabilities	**363,776**	364,053
Total non-current liabilities	**16,414,780**	11,301,967
Current liabilities:		
Trade and bills payables	**2,632,327**	4,553,753
Amounts due to contract customers	**141,188**	59,409
Other payables and accruals	**7,938,339**	6,862,394
Income tax payables	**441,818**	626,774
Other taxes payable	**491,812**	367,927
Bank and other borrowings	**5,054,891**	2,320,309
Total current liabilities	**16,700,375**	14,790,566
TOTAL LIABILITIES	**33,115,155**	26,092,533
TOTAL EQUITY AND LIABILITIES	**76,330,179**	67,028,794

Beijing Enterprises Holdings Limited
Segment analysis on major enterprises

	Six months ended 30 June 2011		Six months ended 30 June 2010	
	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	**8,477,678**	**1,155,536**	7,463,719	1,203,537
Brewery Production Operation				
Yanjing Beer	**6,745,542**	**260,780**	5,236,568	238,030
Sewage And Water Treatment Operations				
Water Treatment Concession	**97,574**	**124,490**	97,070	72,510
BE Water Group	**-**	**134,258**	2,208,480	80,774
	97,574	**258,748**	2,305,550	153,284
Expressway And Toll Road Operations				
Capital Airport Expressway	**158,982**	**47,147**	149,891	43,580
Shiguan Road	**33,688**	**(1,827)**	36,760	1,190
	192,670	**45,320**	186,651	44,770
Other Operations				
Other Enterprises	**127,224**	**(17,071)**	36,527	(21,982)
Headquarter and other expenses	**-**	**(52,430)**	-	(54,756)
	127,224	**(69,501)**	36,527	(76,738)
Total	**15,640,688**	**1,650,883**	**15,229,015**	**1,562,883**

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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), 44.49% 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

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