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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS

- Revenue for the first half of 2015 amounted to approximately HK\$29.31 billion, representing an increase of 30.7% over the corresponding period of last year.
- Profit attributable to shareholders of the Company for the first half of 2015 amounted to HK\$3.1 billion, representing an increase of 10.3% over the corresponding period of last year.
- Operating profit after excluding the exceptional items increased by 26.4% year-on-year to HK\$3.07 billion.
- Basic earnings per share attributable to shareholders of the Company amounted to HK\$2.42.
- An interim cash dividend of HK30 cents per share is declared for the six months ended 30 June 2015.

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Beijing Enterprises Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2015 with the comparative figures in 2014. The consolidated revenue of the Group for the first half of 2015 was HK\$29.31 billion, representing an increase of 30.7% over the corresponding period of last year. Profit attributable to shareholders of the Company was HK\$3.1 billion, representing an increase of 10.3% over the corresponding period in 2014.

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

	Profit attributable to shareholders of the Company HK\$'000	Proportion %
Piped gas operation	2,691,239	77.3
Beer production operation	333,930	9.6
Sewage and water treatment operations	458,605	13.1
Profit from major operations	3,483,774	100
Other operations and headquarter expenses	(414,997)	
Non-operating gains, net	35,001	
Profit attributable to shareholders of the Company	<u><u>3,103,778</u></u>	

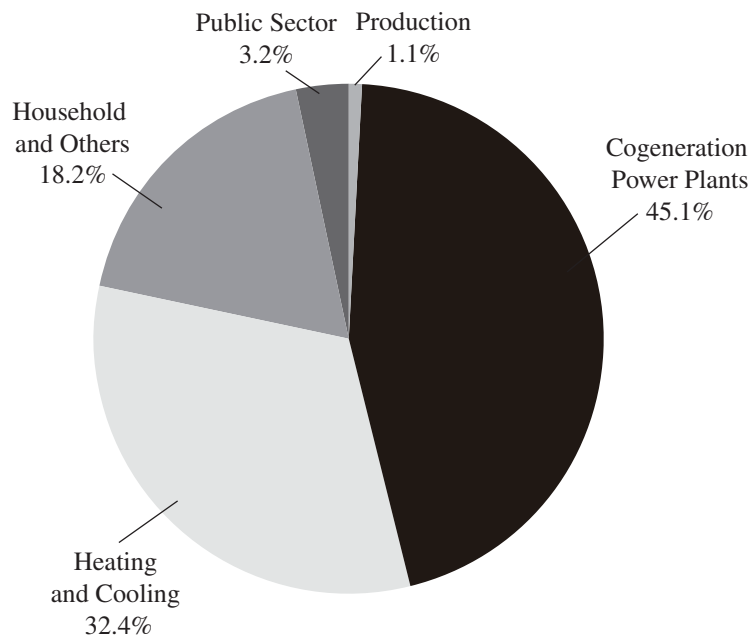
MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Natural Gas Distribution Business

Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of HK\$20.886 billion in the first half of 2015, increased by 45.6% as compared with the same period of last year. Gas sales volume was approximately 6.04 billion cubic meters, a year-on-year increase of 29.1%, which was mainly attributable to the smooth operation of Gaojing, Jingxi and Gaoantun thermal power plants that commenced operation at the end of last year, in which it pushed up the regular gas demand for power generation significantly and drove a higher increase in gas distribution in the first half of the year.

The gas sales volume of Beijing Gas in the first half of 2015 was approximately 6.04 billion cubic meters. An analysis by subscriber sector is shown as follows:



During the period under review, a total of 61,300 household subscribers, 1,673 public sector subscribers, and heating boiler and summer capacity of 1,351.7 t/h steams were developed. Subscriber growth across all user groups maintained a solid growth on a year-on-year basis. The capital expenditure of Beijing Gas in the first half year amounted to approximately HK\$1.464 billion.

During the period, Beijing Gas actively pushed forward the reconstruction of coal-fired boilers. As at the end of June, we completed the installation of 207 coal-fired boilers covering around 5,000 t/h steams; launched the coal-to-gas conversion projects in villages comprehensively and completed gas supply installation for over 2,000 households. At the same time, we warranted the progress of major construction projects, among which Zhongxiji natural gas emergency storage and distribution center met the trial operation conditions. The overall cooling-heating-power supply market developed well and Changping Beiqijia Project is almost completed and entered into framework agreements for a number of integrated projects.

During the period, Beijing Gas facilitated the development of vehicle gas market comprehensively, actively carried out site selection and construction, layout of gas stations, and increased the efforts of expanding potential users. During the first half year, we had already developed 965 natural gas vehicles (582 urban public buses, 383 converted vehicles) and signed orders for 200 factory natural gas vehicles. Meanwhile the Company positively developed LNG import trade, and coordinating on LNG unloading with LNG receiving station in Caofeidian, expanding the downstream market sales of LNG, and exploring diversified sales models. For business expansion, during the period, we implemented foreign investments and explored to more corporate development opportunities, carried out strategic cooperation by jointly working with ENN and Heibei Natural Gas Company Limited.

Natural Gas Transmission Business

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”) achieved a gas transmission volume of 15.694 billion cubic meters in the first half of 2015, representing a year-on-year increase of 6.8%.

Beijing Gas shared a net profit after tax of HK\$1.319 billion through its 40% equity interests in PetroChina Beijing Pipeline Company in the first half of 2015, representing an increase of 22.6% when compared with the same period of last year. The increase in profit was much higher than the increase in gas transmission volume, which was mainly due to a relatively higher increase in gas transmission volume to Beijing region, and thereby picked up the income per cubic metre from gas transmission. The capital expenditure of PetroChina Beijing Pipeline Company was HK\$170 million in the first half year.

China Gas

In the first half of 2015, the Group’s share of profit of China Gas Holdings Limited (“China Gas”) was HK\$370 million, which was based on the profit attributable to shareholders of China Gas for the six months ended 31 March 2015, representing a significant increase of 35.7% when compared with the corresponding period of last year. The national business of China Gas made up the Beijing Gas’s business that mainly covers the Beijing region and plays an increasing important role in profit contribution for the Group.

Beer Business

During the first half of 2015, China's brewery industry still faced the challenge of continuous slowdown in China's economy. Beijing Yanjing Brewery Co., Ltd. ("Yanjing Beer") grasped the strategic opportunity to focus on three key structural adjustment missions in products, market and branding, further strengthened its position in market competition, enhanced enterprise profitability to ensure stable development. During the period, Yanjing Beer also actively adapted to new trend and tide arising from internet consumption and further explored the commercial model of internet selling to realize diversification and variety of business structure.

During the first half year, sales volume of Yanjing Beer was 2.96 million kilolitres and the revenue recorded was HK\$7.918 billion. Its profit before tax was HK\$1.04 billion, representing a year-on-year increase of 3.1%. Profit attributable to shareholders of the Company in the first half year was HK\$334 million. The capital expenditure of Yanjing Beer in the first half of 2015 was approximately HK\$283 million.

The Company continued to optimize its product mix. During the reporting period, the sales of the Company's medium-high end beer, such as tinplate cans and Yanjing Fresh Beer, continued to increase in terms of its proportion to total sales volume. The proportion of its products with price of over RMB2,500/kiloliter reached 46%, of which Yanjing Fresh Beer sales volume achieved a year-on-year growth of 28.4%, representing 26% of its total sales volume, and sales of tinplate cans products represented 11% of its total sales volume. Yanjing, our dominant brand, continued to extend its influence in the national market, accelerated the turning of weaker local brands to Yanjing brand. It further standardized product external packaging, product price and selling policies of Yanjing to improve product image. Sales of "1+3" brand represented 93% of its total sales volume, of which Yanjing, our main brand, represents 72% of total sales volume. In the first half year, the average price of beer per ton amounted to RMB2,391, representing a year-on-year increase of 3.1%.

Sewage and Water Treatment Operation

The sewage treatment and water supply businesses of Beijing Enterprises Water Group Limited (stock code: 371) (“BE Water”) developed rapidly in the first half of 2015. Its turnover increased 51% to HK\$5.764 billion as a result of the increase in income from water treatment service. Profit attributable to shareholders of BE Water increased 63% to HK\$1.16 billion, of which HK\$509 million was attributable to the Company, representing a year-on-year increase of 61.4%. Of which, BE Water recognized a fair value gain of HK\$115.2 million on a forward contract in relation to the subscription of preference share of Beijing Enterprises Clean Energy Group Limited (formerly known as “Jin Cai Holdings Company Limited”), of which HK\$51 million was attributable to the Company. As at the end of June 2015, BE Water already participated in 345 water plants which are or will be in operation, including 257 sewage treatment plants, 81 water distribution plants, 6 reclaimed water plants and 1 seawater desalination plant. The water treatment contracted capacity was approaching 21.99 million tons/day, increased by 9% when compared with the 20.15 million tons/day as at 31 December 2014.

Total designed capacity of new projects for the period was 1.8425 million tons/day. In addition, BE Water accelerated the preliminary works of seawater desalination project designed to supply water to Beijing, and actively negotiated with the relevant government commissions, offices and bureaus in Beijing, Tianjin and Hebei provinces for the implementation of water distribution plan and construction conditions of water production projects. BE Water promoted the construction of key projects including Liangshuihe Comprehensive Water Environment Renovation Project, Plant A Project of Beijing No. 10 Waterworks and Malaysia Pantai Sewage Treatment Project in an orderly manner. BE Water participated in various projects that spread across 19 provinces, 2 autonomous regions and 3 municipalities nationwide as well as in Malaysia and Portugal and has developed itself into one of the leading water companies in China.

Solid Waste Treatment Business

In the first half year, we achieved an increase in solid waste operation capacity of 600 tons/day. Of which, Beijing Enterprises Holdings Environment Technology Co., Ltd (“BEHET”) achieved an operating revenue of HK\$174 million, and realised an operating profit of HK\$17.79 million. The solid waste treatment projects of Beijing Development (Hong Kong) Limited (Stock Code: 154) (“Beijing Development”) achieved an operating revenue of HK\$78.82 million, with profit before tax of HK\$20.3 million in the first half year. The capital expenditure of solid waste related business in the first half year amounted to approximately HK\$293 million.

After Beijing Development achieved its business strategic transformation, the two newly injected waste incineration power generation projects in Taian and Changde operated smoothly. At the same time, it actively moved forward the replacement of non-principal assets.

By developing the market in an active and innovative manner, BEHET promoted the construction of projects and operated the operational projects in a safe and steady approach. While smoothly securing the tender for Beijing Huairou household waste treatment project during the first half year, BEHET completed the signing of Heilongjiang Zhaodong Waste Disposal project and established a project company. It also signed the Ordos hazardous waste disposal project and focused on tracking the waste incineration power generation projects in Guangxi, Henan, and Hunan, etc., with an aim of accumulating project reserve continuously. The operations for the trial running of the seven waste treatment projects such as Wenchang, Shuyang, Harbin and Wuhan were stable, demonstrating initial results in its solid waste investment. During the first half year, the company completed the waste treatment volume of 810,000 tons. It accomplished on-grid power generation volume of 185.03 million KWH and hazardous waste input volume of 13,545 tons. During the period, through continuously carrying out the communication and coordination with relevant parties including local governments, the company actively promoted the finalization of external conditions of projects like ancillary municipal, environmental protection inspection and delivery, enhanced dynamic tracking and monitored project construction, and emphasized on quality control of projects to ensure meeting the construction schedule.

Material Capital Operation

Total foreign financing completed by Beijing Enterprises in the first half year of 2015 were approximately HK\$6.66 billion. In April 2015, Beijing Enterprises successfully issued the foreign financing of the 5-Year EUR 500 million bonds, which was another corporate bonds issuance after the issuance of US\$800 million bonds in 2012. With extreme high efficiency, such issuance of bonds became the first Chinese enterprise to issue bonds based on its red-chip structure creditability, established a new standard for Euro bonds issuance. Such issuance also grasped the optimum issuing opportunity of low Euro interest rate, successfully captured the lower interest spread from investors.

II. Prospects

Natural Gas Distribution Business

Beijing Gas will continue to actively implement the clean air action plan to expand its development. For industrial subscribers, Beijing Gas will strengthen the coal-to-gas conversion works for boilers and achieve the target of basically zero coal-fired boilers in urban district of Beijing. For industrial and commercial resident subscribers, Beijing Gas will tap the potential of original subscribers through various methods including gas conversion in old communities, replacement in CNG communities, upgrade and renovation of subscriber equipment in key districts. Meanwhile, Beijing Gas will coordinate with relevant government departments to implement the relevant policies and subsidies and promote the clean energy reconstruction works for coal-fired boilers in rural areas of suburban regions and counties in an all-round manner. For vehicle gas, Beijing Gas will progressively follow up the upgrade work of taxi, public buses by the municipal government in 2015 to ensure meeting the target performance of developing 3,000 natural gas vehicles during the year.

By seizing the integrated development opportunities of Beijing, Tianjin and Hebei, Beijing Gas will vigorously expand the outside markets in Tianjin, Hebei, Shandong, Sichuan and Ordos, endeavor to promote the gas projects in Tianjin and Hebei. Beijing Gas is actively exploring the LNG terminal, storage and import business, promptly participating in the investment and construction opportunities in such projects to further diversify the supply of gas source and ensure the marketization of gas purchase price.

Beer Business

In the second half of 2015, Yanjing Beer will seize the golden season of beer production and distribution firmly to strive for the faster growth in sales volume during peak season. It will continue to intensify its sales efforts in mid-end products and keep up with the pace of consumer transformation, with Yanjing Fresh Beer and tinplate can as key breakthrough points. By further implementing the segmentation of market regions and enhancing the monitoring and management, Yanjing Beer will actively explore adjustment in business structure and catch up with the new trend and tide arising from internet consumption, thereby pursuing diversification and variety of business structure. Yanjing Beer will further accelerate the progress of replacing weak local brands by Yanjing brand and consolidate the rising trend, whereby continuously expanding the influence and contribution of Yanjing brand.

Sewage and Water Treatment Operations

In the second half of 2015, BE Water will seize the golden development opportunity in water industry to continue consolidating the two core businesses of urban traditional water and water environment renovation, actively explore new business model and seek new profit driver in emerging businesses, such as water membrane and industrial sewage, environmental sanitation and diversified energy businesses. At the same time, BE Water will identify enterprises with development potential, professional advantage and excellent business model to established full water industry chain layout through investments, project cooperation, strategic alliances, and mergers and acquisitions.

BE Water will also firmly proceed with the important works of seawater desalination project designed to supply water to Beijing, Liangshuihe Comprehensive Water Environment Renovation Project and Plant A Project of Beijing No. 10 Waterworks, thereby striving to achieve a breakthrough in the Beijing, Tianjin and Hebei integration strategic plan.

Solid Waste Treatment Business

Beijing Development and BEHET will intensify the cooperation mechanism and innovative business model to build up brand advantages rapidly in regional market competition.

Beijing Development will accelerate the pace of business reorganization with BEHET while completely come off from the original information technology assets, secure financing channels to obtain more development funding support for BEHET's solid waste treatment business, so as to enhance the overall corporate economies of scale.

We will also seize the opportunity to accelerate the deepening reform piloting work of Beijing Development and BEHET, further improve and innovate the mechanism and system pilot running of mixed ownership, board of directors development and equity incentives, establish an excellent professional managers team to form a competitive enterprise development model, thereby laying a solid development foundation for Beijing Development's further growth and development as well as becoming a domestic leading enterprise in environmental protection industry.

III. Financial Review

Revenue

The revenue of the Group's operations in the first half of 2015 was approximately HK\$29.31 billion, increased by 30.7% when compared with the corresponding period of last year. Gas sales revenue was HK\$20.89 billion, representing a year-on-year increase of 45.6%. Beer sales revenue was HK\$7.92 billion. Other businesses contributed an aggregate of not more than 2% of the total revenue.

Cost of Sales

Cost of sales increased by 35.9% to HK\$24.02 billion. The cost of sales for gas distribution business mainly included the purchase cost of natural gas as well as the depreciation of gas pipeline network. Cost of sales for beer business included raw materials, wage expenses and certain direct management fees etc.

Gross Profit Margin

Overall gross profit margin was 18% compared with the 21.2% in corresponding period of last year. The decrease in overall gross profit margin was mainly due to the increase in costs of gas purchase for non-resident natural gas, gross profit margin of beer sales improved by 1.4 percentage points due to better cost control.

Gain on deemed disposal of partial interest in an associate

During the first half of 2015, BE Water issued ordinary shares upon exercise of share options by its employees, the Group recognised a gain on deemed disposal of partial interest in an associate of HK\$1.28 million. Relevant gain in the corresponding period of last year was HK\$327 million, which was mainly due to the issue of approximately 220,000,000 ordinary shares by BE Water.

Other Income and Gains, net

Other income and gains, net mainly included interest income of HK\$52 million, government grant of HK\$115 million, fair value gain of HK\$21 million on investment properties and gain on disposal of an available-for-sale investment of HK\$21 million etc.

Selling and Distribution Expenses

Selling and distribution costs of the Group in the first half of 2015 decreased by 0.1% to HK\$1.258 billion, which was mainly due to the enhancement of marketing efficiency and effective cost control.

Administration Expenses

Administration expenses of the Group in the first half of 2015 was HK\$1.873 billion, increased by 13.8% when compared with the corresponding period of last year, which was lower than the increase in its operating revenue.

Finance Costs

Finance costs of the Group in the first half of 2015 was HK\$669 million, increased by 19.2% when compared with the corresponding period in last year, which was mainly due to additional 5-year syndicated loans amounting to HK\$3.0 billion and short-term US dollar loans amounting to US\$540 million in May and December of last year respectively.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly included the 40% share of the profit after taxation of PetroChina Beijing Pipeline Company, the 22.53% share of the profit attributable to shareholders of China Gas and the 43.88% share of the profit attributable to shareholders of BE Water.

In the first half of 2015, the Group shared PetroChina Beijing Pipeline Company's profits after taxation amounting to HK\$1.319 billion, and in the same year, the Group shared China Gas's profits after taxation amounting to HK\$370 million. The Group's share of net profits of BE Water amounting to HK\$509 million.

Taxation

The effective income tax rate was 22.7%, higher than the 18.9% in the corresponding period of last year, which was mainly due to the gain on deemed disposal of interest in an associate not subject to income tax in the first half of 2015 was lower than that in the corresponding period of last year.

Profit Attributable to Shareholders of the Company

In the first half of 2015, profit attributable to shareholders of the Company was HK\$3.104 billion, of which the operating profit after deducting the exceptional items attributable to shareholders was HK\$3.07 billion, representing an increase of 26.4% as compared with the same period of last year.

Changes of major items in the interim condensed consolidated statement of financial position

Non-current Assets

The net book value of property, plant and equipment decreased by HK\$361 million, which was mainly attributable to the depreciation and amortisation for the current period was higher than the newly purchased fixed assets and capital expenditure.

Investments in associates decreased by HK\$445 million, which was mainly due to its share of profit of PetroChina Beijing Pipeline Company, BE Water and China Gas in the first half year respectively was lower than the dividends payment by PetroChina Beijing Pipeline Company for the period, which resulted in an decrease in the balance of investment in associates.

Current Assets

The balance of trade and bills receivables increased by HK\$1.174 billion, which was mainly due to the significant increase in gas purchasing volume of the six additional users in gas power plants of Beijing Gas.

The balance of prepayments, deposits and other receivables (including the non-current assets portion) decreased significantly by HK\$2.373 billion, which was mainly due to the full settlement of prepayments made by Beijing Gas as at the end of last year for gas purchasing during the first quarter of this year.

The balance of other taxes recoverable decreased by HK\$388 million, which was mainly due to the partial deduction of the prepayment of input VAT by Beijing Gas as at the end of last year during the first half of this year.

Cash increased by HK\$2.932 billion, which was mainly due to the issuance of the Euro 500 million bonds less net repayment of loans.

The balance of assets held for sale increased by HK\$1.733 billion, which was mainly due to the planned completion of disposing of 12 city gas projects to China Gas within one year.

Non-current Liabilities

The balance of guaranteed bonds and senior notes increased by HK\$4.294 billion, which was mainly due to the issuance of the 5-year guaranteed bonds amounting to Euro 500 million in May this year.

Current Liabilities

The balance of trade and bills payables increased by HK\$795 million, which was mainly due to certain raw material payments were not paid by Yanjing Beer.

Other payables and accruals increased by HK\$786 million, which was mainly due to the final dividend for 2014 was not paid by the Group as at the end of the period.

Short term loans balance decreased by HK\$5.338 billion, which was mainly due to the partial repayment of loans by Beijing Gas and Yanjing Beer during the period.

IV. Financial Position of the Group

Cash and Bank Borrowings

As at 30 June 2015, cash and bank deposits held by the Group amounted to HK\$14.199 billion, representing an increase of HK\$2.932 billion as compared to the year end of 2014.

The Group's bank and other borrowings, convertible bonds and guaranteed bonds and senior notes amounted to HK\$36.18 billion as at 30 June 2015, which mainly comprised the 10-year and 30-year US dollar guaranteed senior notes of US\$1.8 billion, the 5-year Euro guaranteed bonds of Euro 500 million, syndicated loans amounting to HK\$6 billion, the bridge loans amounting to US\$740 million and HK dollar floating loans amounting to HK\$1.06 billion.

Liquidity and Capital Resources

As at the period end date, the Group had a strong net working capital of HK\$6.192 billion. The Group maintains sufficient banking facilities both in Hong Kong and Mainland China for its working capital requirements and had abundant cash resources to finance its capital expenditures in the foreseeable future.

As at 30 June 2015, the issued capital of the Company was 1,284,350,268 shares and equity attributable to shareholders of the Company was HK\$59.341 billion. Total equity was HK\$70.361 billion when compared to HK\$68.051 billion as at the end of 2014. Gearing ratio, being interest-bearing bank borrowings and guaranteed bonds and senior notes divided by the sum of total equity, interest-bearing bank borrowings and guaranteed bonds and senior notes, was 34% (31 December 2014: 35%).

Foreign Exchange Exposure

Majority of the subsidiaries of the Company are operating in the PRC with most of the transactions denominated and settled in RMB. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	<i>Notes</i>	For the six months ended 30 June	
		2015	2014
		Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
REVENUE	3	29,308,938	22,429,905
Cost of sales		<u>(24,024,169)</u>	<u>(17,679,867)</u>
Gross profit		5,284,769	4,750,038
Gain on deemed disposal of partial interest in an associate		1,279	326,908
Other income and gains, net	4	386,179	511,340
Selling and distribution expenses		(1,258,314)	(1,260,048)
Administrative expenses		(1,873,425)	(1,645,579)
Other operating expenses, net		<u>(149,918)</u>	<u>(163,168)</u>
PROFIT FROM OPERATING ACTIVITIES	5	2,390,570	2,519,491
Finance costs	6	(669,057)	(561,507)
Share of profits and losses of:			
Joint ventures		257	2,360
Associates		<u>2,260,991</u>	<u>1,678,402</u>
PROFIT BEFORE TAX		3,982,761	3,638,746
Income tax	7	<u>(390,704)</u>	<u>(369,835)</u>
PROFIT FOR THE PERIOD		<u><u>3,592,057</u></u>	<u><u>3,268,911</u></u>

		For the six months ended 30 June	
		2015	2014
		Unaudited	Unaudited
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
ATTRIBUTABLE TO:			
	Shareholders of the Company	3,103,778	2,813,883
	Non-controlling interests	488,279	455,028
		<u>3,592,057</u>	<u>3,268,911</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	Basic	<u>HK\$2.42</u>	<u>HK\$2.21</u>
	Diluted	<u>N/A</u>	<u>HK\$2.19</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	3,592,057	3,268,911
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	69,262	(110,418)
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss	(20,875)	(60,587)
Income tax effect	5,219	–
	53,606	(171,005)
Exchange differences:		
Translation of foreign operations	(43,982)	(1,316,664)
Reclassification adjustments for gain on deemed disposal of partial interest in an associate included in the consolidated statement of profit or loss	(200)	(8,305)
	(44,182)	(1,324,969)
Share of other comprehensive loss of associates	(2,921)	(74,205)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	6,503	(1,570,179)
Items not to be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Actuarial gains/(losses)	(54,136)	18,186
Income tax effect	13,534	(4,546)
	(40,602)	13,640
Share of other comprehensive income/(loss) of associates	(5,631)	1,594

	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	<u>(46,233)</u>	<u>15,234</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	<u>(39,730)</u>	<u>(1,554,945)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,552,327</u>	<u>1,713,966</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	3,064,950	1,502,282
Non-controlling interests	<u>487,377</u>	<u>211,684</u>
	<u>3,552,327</u>	<u>1,713,966</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		38,959,314	39,320,530
Investment properties		724,563	703,749
Prepaid land premiums		1,965,146	1,959,240
Goodwill		8,914,835	8,832,689
Operating concessions		1,983,132	2,021,350
Other intangible assets		205,268	236,978
Investments in joint ventures		245,506	230,722
Investments in associates		32,830,216	33,275,203
Available-for-sale investments		1,199,434	1,084,098
Amounts due from contract customers		391,980	316,733
Receivables under service concession arrangements	10	986,345	992,597
Prepayments, deposits and other receivables		353,108	1,165,546
Deferred tax assets		731,397	678,460
		<hr/>	<hr/>
Total non-current assets		89,490,244	90,817,895
Current assets:			
Prepaid land premiums		45,885	44,860
Inventories		5,484,017	5,393,368
Amounts due from contract customers		45,825	39,895
Receivables under service concession arrangements	10	132,579	140,425
Trade and bills receivables	11	6,495,322	5,320,835
Prepayments, deposits and other receivables		4,570,295	6,131,039
Other taxes recoverable		1,844,344	2,232,099
Restricted cash and pledged deposits		29,953	58,735
Cash and cash equivalents		14,168,786	11,207,706
		<hr/>	<hr/>
		32,817,006	30,568,962
Assets of a disposal group classified as held for sale		4,410,105	2,677,061
		<hr/>	<hr/>
Total current assets		37,227,111	33,246,023
		<hr/>	<hr/>
TOTAL ASSETS		126,717,355	124,063,918

		30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	12	30,401,883	30,401,883
Other reserves		28,553,403	25,978,176
Dividends declared/proposed		385,305	796,297
		59,340,591	57,176,356
Non-controlling interests		11,020,794	10,874,635
TOTAL EQUITY		70,361,385	68,050,991
Non-current liabilities:			
Bank and other borrowings		5,652,615	5,559,874
Guaranteed bonds and senior notes		18,173,665	13,879,298
Defined benefit plans		747,889	672,659
Provision for major overhauls		30,544	30,544
Other non-current liabilities		403,010	433,447
Deferred tax liabilities		313,347	319,441
Total non-current liabilities		25,321,070	20,895,263
Current liabilities:			
Trade and bills payables	13	3,033,164	2,238,403
Amounts due to contract customers		366,645	377,784
Receipts in advance		4,889,633	5,843,713
Other payables and accruals		8,442,681	7,656,455
Income tax payables		466,672	342,499
Other taxes payables		524,715	266,372
Liability component of convertible bonds		–	84,556
Derivative component of convertible bonds		–	7,639
Bank and other borrowings		12,353,596	17,691,435
		30,077,106	34,508,856
Liabilities directly associated with the assets of a disposal group classified as held for sale		957,794	608,808
Total current liabilities		31,034,900	35,117,664
TOTAL LIABILITIES		56,355,970	56,012,927
TOTAL EQUITY AND LIABILITIES		126,717,355	124,063,918

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been 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 used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) issued by the HKICPA, accounting policies generally accepted in Hong Kong and the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

2. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period’s condensed consolidated financial statements:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010 – 2012 cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011 – 2013 cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

For management purpose, 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 operating 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 operating segments.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the profit for the period of each reportable operating segment, which is measured consistently with the Group's profit for the period.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2015 and 2014, respectively.

For the six months ended 30 June 2015

	Piped gas operation Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Sewage and water treatment operations Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Inter- segment elimination Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Segment revenue	20,886,159	7,917,825	-	504,954	-	29,308,938
Cost of sales	(18,740,790)	(4,930,070)	-	(353,309)	-	(24,024,169)
Gross profit	<u>2,145,369</u>	<u>2,987,755</u>	<u>-</u>	<u>151,645</u>	<u>-</u>	<u>5,284,769</u>
Profit/(loss) from operating activities	1,300,083	1,096,297	-	71,969	(77,779)	2,390,570
Finance costs	(154,040)	(56,871)	-	(535,925)	77,779	(669,057)
Share of profits and losses of:						
Joint ventures	(1,204)	-	-	1,461	-	257
Associates	1,719,133	730	509,171	31,957	-	2,260,991
Profit/(loss) before tax	2,863,972	1,040,156	509,171	(430,538)	-	3,982,761
Income tax	(169,488)	(217,853)	-	(3,363)	-	(390,704)
Profit/(loss) for the period	<u>2,694,484</u>	<u>822,303</u>	<u>509,171</u>	<u>(433,901)</u>	<u>-</u>	<u>3,592,057</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>2,691,239</u>	<u>333,930</u>	<u>509,171</u>	<u>(430,562)</u>	<u>-</u>	<u>3,103,778</u>

For the six months ended 30 June 2014

	Piped gas operation Unaudited HK\$'000	Brewery operation Unaudited HK\$'000	Sewage and water treatment operations Unaudited HK\$'000	Corporate and others Unaudited HK\$'000	Inter- segment elimination Unaudited HK\$'000	Consolidated Unaudited HK\$'000
Segment revenue	14,342,614	7,954,567	–	132,724	–	22,429,905
Cost of sales	(12,506,008)	(5,063,134)	–	(110,725)	–	(17,679,867)
Gross profit	<u>1,836,606</u>	<u>2,891,433</u>	<u>–</u>	<u>21,999</u>	<u>–</u>	<u>4,750,038</u>
Profit/(loss) from operating activities	1,192,299	1,049,546	–	322,760	(45,114)	2,519,491
Finance costs	(172,074)	(39,531)	–	(395,016)	45,114	(561,507)
Share of profits and losses of:						
Joint ventures	3,846	–	–	(1,486)	–	2,360
Associates	1,355,603	(753)	315,448	8,104	–	1,678,402
Profit/(loss) before tax	2,379,674	1,009,262	315,448	(65,638)	–	3,638,746
Income tax	(175,979)	(193,425)	–	(431)	–	(369,835)
Profit/(loss) for the period	<u>2,203,695</u>	<u>815,837</u>	<u>315,448</u>	<u>(66,069)</u>	<u>–</u>	<u>3,268,911</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>2,197,353</u>	<u>339,926</u>	<u>315,448</u>	<u>(38,844)</u>	<u>–</u>	<u>2,813,883</u>

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of financial statements.

During each of the six months ended 30 June 2015 and 2014, none of the Group's individual customers contributed 10% or more of the Group's revenue.

4. OTHER INCOME AND GAINS, NET

	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Other income		
Bank interest income	52,107	68,950
Rental income	48,657	12,299
Government grants	114,673	169,085
Transfer of assets from customers	12,076	35,390
Others	112,929	162,072
	<u>340,442</u>	<u>447,796</u>
Gains, net		
Fair value gain on investment properties	20,814	–
Gain on disposal of an available-for-sale investment carried at fair value, net	20,875	60,587
Foreign exchange differences, net	4,048	2,957
	<u>45,737</u>	<u>63,544</u>
Other income and gains, net	<u><u>386,179</u></u>	<u><u>511,340</u></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	
	2015	2014
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation	1,265,804	1,066,485
Amortisation of prepaid land premium	28,584	18,721
Amortisation of operating concession*	40,933	6,518
Amortisation of operating right*	1,744	673
Amortisation of patents*	1,061	250
Amortisation of computer software**	11,620	7,349
	11,620	7,349

* *The amortisation of operating concession, operating right and patents for the period is included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.*

** *The amortisation of computer software for the period are included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.*

6. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest on bank loans and other loans	314,837	250,083
Interest on guaranteed bonds and senior notes	371,526	316,447
Interest on convertible bonds	444	6,916
Imputed interest on convertible bonds	786	1,823
	687,593	575,269
Total interest costs	687,593	575,269
Less: Interest included in construction in progress	(18,536)	(13,762)
	669,057	561,507

7. INCOME TAX

	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Current – Mainland China	437,224	345,026
Deferred	<u>(46,520)</u>	<u>24,809</u>
Total tax expense for the period	<u>390,704</u>	<u>369,835</u>

No provision for Hong Kong profits tax has been made during the six months ended 30 June 2015 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. 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. INTERIM DIVIDEND

On 28 August 2015, the Board declared an interim cash dividend of HK30 cents per share (six months ended 30 June 2014: HK28 cents per share), totalling HK\$385,305,080 (six months ended 30 June 2014: HK\$359,618,000).

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount was based on the profit attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts for the period ended 30 June 2014 was 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 at the beginning of the period, and the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of those convertible bonds of the Group which are convertible into ordinary shares of the Company at the beginning of that period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during that 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	
	2015	2014
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earnings:		
Profit for the period attributable to shareholders of the Company, used in the basic earnings per share calculation	3,103,778	2,813,883
Interest expense for the period relating to the liability component of the dilutive convertible bonds of the Group	<u>–</u>	<u>6,118</u>
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u>3,103,778</u>	<u>2,820,001</u>
	For the six months ended 30 June	
	2015	2014
	Unaudited	Unaudited
Number of ordinary shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	1,284,350,268	1,274,472,627
Effect of dilution – weighted average number of ordinary shares: Convertible bonds	<u>–</u>	<u>11,198,373</u>
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	<u>1,284,350,268</u>	<u>1,285,671,000</u>

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

In respect of the Group's receivables under service concession arrangements, aged analysis of receivables under service concession arrangements are closely monitored in order to minimise any credit risk associated with the receivables.

An aged analysis of the Group's receivables under service concession arrangements as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
Billed:		
Within one year	20,430	14,375
Unbilled	1,098,494	1,118,647
	1,118,924	1,133,022
Portion classified as current assets	(132,579)	(140,425)
Non-current portion	986,345	992,597

11. 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 end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
Billed:		
Within one year	4,545,714	2,589,316
One to two years	37,826	37,472
Two to three years	36,204	20,697
Over three years	45,304	26,772
	4,665,048	2,674,257
Unbilled	1,830,274	2,646,578
	6,495,322	5,320,835

12. SHARE CAPITAL

	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
Issued and fully paid:		
1,284,350,268 (2014: 1,284,350,268) ordinary shares	<u>30,401,883</u>	<u>30,401,883</u>

13. TRADE AND BILLS PAYABLES

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

	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
Within one year	2,704,842	1,820,704
One to two years	174,268	236,043
Two to three years	132,593	169,653
Over three years	<u>21,461</u>	<u>12,003</u>
	<u>3,033,164</u>	<u>2,238,403</u>

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2015 amounted to HK\$6,192,211,000 (unaudited) (31 December 2014: net current liabilities of HK\$1,871,641,000 (audited)) and HK\$95,682,455,000 (unaudited) (31 December 2014: HK\$88,946,254,000 (audited)), respectively.

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2015 of HK30 cents (2014: HK28 cents) per share, which will be payable on about 28 October 2015 to shareholders whose names appear on the register of members of the Company on 8 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Tuesday, 6 October 2015 to Thursday, 8 October 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 5 October 2015.

EMPLOYEE

At 30 June 2015, the Group had approximately 49,500 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 are awarded to certain employees according to the assessment of individual performance.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save as disclosed below, the directors believe that the Company complied with the code provisions (the "Code Provisions") as set out in Appendix 14 "Corporate Governance Code" to the Listing Rules during the six months ended 30 June 2015.

Under Code Provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings to develop a balanced understanding of the views of shareholders. During the period, not all independent non-executive directors and non-executive director attended general meetings of the Company due to other business engagements, which deviates from Code Provision A.6.7.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted Appendix 10 "Model Code" to the Listing Rules to govern securities transactions by the directors. After having made specific enquiry to all directors, all directors confirm that they complied with the "Model Code" during the half year ended 30 June 2015.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, 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 procedure and internal controls system of the Company. The Audit Committee of the Company has already reviewed the unaudited interim results for the six months ended 30 June 2015 and considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.behl.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The interim report will be sent to all shareholders and will be published on the Stock Exchange's website in due course.

By order of the Board
Beijing Enterprises Holdings Limited
Wang Dong
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong (Chairman), Mr. Hou Zibo, Mr. Zhou Si, Mr. Li Fucheng, Mr. Li Yongcheng, Mr. E Meng, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say as independent non-executive directors.