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 2018

HIGHLIGHTS

- Revenue for the first half of 2018 amounted to approximately HK$34.35 billion, representing an increase of 24.5% over the corresponding period of last year.

- Profit attributable to shareholders of the Company for the first half of 2018 amounted to HK$4.267 billion, representing an increase of 13% over the corresponding period of last year.

- Basic earnings per share attributable to shareholders of the Company amounted to HK$3.38, a year-on-year increase of 13%.

- An interim cash dividend of HK32 cents per share is declared for the six months ended 30 June 2018.

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 2018 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2018 together with the comparative figures in 2017. The consolidated revenue of the Group for the first half of 2018 was HK$34.35 billion, representing an increase of 24.5% over the corresponding period of last year. Profit attributable to shareholders of the Company was HK$4.267 billion, representing an increase of 13% over the corresponding period in 2017.

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

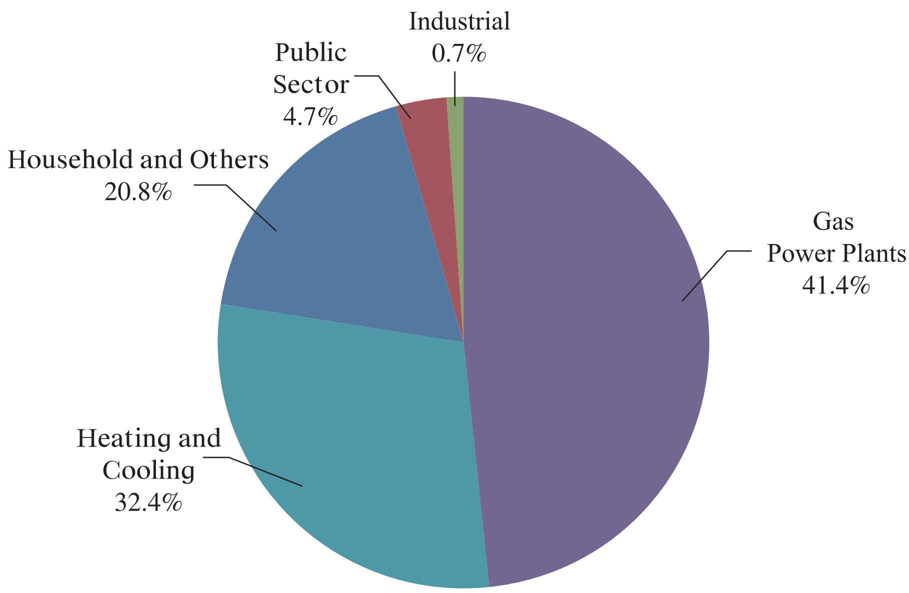
	Profit attributable to shareholders of the Company	**Proportion**
	HK$'000	*%*
Piped gas operation	3,500,291	70.0
Beer operation	215,718	4.3
Water and environmental operations	1,003,708	20.1
Solid waste treatment operation	278,114	5.6
Profit from major operations	4,997,831	100
Other operations and headquarter expenses	(730,453)	
Profit attributable to shareholders of the Company	4,267,378	

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Natural Gas Distribution Business

Beijing Gas Group Company Limited ("Beijing Gas") recorded a revenue of HK$24.45 billion in the first half of 2018, increased by 31.3% as compared with the same period of last year. As driven by gas consumption in the public and heating sectors, the gas sales volume was approximately 8.888 billion cubic meters in the first half year, representing a year-on-year increase of 23.1%. An analysis by subscriber sector is shown as follows:



During the period, Beijing Gas developed 71,521 new household subscribers and 3,042 new public sector subscribers. New heating boiler subscribers with a capacity of 878 t/h were developed. As at 30 June 2018, Beijing Gas had a total of approximately 6.12 million piped gas subscribers in Beijing with approximately 22,300 kilometers of natural gas pipelines in operation. Beijing Gas's capital expenditure in the first half year amounted to approximately HK$1.96 billion.

In the first half year, Beijing Gas actively promoted different blue-sky protection tasks, accelerated the implementation of the coal-to-gas conversion projects for boilers in suburbs, coal-to-gas replacement projects in villages and piped gas connection for all towns in plain regions. At the same time, Beijing Gas strengthened its pipeline network operation and is in active planning for its LNG receiving terminal and storage tanks facilities to continue enhancing its supply assurance capability. Beijing Gas also accelerated its intelligent business sector construction and formulated its intelligent facility and communication standard during the period, so as to provide intelligent gas planning solutions for Beijing Tongzhou sub-center and Xiong'an New District.

Natural Gas Transmission Business

Benefiting from the official operation of the No.4 Shaanxi-Beijing Pipeline at the end of 2017, 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 24.63 billion cubic meters in the first half of 2018, representing a year-on-year increase of 31.5%. Beijing Gas shared a net profit after tax of HK$922 million during the period through its 40% equity interests in PetroChina Beijing Pipeline Company, representing a decrease of 38.2% when compared with the same period of last year, which was mainly due to the downward adjustment of the inter-provincial gas pipeline transmission price that came into effect on 1 September 2017. Total capital expenditure of PetroChina Beijing Pipeline Company was approximately HK$620 million in the first half year.

VCNG of Rosneft

The PJSC Verkhnechonskneftegaz ("VCNG") project of Rosneft Oil Company has become a new source of profit for the Group since the second half of 2017. VCNG achieved its petroleum sales of 4.036 million tons in the first half of 2018. Beijing Gas shared a net profit after tax of HK$635 million through its 20% equity interest in VCNG.

China Gas

In the first half of 2018, the Group's share of profit of China Gas Holdings Limited ("China Gas", stock code: 384) was HK$660 million, which was computed based on the profit attributable to shareholders of China Gas for the six months ended 31 March 2018, representing a growth of 18.8% when compared with the corresponding period of last year. On the basis of continuing to consolidate its urban gas business, China Gas vigorously promoted businesses such as "replacement of coal with gas" in towns and villages and "beautiful villages", so as to ensure sustainable high growth in its traditional primary businesses. In the 2018 financial year, China Gas achieved a sales volume of 18.66 billion cubic meters in natural gas, representing a year-on-year increase of 52.6%. It achieved a sales volume of 4.03 million tons in LPG, representing a year-on-year increase of 9.0%. Approximately 3.93 million households were newly connected and the cumulative number of households connected reached 24.57 million as at 31 March 2018.

Beer Business

In the first half of 2018, as affected by continuous industry adjustments and sustained heavy rains in many places across the country, although Beijing Yanjing Brewery Co., Ltd. ("Yanjing Beer") was still under a relatively high operating pressure, Yanjing Beer was in firm confidence in adhering to its goals of overall market quality and efficiency improvement, focused on enhancing base markets construction, propelled adjustments in product mix, market mix and brand mix. Yanjing Beer has established an optimised direction of "taking refreshing beer as its base, mid-range beer as its main breakthrough and increasing its brand value by high-end beer". At the same time, Yanjing Beer followed positively the new trends of being younger, fashionable and personalized in beer consumption in China and achieved increase in its average selling price per ton of beer.

During the first half of 2018, the sales volume of Yanjing Beer was 2.6 million kilolitres, representing a year-on-year decrease of 4.8%. The sales volume of Yanjing main brand was 1.83 million kilolitres, sales volume of "1+3" brand was 2.39 million kilolitres. The revenue that Yanjing Beer recorded was HK$6.64 billion during the period, representing a year-on-year increase of 8.9%. Its profit before tax was HK$810 million, representing a year-on-year increase of 6.7%. The capital expenditure of Yanjing Beer in the first half year was approximately HK$280 million.

Water and Environmental Business

Beijing Enterprises Water Group Limited ("BE Water", stock code: 371) strategically aimed at establishing the dual platforms of "assets management and operational management" and transformed itself from asset intensive to light asset model development in the first half of 2018. It continued to strengthen and expand its two core businesses in urban water business and water environment treatment and explored new profit growth points by centering on its resources advantageous segments, with its every business maintained a healthy development momentum. Its turnover increased by 9.7% to HK$10.01 billion due to the increase in turnover from comprehensive renovation projects and water treatment services. Profit attributable to shareholders of BE Water increased by 23.6% to HK$2.37 billion, of which HK$1.0 billion was net profit attributable to the Group representing a year-on-year increase of 20.1%.

As at 30 June 2018, BE Water already participated in 860 water plants which are or will be in operation, including 704 sewage treatment plants, 133 water distribution plants, 21 reclaimed water plants and 2 seawater desalination plants. The total design capacity was 34.04 million tons/day, and the net increase in daily design capacity during the period was 2.65 million tons.

Solid Waste Treatment Business

At the end of the first half year, the solid waste treatment business segment of the Group had realized a waste incineration and power generation integrated treatment capacity of 24,768 tons/day. During the period, EEW Energy from Waste GmbH ("EEW GmbH") achieved an operating revenue of HK$2.52 billion, representing a year-on-year increase of 8.5%. Beijing Enterprises Environment Group Limited ("BE Environment", Stock Code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd ("BEHET") together achieved a total operating revenue of HK$690 million during the period and profit attributable to shareholders of the Group of HK$68.59 million. The capital expenditure of solid waste related business in the first half year amounted to approximately HK$660 million.

In the first half of 2018, EEW GmbH accomplished a waste treatment volume of 2.281 million tons, representing a year-on-year increase of 3.8%, and sales of electricity of 830 million KWH, representing a year-on-year increase of 5.1%. The solid waste treatment business of the Group in China completed a waste treatment volume of 2.084 million tons, representing a year-on-year increase of 30.1%. It accomplished an on-grid power generation volume of 550 million KWH, representing a year-on-year increase of 41%. The signature Haidian Domestic Waste Incineration Project of BE Environment has entered into commercial operation and began to generate stable operating profit. At the same time, the Group's domestic projects conducted in-depth training and communication on technology and management with EEW GmbH and its overall economic efficiency increased in a stable manner.

II. Prospects

Natural Gas Business

With the system construction in production, supplies, storage and distribution of China's natural gas industry moving forward in an orderly manner, Beijing Gas will insist on its whole industry chain development strategy to gradually form an up and downstream integrated development model. Apart from providing sound natural gas supply to the municipality and continuously promoting coal-to-gas projects, Beijing Gas will keep on carrying out its intelligent pipeline network construction to form an intelligent construction standard system. Meanwhile, it will also further expand its distributed energy market, fully strengthen its CNG and LNG market shares and actively promote the preparation works of the LNG receiving terminal in Tianjin Nangang.

Beer Business

Currently, the beer industry in China is still at its adjustment recovery stage characterised by no apparent growth in market consumption demand, but the consumption upgrade trend has emerged. Meanwhile, the consumption demand in beer market is transforming to high-quality mid-to-high end products and enterprise competition layout tends to be rational. Yanjing Beer will emphasize the construction of premier quality management system and continue to make improvements by imitating industry international standards. Yanjing Beer will focus on reinforcing its innovativeness in marketing models, intensifying its base markets construction and consolidate the market shares of its main products. It will also focus on strengthening product innovation, following the consumption mix upgrading trend, focusing on mid-to-high end markets, promoting brand influence and enlarging the wider recognition of products to facilitate product mix optimisation and enhancing quality supply.

Water and Environmental Business

In the second half year and for a longer period of time in the future, the water environment treatment market will be in a period of development opportunities. BE Water will focus on the dual-platform strategy, position itself as a leading professional integrated service provider in water environment, enhance the integration ability of internal and external resources, and promote the rapid development of the principal businesses and emerging businesses. BE Water will strengthen its cash flow and financing management to improve capital efficiency, enhance technical services to meet business development needs, improve project management systems and strengthen project safety inspections. At the same time, BE Water will strive to achieve the basic set up of an intelligent platform and endeavour for operational excellence.

Solid Waste Treatment Business

The Group's solid waste treatment business segment will accelerate the assimilation and conversion of the operational management experience of EEW GmbH, so as to ensure the security and quality of the projects under construction and to enhance both economic and social efficiency of the projects in operation. Meanwhile, it will strictly control the operational risks such as production safety and environmental emissions. It will keep on propelling the establishment of big data operational management system to comprehensively strengthen the overall market competition of the Group's solid waste treatment segment.

In the second half of 2018, the Group will put high-quality development as its core objective and further consolidate the sound developments in its various business segments. It will also strive to achieve the balance and stable growth between enterprise's operational quality and economic efficiency. The Group will grasp opportunities to boost capital operation, extend the value potential of the complete industry chain and consolidate and expand the Group's strategic layout in the utilities and environmental industry sector.

III. Financial Review

Revenue

The revenue of the Group's operations in the first half of 2018 was approximately HK$34.35 billion, increased by 24.5% when compared with the corresponding period of last year, which was mainly due to the increase in the revenue of gas sales. The revenue of gas sales was HK$24.45 billion, representing a year-on-year increase of 31.3%. The revenue of beer sales was HK$6.64 billion, representing an increase of 8.9%. The revenue of solid waste treatment and environmental protection business was HK$3.26 billion, representing an increase of 13%, which included the revenue of EEW GmbH amounting to HK$2.52 billion. Other solid waste treatment businesses contributed aggregate revenue of HK$740 million.

Cost of Sales

Cost of sales increased by 23% to HK$28.0 billion on a year-on-year basis. 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. Cost of sales of solid waste treatment operation included fuel charges, amortisation and waste collection costs.

Gross Profit Margin

The overall gross profit margin was 18.5% when compared with the 17.5% in corresponding period of last year, representing an increase of 1% on a year-on-year basis, which was mainly due to an increase in the gross profit margin from natural gas business that represented the highest proportion of total turnover when compared with the corresponding period of last year.

Gain on Deemed Disposal of Partial Interest in an Associate

During the first half of 2018, BE Water issued ordinary shares under the placement and subscription exercise. The Group recognized a gain of HK$330 million on the deemed disposal of partial interest in an associate as a result of the decrease in shareholding in BE Water from this placement and subscription exercise.

Other Income and Gains, net

Other income and gains, net mainly included interest income of HK$151 million, the income on sales of waste and beer bottles by Yanjing Beer of HK$52 million, government grant of HK$83 million and rental income of HK$20 million etc.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in the first half of 2018 increased by 3.7% to HK$1.08 billion, the selling and distribution expense remained stable on a year-on-year basis.

Administrative Expenses

Administrative expenses of the Group in the first half of 2018 were HK$2.39 billion, increased by 34% when compared with the corresponding period of last year, which was mainly due to the increase in relevant expenses resulting from employee benefits improvement under defined benefit plans of Beijing Gas as well as the increase in administrative expenses of Yanjing Beer that was in line with the increase in its revenue.

Other Operating Expenses, net

Other operating expenses, net mainly included the impairment on certain construction in progress.

Finance Costs

Finance costs of the Group in the first half of 2018 was HK$917 million, increased by 29.5% when compared with the corresponding period of last year, which was mainly due to the recognition of 6 months interest expenses during the period for the guaranteed note amounted to US$500 million issued by Beijing Gas in May last year.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly included the 40% share of profit attributable to shareholders of PetroChina Beijing Pipeline Company, the 20% share of profit attributable to shareholders of VCNG, the 24.91% share of profit attributable to shareholders of China Gas and the 42.42% share of profit attributable to shareholders of BE Water.

In the first half of 2018, the Group shared the profit after taxation of PetroChina Beijing Pipeline Company amounting to HK$922 million, the Group shared of profit after taxation of VCNG amounting to HK$635 million, and the Group shared the profit after taxation of China Gas amounting to HK$660 million and shared net profit of BE Water amounting to HK$1.0 billion.

Taxation

The effective income tax rate was 34.1%, higher than the 29.2% in the corresponding period of last year, which was mainly due to the higher income tax rate of EEW GmbH and non-deductible operating expenses being higher than that in the corresponding period of last year.

Profit Attributable to Shareholders of the Company

In the first half of 2018, profit attributable to shareholders of the Company was HK$4.267 billion, representing an increase of 13% when 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 increased by HK$489 million as compared with the end of 2017, which was mainly attributable to the increase in the coal-to-gas conversion project of Beijing Gas.

Other intangible assets were mainly from EEW GmbH.

Interests in associates increased by HK$5.77 billion, which was mainly due to the Group's share of profit of VCNG in the first half year, and the Group's share of profit of PetroChina Beijing Pipeline Company, BE Water and China Gas in the first half year.

Under the revised HKFRS 9, available-for-sale investments are reclassified to equity instruments at fair value through other comprehensive income, the balance of which decreased by HK$830 million as compared with the end of last year, which was mainly due to the adjustment in fair value.

Balance of receivables under finance lease was from EEW GmbH.

Financial assets at fair value through profit or loss represented the convertible bond of Beijing Gas Blue Sky Holdings Limited ("Blue Sky") subscribed by Beijing Gas.

Current Assets

The balance of inventories increased by HK$490 million, which was mainly due to the increase in inventories of Yanjing Beer.

The balance of trade and bills receivables increased by HK$1.45 billion, which was mainly due to the account receivables of Beijing Gas incurred during the heating season that remained outstanding at the end of the period. It is expected that such receivables would be recovered one after another in the second half year.

Cash balance decreased by HK$1.37 billion, which was mainly due to the decrease in cash flow during the period.

The balance of assets held for sale was nil, which was due to completion of the disposal of PetroChina Jingtang LNG Co., Ltd. to Blue Sky by Beijing Gas during the period.

Non-current Liabilities

The balance of bank and other borrowings increased by HK$1.72 billion, which was mainly due to the additional term loan facility denominated in Hong Kong dollar.

There was no additional guaranteed bonds, notes and senior notes , the balance of which remained broadly stable on a year-on-year basis.

The onerous contracts and major overhauls were mainly from EEW GmbH.

Current Liabilities

The balance of trade and bills payables decreased by HK$311 million, which was mainly due to the gas payment made by Beijing Gas during the period.

The balance of receipts in advance decreased by HK$1.34 billion, which was mainly due to the decline of natural gas sales volume in summer.

Other payables and accruals increased by HK$1.51 billion, which was mainly due to the final dividend for 2017 not yet paid by the Group and the increase in payables for construction works of Beijing Gas as at the end of the period.

The balance of bank and other borrowings decreased by HK$1.21 billion, which was mainly due to the partial repayment of bridging loan balance during the period.

IV. Financial Position of the Group

Cash and Bank Borrowings

As at 30 June 2018, cash and bank deposits held by the Group amounted to HK$16.52 billion, representing a decrease of HK$1.37 billion as compared with the year end of 2017.

The Group's total borrowings amounted to HK$60.78 billion as at 30 June 2018, which comprised, inter alia, guaranteed bonds and senior notes of US$2.5 billion in total, Euro guaranteed bonds amounting to EUR1.3 billion, medium and long-term loans amounting to HK$16.94 billion and bridging loans amounting to EUR355 million.

Liquidity and Capital Resources

As at 30 June 2018, the Group had net current assets of HK$1.69 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 2018, the issued capital of the Company was 1,262,053,268 shares and equity attributable to shareholders of the Company was HK$70.85 billion. Total equity was HK$82.7 billion when compared with HK$79.17 billion as at the end of 2017. Gearing ratio, being interest-bearing bank borrowings, guaranteed bonds, notes and senior notes divided by the sum of total equity, interest-bearing bank borrowings, guaranteed bonds, notes and senior notes, was 42% (31 December 2017: 43%).

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 any derivative financial instruments to hedge against its risk on foreign exchange rates' fluctuation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**34,345,042**	27,596,856
Cost of sales		**(28,001,513)**	(22,771,469)
Gross profit		**6,343,529**	4,825,387
Gain on deemed disposal of partial interest in an associate		**330,394**	6,982
Other income and gains, net	*4*	**500,333**	719,252
Selling and distribution expenses		**(1,077,789)**	(1,039,380)
Administrative expenses		**(2,388,842)**	(1,783,155)
Other operating expenses, net		**(524,445)**	(255,049)
PROFIT FROM OPERATING ACTIVITIES	*5*	**3,183,180**	2,474,037
Finance costs	*6*	**(917,062)**	(707,956)
Share of profits and losses of:			
Joint ventures		**(22,134)**	23,922
Associates		**3,257,021**	2,932,363
PROFIT BEFORE TAX		**5,501,005**	4,722,366
Income tax	*7*	**(772,664)**	(515,066)
PROFIT FOR THE PERIOD		**4,728,341**	4,207,300

		For the six months ended 30 June	
		2018	2017
		Unaudited	Unaudited
	Note	***HK$'000***	*HK$'000*
ATTRIBUTABLE TO:			
Shareholders of the Company		**4,267,378**	3,776,378
Non-controlling interests		**460,963**	430,922
		4,728,341	4,207,300
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted		**HK$3.38**	HK$2.99

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**4,728,341**	4,207,300
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	(63,906)
Exchange differences:		
Translation of foreign operations	**(38,160)**	1,749,494
Reclassification adjustments for a foreign operation disposed of during the period	**–**	(15,530)
	(38,160)	1,733,964
Share of other comprehensive income of associates	**421,683**	79,978
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**383,523**	1,750,036
Items not to be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Actuarial losses	**(108,425)**	(111,423)
Income tax effect	**27,106**	27,825
	(81,319)	(83,598)
Equity instruments at fair value through other comprehensive income:		
Changes in fair value	**(591,602)**	–
Income tax effect	**122,061**	–
	(469,541)	–
Share of other comprehensive income/(loss) of associates	**3,919**	(3,080)

	For the six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(546,941)**	(86,678)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	**(163,418)**	1,663,358
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**4,564,923**	5,870,658
ATTRIBUTABLE TO:		
Shareholders of the Company	**4,107,094**	4,900,003
Non-controlling interests	**457,829**	970,655
	4,564,923	5,870,658

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	**30 June 2018 Unaudited *HK$'000***	31 December 2017 Audited *HK$'000*
ASSETS			
Non-current assets:			
Property, plant and equipment		**52,217,734**	51,728,816
Investment properties		**1,184,285**	1,184,287
Prepaid land premiums		**1,605,623**	1,622,278
Goodwill		**16,748,168**	16,910,280
Operating concessions		**3,142,124**	3,118,641
Other intangible assets		**3,433,874**	3,637,627
Investments in joint ventures		**295,423**	344,850
Investments in associates		**53,757,102**	47,982,745
Available-for-sale investments		**–**	6,432,085
Equity instruments at fair value through other comprehensive income		**5,602,090**	–
Amounts due from contract customers		**10,655**	10,608
Receivables under service concession arrangements	*10*	**1,877,790**	1,895,320
Receivables under finance lease		**898,972**	955,843
Prepayments, deposits and other receivables		**1,146,425**	890,781
Debt component of convertible bond receivables		**–**	98,682
Derivative component of convertible bond receivables		**–**	40,376
Financial assets at fair value through profit or loss		**149,034**	–
Deferred tax assets		**1,344,488**	1,293,072
Total non-current assets		**143,413,787**	138,146,291
Current assets:			
Prepaid land premiums		**43,262**	38,747
Inventories		**5,784,788**	5,294,480
Receivables under finance lease		**80,118**	90,421
Amounts due from contract customers		**77,491**	29,021
Receivables under service concession arrangements	*10*	**89,488**	85,492
Trade and bills receivables	*11*	**5,467,840**	4,013,063
Prepayments, deposits and other receivables		**4,152,706**	4,185,818
Other taxes recoverable		**469,272**	630,797
Restricted cash and pledged deposits		**41,633**	43,311
Cash and cash equivalents		**16,474,264**	17,841,609
		32,680,862	32,252,759
Assets of a disposal group classified as held for sale		**–**	1,149,968
Total current assets		**32,680,862**	33,402,727
TOTAL ASSETS		**176,094,649**	171,549,018

	Notes	30 June 2018 Unaudited *HK$'000*	31 December 2017 Audited *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*12*	**30,401,883**	30,401,883
Reserves		**40,444,135**	37,166,167
		70,846,018	67,568,050
Non-controlling interests		**11,857,296**	11,604,955
TOTAL EQUITY		**82,703,314**	79,173,005
Non-current liabilities:			
Bank and other borrowings		**24,405,045**	22,684,864
Guaranteed bonds, notes and senior notes		**31,194,591**	31,410,505
Defined benefit plans		**2,400,977**	1,852,033
Provision for onerous contracts and major overhauls		**327,495**	332,987
Other non-current liabilities		**1,713,359**	1,550,980
Deferred tax liabilities		**2,356,940**	2,594,476
Total non-current liabilities		**62,398,407**	60,425,845
Current liabilities:			
Trade and bills payables	*13*	**3,810,526**	4,121,974
Amounts due to contract customers		**743,940**	653,635
Receipts in advance		**5,608,571**	6,952,774
Other payables and accruals		**13,923,169**	12,417,239
Provision for onerous contracts		**52,021**	53,156
Income tax payables		**1,147,767**	1,077,325
Other taxes payables		**526,974**	282,326
Bank and other borrowings		**5,179,960**	6,391,739
Total current liabilities		**30,992,928**	31,950,168
TOTAL LIABILITIES		**93,391,335**	92,376,013
TOTAL EQUITY AND LIABILITIES		**176,094,649**	171,549,018

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 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, 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 unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The accounting policies and basis of preparation used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2018 as disclosed in note 2 below.

In preparing the consolidated financial statements, the Directors of the Company have given careful consideration to the future liquidity of the Group. Taking into account the Group's internal financial resources, available banking facilities and new banking facilities currently under negotiation, the Directors of the Company considered that the Group will be able to continue as a going concern. Accordingly, the unaudited interim condensed consolidated financial statements have been prepared on a going concern basis.

The financial information relating to the year ended 31 December 2017 that is included in the unaudited interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditors have reported on the financial statements for the year ended 31 December 2017. The auditor's report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the adoption of the above revised standards has had no significant financial effect on the interim condensed consolidated financial statements of the Group.

The nature and the impact of the changes are described below:

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements and the comparative information is not restated with the transition adjustments against the opening balance of equity at 1 January 2018. The impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement

Except for certain debtors, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets is as follows:

– Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and the contractual terms of the instruments meet the SPPI criterion.

– Financial assets at fair value through profit or loss include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

– Equity instruments at FVOCI: dividends from these equity instruments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. On 1 January 2018, the Group classified its equity instruments as equity instruments at FVOCI without recycling. Under HKAS 39, the Group's unquoted equity instruments were classified as available-for-sale ("AFS") financial assets.

At the date of initial application of HKFRS 9, that is 1 January 2018, the group determined whether the objective of the Group's business model for managing any of its financial assets is to hold them in order to collect contractual cash flows or for collecting contractual cash flows and selling them. For that purpose, the Group determines whether the financial assets meet the definition of held for trading as if the Group had purchased the assets at 1 January 2018. The assessment of contractual terms of the debt instruments on whether the SPPI criteria is met was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

The adoption of HKFRS 9 has had no significant impact on the Group's interim condensed consolidated financial statements on classification and measurement of its financial assets and financial liabilities.

(ii) Impairment

HKFRS 9 requires an impairment on trade and bills receivables, receivables under service concession arrangements, amounts due from contract customers, other financial assets, deposits and other receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade and bills receivables and amounts due from contract customers. The Group applied general approach and recorded twelve month expected losses on its other financial asset, receivables under service concession arrangements, deposits and other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified to all contracts that are not completed at the date of initial application retrospective method of adoption. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

For the six months ended 30 June 2018, the Group has concluded that the adoption of HKFRS 15 did not have a material impact on the timing of revenue recognition.

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 2018 and 2017, respectively.

For the six months ended 30 June 2018

	Piped gas operation Unaudited *HK$'000*	Brewery operation Unaudited *HK$'000*	Water and environmental operations Unaudited *HK$'000*	Solid waste treatment operation Unaudited *HK$'000*	Corporate and others Unaudited *HK$'000*	Inter-segment elimination Unaudited *HK$'000*	Consolidated Unaudited *HK$'000*
Segment revenue	24,450,180	6,636,053	–	3,258,809	–	–	34,345,042
Cost of sales	(21,371,686)	(4,130,795)	–	(2,499,032)	–	–	(28,001,513)
Gross profit	3,078,494	2,505,258	–	759,777	–	–	6,343,529
Profit/(loss) from operating activities	1,873,072	806,470	–	677,749	(104,976)	(69,135)	3,183,180
Finance costs	(187,455)	(9,986)	–	(78,356)	(710,400)	69,135	(917,062)
Share of profits and losses of:							
Joint ventures	(22,240)	–	–	106	–	–	(22,134)
Associates	2,230,437	12,935	1,003,708	9,941	–	–	3,257,021
Profit/(loss) before tax	3,893,814	809,419	1,003,708	609,440	(815,376)	–	5,501,005
Income tax	(385,237)	(186,342)	–	(197,118)	(3,967)	–	(772,664)
Profit/(loss) for the period	3,508,577	623,077	1,003,708	412,322	(819,343)	–	4,728,341
Segment profit/(loss) attributable to shareholders of the Company	3,500,291	215,718	1,003,708	278,114	(730,453)	–	4,267,378

For the six months ended 30 June 2017

	Piped gas operation Unaudited *HK$'000*	Brewery operation Unaudited *HK$'000*	Water and environmental operations Unaudited *HK$'000*	Solid waste treatment operation Unaudited *HK$'000*	Corporate and others Unaudited *HK$'000*	Inter-segment elimination Unaudited *HK$'000*	Consolidated Unaudited *HK$'000*
Segment revenue	18,620,032	6,093,171	–	2,883,653	–	–	27,596,856
Cost of sales	(16,566,963)	(3,953,448)	–	(2,251,058)	–	–	(22,771,469)
Gross profit	2,053,069	2,139,723	–	632,595	–	–	4,825,387
Profit/(loss) from operating activities	1,444,863	770,260	–	484,149	(96,721)	(128,514)	2,474,037
Finance costs	(73,193)	(10,527)	–	(122,781)	(629,969)	128,514	(707,956)
Share of profits and losses of:							
Joint ventures	23,632	–	–	290	–	–	23,922
Associates	2,080,700	(893)	835,899	4,405	12,252	–	2,932,363
Profit/(loss) before tax	3,476,002	758,840	835,899	366,063	(714,438)	–	4,722,366
Income tax	(215,994)	(167,950)	–	(123,430)	(7,692)	–	(515,066)
Profit/(loss) for the period	3,260,008	590,890	835,899	242,633	(722,130)	–	4,207,300
Segment profit/(loss) attributable to shareholders of the Company	3,248,410	234,230	835,899	143,703	(685,864)	–	3,776,378

During each of the six months ended 30 June 2018 and 2017, 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	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Other income		
Interest income	**151,487**	139,987
Rental income	**19,656**	35,211
Investment income from an available-for-sale investment	**–**	117,110
Government grants	**83,404**	85,211
Transfer of assets from customers	**10,818**	15,383
Others	**229,675**	187,568
	495,040	580,470
Gains, net		
Gain on disposal of items of property, plant and equipment, net	**5,293**	132,423
Foreign exchange differences, net	**–**	6,359
	5,293	138,782
Other income and gains, net	**500,333**	719,252

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Depreciation	**1,623,128**	1,505,517
Amortisation of prepaid land premium	**20,266**	20,024
Amortisation of customer contracts*	**144,895**	156,427
Amortisation of operating concession*	**42,698**	50,388
Amortisation of operating right*	**1,742**	2,304
Amortisation of patents*	**590**	1,324
Amortisation of computer software**	**26,781**	20,333
Foreign exchange differences, net	**4,565**	(6,359)

* *The amortisation of customer contracts, operating concession, operating right, and patents for the period are 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 is 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	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**415,374**	245,429
Interest on guaranteed bonds, notes and senior notes	**493,903**	455,449
Total interest expenses	**909,277**	700,878
Increase in discounted amounts of provision for major overhauls arising from the passage of time	**7,785**	7,078
	917,062	707,956

7. INCOME TAX

	For the six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current:		
Mainland China	**607,028**	441,299
Germany	**194,890**	139,748
Deferred	**(29,254)**	(65,981)
Total tax expense for the period	**772,664**	515,066

No provision for Hong Kong profits tax has been made during the six months ended 30 June 2018 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2017: 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 30 August 2018, the Board declared an interim cash dividend of HK32 cents per share (six months ended 30 June 2017: HK30 cents per share), totalling HK$403,857,000 (six months ended 30 June 2017: HK$378,616,000).

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 of 1,262,053,268 (2017: 1,262,135,588) in issue during the period.

The Group has no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017.

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

An ageing 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 2018	31 December 2017
	Unaudited	Audited
	HK\$'000	*HK\$'000*
Unbilled:		
Current portion	**89,488**	85,492
Non-current portion	**1,877,790**	1,895,320
	1,967,278	1,980,812

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. Ageing analyses of trade and bills receivables are prepared and closely monitored in order to minimise any credit risk associated with receivables. The Group does not hold any collateral or other credit enhancement over its trade and bills receivables.

An ageing 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 2018 Unaudited *HK$'000*	31 December 2017 Audited *HK$'000*
Billed:		
Within one year	**5,066,298**	2,915,255
One to two years	**107,051**	55,954
Two to three years	**32,936**	21,596
Over three years	**63,649**	57,382
	5,269,934	3,050,187
Unbilled	**197,906**	962,876
	5,467,840	4,013,063

12. SHARE CAPITAL

	30 June 2018 Unaudited *HK$'000*	31 December 2017 Audited *HK$'000*
Issued and fully paid:		
1,262,053,268 (2017: 1,262,053,268) ordinary shares	**30,401,883**	30,401,883

13. TRADE AND BILLS PAYABLES

An ageing 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 2018 Unaudited *HK$'000*	31 December 2017 Audited *HK$'000*
Billed:		
Within one year	**2,142,117**	2,560,399
One to two years	**182,248**	141,279
Two to three years	**25,670**	14,636
Over three years	**36,464**	24,189
	2,386,499	2,740,503
Unbilled	**1,424,027**	1,381,471
	3,810,526	4,121,974

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2018 amounted to HK$1,687,934,000 (unaudited) (31 December 2017: HK$1,452,559,000 (audited)) and HK$145,101,721,000 (unaudited) (31 December 2017: 139,598,850,000 (audited)), respectively.

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2018 of HK32 cents (2017: HK30 cents) per share, which will be payable on 23 October 2018 to shareholders whose names appear on the register of members of the Company on 21 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 19 September 2018 to Friday, 21 September 2018, 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 Tuesday, 18 September 2018.

EMPLOYEE

At 30 June 2018, the Group had approximately 45,000 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

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 2018.

Mr. Hou Zibo has assumed the positions of Chairman and Chief Executive Officer since 1 September 2017. This arrangement deviates from Code Provision A.2.1 which recommends that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board considers that the appointment of Mr. Hou Zibo as Chairman and Chief Executive Officer can bring benefits to the Company's business development and management at present, and will not impair the balance of power and authority between the Board and the management of the Company.

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 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 2018.

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. Ma She. The Audit Committee has already reviewed the unaudited interim results for the six months ended 30 June 2018 and considers that appropriate accounting policies have been adopted in preparation of the 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 2018, 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
Hou Zibo
Chairman and Chief Executive Officer

Hong Kong, 30 August 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. Hou Zibo (Chairman and Chief Executive Officer), Mr. Li Yongcheng, Mr. Zhao Xiaodong, Mr. E Meng, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Sze Chi Ching, Dr. Yu Sun Say and Mr. Ma She as independent non-executive directors.