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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 2019

HIGHLIGHTS

- Revenue for the first half of 2019 amounted to approximately HK\$34.23 billion, which was basically unchanged as compared with that of the corresponding period in last year.
- Profit attributable to shareholders of the Company for the first half of 2019 amounted to HK\$4.75 billion, representing an increase of 11.2% over the corresponding period of last year.
- Basic earnings per share attributable to shareholders of the Company amounted to HK\$3.76, a year-on-year increase of 11.2%.
- An interim cash dividend of HK40 cents per share is declared for the six months ended 30 June 2019.

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 2019 together with the comparative figures in 2018. The consolidated revenue of the Group for the first half of 2019 was HK\$34.23 billion, which was basically unchanged as compared with that of the corresponding period in last year. Profit attributable to shareholders of the Company was HK\$4.75 billion, representing an increase of 11.2% over the corresponding period in 2018.

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

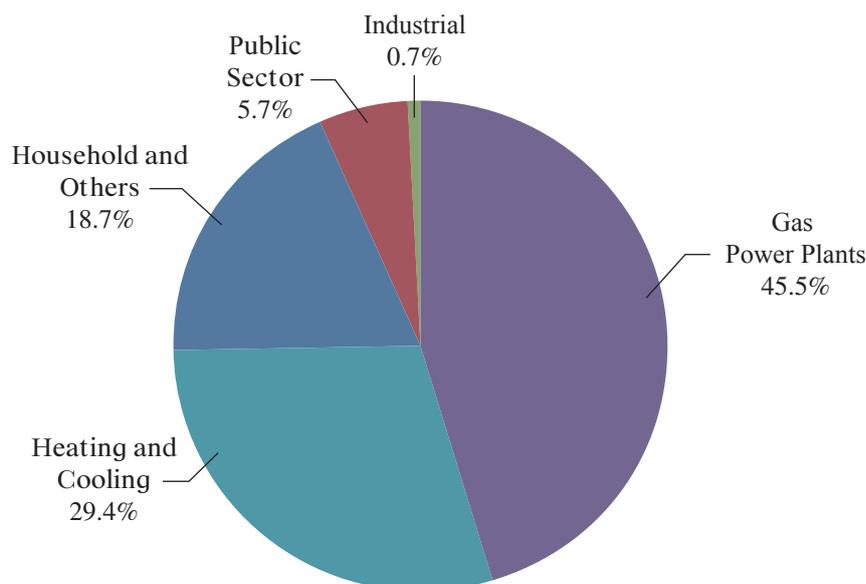
	Profit of the Company <i>HK\$'000</i>	Proportion <i>%</i>
Piped gas operation	3,842,347	68.3
Beer operation	582,346	10.3
Water and environmental operations	1,139,796	20.2
Solid waste treatment operation	<u>68,876</u>	<u>1.2</u>
Profit from major operations	5,633,365	100
Corporate and others	<u>(481,917)</u>	
Profit of the Company	<u>5,151,448</u>	
Profit attributable to non-controlling interests	<u>(406,118)</u>	
Profit attributable to shareholders of the Company	<u><u>4,745,330</u></u>	

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

Natural Gas Distribution Business of Beijing Gas

Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of HK\$24.25 billion in the first half year of 2019. Profit from principal businesses attributable to shareholders of the Company (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft) was HK\$3.01 billion, representing an increase of 5.6% when compared with the same period last year. The gas sales volume was approximately 8.562 billion cubic meters in the first half year, representing a year-on-year decrease of 3.7%, which was mainly due to a decrease in the gas sales volume of the heating segment resulting from the effect of warmer winter. An analysis by subscriber sector is shown as follows:



During the period, Beijing Gas developed approximately 59,000 new household subscribers and 3,208 new public sector subscribers. New heating boiler subscribers with a total capacity of 427 t/h were developed. Up to 30 June 2019, Beijing Gas had a total of approximately 6.31 million piped gas subscribers in Beijing and approximately 23,800 kilometers of natural gas pipelines in operation. Beijing Gas’ capital expenditure in the first half year amounted to approximately HK\$896 million.

In the first half of this year, Beijing Gas moved forward the investment projects in markets both within and outside Beijing in an orderly manner and accelerated the establishment of the gas supply security system. While accelerating the takeover of the piped gas assets to expand its market share in Beijing, Beijing Gas proactively participated in the construction of the gas market at Xiong'an New District. In the downstream market, Beijing Gas kept making efforts in pipeline network operation management and continued to propel the construction of several projects such as intelligence gas project of Beijing sub-center, energy center project of Universal Studio.

Natural Gas Transmission Business

PetroChina Beijing Gas Pipeline Co., Ltd. (“PetroChina Beijing Pipeline Co.”) recorded a gas transmission volume of 26.46 billion cubic meters in the first half year of 2019, representing a year-on-year growth of 7.5%. During the period, Beijing Gas’ share of net profit after taxation was HK\$1.08 billion, which was derived through its 40% equity interests in PetroChina Beijing Pipeline Co., representing an increase of 16.8% when compared with the same period last year. Total capital expenditure of PetroChina Beijing Pipeline Co. in the first half year was approximately HK\$1.02 billion.

VCNG of Rosneft

The PJSC Verkhnechonskneftegaz (“VCNG”) project of Rosneft Oil Company achieved its petroleum sales of 3.787 million tons in the first half year of 2019. Beijing Gas’s share of net operating profit after taxation was HK\$550 million in the first half year, which was derived through its 20% equity interest in VCNG.

China Gas

The Group's share of profit of China Gas Holdings Limited ("China Gas", stock code: 384) in the first half year of 2019 was HK\$964 million, which was calculated based on the share of profit attributable to shareholders of China Gas for the six months ended 31 March 2019 and representing an increase of 46% when compared with the same period last year. With the continuous expansion of the urban gas business, China Gas has comprehensively constructed an integrated energy ecosystem through the continuous promotion of the "coal to gas conversion" projects in industrial and commercial sectors, striving to develop the quality township "gas for coal replacement" and "beautiful villages" businesses, accelerating the development of new businesses such as LPG sales network, value-added services, LNG trading, thermoelectric power, distributed energy resources. During the 2019 financial year, China Gas achieved a sales volume of 24.66 billion cubic meters in natural gas, representing a year-on-year increase of 32.1%. It achieved a sales volume of 3.99 million tons in LPG, representing a year-on-year decrease of 0.9%. Approximately 5.11 million households were newly connected and the cumulative number of households connected reached approximately 29.68 million as at 31 March 2019.

Beer Business

In the first half year of 2019, Beijing Yanjing Brewery Co., Ltd. ("Yanjing Brewery") comprehensively enhanced its market construction measures and propelled the refined transformation of market management. While optimizing its product structure to improve profitability, Yanjing Brewery strengthened its brand promotion, developed new products of related themes by leveraging on sponsorship rights of the "CFA Cup", the Beijing Winter Olympics and the Basketball World Cup 2019 and so on to enrich the content of Yanjing brand.

During the reporting period, Yanjing Brewery recorded a beer sales volume of 2.58 million kilolitres, of which, the sales volume of Yanjing main brand was 1.76 million kilolitres, and the sales volume of "1+3" brand was 2.38 million kilolitres. The revenue that Beijing Yanjing Brewery Investments Co., Ltd. (北京燕京啤酒投资有限公司) ("Yanjing Limited") recorded was HK\$6.53 billion during the period. Its profit before tax was HK\$753 million. The capital expenditure of Yanjing Limited in the first half year was approximately HK\$360 million.

Water and Environmental Business

Beijing Enterprises Water Group Limited (“BE Water”, stock code: 371) conducted strategic corporation with the China Three Gorges Corporation during the period and had successfully expanded the ecological and environmental protection market in the Yangtze River basin. It jointly established the Yangtze River Green Development Investment Fund with several parties and had effectively improved the quality of existing assets and promoted the digital upgrading of Smart Water operation. The operating revenue of BE Water increased by 28.2% to HK\$12.83 billion due to operating revenue increase from water treatment services and water environmental management and construction services, and profit attributable to shareholders of the company increased by 17.1% to HK\$2.77 billion. The net profit attributable to the Group was HK\$1.14 billion, representing a year-on-year increase of 13.6%.

As at 30 June 2019, BE Water already participated in 1,047 water plants which are or will be in operation, including 875 sewage treatment plants, 140 water distribution plants, 30 reclaimed water plants and 2 seawater desalination plants, with a total design capacity of 37.76 million tons/day. The net increase in design capacity for the period was 0.937 million tons/day.

Solid Waste Treatment Business

At the end of the first half year, the solid waste treatment business segment of the Group reached a waste incineration and power generation integrated treatment capacity of 26,932 tons/day. During the reporting period, EEW Energy from Waste GmbH (“EEW GmbH”) achieved an operating revenue of HK\$2.61 billion, representing a year-on-year increase of 3.7%. 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\$791 million during the period, and their profit attributable to shareholders of the Group amounted to HK\$49 million. The capital expenditure of solid waste related business (domestically and overseas) in the first half year amounted to approximately HK\$979 million.

During the period, EEW GmbH accomplished a waste treatment volume of 2.292 million tons, representing a year-on-year increase of 0.5%, sales of electricity of 844 million KWH, representing a year-on-year increase of 1.7%; The domestic solid waste treatment business segment of the Group completed a waste treatment volume of 2.136 million tons, representing a year-on-year increase of 2.5%. It accomplished an on-grid power generation volume of 596 million KWH, representing a year-on-year increase of 8.4%. Active efforts have been made to explore technological innovation and carry out expansion work for domestic projects so as to cope with new environmental protection and emission standards. The Group further standardized the strategic control, resources integration and professional management intensity of solid waste treatment segment to promote the technology, personal, and management exchange among enterprises as well as cultural integration.

II. PROSPECTS

Natural Gas Distribution Business of Beijing Gas

The gradual policy implementation in the gas industry has brought new growth opportunities to the domestic natural gas market. Beijing Gas will grasp the development opportunities to expand its market in all directions. In Beijing, Beijing Gas will continue to optimize the business environment to increase subscriber development efficiency. In the area outside Beijing, Beijing Gas will proactively participate in the intelligence energy construction of Xiong'an New District, and will also accelerate the construction of the Tangshan LNG receiving terminal expansion project.

Beer Business

With the competition in the beer industry intensifying and diversified consumer demand, the beer market will greet an era of quality first and value regression in future. Facing the new layout of industry competition, Yanjing Brewery will adopt various measures, focus on market structure adjustment, product structure adjustment, brand structure adjustment and management innovation to strive to realize product upgrade, market upgrade and management upgrade, constantly enhance brand influence and strengthen its market competitiveness.

Water and Environmental Business

BE Water will endeavour to grasp a strategic move heading towards an asset-light enterprise, and drive the growth of both core and emerging businesses according to its comprehensive innovative and ecological strategies by capitalising on its strategic position as an integrated, leading and professional water environment comprehensive service provider that offers services across the industry chain. Moreover, it will continue to expand and strengthen the two core businesses of urban water business and comprehensive water environment treatment through optimised market selection, resources allocation, cash flow management and operating capacity building.

Solid Waste Treatment Business

In terms of solid waste treatment business, the Group will improve the operation and management ability of its domestic projects, strictly control production cost to ensure a steady increase of project income level and improve its market competitiveness of the solid waste treatment business overall. The Group will also accelerate the absorption and introduction of the advanced operation management experience of EEW GmbH and promote the transformation of its achievements.

In the second half of 2019, the Group will proactively evaluate the impact of the internal and external economic situation, macro-policy regulation and industrial market changes on the Company's main business operation. Based on accurate judgment on and adaptation to policies and market changes, the Group will advance all operation and management works with confidence to constantly enhance self-development quality, firmly adhere to strategic direction, foster innovation drivers and promote efficiency growth.

III. FINANCIAL REVIEW

Revenue

The Group's revenue from operating activities in the first half year of 2019 was approximately HK\$34.23 billion, which remained broadly stable when compared with the same period last year. The revenue of gas sales was HK\$24.25 billion, the revenue of beer sales was HK\$6.53 billion, the revenue of the solid waste treatment and environment protection businesses was HK\$3.45 billion, which included the revenue of EEW GmbH amounting to HK\$2.61 billion, the revenue of other solid waste treatment businesses was HK\$843 million in total.

Cost of Sales

Cost of sales year-on-year increased by 0.1% to HK\$28.04 billion. Cost of sales of gas distribution business mainly included purchase cost of natural gas as well as depreciation cost of gas pipe-line network. Cost of sales of brewery business included raw materials, wage expenses and absorption of certain direct overheads. 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 18.1% when compared with the 18.5% of the same period last year, which was mainly due to the decrease in gross profit margin of natural gas business that accounted for the largest proportion of total revenue when compared with same period of last year, resulting from the absence of subsidies amounting to RMB204 million during the heating season in the corresponding period of last year.

Gains on Deemed Disposal of Partial Interests in Associates

During the first half of 2019, BE Water issued ordinary shares under the placement and share subscription exercise. The Group recognized a gain of HK\$187 million on the deemed disposal of partial interest in an associate as a result of the dilution in the Group's shareholding in BE Water from this placement and share subscription exercise.

In addition, China Gas issued ordinary shares upon the exercise of share options by its employees during the period. The Group recognised a gain on deemed disposal of the partial interest in an associate of HK\$151 million.

Other income and gain, net

Other income and gain, net mainly comprised of interest income amounted to HK\$130 million, dividend income amounted to HK\$49 million, income from disposal of certain fixed assets amounted to HK\$18 million, government grants amounted to HK\$75 million and rental income of HK\$21 million.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in the first half year of 2019 were HK\$1.1 billion, which was basically unchanged as compared with that of corresponding period in last year.

Administrative Expenses

Administrative expenses of the Group in the first half year of 2019 were HK\$2.11 billion, decreased by 11.5% when compared with same period of last year, which was mainly due to the one-off increase in relevant expenses at the beginning of 2018 resulting from the employee benefits improvement under defined benefit plans of Beijing Gas.

Other Operating Expenses, net

Other operating expenses, net mainly included the impairment on certain assets for solid waste business.

Finance Costs

Finance costs of the Group in the first half year of 2019 were HK\$1.05 billion, increased by 14.3% when compared with same period of last year, which was mainly due to the increase in bank loans.

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 Co., the 20% share of profit attributable to shareholders of VCNG, the 24.4% share of profit attributable to shareholders of China Gas and the 41.15% share of profit attributable to shareholders of BE Water.

In the first half year of 2019, the Group shared the profit after taxation of PetroChina Beijing Pipeline Co. amounting to HK\$1.08 billion, the Group shared the profit after taxation of VCNG amounting to HK\$550 million, the Group shared the profit after taxation of China Gas amounting to HK\$964 million and the Group shared the net profit of BE Water amounting to HK\$1.14 billion.

Taxation

The effective income tax rate was 28.9%, lower than the 34.1% in the corresponding period of last year, which was mainly due to the withholding tax expense for certain dividend income in the same period of last year but none in this year.

Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company in the first half year of 2019 was HK\$4.75 billion, increased by 11.2% 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\$1.32 billion as compared with the end of 2018, which was mainly attributable to the increase in the number of Beijing Gas' natural gas related construction projects.

Other intangible assets were mainly from EEW GmbH.

Under the new lease standard HKFRS 16, which has come into effect on 1 January 2019, right-of-use assets represent the Group (as lessee) shall recognise a lease as a right-of-use asset in the balance sheet in accordance with the new standard.

The balance of prepaid land premiums was nil as the new lease standard HKFRS 16 which has come into effect on 1 January 2019. Prepaid land premiums have been reclassified as right-of-use assets.

Investments in associates increased by HK\$2.94 billion, which was mainly due to the Group's sharing of the first half profit of VCNG, PetroChina Beijing Pipeline Company, BE Water and China Gas.

The equity investments at fair value through other comprehensive income mainly represented the fair value of Beijing Gas' investment in CNPC Capital Company Limited.

The balance of receivables under a finance lease was from the relevant balance of EEW GmbH.

Financial asset at fair value through profit or loss mainly represented the fair value of Beijing Gas' investment in PetroChina Pipelines Co., Ltd.

Current Assets

The balance of inventories increased by HK\$315 million, which was mainly due to the increase in inventories of Yanjing Brewery.

The balance of trade receivables mainly represented the account receivables of Beijing Gas for selling gas during the heating season.

Cash balance was HK\$18.0 billion, which remained broadly stable as compared with the balance at the end of 2018.

Non-current Liabilities

The balance of bank and other borrowings increased by HK\$2.13 billion, which was mainly due to the combining of the balance of bank and other borrowings as a result of the projects acquired by Beijing Gas during the period.

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

Lease liabilities are under the new lease standard HKFRS 16 which has come into effect on 1 January 2019, which represent that the Group (as lessee) shall recognise a lease as a lease liability in the balance sheet according to the new standard.

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

Current Liabilities

The balance of trade and bills payables decreased by HK\$464 million, which was mainly due to the natural gas payment made by Beijing Gas during the period.

Other payables, accruals and contract liabilities decreased by HK\$855 million, which was mainly due to a decrease in the receipts in advance resulting from the decline of natural gas sales volume in summer.

The balance of bank and other borrowings increased by HK\$597 million, which was mainly due to the combining of the balance of bank and other borrowings as a result of the projects acquired by Beijing Gas during the period.

IV. FINANCIAL POSITION OF THE GROUP

Cash and Bank Borrowings

As at 30 June 2019, cash and bank deposits held by the Group amounted to HK\$18.0 billion, the amount of which remained broadly stable as compared with the balance at the end of 2018.

The Group's total borrowings amounted to HK\$62.27 billion as at 30 June 2019, which comprised guaranteed bonds and 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.

Liquidity and Capital Resources

As at 30 June 2019, the Group had net current assets of HK\$5.85 billion. The Group maintains sufficient banking facilities both in Hong Kong and Mainland China for its working capital requirements and has abundant cash resources to finance its capital expenditures in the foreseeable future.

As at 30 June 2019, the issued capital of the Company was 1,262,053,268 shares and equity attributable to shareholders of the Company was HK\$72.15 billion. Total equity was HK\$84.02 billion when compared with HK\$81.02 billion as at the end of 2018. The gearing ratio, being interest-bearing bank borrowings, guaranteed bonds and notes divided by the sum of total equity, interest-bearing bank borrowings, guaranteed bonds and notes, was 42.6% (31 December 2018: 42.4%).

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 2019

	<i>Notes</i>	Six months ended 30 June	
		2019	2018
		Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
REVENUE	3	34,233,316	34,345,042
Cost of sales		(28,040,708)	(28,001,513)
Gross profit		6,192,608	6,343,529
Gains on deemed disposal of partial interests in associates		338,115	330,394
Other income and gain, net	4	498,361	500,333
Selling and distribution expenses		(1,102,126)	(1,077,789)
Administrative expenses		(2,113,875)	(2,388,842)
Other operating expenses, net		(636,764)	(524,445)
PROFIT FROM OPERATING ACTIVITIES	5	3,176,319	3,183,180
Finance costs	6	(1,048,102)	(917,062)
Share of profits and losses of:			
Joint ventures		5,826	(22,134)
Associates		3,633,160	3,257,021
PROFIT BEFORE TAX		5,767,203	5,501,005
Income tax	7	(615,755)	(772,664)
PROFIT FOR THE PERIOD		5,151,448	4,728,341

		Six months ended 30 June	
		2019	2018
		Unaudited	Unaudited
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
ATTRIBUTABLE TO:			
	Shareholders of the Company	4,745,330	4,267,378
	Non-controlling interests	406,118	460,963
		<u>5,151,448</u>	<u>4,728,341</u>
EARNINGS PER SHARE ATTRIBUTABLE			
TO SHAREHOLDERS OF THE COMPANY			
	Basic and diluted	HK\$3.76	HK\$3.38

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	5,151,448	4,728,341
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,079,824)	(38,160)
Share of other comprehensive income/(loss) of associates	<u>(494,074)</u>	<u>421,683</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(1,573,898)</u>	<u>383,523</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Actuarial losses	(97,688)	(108,425)
Income tax effect	<u>30,275</u>	<u>27,106</u>
	(67,413)	(81,319)
Equity investments at fair value through other comprehensive income:		
Changes in fair value	222,684	(591,602)
Income tax effect	<u>(82,261)</u>	<u>122,061</u>
	140,423	(469,541)
Share of other comprehensive income of associates	<u>7,430</u>	<u>3,919</u>

	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>80,440</u>	<u>(546,941)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(1,493,458)</u>	<u>(163,418)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,657,990</u>	<u>4,564,923</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	<u>3,322,357</u>	<u>4,107,094</u>
Non-controlling interests	<u>335,633</u>	<u>457,829</u>
	<u>3,657,990</u>	<u>4,564,923</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

		30 June 2019 Unaudited HK\$'000	31 December 2018 Audited HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets:			
Property, plant and equipment		53,036,587	51,717,563
Investment properties		1,142,757	1,147,395
Right-of-use assets		2,244,696	–
Prepaid land premiums		–	1,469,087
Goodwill		16,770,790	16,553,016
Operating concessions		3,286,316	2,981,150
Other intangible assets		3,207,180	3,272,196
Investments in joint ventures		303,919	358,475
Investments in associates		56,312,287	53,375,575
Equity investments at fair value through other comprehensive income		3,113,210	2,908,338
Financial asset at fair value through profit or loss		2,290,991	2,301,452
Receivables under service concession arrangements	10	1,803,403	1,807,792
Receivables under a finance lease		796,212	846,572
Prepayments, other receivables and other assets		542,043	1,538,539
Deferred tax assets		1,365,866	1,423,522
		<u>146,216,257</u>	<u>141,700,672</u>
Total non-current assets			
Current assets:			
Prepaid land premiums		–	38,342
Inventories		5,454,040	5,138,624
Receivables under a finance lease		84,134	81,260
Receivables under service concession arrangements	10	92,834	123,605
Trade receivables	11	5,581,325	5,216,897
Prepayments, other receivables and other assets		4,576,318	3,611,879
Other taxes recoverable		486,128	609,522
Restricted cash and pledged deposits		40,361	39,983
Cash and cash equivalents		17,987,481	17,935,496
		<u>34,302,621</u>	<u>32,795,608</u>
Total current assets			
TOTAL ASSETS		<u>180,518,878</u>	<u>174,496,280</u>

		30 June 2019	31 December 2018
		Unaudited	Audited
	<i>Notes</i>	HK\$'000	HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	12	30,401,883	30,401,883
Reserves		41,747,647	39,270,734
		72,149,530	69,672,617
Non-controlling interests		11,871,232	11,342,755
TOTAL EQUITY		84,020,762	81,015,372
Non-current liabilities:			
Bank and other borrowings		29,083,702	26,958,501
Guaranteed bonds and notes		31,046,373	31,024,807
Lease liabilities		482,346	–
Defined benefit plans		2,168,665	2,011,333
Provision for onerous contracts and major overhauls		343,094	341,974
Other non-current liabilities		2,617,892	1,708,842
Deferred tax liabilities		2,300,230	2,250,422
Total non-current liabilities		68,042,302	64,295,879
Current liabilities:			
Trade and bills payables	13	4,040,403	4,504,712
Other payables, accruals and contract liabilities		20,559,154	21,413,851
Provision for onerous contracts		50,944	50,944
Income tax payables		955,138	1,227,743
Other taxes payables		541,818	448,372
Bank and other borrowings		2,136,886	1,539,407
Lease liabilities		171,471	–
Total current liabilities		28,455,814	29,185,029
TOTAL LIABILITIES		96,498,116	93,480,908
TOTAL EQUITY AND LIABILITIES		180,518,878	174,496,280

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION:

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2019 set out in this announcement has 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.

The unaudited interim condensed consolidated financial information does 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 2018.

The accounting policies and basis of preparation used in the preparation of the unaudited interim condensed consolidated financial information are consistent with those adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), except for the adoption of the new and revised HKFRSs, as disclosed in note 2 below.

The financial information relating to the year ended 31 December 2018 that is included in this unaudited interim condensed consolidated financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory consolidated 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 consolidated financial statements for the year ended 31 December 2018 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 auditor has reported on the consolidated financial statements of the Company for the year ended 31 December 2018. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

This interim condensed consolidated financial information has not been audited, but has been reviewed by the Company's audit committee.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial information:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land, buildings and machinery. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except an elective exemption for short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on the straight-line basis over the lease term.

Impacts on transition

Lease liabilities as at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019 and were separately presented on the face of the condensed consolidated statement of financial position as at 30 June 2019.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the condensed consolidated statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 as at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	<i>HK\$'000</i>
	(Unaudited)
Assets	
Decrease in property, plant and equipment	(57,068)
Increase in right-of-use assets	2,096,000
Decrease in prepaid land lease payments	(1,507,429)
Decrease in prepayments, other receivables and other assets	<u>(1,418)</u>
Increase in total assets	<u><u>530,085</u></u>
Liabilities	
Increase in lease liabilities	570,048
Decrease in other liabilities	<u>(39,963)</u>
Increase in total liabilities	<u><u>530,085</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon the adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on the straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed lease payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

- (c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group’s interim condensed consolidated financial information.

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 2019 and 2018, respectively.

Six months ended 30 June 2019

	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	24,253,763	6,525,919	-	3,453,634	-	-	34,233,316
Cost of sales	(21,468,474)	(3,991,019)	-	(2,581,215)	-	-	(28,040,708)
Gross profit	<u>2,785,289</u>	<u>2,534,900</u>	<u>-</u>	<u>872,419</u>	<u>-</u>	<u>-</u>	<u>6,192,608</u>
Profit/(loss) from operating activities	1,905,001	748,366	-	295,582	299,602	(72,232)	3,176,319
Finance costs	(252,906)	(10,528)	-	(78,118)	(778,782)	72,232	(1,048,102)
Share of profits and losses of:							
Joint ventures	5,826	-	-	-	-	-	5,826
Associates	<u>2,465,498</u>	<u>14,850</u>	<u>1,139,796</u>	<u>13,016</u>	<u>-</u>	<u>-</u>	<u>3,633,160</u>
Profit/(loss) before tax	4,123,419	752,688	1,139,796	230,480	(479,180)	-	5,767,203
Income tax	(281,072)	(170,342)	-	(161,604)	(2,737)	-	(615,755)
Profit/(loss) for the period	<u>3,842,347</u>	<u>582,346</u>	<u>1,139,796</u>	<u>68,876</u>	<u>(481,917)</u>	<u>-</u>	<u>5,151,448</u>

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	<u>3,078,494</u>	<u>2,505,258</u>	<u>-</u>	<u>759,777</u>	<u>-</u>	<u>-</u>	<u>6,343,529</u>
Profit/(loss) from operating activities	1,873,072	806,470	-	233,244	339,529	(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	<u>2,230,437</u>	<u>12,935</u>	<u>1,003,708</u>	<u>9,941</u>	<u>-</u>	<u>-</u>	<u>3,257,021</u>
Profit/(loss) before tax	3,893,814	809,419	1,003,708	164,935	(370,871)	-	5,501,005
Income tax	<u>(385,237)</u>	<u>(186,342)</u>	<u>-</u>	<u>(197,118)</u>	<u>(3,967)</u>	<u>-</u>	<u>(772,664)</u>
Profit/(loss) for the period	<u>3,508,577</u>	<u>623,077</u>	<u>1,003,708</u>	<u>(32,183)</u>	<u>(374,838)</u>	<u>-</u>	<u>4,728,341</u>

During each of the six months ended 30 June 2019 and 2018, none of the Group's individual customers contributed 10% or more of the Group's revenue.

4. OTHER INCOME AND GAIN, NET

	Six months ended 30 June	
	2019	2018
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Other income		
Interest income	130,398	151,487
Rental income	20,864	19,656
Investment income from an equity investment at fair value through other comprehensive income	49,255	–
Government grants	74,874	83,404
Transfer of assets from customers	17,004	10,818
Others	187,746	229,675
	<u>480,141</u>	<u>495,040</u>
Gain, net		
Gain on disposal of items of property, plant and equipment, net	<u>18,220</u>	<u>5,293</u>
Other income and gain, net	<u>498,361</u>	<u>500,333</u>

5. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	1,753,123	1,623,128
Depreciation of right-of-use assets	138,723	–
Amortisation of prepaid land premium	–	20,266
Amortisation of operating concession*	72,490	42,698
Amortisation of customer contracts*	115,713	144,895
Amortisation of operating right*	2,407	1,742
Amortisation of patents*	830	590
Amortisation of computer software**	23,419	26,781
Foreign exchange differences, net	502	4,565

* The amortisation of operating concession, customer contracts, 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

	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and other loans	462,680	340,427
Interest on guaranteed bonds and notes	566,858	568,850
Interest on lease liabilities	17,807	–
	<hr/>	<hr/>
Total interest expenses	1,047,345	909,277
Increase in discounted amounts of provision for major overhauls arising from the passage of time	7,212	7,785
	<hr/>	<hr/>
Total finance costs	1,054,557	917,062
Less: Interest capitalised in construction in progress	(6,455)	–
	<hr/>	<hr/>
	1,048,102	917,062
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX

	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:		
Mainland China	381,471	607,028
Germany	182,124	194,890
Deferred	52,160	(29,254)
	<hr/>	<hr/>
Total tax expense for the period	615,755	772,664
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong profits tax has been made during the six months ended 30 June 2019 as the Group did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2018: 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 29 August 2019, the Board declared an interim cash dividend of HK40 cents per share (six months ended 30 June 2018: HK32 cents per share), totalling HK\$504,821,000 (six months ended 30 June 2018: HK\$403,857,000).

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 (2018: 1,262,053,268) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2019 and 2018 for a dilution as the Group had no potentially dilutive ordinary shares in issue during each of the six months ended 30 June 2019 and 2018.

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements. They were all unbilled as at 30 June 2019 and 31 December 2018.

11. TRADE 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 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 receivables.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2019 Unaudited HK\$'000	31 December 2018 Audited HK\$'000
Billed:		
Within one year	4,919,854	2,907,189
One to two years	184,182	73,721
Two to three years	27,569	31,788
Over three years	<u>81,613</u>	<u>53,455</u>
	5,213,218	3,066,153
Unbilled	<u>368,107</u>	<u>2,150,744</u>
	<u><u>5,581,325</u></u>	<u><u>5,216,897</u></u>

12. SHARE CAPITAL

	30 June 2019 Unaudited HK\$'000	31 December 2018 Audited HK\$'000
Issued and fully paid:		
1,262,053,268 ordinary shares	<u><u>30,401,883</u></u>	<u><u>30,401,883</u></u>

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 the invoice date, is as follows:

	30 June 2019 Unaudited HK\$'000	31 December 2018 Audited HK\$'000
Billed:		
Within one year	2,427,005	2,529,803
One to two years	47,009	70,757
Two to three years	7,885	11,123
Over three years	<u>18,661</u>	<u>24,034</u>
	2,500,560	2,635,717
Unbilled	<u>1,539,843</u>	<u>1,868,995</u>
	<u>4,040,403</u>	<u>4,504,712</u>

14. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 30 June 2019 amounted to HK\$5,846,807,000 (unaudited) (31 December 2018: HK\$3,610,579,000 (audited)) and HK\$152,063,064,000 (unaudited) (31 December 2018: 145,311,251,000 (audited)), respectively.

INTERIM DIVIDEND

The Board has resolved to declare an interim cash dividend for the six months ended 30 June 2019 of HK40 cents (2018: HK32 cents) per share, which will be payable on 25 October 2019 to shareholders whose names appear on the register of members of the Company on 27 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 25 September 2019 to Friday, 27 September 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 24 September 2019.

EMPLOYEE

At 30 June 2019, the Group had approximately 41,000 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 2019.

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 2019.

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 2019 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 2019, 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, 29 August 2019

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, Dr. Sze Chi Ching, Dr. Yu Sun Say and Mr. Ma She as independent non-executive directors.