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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)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **HIGHLIGHTS**

- Revenue for the year amounted to approximately HK\$92.3 billion, representing an increase of 14.6% over last year.
- EBITDA amounted to approximately HK\$16.13 billion.
- Profit attributable to shareholders of the Company amounted to approximately HK\$7.57 billion.
- After excluding the effect of the one-off events for the current year, profit attributable to shareholders of the Company amounted to HK\$8.24 billion.
- Basic and diluted earnings per share amounted to HK\$6.0.
- A final dividend of HK\$1.1 per share is proposed for 2022, together with an interim dividend of HK\$0.5 per share. Dividend for the year will be HK\$1.6 per share, representing an increase of 28% year-on-year.

## RESULTS

The Board of Directors of Beijing Enterprises Holdings Limited (the “Company”) is pleased to announce that, the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022, together with the comparative figures for the previous year. The revenue of the Group was approximately HK\$92.3 billion for 2022, representing an increase of 14.6% over last year. Profit attributable to shareholders of the Company was approximately HK\$7.57 billion. After excluding the effect of the one-off events for the current year, profit attributable to shareholders of the Company amounted to HK\$8.24 billion.

Profit contributed by each business segment during the year is set out as follows:

	<b>Profit of the Company</b> <i>HK\$'000</i>	<b>Proportion</b> %
Gas operation	7,514,177	77.4
Water operation	565,177	5.8
Environmental operation	1,106,739	11.4
Brewery operation	<u>525,044</u>	<u>5.4</u>
Profit from major operations	9,711,137	100
Corporate and others	<u>(1,447,116)</u>	
Profit of the Company	<u>8,264,021</u>	
Profit attributable to non-controlling interests	<u>(691,370)</u>	
Profit attributable to shareholders of the Company	<u><u>7,572,651</u></u>	

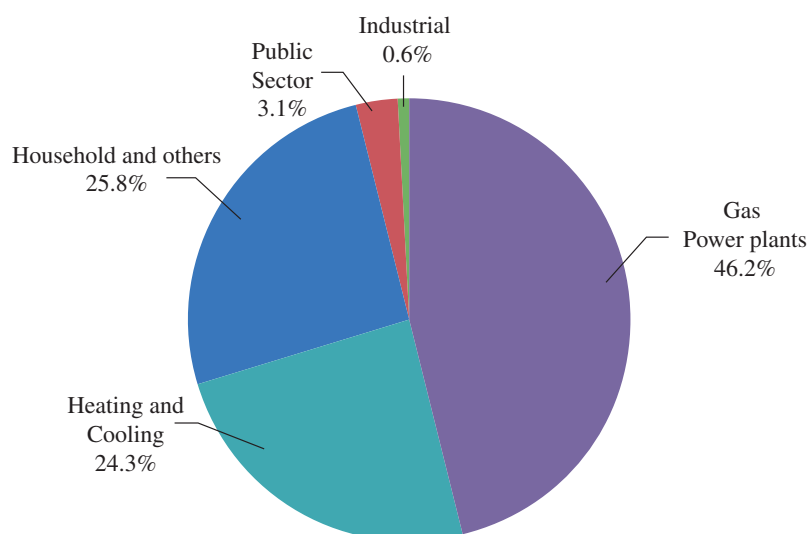
# MANAGEMENT DISCUSSION AND ANALYSIS

## I. BUSINESS REVIEW

The year of 2022 (the “Reporting Period”) witnessed the intensifying risks of international geopolitics, increased downward pressure of global economy, interest rate hikes by Federal Reserve triggered by high inflation, depreciation of non-US currencies, continued disruption and turmoil in financial markets, and tight supply chains and high prices for food and energy resulted from the Russo-Ukrainian conflict. China insisted on efficiently coordinating economic and social development through measures in stabilizing growth, ensuring that the economy reverted to a stable and upward trend within a reasonable range. The year of 2022 marked the 25th anniversary of the Company’s listing in Hong Kong. It was also a critical stage for the Company to facilitate the “14th Five-Year Plan” for quality development. The Company insisted on making reforms and seeking innovation to reshape its capital operation capability and explored strategic transformation opportunities, bringing stable improvement in its operating results and development quality in 2022.

### Natural Gas Distribution Business of Beijing Gas

Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of HK\$69.61 billion in 2022, representing a year-on-year increase of 19.8%. Profit before taxation from the principal businesses (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft) was HK\$6.21 billion, representing a year-on-year increase of 10.8%. In 2022, Beijing Gas’ combined (excluding duplicate statistics in different categories) natural gas sales volume was 21.69 billion cubic metres, including 17.8 billion cubic metres of piped gas sales volume in Beijing, 2 billion cubic metres of city gas sales volume outside Beijing, 0.9 billion cubic metres of LNG distribution and 1.17 billion cubic metres of LNG international trade. Affected by the combining factors such as temperature drop and extension of heat supply period, the natural gas sales volume accomplished inside Beijing increased by 5% year-on-year to 17.8 billion cubic metres. An analysis of the same by subscriber sector is shown as follows:



During the Reporting Period, Beijing Gas developed approximately 155,000 new household subscribers and 4,062 new public sector subscribers. New heating boiler subscribers with a total capacity of 2,036 t/h were developed. As of 31 December 2022, Beijing Gas had a total of approximately 7.29 million piped gas subscribers and approximately 31,600 kilometres of natural gas pipelines in operation. Beijing Gas' capital expenditure for the year amounted to approximately HK\$9.16 billion.

During the year, Beijing Gas gave top priority in serving the capital city and had successfully completed its service protection missions for a series of spectacular events. At the same time, it promoted the construction of key projects and the development of key tasks in an orderly manner, integrated and expanded the markets both inside and outside Beijing, and achieved a stable growth in its principal business. The completion of the first phase of the Tianjin Nangang LNG emergency reserve project is expected to further enhance the capital's natural gas security capacity. The integrated energy added 1.64 million square meters of heating area coverage and total installed capacity of new energy reached 149 MW. The value-added business further optimised the operating model with its results showing sound performance. The LNG business attained a robust development, with 13 occasions of vessel international spot trade and 840,000 tonnes of gas during the year, generating a sales revenue of HK\$13.03 billion, representing a substantial increase year-on-year. In addition, Beijing Gas strived to propel the investigation and remediation of safety hazards, effectively preventing and solving major safety risks.

### **Natural Gas Transmission Business**

PipeChina Group Beijing Pipeline Co., Ltd. ("PipeChina Beijing Pipeline Co.," ) recorded a gas transmission volume of 59.21 billion cubic meters in 2022, representing a year-on-year increase of 9%. During the Reporting Period, Beijing Gas' share of net profit after taxation, through its 40% equity interests in PipeChina Beijing Pipeline Co.,, amounted to HK\$2.08 billion, representing a year-on-year increase of 27.6%. The total capital expenditure of PipeChina Beijing Pipeline Co., for the year was approximately HK\$710 million.

### **VCNG of Rosneft**

During the Reporting Period, the PJSC Verkhnechonskneftegaz ("VCNG") project of Rosneft Oil Company achieved its petroleum sales of 6.351 million tons, representing a year-on-year decrease of 5.4%. Beijing Gas shared a net operating profit after taxation for the year of HK\$1.43 billion through its 20% equity interest in VCNG, representing a year-on-year increase of 38.2%.

## **China Gas**

China Gas Holdings Limited (“China Gas”, stock code: 384) achieved a profit attributable to the Group of HK\$1.56 billion in 2022, representing a year-on-year decrease of 28.2%. During the six months ended 30 September 2022, China Gas steadily expanded its customers base to actively respond to external environment challenges and attained stable increase in natural gas sales volume. As one of the largest LNG distribution enterprises in China, China Gas continued to broaden its domestic and international resources channels, deepened its LNG import cooperation and expanded its end-user market. Thanks to the implementation of the new retail regime, the value-added business brand of China Gas, “Smart Living”, ignited its rapid growth and unlocked its independent value. In addition, China Gas actively responded to the national dual-carbon initiative by announcing its industry-leading “carbon neutrality” roadmap to the capital market, and endeavoured to create core competencies in the dual-carbon new energy sector. During the six months ended 30 September 2022, China Gas’ total natural gas sales volume increased by 7.4% to 16.68 billion cubic metres, and its LPG sales volume reached 1.804 million tons, contributed profit before tax of HK\$81.535 million for the period, representing a year-on-year increase of 226.2%. Approximately 1.53 million households were newly connected, and the cumulative number of households connected reached approximately 44.67 million as at 30 September 2022.

## **Water Business**

Beijing Enterprises Water Group Limited (“BE Water”, stock code: 371) continued to acquire bulk assets and deepened regional reform during the year. It completed the establishment of 58 regional companies and similar regional organizations. It nurtured management capabilities in asset and intelligent operation. At the same time, it comprehensively enhanced innovative capabilities by insisting on innovation-driven development and leveraging the leading role of experts. In addition, BE Water actively expanded its presence in the upstream and downstream industry chain by leveraging its water services expertise, completed the strategic investments in several companies. BE Water’s revenue for the year decreased by 10% year-on-year to HK\$24.98 billion, and profit attributable to its shareholders amounted to HK\$1.37 billion. The net profit attributable to the Group was HK\$565 million.

As at 31 December 2022, BE Water already participated in 1,447 water plants which are or will be in operation, including 1,196 sewage treatment plants, 180 water distribution plants, 70 reclaimed water treatment plants and 1 seawater desalination plants, with a total design capacity of 44.287 million tons/day. The net increase in design capacity for the Reporting Period was 2.84 million tons/day.

## **Environmental Business**

At the end of 2022, the environmental business segment of the Group realised a waste incineration and power generation treatment capacity of 32,895 tons/day. The key performance indicators of EEW Energy from Waste GmbH (“EEW GmbH”) showed sound performance, accomplishing a waste treatment volume of 4.607 million tons and energy sales of 4.91 billion KWH, with revenue of HK \$5.9 billion for the year.

During the year, the domestic environmental business segment of the Group recorded a waste treatment volume of 6.09 million tons, representing a year-on-year increase of 5.9%. It completed an on grid power generation volume of 1.52 billion KWH. The solid waste projects in China includes Beijing Enterprises Environment Group Limited (“BE Environment”, stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd (“BEHET”) etc., together achieved a total revenue of HK\$3.24 billion during the Reporting Period. Profit attributable to shareholders of the Group was HK\$200 million, an increase of 69.8% year-on-year. During the Reporting Period, by expanding business revenue through multiple channels and building a market development channel mechanism, it made every effort to enhance the development of its principal business. At the same time, it continued to consolidate its foundation management by strengthening strategic management and enhancing the regulated management standard. The annual capital expenditures for the Company’s environmental business segment (domestic and overseas) were HK\$3.05 billion.

## **Beer Business**

During the Reporting Period, Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”) comprehensively implemented reforms in mechanism, organization, operation, marketing, production, research and development and culture, achieved overall growth in key economic indicators. Its promoted large single product strategy in all directions to provide a strong support for performance improvement. It steadily promoted the improvement of a premier management system to accelerate the formation of new advantages in development. It continued to carry out full-chain marketing to upgrade its brand image and had highlighted the direction of market-oriented reform to continue unlocking organisational vitality.

During the Reporting Period, Yanjing Brewery achieved a beer sales volume of 3.77 million kilolitres, representing a year-on-year increase of 4.14%, of which, the sales volume of Yanjing U8 recorded 388,900 kiloliters, representing a year-on-year increase of 51%. The revenue that Beijing Yanjing Brewery Investments Co., Limited\* (北京燕京啤酒投資有限公司) (“Yanjing Limited”) recorded was HK\$13.47 billion during the Reporting Period, representing a year-on-year increase of 4.9%, with its profit before taxation of HK\$694 million, representing a year-on-year increase of 19%. The capital expenditure of Yanjing Limited for the year was approximately HK\$535 million.

### **Major Capital Operations**

In 2022, the Group successfully refinanced EUR800 million of EUR Bonds, USD800 million of US\$ Bonds and HK\$4 billion of bank loans, and drawdown revolving short-term financing loans. At the same time, we coordinated with EEW GmbH to arrange a green revolving financing facility of up to EUR200 million. During the year, the Group received an A credit rating from Fitch for the first time.

### **Sustainable Development**

The Group has constantly enhanced its environmental, social and governance (ESG) management capabilities in recent years. During the year, we strengthened our systems in anti-corruption, complaint reporting, climate change response and health and safety. Moreover, the Company enhanced the diversity of its Board of Directors, with aims to improve corporate governance and sustainable development by increasing the independence of and strengthening the functions of the Board of Directors.

## **Principal Risks-Exchange Rate Fluctuation**

The Group primarily operates its businesses in the PRC, therefore, most of its revenues and expenses are transacted in RMB. The value of RMB against Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, the PRC's economic conditions and policies. The conversion of RMB into foreign currencies, including Hong Kong Dollar and U.S. Dollar, has been based on rates guided by the People's Bank of China. In 2022, the exchange rates of RMB against Hong Kong Dollar and U.S. Dollar presented an overall trend of wide-range fluctuations, and the Board did not expect the mild fluctuation of RMB's exchange rate in the future will have material adverse impact on the operations of the Group. As the Euro assets and Euro debts of the Group were basically matched, the Group was less affected by the fluctuation of Euro exchange rate.

## **Main Uncertainties**

The Group's principal businesses include downstream natural gas distribution and middle stream natural gas transmission, water operation, environmental operation and beer businesses. Most of the utilities related businesses are governed by policies set out by National Development and Reform Commission and may be subject to changes from time to time. The energy supply chain shortage arising from increasing global economic downward pressure and international geopolitical risks has brought about numerous changes and uncertainties in the industry and market environment associated with the Group's businesses. The Group will make timely adjustment to its strategy and give proactive response so as to obtain operating initiatives in the market transformation where accelerating changes in the domestic industrial chain, the rebound in consumer demand and the upgrading of the consumer structure are taking place.

## **II. PROSPECTS**

The global economic downturn, subsisting geopolitical risks, and uncertainties in domestic economic development in 2023 will lead the Group in facing certain challenges in its "14th Five-Year Plan" development, and our industrial operations also enter a critical stage of strategic upgrading and breakthroughs. The Group will continue to unleash its inherent development potential that has accumulated over the years, and efficiently push forward various key tasks to revive the value of the capital market with excellent results.



## **Natural Gas Distribution Business of Beijing Gas**

Beijing Gas will strengthen the advantages of its principal business, continue to consolidate and expand the market in Beijing, accelerate the integration of dissociate markets outside the Beijing market supply regime, increase the contribution of incremental sales from outside ports, and enhance upstream and downstream investments in the industry chain. It will actively implement the construction of the Nangang project, production preparation and also its production and operation after commencement, and actively lay out the development of large-scale users along the Nangang LNG export transmission pipeline. Beijing Gas will constantly expand the substance and value of urban energy operation services. On the basis of consolidating and enhancing the traditional gas business, it will further increase the expansion of new energy and comprehensive energy business such as photovoltaic, accelerate the cultivation of new momentum for transformation and development, and speed the upgrade of “energy focus” segments. Beijing Gas will better coordinate development and safety by improving the safety management mechanism, deepen the checking and governance of hidden hazards to facilitate the safety production management to a higher level.

## **China Gas**

China Gas will actively seize the development opportunities brought by national policies and market demands, vigorously respond to market demands, improve operational efficiency, deepen management reform, promote digital development, enhance safety operation level and risk management capability, and drive continuous and steady growth in performance. In addition, China Gas will uphold the principle of simultaneous development of economic and social benefits, and continue its commitment to serve the society by focusing on issues such as climate change, biodiversity protection, employee safety and health, green supply chain and green finance, so as to better fulfil its three major responsibilities regarding economy, environment and society, provide “smart” energy to society and the public, and make greater contributions to the development of clean energy in China.

## **Water Business**

BE Water is integrating data and digital technologies into its corporate development to construct a corporate data asset and management system and also establishing a comprehensive, continuous, sustainable and innovative mechanism to build up its corporate technological and core competitive strength so as to edge out through product and service differentiation, and support its transition to asset-light development strategies. BE Water will continue to acquire and manage more large-scale assets, create new business lines with technological and model innovation, improve its operational efficiency, secure high-quality and sustainable development, and strive for its vision of “becoming the world-class provider of reliable and leading water services and environmental services”.

## **Environmental Business**

The domestic environmental business will benchmark itself against the industry benchmark, improve the economic efficiency of existing projects; choose the right track for incremental expansion and balance investment return; accelerate the progress of disposing of non-performing assets and clarify the operation strategy of hazardous waste business as early as possible. We will actively promote the integration of environmental platform assets and enhance the output of headquarters management efficiency.

In terms of overseas business, EEW GmbH will speed up the operation of the projects under construction and attain benefit contribution as soon as possible. At the same time, it will get prepared to meet challenges from various external economic uncertainties, ensure the stability of solid waste resources and production capacity, and strengthen integrated cost control as well.

## **Beer business**

In future, Yanjing Brewery will fully leverage the upward momentum of performance rebound to proactively striving every effort to catch up with the leading industry benchmark. It will forge itself as high-end brand by expanding the core strategic

achievements of U8, promote the sales volume of U8 to a new stage by actively exploring innovative ways of cooperation with more industries through concentrating on advantages marketing resources. Through consolidating market foundation and accelerating market upgrade, it will widen and deepen the penetration of high-frequency consumer scenarios. It will enrich the mid- to high-end product matrix, position the mid-to high-end price band with the large single product represented by Yanjing U8, increase the promotion of fine wine products, accelerate the development of low-alcohol, low-calorie, fruit beer products and incubate the market, and shape the category benchmark. At the same time, it will coordinate the phasing out of outdated production capacity and the governance of managing loss-making enterprises, so as to quickly break through the depressing asset values.

### **III. FINANCIAL REVIEW**

#### **Revenue**

The revenue of the Group in 2022 was HK\$92.3 billion, which increased by 14.6% as compared with 2021. Of which, the revenue of Beijing Gas was HK\$69.61 billion, representing a year-on-year increase of 19.8%, which accounted for 75.4% of total revenue. The revenue from beer sales was HK\$13.47 billion, which accounted for 14.6% of total revenue. The solid waste treatment businesses contributed a total revenue of HK\$9.14 billion, which accounted for 9.9% of total revenue, including the revenue of EEW GmbH amounted to HK\$5.9 billion.

#### **Cost of Sales**

Cost of sales increased by 17.3% to HK\$80.01 billion. Cost of sales of the gas distribution business included the purchase cost of natural gas as well as the depreciation charge of the pipeline network. Cost of sales of the brewery business included raw materials, wage expenses, and absorption of certain direct overheads. Cost of sales of solid waste treatment business included fuel charges, amortization, and waste collection costs.

#### **Gross Profit Margin**

In 2022, the overall gross profit margin was 13.3%, down by 2 percentage points when compared with 15.3% last year. The decrease in overall gross profit margin was mainly attributable to the increase in costs of Beijing Gas.

### **Gain on Deemed Disposal of Partial Interests in Associates, Net**

In 2021, China Gas, an associate of the Group, issued 392,000,000 ordinary shares at the price of HK\$29.75 per share. A total gain of HK\$1.7 billion on the deemed disposal of the partial interest in associates was recognised as the equity interest held by the Group was diluted. In addition, the Group recognised a loss of HK\$77 million on the deemed disposal of a partial interest in associates as a result of the exercise of options to issue ordinary shares by BE Water during the same year. The Group recognised a total of HK\$1.63 billion of related gain in 2021.

There was no related gain in 2022.

### **Other Income**

Other income was mainly comprised of government grants of HK\$350 million; dividend income of HK\$325 million; gain on transfer of assets from customers of HK\$46 million; income of sales of scrap and beer bottles of Yanjing Brewery amounting to HK\$224 million and bank interest income amounting to HK\$688 million.

### **Selling and Distribution Expenses**

Selling and distribution expenses of the Group in 2022 were HK\$2.25 billion, which decreased slightly by 1.2% year-on-year.

### **Administrative Expenses**

Administrative expenses of the Group in 2022 were HK\$6.56 billion, which increased slightly by 4% when compared to last year, implying that the related cost control was effective.

### **Other Operating Expenses, net**

Other operating expenses, net increased when compared to last year, which was mainly due to the impairment of certain assets of the solid waste business.

## **Finance Costs**

The finance costs of the Group in 2022 were HK\$2.07 billion, which increased by 15.5% when compared to last year, which was mainly due to the increase in the cost of loans in the second half of 2022 as a result of the increase in interest rates due to the impact of global inflation.

## **Share of Profits and Losses of Associates**

The share of profits and losses of associates mainly comprised the share of profit attributable of PipeChina Beijing Pipeline Co. to the Group, its share of profit attributable to shareholders of VCNG, the share of profit attributable to China Gas, and the share of profit attributable to BE Water.

In 2022, the Group shared the profit after taxation of PipeChina Beijing Pipeline Co. amounting to HK\$2.08 billion, the profit after taxation of VCNG amounting to HK\$1.43 billion, the profit after taxation of China Gas amounting to HK\$1.56 billion and the net profit of BE Water amounting to HK\$565 million.

## **Taxation**

After deducting the share of profits and losses of associates and jointly-controlled entities, the effective income tax rate was 31.7%, which was higher than the 20.9% last year and was mainly due to the non-taxable gain on the deemed disposal of a portion of an interest in an associate in the same period last year.

## **Profit Attributable to Shareholders of the Company**

The profit attributable to the shareholders of the Company for the year ended 31 December 2022 was HK\$7.57 billion.

## IV. FINANCIAL POSITION OF THE GROUP

### Non-current assets

#### *Property, plant and equipment*

The net book value of property, plant and equipment was approximately HK\$63.8 billion, which increased by 5.2% over last year, which was mainly attributable to the increase in construction projects of Beijing Gas.

#### *Other intangible assets*

Other intangible assets were mainly from EEW GmbH.

#### *Investments in associates*

The decrease in the balance of HK\$2.09 billion was mainly due to the decrease in the Group's share of net assets of associates as a result of the year-on-year depreciation of Renminbi.

#### *Equity investments at fair value through other comprehensive income*

It mainly represented the fair value of Beijing Gas's investment in CNPC Capital Company Limited.

#### *Receivables under a finance lease*

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

#### *Financial asset at fair value through profit or loss*

It mainly represented the fair value of Beijing Gas' investment in Beijing Guolian Energy Industrial Investment Fund (L.P.), and the disposal of relevant assets was completed during the year.

### ***Prepayments, other receivables and other assets***

The balances increased by HK\$1.88 billion, which was mainly composed of bank's time deposits and certificates of deposit of Beijing Gas with maturity over one year.

### **Current assets**

#### ***Inventories***

It mainly represented the inventory balance of Yanjing Brewery.

#### ***Trade receivables***

The decrease of HK\$1.1 billion was mainly due to the settlement of gas purchased by Gas Power Plants customers of Beijing Gas during the year.

### ***Prepayments, other receivables and other assets***

The increase in balances of HK\$1.89 billion was mainly due to the dividend receivable from PipeChina Beijing Pipeline Co., by Beijing Gas. The relevant dividend was received after the Reporting Period.

### ***Cash and Bank Borrowings***

As of 31 December 2022, cash and bank deposits held by the Group amounted to HK\$31.35 billion. The Group maintains sufficient banking facilities for its working capital requirements and has sufficient cash resources to finance its capital expenditures in the foreseeable future.

The Group's total borrowings amounted to HK\$77.39 billion as of 31 December 2022, which comprised, inter alia, guaranteed bonds and senior notes of US\$1.8 billion in total, Euro guaranteed bonds amounting to EUR0.9 billion, Euro bridging loan amounting to EUR1.6 billion and medium and long term bank loans of the Company's headquarter amounting to HK\$20.1 billion. Around 60% of the total borrowings were denominated in US and Hong Kong dollars and 27.3% in Euro. The Group had net borrowings of HK\$46.04 billion as of 31 December 2022, which increased by 18.8% year-on-year.

## **Non-current liabilities**

### ***Bank and other borrowings***

There was an increase of HK\$19.05 billion in long-term and short-term balances in total, which was due to the refinance of matured guaranteed bonds and notes with bridging bank loans during the year.

### ***Guaranteed bonds and notes***

The aggregate decrease of HK\$13.66 billion in non-current and current guaranteed bonds and notes was mainly due to the refinance of matured guaranteed bonds amounting to EUR800 million and guaranteed notes amounting to US\$800 million with bridging bank loans during the year.

### ***Provision for onerous contracts and major overhauls***

The balances were mainly from EEW GmbH.

## **Current liabilities**

### ***Other payables, accruals and contract liabilities***

The decrease in the balance of HK\$1.64 billion was mainly due to year-on-year decrease in prepayments of Beijing Gas.

## ***Liquidity and Capital Resource***

The downstream natural gas distribution business, plus the dividends income from PetroChina Beijing Pipeline Co., the dividends from BE Water, China Gas, and EEW GmbH, has been constantly contributing to the operating cash flow of the Group and significantly increased its liquidity. As of the end of 2022, the issued capital of the Company amounted to 1,260,203,268 shares and the shareholders' equity was HK\$89.92 billion. Total equity was HK\$103.04 billion. The gearing ratio, that is all the interest-bearing borrowings, guaranteed bonds, and notes divided by the sum of total equity plus all interest-bearing borrowings, guaranteed bonds, and notes was 43% (2021: 40%).

The 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 of foreign exchange rates' fluctuation.



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (restated)
<b>REVENUE</b>	2	<b>92,296,553</b>	80,521,838
Cost of sales		<u><b>(80,007,875)</b></u>	<u>(68,191,138)</u>
Gross profit		<b>12,288,678</b>	12,330,700
Gain on deemed disposal of partial interests in associates, net	3	–	1,627,382
Other income and gains, net	4	<b>2,479,698</b>	2,085,270
Selling and distribution expenses		<b>(2,246,171)</b>	(2,273,969)
Administrative expenses		<b>(6,560,019)</b>	(6,304,993)
Other operating expenses, net		<b>(437,172)</b>	(338,767)
Finance costs	5	<b>(2,071,957)</b>	(1,794,397)
Share of profits and losses of:			
Joint ventures		<b>29,799</b>	(10,081)
Associates		<u><b>5,874,363</b></u>	<u>6,312,542</u>
<b>PROFIT BEFORE TAX</b>	6	<b>9,357,219</b>	11,633,687
Income tax	7	<u><b>(1,093,198)</b></u>	<u>(1,115,056)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>8,264,021</b></u>	<u>10,518,631</u>
<b>ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>7,572,651</b>	9,918,640
Non-controlling interests		<u><b>691,370</b></u>	<u>599,991</u>
		<u><b>8,264,021</b></u>	<u>10,518,631</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	9		
Basic and diluted		<u><b>HK\$6.00</b></u>	<u>HK\$7.86</u>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>8,264,021</u></b>	<b><u>10,518,631</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(7,871,336)	2,285,461
Share of other comprehensive income/(loss) of associates	<u>(3,670,318)</u>	<u>1,156,033</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(11,541,654)</u>	<u>3,441,494</u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Defined benefit plans:		
Actuarial gains/(losses), net	571,034	(104,403)
Income tax effect	<u>(164,374)</u>	<u>20,901</u>
	<u>406,660</u>	<u>(83,502)</u>
Equity investments at fair value through other comprehensive income:		
Changes in fair value	(247,899)	(453,369)
Income tax effect	<u>(27,897)</u>	<u>119,554</u>
	<u>(275,796)</u>	<u>(333,815)</u>
Share of other comprehensive loss of associates	<u>(187,145)</u>	<u>(94,718)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(56,281)</u>	<u>(512,035)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX</b>	<b><u>(11,597,935)</u></b>	<b><u>2,929,459</u></b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b><u>(3,333,914)</u></b>	<b><u>13,448,090</u></b>
<b>ATTRIBUTABLE TO:</b>		
Shareholders of the Company	(3,131,615)	12,554,632
Non-controlling interests	<u>(202,299)</u>	<u>893,458</u>
	<b><u>(3,333,914)</u></b>	<b><u>13,448,090</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets:			
Property, plant and equipment		<b>63,791,450</b>	60,634,700
Investment properties		<b>1,344,330</b>	1,213,849
Right-of-use assets		<b>2,296,432</b>	2,470,636
Goodwill		<b>16,254,813</b>	16,253,581
Operating concessions		<b>5,702,340</b>	5,297,244
Other intangible assets		<b>2,890,378</b>	3,183,885
Investments in joint ventures		<b>252,153</b>	333,274
Investments in associates		<b>64,365,327</b>	66,452,026
Equity investments at fair value through other comprehensive income		<b>2,253,564</b>	2,802,836
Financial asset at fair value through profit or loss		–	2,523,115
Receivables under service concession arrangements	<i>10</i>	<b>3,363,763</b>	3,365,226
Receivables under a finance lease		<b>426,728</b>	556,361
Prepayments, other receivables and other assets		<b>4,707,917</b>	2,823,303
Deferred tax assets		<b>1,784,822</b>	2,102,515
		<hr/>	<hr/>
Total non-current assets		<b>169,434,017</b>	170,012,551
Current assets:			
Inventories		<b>5,680,631</b>	6,218,945
Receivables under service concession arrangements	<i>10</i>	<b>137,412</b>	121,046
Receivables under a finance lease		<b>100,011</b>	98,516
Trade receivables	<i>11</i>	<b>5,561,634</b>	6,659,686
Prepayments, other receivables and other assets		<b>7,723,886</b>	5,837,534
Other tax recoverables		<b>446,764</b>	599,016
Restricted cash and pledged deposits		<b>171,940</b>	35,958
Cash and cash equivalents		<b>31,347,261</b>	33,238,799
		<hr/>	<hr/>
		<b>51,169,539</b>	52,809,500
Assets of disposal groups classified as held for sale		<b>467,811</b>	–
		<hr/>	<hr/>
Total current assets		<b>51,637,350</b>	52,809,500
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>221,071,367</b>	222,822,051
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		<b>30,401,883</b>	30,401,883
Reserves		<b>59,518,082</b>	65,575,827
		<b>89,919,965</b>	95,977,710
<b>Non-controlling interests</b>		<b>13,118,732</b>	13,089,259
<b>TOTAL EQUITY</b>		<b>103,038,697</b>	109,066,969
Non-current liabilities:			
Bank and other borrowings		<b>31,409,002</b>	27,797,718
Guaranteed bonds and notes		<b>21,368,996</b>	17,854,936
Lease liabilities		<b>483,773</b>	592,163
Defined benefit plans		<b>2,245,758</b>	2,857,692
Provision for onerous contracts and major overhauls		<b>257,907</b>	375,908
Other non-current liabilities		<b>2,134,779</b>	1,974,292
Deferred tax liabilities		<b>2,376,864</b>	2,497,220
Total non-current liabilities		<b>60,277,079</b>	53,949,929
Current liabilities:			
Trade and bills payables	<i>12</i>	<b>5,549,248</b>	4,326,135
Other payables, accruals and contract liabilities		<b>25,431,171</b>	27,070,190
Provision for onerous contracts and major overhauls		<b>47,426</b>	50,093
Income tax payables		<b>1,025,808</b>	1,249,468
Other tax payables		<b>448,837</b>	390,504
Bank and other borrowings		<b>24,613,662</b>	9,179,370
Guaranteed bonds and notes		–	17,173,276
Lease liabilities		<b>362,009</b>	366,117
		<b>57,478,161</b>	59,805,153
Liabilities directly associated with the assets of disposal groups classified as held for sale		<b>277,430</b>	–
Total current liabilities		<b>57,755,591</b>	59,805,153
<b>TOTAL LIABILITIES</b>		<b>118,032,670</b>	113,755,082
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>221,071,367</b>	222,822,051

*Notes:*

## **1.1 BASIS OF PRESENTATION**

Despite that the Group had net current liabilities of approximately HK\$6.1 billion and capital commitments of approximately HK\$11.7 billion as at 31 December 2022, the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern after taking into account, inter alia, the historical operating performance of the Group and the following: (a) the Company issued medium-term notes in a total principal amount of RMB4 billion to qualified investors in the PRC on 23 March 2023; and (b) listed investments of the Group could be realised immediately for funds to enable the Group to meet its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

## **1.2 BASIS OF PREPARATION**

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements 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, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) investment properties, equity and fund investments which have been measured at fair value; and (ii) disposal groups held for sale which are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results for the year ended 31 December 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2021, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

*The consolidated financial statements for the year ended 31 December 2022 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the consolidated financial statements for the year ended 31 December 2021 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 Group for the year ended 31 December 2021. 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.*

### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 *Business Combinations* an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies* if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no material contingent assets and liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any material impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no material sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any material impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022. The amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting standards*, HKFRS 9 *Financial Instruments*, Illustrative Examples accompanying HKFRS 16 *Leases*, and HKAS 41 *Agriculture*. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.



## 2. REVENUE AND OPERATING SEGMENT INFORMATION

For management purposes, 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. Particulars of the Group's reportable operating segments are summarised as follows:

- (a) the gas operation segment engages in the distribution and sale of piped natural gas and gas-related equipment, the provision of natural gas transmission, the surveying and plotting of underground construction projects, the installation of gas pipelines and related equipment and the provision of related repair and maintenance services, development and operation of city gas projects, liquefied natural gas ("LNG") supply to industrial end users, trading and distribution of compressed natural gas ("CNG") and LNG and operation of CNG and LNG refuelling stations for vehicles in the mainland ("Mainland China") of the People's Republic of China (the "PRC") and the trading of LNG and production and sale of oil and gas in certain overseas countries;
- (b) the water operation segment engages in the construction of sewage and water treatment plants and other infrastructural facilities, the provision of construction services for comprehensive renovation projects, sewage treatment, water treatment and distribution, and the provision of consultancy services and the licensing of technical know-how that is related to sewage treatment in the Mainland China and certain overseas countries;
- (c) the environmental operation segment comprises the provision of waste incineration plant construction and waste treatment services, and the sale of electricity, steam and heat generated from waste incineration in Germany and Mainland China;
- (d) the brewery operation segment produces, distributes and sells brewery products in Mainland China; and
- (e) the corporate and others segment comprises the provision of consultation services, property investment and corporate income and expense items.

Management monitors the results of the Group's 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 year of each reportable operating segment, which is measured consistently with the Group's profit for the year.

Segment assets and liabilities of each of the reportable operating segments are separately managed by each of the individual operating segments.

During the year, in order to better monitor the operating performance of the Group's property investment business which is included in the "Corporate and others" operating segment, the management decided to consider it as a principal activity of the Group. Accordingly, revenue and direct operating expenses associated with the property investment business are classified as "Revenue" and "Cost of sales" starting from the year ended 31 December 2022. In this regard, the corresponding amounts for the year ended 31 December 2021 have been reclassified and restated to conform to the current year's presentation.

**Year ended 31 December 2022**

	Gas operation <i>HK\$'000</i>	Water operation <i>HK\$'000</i>	Environmental operation <i>HK\$'000</i>	Brewery operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	69,607,098	-	9,141,156	13,470,870	77,429	-	92,296,553
Cost of sales	(64,132,076)	-	(6,693,732)	(9,147,050)	(35,017)	-	(80,007,875)
Gross profit	<u>5,475,022</u>	<u>-</u>	<u>2,447,424</u>	<u>4,323,820</u>	<u>42,412</u>	<u>-</u>	<u>12,288,678</u>
Profit/(loss) from operating activities	3,131,382	-	1,755,928	712,806	(75,102)	-	5,525,014
Finance costs	(429,209)	-	(246,546)	(46,184)	(1,350,018)	-	(2,071,957)
Share of profits and losses of:							
Joint ventures	29,799	-	-	-	-	-	29,799
Associates	5,242,097	565,177	39,861	27,228	-	-	5,874,363
Profit/(loss) before tax	7,974,069	565,177	1,549,243	693,850	(1,425,120)	-	9,357,219
Income tax	(459,892)	-	(442,504)	(168,806)	(21,996)	-	(1,093,198)
Profit/(loss) for the year	<u>7,514,177</u>	<u>565,177</u>	<u>1,106,739</u>	<u>525,044</u>	<u>(1,447,116)</u>	<u>-</u>	<u>8,264,021</u>
Segment profit/(loss) attributable to shareholders of the Company	<u>7,467,997</u>	<u>565,177</u>	<u>854,598</u>	<u>131,995</u>	<u>(1,447,116)</u>	<u>-</u>	<u>7,572,651</u>
Segment assets	<u>137,691,568</u>	<u>14,267,646</u>	<u>37,585,593</u>	<u>24,569,054</u>	<u>16,951,403</u>	<u>(9,993,897)</u>	<u>221,071,367</u>
Segment liabilities	<u>44,241,756</u>	<u>-</u>	<u>20,165,072</u>	<u>9,698,777</u>	<u>53,920,962</u>	<u>(9,993,897)</u>	<u>118,032,670</u>

Year ended 31 December 2021 (restated)

	Gas operation <i>HK\$'000</i>	Water operation <i>HK\$'000</i>	Environmental operation <i>HK\$'000</i>	Brewery operation <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	58,094,041	–	9,499,601	12,841,809	86,387	–	80,521,838
Cost of sales	<u>(52,462,793)</u>	<u>–</u>	<u>(7,148,003)</u>	<u>(8,542,920)</u>	<u>(37,422)</u>	<u>–</u>	<u>(68,191,138)</u>
Gross profit	<u>5,631,248</u>	<u>–</u>	<u>2,351,598</u>	<u>4,298,889</u>	<u>48,965</u>	<u>–</u>	<u>12,330,700</u>
Profit from operating activities	3,287,374	–	1,703,731	582,826	1,551,692	–	7,125,623
Finance costs	(343,023)	–	(199,640)	(25,784)	(1,225,950)	–	(1,794,397)
Share of profits and losses of:							
Joint ventures	(10,081)	–	–	–	–	–	(10,081)
Associates	<u>4,583,069</u>	<u>1,720,336</u>	<u>(16,852)</u>	<u>25,989</u>	<u>–</u>	<u>–</u>	<u>6,312,542</u>
Profit before tax	7,517,339	1,720,336	1,487,239	583,031	325,742	–	11,633,687
Income tax	<u>(500,631)</u>	<u>–</u>	<u>(404,021)</u>	<u>(183,375)</u>	<u>(27,029)</u>	<u>–</u>	<u>(1,115,056)</u>
<b>Profit for the year</b>	<u>7,016,708</u>	<u>1,720,336</u>	<u>1,083,218</u>	<u>399,656</u>	<u>298,713</u>	<u>–</u>	<u>10,518,631</u>
<b>Segment profit attributable to shareholders of the Company</b>	<u>6,988,507</u>	<u>1,720,336</u>	<u>826,990</u>	<u>84,094</u>	<u>298,713</u>	<u>–</u>	<u>9,918,640</u>
<b>Segment assets</b>	<u>136,642,493</u>	<u>16,778,181</u>	<u>39,115,751</u>	<u>24,758,035</u>	<u>13,798,613</u>	<u>(8,271,022)</u>	<u>222,822,051</u>
<b>Segment liabilities</b>	<u>42,736,887</u>	<u>–</u>	<u>20,848,896</u>	<u>9,116,403</u>	<u>49,323,918</u>	<u>(8,271,022)</u>	<u>113,755,082</u>

### ***Geographical information***

#### *Revenue from external customers*

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Mainland China	<b>76,579,585</b>	71,342,949
Germany	<b>5,903,007</b>	6,036,825
Elsewhere	<b>9,813,961</b>	3,142,064
	<b><u>92,296,553</u></b>	<u>80,521,838</u>

The revenue information above is based on the locations of the customers.

#### ***Information about major customers***

During each of the years ended 31 December 2022 and 2021, none of the Group's individual customers contributed 10% or more of the Group's revenue.

### **3. GAIN ON DEEMED DISPOSAL OF PARTIAL INTERESTS IN ASSOCIATES, NET**

During the year ended 31 December 2021, the Group's equity interest in Beijing Enterprises Water Group Limited ("BE Water") was diluted from 41.13% to 40.66% upon the exercise of 114,226,000 share options by certain option holders of BE Water, resulting in a total loss on deemed disposal of partial interests in an associate of HK\$76,744,000 recognised by the Group in profit or loss for the year ended 31 December 2021 which was included in "Corporate and others" segment in the operating segment information set out in note 2.

In addition, during the same year, the Group's equity interest in China Gas Holdings Limited ("China Gas") was diluted from 23.74% to 22.08% upon placing of 392,000,000 new shares by China Gas under a top-up placing arrangement, resulting in a gain on deemed disposal of partial interests in an associate of HK\$1,704,126,000 recognised by the Group in profit or loss for the year ended 31 December 2021 which was included in "Corporate and others" segment in the operating segment information set out in note 2.

#### 4. OTHER INCOME AND GAINS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (restated)
Bank interest income	687,614	676,942
Finance income on the net investment in a finance lease	40,805	53,293
Government grants*	350,418	246,144
Transfer of assets from customers	46,429	64,313
Dividend income of equity investments at fair value through other comprehensive income	37,769	81,154
Fair value gain on the remeasurement of investment in an associate	203,999	–
Investment income of a financial asset at fair value through profit or loss	286,762	154,549
Gain on disposal of items of property, plant and equipment, net	32,534	4,954
Others	793,368	803,921
	<u>2,479,698</u>	<u>2,085,270</u>

\* *Government grants represented government subsidies and turnover tax refunds in respect of the Group's operations in Mainland China. Turnover tax includes value-added tax, city construction tax and education surcharge. The government grants are unconditional, except for certain grants that must be utilised for business development of the Company's subsidiaries.*

## 5. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (restated)
Interest on bank loans and other loans	586,944	719,996
Interest on guaranteed bonds and notes	1,459,499	1,044,080
Interest on lease liabilities	42,669	46,047
	<hr/>	<hr/>
Total interest expenses	2,089,112	1,810,123
Increase in discounted amounts of provision for major overhauls arising from the passage of time	1,324	518
	<hr/>	<hr/>
Total finance costs	2,090,436	1,810,641
Less: Interest capitalised	(18,479)	(16,244)
	<hr/>	<hr/>
	<b>2,071,957</b>	<b>1,794,397</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (restated)
Cost of inventories sold	73,701,537	61,074,689
Cost of services provided	6,306,338	7,116,449
Depreciation of property, plant and equipment	3,837,104	4,454,313
Depreciation of right-of-use assets	397,149	344,184
Amortisation of operating concessions	243,647	212,658
Amortisation of other intangible assets	222,806	249,484
	<hr/>	<hr/>
	<b>222,806</b>	<b>249,484</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. INCOME TAX

An analysis of the Group's income tax is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Hong Kong	14,872	13,650
Current – Mainland China		
Charge for the year	767,275	718,044
Under/(over) provision in prior years	(19,682)	39,572
Current – Germany		
Charge for the year	425,964	436,443
Under/(over) provision in prior years	2,137	(12,751)
Current – Others	17,794	44,759
Deferred	<u>(115,162)</u>	<u>(124,661)</u>
Total tax expense for the year	<u><u>1,093,198</u></u>	<u><u>1,115,056</u></u>

## 8. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim – HK\$0.50 (2021: HK\$0.40) per ordinary share	630,627	504,821
Proposed final – HK\$1.1 (2021: HK\$0.85) per ordinary share	<u>1,386,224</u>	<u>1,072,745</u>
	<u><u>2,016,851</u></u>	<u><u>1,577,566</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of HK\$7,572,651,000 (2021: HK\$9,918,640,000), and the weighted average number of ordinary shares of 1,261,554,364 (2021: 1,262,053,268) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2022 and 2021 for a dilution as the impact of the dilutive potential ordinary shares of associates in issue during these years is minimal.

## 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 public services under service concession arrangements. They were all unbilled as at 31 December 2022 and 2021.

## 11. TRADE RECEIVABLES

Various group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any credit risk associated with the receivables. The Group does not hold any collateral or other credit enhancement over its trade receivables.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Billed:		
Within one year	1,887,941	3,877,465
One to two years	172,132	52,286
Two to three years	20,784	18,103
Over three years	6,387	12,600
	<u>2,087,244</u>	<u>3,960,454</u>
Unbilled*	<u>3,474,390</u>	<u>2,699,232</u>
	<u><u>5,561,634</u></u>	<u><u>6,659,686</u></u>

\* *The unbilled balance was attributable to (i) the sale of natural gas near the year end date and such sale will be billed in the next meter reading date; and (ii) entitlements to renewable energy tariff subsidies from the sale of electricity generated from waste incineration.*



## 12. TRADE AND BILLS PAYABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Billed:		
Within one year	4,262,278	3,462,533
One to two years	246,742	155,691
Two to three years	18,311	8,808
Over three years	17,825	20,697
	<u>4,545,156</u>	<u>3,647,729</u>
Unbilled*	<u>1,004,092</u>	<u>678,406</u>
	<u><u>5,549,248</u></u>	<u><u>4,326,135</u></u>

\* *The unbilled balance was attributable to (i) purchase of natural gas near the year end which was billed subsequently in early January 2023; (ii) accrued extra purchase cost which will be billed when the price is agreed by the Group with the supplier; and (iii) accrued construction costs for solid waste incineration plants and ecological construction services which have not been billed by the suppliers.*

## 13. EVENT AFTER THE REPORTING PERIOD

On 24 March 2023, the Company issued medium-term notes in a total principal amount of RMB4 billion (the “2023 Medium-term Notes Series 1”) to qualified investors in the PRC. The 2023 Medium-term Notes Series 1 have a term of 3 years with the maturity date in March 2026 and bear interest at the coupon rate of 2.95% per annum. The proceeds from the issuance of the 2023 Medium-term Notes Series 1 are intended to be used for the repayment of the Group’s existing bank loans.

## 14. COMPARATIVE AMOUNTS

As further detailed in note 2 above, the directors decided to consider the property investment business of the Group as a principal activity of the Group. Accordingly, certain comparative amounts have been reclassified and restated to conform to the current year’s presentation.

## **DIVIDEND**

The directors of the Company recommended the payment of a final dividend of HK\$1.1 (2021: HK85 cents) per share for the year ended 31 December 2022 payable to shareholders whose names appear on the register of members of the Company on 7 July 2023. Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be paid on 24 July 2023.

## **ANNUAL GENERAL MEETING**

The 2023 annual general meeting will be held on Friday, 16 June 2023. The notice of the 2023 annual general meeting, which constitutes part of the circular to shareholders, will be sent to all shareholders and will be published on the Company's website ([www.behl.com.hk](http://www.behl.com.hk)) and The Stock Exchange of Hong Kong Limited's ("Stock Exchange") website ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining shareholders' eligibility to attend and vote at the 2023 annual general meeting, and entitlement to the final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

- (i) For determining shareholders' eligibility to attend and vote at the 2023 annual general meeting:

Latest time to lodge transfer documents

for registration . . . . . 4:30 pm on Monday,  
12 June 2023

Closure of register of members . . . . . Tuesday, 13 June 2023 to  
Friday, 16 June 2023  
(both dates inclusive)

2023 annual general meeting . . . . . Friday, 16 June 2023

(ii) For determining shareholders' entitlement to the final dividend:

Latest time to lodge transfer documents

for registration . . . . . 4:30 pm on Monday, 3 July 2023

Closure of register of members . . . . . Tuesday, 4 July 2023 to  
Friday, 7 July 2023  
(both dates inclusive)

Record date . . . . . Friday, 7 July 2023

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2023 annual general meeting, and to qualify for the final 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

## **EMPLOYEES**

As at 31 December 2022, the Group had approximately 33,000 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 THE CORPORATE GOVERNANCE CODE**

Save as disclosed below, the directors of the Company believe that the Company complied with the code provisions of the "Corporate Governance Code" (the "Code Provision") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2022.

Due to other business engagements, the former Chairman of the Board of Directors, Mr. Li Yongcheng was unable to attend the annual general meeting of the Company held on 17 June 2022, which deviates from Code Provision F.2.2. However, he had arranged other members of the Board of Directors to attend the meeting and communicate with shareholders.

## **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 of the Company. After having made specific enquiry to all directors of the Company, all directors of the Company confirm that they complied with the “Model Code” during the year ended 31 December 2022.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive directors of the Company, Mr. Wu Jiesi, Mr. Lam Hoi Ham (the chairman of the Audit Committee) and Dr. Yu Sun Say. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management system and internal controls system of the Group. The annual results have been reviewed and approved by the Audit Committee of the Company.

## **SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditor on the preliminary announcement.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, the Company bought back a total of 1,850,000 ordinary shares of the Company on the Stock Exchange. All the bought back shares were subsequently cancelled by the Company. Details of the buybacks of such ordinary shares are as follows:

Month	Number of shares bought back	Price per share		Total consideration paid <i>HK\$</i>
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	
January	800,000	28.40	27.45	22,170,550.00
October	750,000	24.15	21.30	16,829,000.00
November	<u>300,000</u>	22.00	20.60	<u>6,362,400.00</u>
<b>Total:</b>	<b><u><u>1,850,000</u></u></b>			<b><u><u>45,361,950.00</u></u></b>

The buy-back of the Company's shares during the year was effected by the directors of the Company, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earning per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange for the year ended 31 December 2022.

## **PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Company's website ([www.behl.com.hk](http://www.behl.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report will be sent to all shareholders and will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board  
**Beijing Enterprises Holdings Limited**  
**Dai Xiaofeng**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date of this announcement, the board of directors of the Company comprises Mr. Dai Xiaofeng (Chairman), Mr. Jiang Xinhao (Vice Chairman), Mr. Xiong Bin (Chief Executive Officer) and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Lam Hoi Ham, Dr. Yu Sun Say and Ms. Chan Man Ki Maggie as independent non-executive directors.*