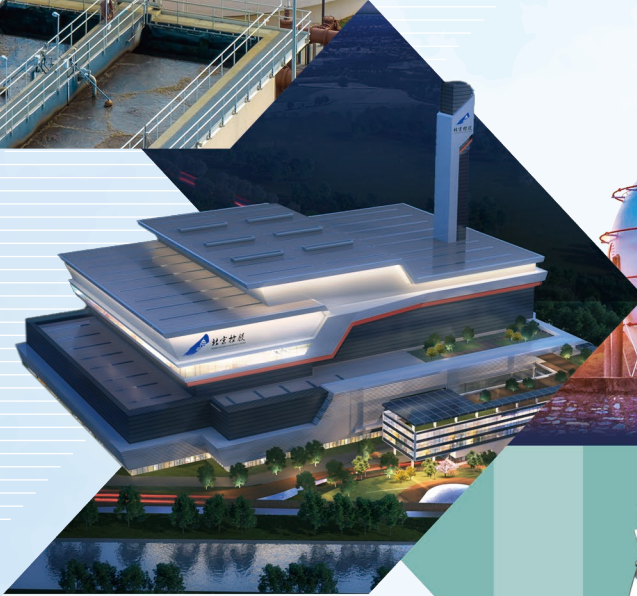




北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

BEIJING ENTERPRISES HOLDINGS LIMITED

Stock Code : 392



INTERIM REPORT 2023



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CORPORATE INFORMATION

As at 30 August 2023

DIRECTORS

Executive Directors

Mr. DAI Xiaofeng (*Chairman*)
Mr. JIANG Xinhao (*Vice Chairman*)
Mr. XIONG Bin (*Chief Executive Officer*)
Mr. GENG Chao
Mr. TAM Chun Fai (*Company Secretary*)

Independent Non-Executive Directors

Mr. WU Jiesi
Mr. LAM Hoi Ham
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

AUDIT COMMITTEE

Mr. WU Jiesi
Mr. LAM Hoi Ham (*Committee Chairman*)
Dr. YU Sun Say

REMUNERATION COMMITTEE

Mr. DAI Xiaofeng
Mr. WU Jiesi (*Committee Chairman*)
Mr. LAM Hoi Ham

NOMINATION COMMITTEE

Mr. DAI Xiaofeng (*Committee Chairman*)
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

INVESTMENT COMMITTEE

Mr. DAI Xiaofeng (*Committee Chairman*)
Mr. JIANG Xinhao
Mr. LAM Hoi Ham
Ms. CHAN Man Ki Maggie

COMPANY SECRETARY

Mr. TAM Chun Fai *CPA CFA*

STOCK CODE

392

WEBSITE

www.behl.com.hk

SHARE REGISTRAR

Tricor Tengis Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong.

REGISTERED OFFICE

66/F., Central Plaza,
18 Harbour Road,
Wanchai, Hong Kong.
Tel: (852) 2915 2898
Fax: (852) 2857 5084

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Hong Kong Law
Mayer Brown

PRC Law

Haiwen & Partners

PRINCIPAL BANKERS

In Hong Kong

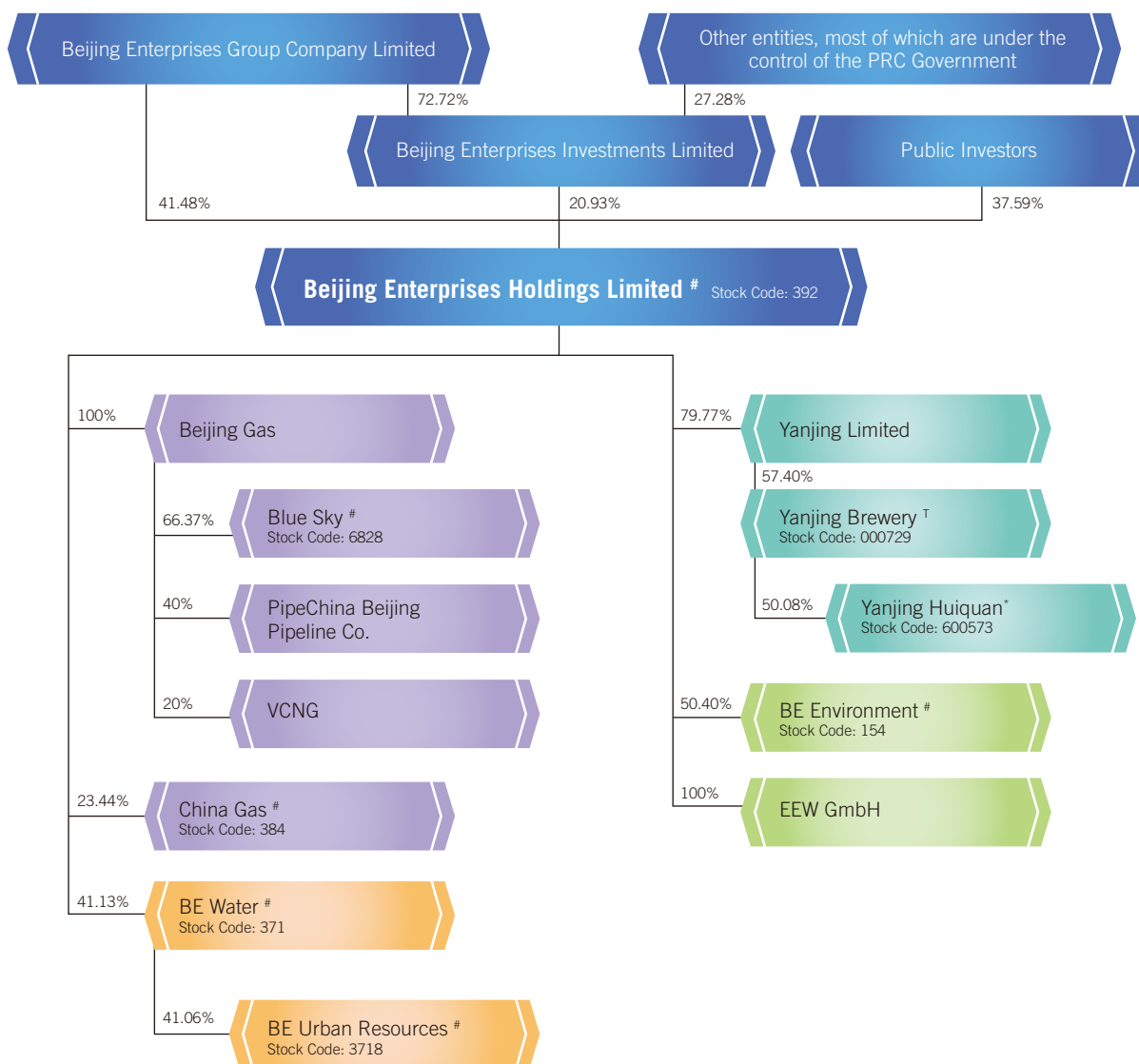
Bank of China, Hong Kong Branch
Bank of Communications, Hong Kong Branch
DBS Bank Ltd., Hong Kong Branch

In Mainland China

Agricultural Bank of China
Bank of China
China Construction Bank
The Industrial and Commercial Bank of China
Bank of Beijing

CORPORATE STRUCTURE

As at 30 June 2023



* Listed on The Shanghai Stock Exchange

^T Listed on The Shenzhen Stock Exchange

Listed on The Main Board of The Hong Kong Stock Exchange

FINANCIAL HIGHLIGHTS

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 2023 (the “Reporting Period”) together with the comparative figures in 2022. The consolidated revenue of the Group for the first half of 2023 was HK\$48.36 billion, representing an increase of 5.1% over the corresponding period of last year. Profit attributable to shareholders of the Company was HK\$4.65 billion. After excluding the effect of one-off events, operating profit attributable to shareholders of the Company amounted to HK\$3.92 billion, representing a decrease of 24.6% from the operating profit of HK\$5.2 billion for the same period last year, primarily due to the impact of the depreciation of RMB, the increase in interest rates and the decrease in profit from China Gas. It remained the same year-on-year in general if the relevant effects were excluded.

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

	Profit after taxation HK\$'000	Proportion %
Gas operation	3,719,529	58.5
Water operation	640,204	10.1
Environmental operation	1,362,660	21.5
Brewery operation	630,986	9.9
Profit from major operations	6,353,379	100
Corporate and others	(938,431)	
Profit of the Group	5,414,948	
Profit attributable to non-controlling interests	(766,179)	
Profit attributable to shareholders of the Company	4,648,769	

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare an interim cash dividend for the six months ended 30 June 2023 of HK93 cents (2022: HK50 cents) per share, which will be payable on 27 October 2023 to shareholders whose names appear on the register of members of the Company on 28 September 2023.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Tuesday, 26 September 2023 to Thursday, 28 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 25 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

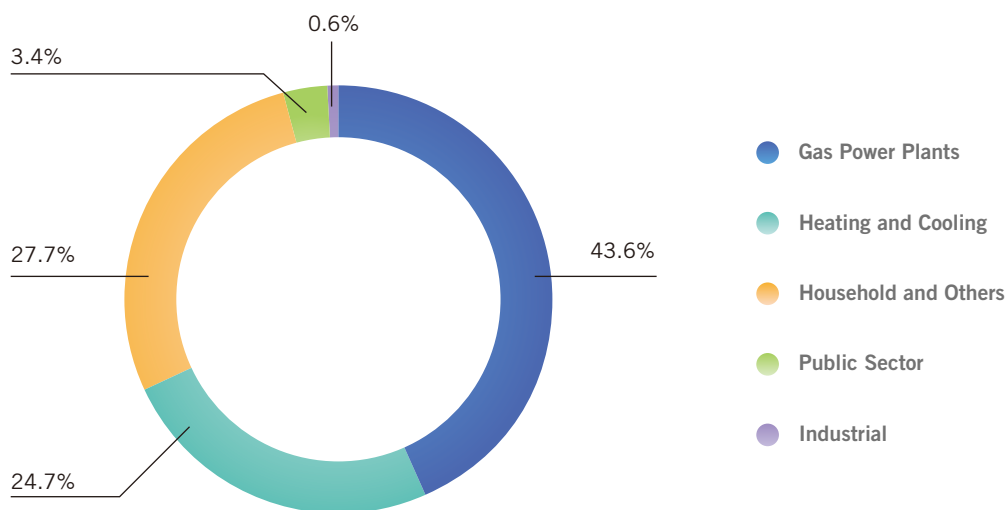
I. BUSINESS REVIEW

In the first half of 2023 (the “Reporting Period”), as the lagged effect of the tightening monetary policies of the global major central banks gradually emerged, the global economy continued the downward trend from last year, where stability of the energy resources supply in the international market declined while market volatility increased. The Chinese economy had continued to show strong resilience, and the triple pressures of demand contraction, supply shock and weakening expectations have been eased to varying degrees. To the Company, year 2023 is a critical year in the implementation of the 14th Five-Year Plan and each operating segment actively adapts to market changes, insisting on internal changes and external development at the same time. All key works and reform tasks are progressing steadily with solid improvement in operating results.

Natural Gas Distribution Business of Beijing Gas

Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of HK\$35.87 billion in the first half of 2023, representing a year-on-year increase of 5.0%. Profit before taxation from the principal businesses (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft) was HK\$3.55 billion.

In the first half of 2023, Beijing Gas’ combined (excluding duplicate statistics in different categories, and the portion of Beijing Gas Blue Sky Holdings Limited (“Blue Sky”), Stock Code: 6828, was excluded) natural gas sales volume was 12.093 billion cubic metres, including 9.226 billion cubic metres of piped gas sales volume in Beijing, 1.35 billion cubic metres of city gas sales volume outside Beijing, 930 million cubic metres of LNG distribution and 903 million cubic metres of LNG international trade. Affected by the combining factors such as the year-on-year increase in temperature and shortening of heat supply period, the natural gas sales volume accomplished inside Beijing decreased by 1.3% year-on-year to 9.226 billion cubic metres. An analysis of the same by subscriber sector is shown as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW (CONTINUED)

Natural Gas Distribution Business of Beijing Gas (Continued)

During the Reporting Period, Beijing Gas developed approximately 67,300 new household subscribers and 2,326 new public sector subscribers. New heating boiler subscribers with a total capacity of 574 t/h were developed. As of 30 June 2023, Beijing Gas had a total of approximately 7.37 million gas subscribers and approximately 32,200 kilometres of gas pipelines in operation in Beijing. Beijing Gas' capital expenditure in the first half of the year amounted to approximately HK\$2.25 billion.

In the first half of the year, the development of Beijing Gas operation and safety production were carried out simultaneously, and key projects and key tasks were promoted in an orderly manner, showing a good trend of “rising in both quality and efficiency” as a whole. The principal businesses in Beijing maintained steady growth, and the incremental markets were actively explored; the production preparation of the first phase of the Tianjin Nangang LNG emergency reserve project prior to putting into operation is also progressing steadily; emerging businesses developed steadily, with LNG domestic distribution achieving 662,000 tons and international trade achieving 10 ships of 645,000 tons, representing a significant increase compared with the same period of last year; the integrated energy added 1.49 million square metres of energy supply area coverage; in addition, Beijing Gas has actively carried out special rectification actions for safety production, and the safety risks of the pipeline network have been effectively controlled.

Natural Gas Transmission Business

PipeChina Group Beijing Pipeline Co., Ltd. (“PipeChina Beijing Pipeline Co.”) recorded a gas transmission volume of 37.059 billion cubic meters in the first half of 2023, representing a year-on-year increase of 16.5%. During the period, Beijing Gas' share of net profit after taxation, through its 40% equity interests in PipeChina Beijing Pipeline Co., amounted to HK\$1.36 billion, representing a year-on-year increase of 17.9%.

VCNG of Rosneft

During the Reporting Period, the PJSC Verkhnechonskneftegaz (“VCNG”) project of Rosneft Oil Company recorded its petroleum sales of 3.111 million tons, representing a year-on-year decrease of 1.1%. Beijing Gas shared a net operating profit after taxation for the first half of the year of HK\$736 million through its 20% equity interest in VCNG.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW (CONTINUED)

China Gas

The Group's share of profit of China Gas Holdings Limited ("China Gas", stock code: 384) in the first half of 2023 was HK\$230 million, which was calculated based on the share of profit attributable to shareholders of China Gas for the six months ended 31 March 2023 and representing a decrease of 71.4% when compared with the same period of last year, which was mainly due to (1) the number of new connections declined in the context of the persistently sluggish real estate industry and the COVID-19 pandemic; and (2) with rising procurement costs of city gas companies resulting from tight gas supply, the absence of a reasonable price pass-through mechanism largely depressed the dollar margin. In fiscal year 2023, in view of the complex external environment in China's urban gas industry, China Gas has taken a variety of measures, including actively acquiring upstream resources, signing a number of long-term LNG contracts, and promoting the innovative development of multiple formats, so as to cope with the complex external situation, secure stable gas supply, reduce the pressure of rise in costs, and achieve synergized development among its business segments. In fiscal year 2023, China Gas' total natural gas sales volume increased by 6.9% to 39.25 billion cubic metres, and its LPG sales volume reached 4.132 million tons, contributed profit before tax of HK\$67.889 million for the period, representing a year-on-year increase of 110%. Approximately 2.30 million households were newly connected, and the cumulative number of households connected reached approximately 45.39 million as at 31 March 2023.

Water Business

Beijing Enterprises Water Group Limited ("BE Water", stock code: 371) selected a number of established sewage treatment plants as the subjects during the period to revitalize the stock assets through asset-backed note; meanwhile comprehensively upgraded the accounts receivable management mechanism to further accelerate payment collection; and promoted inefficient assets management by ceasing new construction services for comprehensive renovation projects. BE Water's revenue for the first half of year increased by 29% year-on-year to HK\$13.73 billion, and profit attributable to its shareholders increased by 124% year-on-year to HK\$1.56 billion. The net profit attributable to the Group was HK\$640 million, representing an increase of 126.8% year-on-year.

As at 30 June 2023, BE Water has entered into service concession arrangements and entrustment agreements for a total of 1,447 water plants, including 1,203 sewage treatment plants, 174 water distribution plants, 69 reclaimed water treatment plants and 1 seawater desalination plant, with a total design capacity of 43.81 million tons/day.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW (CONTINUED)

Environmental business

At the end of the first half of the year, the environmental business segment of the Group realized a waste incineration and power generation treatment capacity of 34,307 tons/day. During the period, the primary business indicators of EEW Energy from Waste GmbH (“EEW GmbH”) remained healthy and accomplished a waste treatment volume of 2.38 million tons, which was broadly unchanged year-on-year, accomplishing energy sales of 2.517 billion kWh, with revenue of HK\$3.09 billion for the year.

In the first half of the year, the domestic environmental business segment of the Group recorded a waste treatment volume of 3.3636 million tons, representing a year-on-year increase of 15.8%. It completed an on grid power generation volume of 1.079 billion kWh, representing a year-on-year increase of 25%. The solid waste projects in China, including Beijing Enterprises Environment Group Limited (“BE Environment”, stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd. (“BEHET”) achieved a total revenue of HK\$1.64 billion during the period, representing a year-on-year increase of 11.6%. The profit attributable to the shareholders of the Group was HK\$269 million, an increase of 141.6% year-on-year. During the period, the domestic environmental business segment had deepened its consolidation and integration, unleashed synergy, kept venturing forward the structural reform of supply side, and further reinforced its market position with its sizable and professional business, by which it could promote the industry concentration and optimize the environment for industrial competition.

Beer business

During the period, adhering to its core strategy, Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”, A share Stock Code: 000729.SZ) had seen a continuous increase in its key economic indicators. It has steadily promoted the establishment of an outstanding management system, and kept improving the quality of products and efficiency of operation. It also enhanced its brand reputation and refreshed its brand image, systematically promoted the governance of loss-making corporations to improve management efficiency, and meanwhile strengthened corporate governance, improved the quality of information disclosure, and enhanced market recognition. Yanjing Brewery achieved a sales volume of 2.29 million kilolitres during the Reporting Period, representing a year-on-year increase of 6.4%, of which, the sales volume of Yanjing U8 recorded 312,000 kilolitres, representing a year-on-year increase of 46%.

The revenue that Beijing Yanjing Brewery Investments Co., Limited (北京燕京啤酒投資有限公司) (“Yanjing Limited”, the direct holding company of Yanjing Brewery), which is held by the Company, recorded during the period was HK\$7.72 billion, representing a year-on-year increase of 6.3%, with its profit before taxation of HK\$773 million, representing a year-on-year increase of 29.5%. The capital expenditure of Yanjing Limited for the first half of the year was approximately HK\$303 million.

MANAGEMENT DISCUSSION AND ANALYSIS

II. PROSPECTS

The current prospect for robust recovery of the global economy remains uncertain. The pressure from inflation has not faded, and the interest rate is still rising, which hindered the pace of growth of China's economy to a certain extent, and also presented certain challenges to the industrial operation of the Group. In the second half of the year, the Group will continue to progress each key tasks for the year, seize opportunities, explore and innovate, in a bid to fully release the new growing impetus.

Natural gas distribution business of Beijing Gas

In the second half of the year, Beijing Gas will continue to proceed the pilot production and operation of Nangang LNG project, and ensure the smooth commencement of the phase one project. It will also continue to reinforce the market in Beijing, explore incremental market projects in competing areas, and strengthen the exploration in the outside ports. Beijing Gas will advance the development of LNG business positively and steadily, further optimize its LNG business structure, promote high-quality development for the consolidated energy projects, solicit for the support from government policies; we will also promote high-quality development of new energy business and make a blueprint for the development direction of new energy business.

China Gas

With the impact of the pandemic fades, the economic dynamics in the society gradually recovers, and the demand of citizens and industries for gas is expected to rebound in order. China Gas will adhere to the core principle of “intensive cultivation for integrity and innovation”, to fully boost its vitality in value creation, steadily develop its natural gas business and promote the innovation and growth of emerging businesses. China Gas will actively gain foothold in green and alternative energy businesses, devoted efforts in developing clean energy businesses such as carbon peaking and carbon neutrality as well as new energy, and accelerate the establishment of a modern digital energy services system, with an aim to bring the digital transformation to the supply chain system, empower the supply chain ecosystem and back the partners from both the upstream and downstream in the supply chain.

Water business

In the second half of the year, BE Water will focus on core keys and promote the implementation of its strategies. It will place high importance on cash collection efforts and adhere to the improvement of fundamentals of cash collection as its top priority. Strict control will be exercised over investments in the second half of the year. Structure of the internal control management system will be strengthened to continuously enhance asset quality. Technology innovation will be utilized to drive development and deliver the value of service platforms, in order to achieve high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

II. PROSPECTS (CONTINUED)

Environmental business

The domestic environmental business will focus on the primary business, continuously promote the structural reform of solid waste treatment segment from the supply side, further promote a more united, consolidated and integrated domestic environmental business, reinforce its market position with its sizable and professional business, and promote the industry concentration and optimize the environment for industrial competition, so as to enhance each ability for high-quality development comprehensively.

In terms of overseas business, EEW GmbH will continuously monitor the impact of energy price fluctuations, and undertake thorough risk assessments and responses. It will accelerate the commissioning of ongoing projects to ensure timely realization of their contributions to profitability. At the same time, it will strengthen comprehensive cost control and enhance its operational management practices.

Beer business

For now, a relatively stable market competition landscape has been formed in the domestic beer industry with relatively high market concentration, and the structural upgrade of consumption promoted the swift expansion for the middle-class and high-class products. In the future, channel transformation, brand upgrade, capacity integration and organic growth will be the theme of beer industry. Yanjing Brewery will further enhance the function of its headquarters, promote the segregation of production and sales, initiate the transformation of supply chain, restructure the digital management framework, and put more efforts in the establishment of talent pool, so as to achieve high-quality, high-efficiency and sustainable development for Yanjing Brewery.

III. FINANCIAL REVIEW

Revenue

The Group's revenue from operating activities in the first half of 2023 was approximately HK\$48.36 billion, increased by 5.1% when compared with the corresponding period of last year, which was mainly due to the increase in revenue of gas sales. The revenue of gas sales was HK\$35.87 billion. The revenue of beer sales was HK\$7.72 billion. The revenue of the environmental businesses was HK\$4.73 billion, which included the revenue of EEW GmbH amounting to HK\$3.09 billion and the revenue of other environmental businesses amounting to HK\$1.64 billion in total.

Cost of Sales

Cost of sales increased by 5% to HK\$41.2 billion year-on-year. Cost of sales of gas distribution business mainly included the purchase costs of natural gas as well as the depreciation charge of gas pipeline network. Cost of sales of brewery business included raw materials, wage expenses, and absorption of certain direct overheads. Cost of sales of environmental businesses included fuel charges, amortization and waste collection costs.

MANAGEMENT DISCUSSION AND ANALYSIS

III. FINANCIAL REVIEW (CONTINUED)

Gross Profit Margin

The overall gross profit margin was 14.8%, generally on par with 14.7% of the corresponding period of last year.

Other income and gains, net

Other income and gains, net mainly comprised bank interest income amounting to HK\$417 million and government grants of HK\$173 million.

Selling and Distribution Expenses

Selling and distribution expenses of the Group in the first half of 2023 were HK\$1.04 billion, slightly decreased by 2.3% when compared with the corresponding period of last year.

Administrative Expenses

Administrative expenses of the Group in the first half of 2023 were HK\$3.39 billion, increased by 11.8% when compared with corresponding period of last year, which was mainly attributable to the increase in administrative expenses of Beijing Gas.

Other Operating Income/(Expenses), net

Other operating income/(expenses), net mainly represented the reversal of impairment of assets of the solid waste business recognised in previous years.

Finance Costs

Finance costs of the Group in the first half of 2023 were HK\$1.38 billion, increased by 51.9% when compared with corresponding period of last year, which was mainly due to the increase in cost of loans as a result of higher interest rates.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly comprised the 40% share of profit attributable to shareholders of PipeChina Beijing Pipeline Co., the 20% share of profit attributable to shareholders of VCNG, the 23.4% share of profit attributable to shareholders of China Gas and the 41.13% share of profit attributable to shareholders of BE Water.

In the first half of 2023, the Group shared the profit after taxation of PipeChina Beijing Pipeline Co., amounting to HK\$1.36 billion, the Group shared the profit after taxation of VCNG amounting to HK\$736 million, the Group shared the profit after taxation of China Gas amounting to HK\$230 million and the Group shared the net profit of BE Water amounting to HK\$640 million.

MANAGEMENT DISCUSSION AND ANALYSIS

III. FINANCIAL REVIEW (CONTINUED)

Taxation

The effective income tax rate was 20.4%, which was basically approximate to 19.2% of the corresponding period of last year.

Profit Attributable to Shareholders of the Company

The profit attributable to the shareholders of the Company in the first half of 2023 was HK\$4.65 billion which, excluding the effect of one-off events, amounted to HK\$3.92 billion, representing a decrease of 24.6% from HK\$5.2 billion for the same period last year, primarily due to the impact of the depreciation of RMB, the increase in interest rates and the decrease in profit from China Gas. It would remain the same year-on-year in general if the relevant effects were excluded.

Changes of major items in the Interim Condensed Consolidated Statement of Financial Position

Non-current Assets

The net value of property, plant and equipment decreased by HK\$650 million as compared with that at the end of 2022, which was due to RMB depreciation offsetting the increase in construction projects of Beijing Gas.

Other intangible assets were mainly from EEW GmbH.

Investments in associates increased by HK\$963 million, which was mainly due to the Group's share of profits of VCNG, PipeChina Beijing Pipeline Co., BE Water and China Gas in the first half of the year and the net effect of RMB depreciation on the net assets of associates attributable to the Group.

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.

The balance of prepayments, other receivables and other assets increased by HK\$1.07 billion, which was primarily attributable to the time deposits and certificates of deposit with maturity over one year placed by Beijing Gas in banks.

MANAGEMENT DISCUSSION AND ANALYSIS

III. FINANCIAL REVIEW (CONTINUED)

Changes of major items in the Interim Condensed Consolidated Statement of Financial Position (Continued)

Current Assets

Inventories mainly represented the inventory balance of Yanjing Brewery.

The balance of trade receivables increased by HK\$590 million, which mainly represented the account receivables of Beijing Gas for selling gas during the heating season.

The balance of prepayments, other receivables and other assets decreased by HK\$1.25 billion, which was mainly because the dividends receivables of PipeChina Beijing Pipeline Co. at the end of 2022 were received during the period.

Cash and bank deposits balance increased by HK\$1.33 billion to HK\$32.68 billion, which was approximate to that at the end of 2022, representing abundant cash resources.

Non-current Liabilities

The balance of bank and other borrowings increased by HK\$2.74 billion, which was mainly due to the refinancing of matured bank loans with medium- and long-term bank loans during the period.

The balance of guaranteed bonds and notes was basically approximate to that at the end of 2022.

The balance of corporate bonds was RMB4 billion corporate bonds issued during the period.

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

Current Liabilities

The balance of trade and bills payables decreased by HK\$1.02 billion, which was mainly due to partial payment of contract amounts by Beijing Gas during the period.

Other payables, accruals and contract liabilities increased by HK\$863 million, which was mainly due to the increase in deposits payable by Yanjing Brewery to customers.

The balance of bank and other borrowings decreased by HK\$2.79 billion, which was mainly due the refinancing of matured bank loans with medium- and long-term bank loans during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. FINANCIAL POSITION OF THE GROUP

Cash and Bank Borrowings

As at 30 June 2023, cash and bank deposits held by the Group amounted to HK\$32.68 billion, representing an increase of HK\$1.33 billion as compared with that at the end of 2022.

The Group's total borrowings amounted to HK\$81.92 billion as at 30 June 2023, which mainly comprised guaranteed bonds and notes of US\$1.8 billion in total, Euro guaranteed bonds amounting to EUR900 million, corporate bonds amounting to RMB4 billion, short-term loans amounting to EUR1.34 billion and medium- and long-term loans amounting to HK\$20.2 billion.

Liquidity and Capital Resources

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 2023, the issued capital of the Company was 1,260,203,268 shares and equity attributable to shareholders of the Company was HK\$89.61 billion. Total equity was HK\$102.62 billion when compared with HK\$103.04 billion as at the end of 2022. The gearing ratio, being interest-bearing bank borrowings, guaranteed bonds and notes and corporate bonds divided by the sum of total equity, interest-bearing bank borrowings, guaranteed bonds and notes and corporate bonds, was 44% (31 December 2022: 43%).

Foreign Exchange Exposure

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 is not using any derivative financial instruments to hedge against its risk on foreign exchange rates' fluctuation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
REVENUE	4	48,363,805	46,025,217
Cost of sales		(41,197,660)	(39,242,806)
Gross profit		7,166,145	6,782,411
Other income and gains, net	5	913,865	1,195,297
Selling and distribution expenses		(1,037,724)	(1,062,057)
Administrative expenses		(3,391,963)	(3,033,122)
Other operating income/(expenses), net		575,981	(178,551)
Finance costs	6	(1,377,435)	(906,875)
Share of profits and losses of:			
Joint ventures		(27,215)	(5,460)
Associates		3,174,011	3,247,404
PROFIT BEFORE TAX	7	5,995,665	6,039,047
Income tax	8	(580,717)	(538,052)
PROFIT FOR THE PERIOD		5,414,948	5,500,995
ATTRIBUTABLE TO:			
Shareholders of the Company		4,648,769	5,028,959
Non-controlling interests		766,179	472,036
		5,414,948	5,500,995
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	10	HK\$3.69	HK\$3.99

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
PROFIT FOR THE PERIOD	5,414,948	5,500,995
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(3,970,427)	(2,325,741)
Share of other comprehensive loss of associates	(717,575)	(730,466)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(4,688,002)	(3,056,207)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Defined benefit obligations:		
Actuarial gain, net	70,151	320,661
Income tax effect	(17,456)	(101,449)
	52,695	219,212
Equity investments at fair value through other comprehensive income:		
Changes in fair value	481,612	(303,938)
Income tax effect	(117,963)	27,423
	363,649	(276,515)
Share of other comprehensive income/(loss) of associates	(8,905)	693
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	407,439	(56,610)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	(4,280,563)	(3,112,817)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,134,385	2,388,178
ATTRIBUTABLE TO:		
Shareholders of the Company	852,257	2,455,726
Non-controlling interests	282,128	(67,548)
	1,134,385	2,388,178

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
ASSETS			
Non-current assets:			
Property, plant and equipment	11	63,141,819	63,791,450
Investment properties		1,287,150	1,344,330
Right-of-use assets		2,176,017	2,296,432
Goodwill		16,369,312	16,254,813
Operating concessions		6,327,435	5,702,340
Other intangible assets		2,843,352	2,890,378
Investments in joint ventures		304,559	252,153
Investments in associates		65,328,187	64,365,327
Equity investments at fair value through other comprehensive income		2,524,626	2,253,564
Receivables under service concession arrangements	12	3,499,307	3,363,763
Receivable under a finance lease		380,210	426,728
Prepayments, other receivables and other assets		5,782,543	4,707,917
Deferred tax assets		1,762,993	1,784,822
Total non-current assets		171,727,510	169,434,017
Current assets:			
Inventories		6,152,090	5,680,631
Receivables under service concession arrangements	12	139,597	137,412
Receivable under a finance lease		101,129	100,011
Trade receivables	13	6,151,690	5,561,634
Prepayments, other receivables and other assets		6,471,419	7,723,886
Other tax recoverables		402,829	446,764
Financial assets at fair value through profit or loss		750,000	–
Restricted cash and pledged deposits		55,298	171,940
Cash and cash equivalents		32,677,455	31,347,261
Total current assets		52,901,507	51,169,539
Assets of disposal groups classified as held for sale	19	–	467,811
Total current assets		52,901,507	51,637,350
TOTAL ASSETS		224,629,017	221,071,367

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	14	30,401,883	30,401,883
Reserves		59,205,281	59,518,082
Non-controlling interests		89,607,164 13,009,992	89,919,965 13,118,732
TOTAL EQUITY		102,617,156	103,038,697
Non-current liabilities:			
Bank and other borrowings	15	34,145,561	31,409,002
Guaranteed bonds and notes	16	21,606,827	21,368,996
Corporate bonds	17	4,345,608	–
Lease liabilities		463,812	483,773
Defined benefit obligations		2,183,415	2,245,758
Provision for major overhauls and onerous contracts		262,089	257,907
Other non-current liabilities		2,179,464	2,134,779
Deferred tax liabilities		2,386,846	2,376,864
Total non-current liabilities		67,573,622	60,277,079
Current liabilities:			
Trade and bills payables	18	4,525,767	5,549,248
Other payables, accruals and contract liabilities		26,293,975	25,431,171
Provision for major overhauls and onerous contracts		48,504	47,426
Income tax payables		975,855	1,025,808
Other tax payables		557,998	448,837
Bank and other borrowings	15	21,820,805	24,613,662
Lease liabilities		215,335	362,009
Liabilities directly associated with the assets of disposal groups classified as held for sale		54,438,239	57,478,161
	19	–	277,430
Total current liabilities		54,438,239	57,755,591
TOTAL LIABILITIES		122,011,861	118,032,670
TOTAL EQUITY AND LIABILITIES		224,629,017	221,071,367

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2023

	Attributable to shareholders of the Company										
	Share capital HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Investment revaluation reserve HK\$'000 (Unaudited)	Property revaluation reserve HK\$'000 (Unaudited)	Defined benefits plan reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	PRC reserve funds and other reserves HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 January 2023	30,401,883	524,555*	(815,430)*	84,051*	78,302*	(6,236,300)*	18,440,029*	47,442,875*	89,919,965	13,118,732	103,038,697
Profit for the period	-	-	-	-	-	-	-	4,648,769	4,648,769	766,179	5,414,948
Other comprehensive income/(loss) for the period:											
Equity investments at fair value through other comprehensive income:											
Changes in fair value	-	-	481,612	-	-	-	-	-	481,612	-	481,612
Income tax effect	-	-	(117,963)	-	-	-	-	-	(117,963)	-	(117,963)
Exchange differences on translation of foreign operations	-	-	-	-	-	(3,486,387)	-	-	(3,486,387)	(484,040)	(3,970,427)
Defined benefit obligations:											
Actuarial gain/(loss), net	-	-	-	-	70,165	-	-	-	70,165	(14)	70,151
Income tax effect	-	-	-	-	(17,459)	-	-	-	(17,459)	3	(17,456)
Share of other comprehensive income/(loss) of associates	-	-	(26,057)	17,106	46	(717,575)	-	-	(726,480)	-	(726,480)
Total comprehensive income/(loss) for the period	-	-	337,592	17,106	52,752	(4,203,962)	-	4,648,769	852,257	282,128	1,134,385
Capital contribution from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	1,503	1,503
Share of reserves of associates	-	221,166	15,874	-	-	-	-	(15,874)	221,166	-	221,166
Transfer of investment revaluation reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	(3,851)	-	-	-	-	3,851	-	-	-
Final 2022 dividend	-	-	-	-	-	-	-	(1,386,224)	(1,386,224)	-	(1,386,224)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(392,371)	(392,371)
Transfer to PRC reserve funds and other reserves	-	-	-	-	-	-	893,547	(893,547)	-	-	-
At 30 June 2023	30,401,883	745,721*	(465,815)*	101,157*	131,054*	(10,440,262)*	19,333,576*	49,799,850*	89,607,164	13,009,992	102,617,156

* These reserve accounts comprise the consolidated reserves of HK\$59,205,281,000 (unaudited) (31 December 2022: HK\$59,518,082,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2023

	Attributable to shareholders of the Company										
	Share capital HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Investment revaluation reserve HK\$'000 (Unaudited)	Property revaluation reserve HK\$'000 (Unaudited)	Defined benefits plan reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	PRC reserve funds and other reserves HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 January 2022	30,401,883	1,701,951	(354,464)	84,051	(321,888)	4,407,190	14,783,342	45,275,645	95,977,710	13,089,259	109,066,969
Profit for the period	-	-	-	-	-	-	-	5,028,959	5,028,959	472,036	5,500,995
Other comprehensive income/(loss) for the period:											
Equity investments at fair value through other comprehensive income:											
Changes in fair value	-	-	(303,938)	-	-	-	-	-	(303,938)	-	(303,938)
Income tax effect	-	-	27,423	-	-	-	-	-	27,423	-	27,423
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,786,157)	-	-	(1,786,157)	(539,584)	(2,325,741)
Defined benefit obligations:											
Actuarial gain, net	-	-	-	-	320,661	-	-	-	320,661	-	320,661
Income tax effect	-	-	-	-	(101,449)	-	-	-	(101,449)	-	(101,449)
Share of other comprehensive income/(loss) of associates	-	-	(396)	-	1,089	(730,466)	-	-	(729,773)	-	(729,773)
Total comprehensive income/(loss) for the period	-	-	(276,911)	-	220,301	(2,516,623)	-	5,028,959	2,455,726	(67,548)	2,388,178
Repurchase of the Company's shares (note)	-	-	-	-	-	-	-	(22,257)	(22,257)	-	(22,257)
Acquisition of non-controlling interests with a deficit balance	-	(91,158)	-	-	-	-	-	-	(91,158)	114,276	23,118
Share of reserves of associates	-	(1,015,911)	-	-	-	-	-	-	(1,015,911)	-	(1,015,911)
Final 2021 dividend	-	-	-	-	-	-	-	(1,072,745)	(1,072,745)	-	(1,072,745)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(310,847)	(310,847)
Transfer to PRC reserve funds	-	-	-	-	-	-	688,403	(688,403)	-	-	-
At 30 June 2022	30,401,883	594,882	(631,375)	84,051	(101,587)	1,890,567	15,471,745	48,521,199	96,231,365	12,825,140	109,056,505

Note: During the period ended 30 June 2022, the Company repurchased a total of 800,000 ordinary shares of the Company on the Hong Kong Stock Exchange at a weighted average cost of HK\$27.71 per share. All the repurchased shares were cancelled by the Company during the period ended 30 June 2022 and the total amount paid for the repurchase of these shares of approximately HK\$22,257,000 (including transaction costs of approximately HK\$86,000) has been charged to retained profits of the Company in accordance with section 257 of the Hong Kong Companies Ordinance.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	3,881,794	5,078,459
Finance income on the net investment in a finance lease received	17,838	25,141
Mainland China income tax paid	(703,298)	(959,916)
Overseas income tax paid	(56,757)	(18,532)
Net cash flows from operating activities	3,139,577	4,125,152
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(4,742,833)	(5,424,379)
Increase in investments in associates	(24,954)	(1,220,612)
Dividends received from associates	1,895,055	1,388,569
Proceeds from disposal of items of property, plant and equipment	76,352	168,344
Proceeds from disposal of a right-of-use asset	–	60,241
Receipt of assets-related government grants	1,252,233	602,410
Increase in certificates of deposit, included in prepayments, other receivables and other assets	(1,534,091)	–
Increase in time deposits with maturity of more than three months when acquired	(2,268,083)	(274,348)
Purchases of financial assets at fair value through profit or loss	(669,818)	(686,747)
Investment income of a financial asset at fair value through profit or loss received	–	157,287
Other cash flows from/(used in) investing activities	418,673	(192,741)
Net cash flows used in investing activities	(5,597,466)	(5,421,976)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from non-controlling equity holders of subsidiaries	1,503	–
New loans	20,475,245	18,379,064
Repayment of loans	(19,757,795)	(3,604,250)
Proceeds from issue of guaranteed bonds, net of issuance costs	–	3,911,977
Repayment of guaranteed bonds and notes	–	(17,015,229)
Proceeds from issue of corporate bonds, net of issuance costs	4,543,010	–
Interest paid	(1,347,023)	(889,207)
Share repurchase	–	(22,257)
Other cash flows used in financing activities	(857,751)	(416,101)
Net cash flows from financing activities	3,057,189	343,997

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2023

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Net increase/(decrease) in cash and cash equivalents	599,300	(952,827)
Cash and cash equivalents at beginning of period	26,153,939	31,610,666
Effect of foreign exchange rate changes, net	(1,252,023)	(1,204,999)
Cash and cash equivalents at end of period	25,501,216	29,452,840
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	22,401,426	19,486,822
Saving deposits placed in a financial institution (an associate of the Group)	331,465	362,944
Time deposits:		
Placed in banks	8,805,233	9,751,888
Placed in a financial institution (an associate of the Group)	1,194,629	1,837,316
Less: Restricted cash and pledged deposits	(55,298)	(147,567)
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	32,677,455	31,291,403
Less: Time deposits with maturity of more than three months when acquired	(7,176,239)	(1,838,563)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	25,501,216	29,452,840

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. BASIS OF PREPARATION AND PRESENTATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and 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 2022.

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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, except for the adoption of the new and revised HKFRSs, as disclosed in note 2 below.

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets as at 30 June 2023. Taking into account the historical operating performance of the Group and the following: (a) issued medium-term notes and corporate bonds in a total principal amounts of RMB3 billion and RMB1 billion to qualified investors in the People’s Republic of China (the “PRC”) on 12 July 2023 and 25 July 2023, respectively; (b) a subsidiary of the Group received a new term loan facility of RMB4.5 billion in July 2023; (c) a subsidiary of the Group accepted a facility letter of RMB2 billion in August 2023; and (d) 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, the directors of the Company considered that the Group will be able to operate as a going concern. Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

The financial information relating to the year ended 31 December 2022 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 (Cap.622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 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 2022. 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised HKFRSs for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The amendments did not have any significant impact on the Group's interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

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 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 period of each reportable operating segment, which is measured consistently with the Group's profit for the period.

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

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 in the second half of 2022. 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 six months ended 30 June 2022 have been reclassified and restated to conform to the current period's presentation.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2023 and 2022:

Six months ended 30 June 2023

	Gas operation HK\$'000 (Unaudited)	Water operation HK\$'000 (Unaudited)	Environmental operation HK\$'000 (Unaudited)	Brewery operation HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	35,868,153	-	4,733,064	7,717,608	44,980	48,363,805
Cost of sales	(32,799,609)	-	(3,443,089)	(4,940,236)	(14,726)	(41,197,660)
Gross profit	3,068,544	-	1,289,975	2,777,372	30,254	7,166,145
Profit from operating activities	1,670,358	-	1,599,212	798,968	157,766	4,226,304
Finance costs	(216,282)	-	(83,841)	(36,444)	(1,040,868)	(1,377,435)
Share of profits and losses of:						
Joint ventures	(29,832)	-	2,617	-	-	(27,215)
Associates	2,485,835	640,204	37,932	10,040	-	3,174,011
Profit/(loss) before tax	3,910,079	640,204	1,555,920	772,564	(883,102)	5,995,665
Income tax	(190,550)	-	(193,260)	(141,578)	(55,329)	(580,717)
Profit/(loss) for the period	3,719,529	640,204	1,362,660	630,986	(938,431)	5,414,948
Segment profit/(loss) attributable to shareholders of the Company	3,684,448	640,204	1,152,474	234,970	(1,063,327)	4,648,769

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2022 (Restated)

	Gas operation HK\$'000 (Unaudited)	Water operation HK\$'000 (Unaudited)	Environmental operation HK\$'000 (Unaudited)	Brewery operation HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	34,162,332	-	4,566,521	7,260,308	36,056	46,025,217
Cost of sales	(31,133,094)	-	(3,287,062)	(4,807,380)	(15,270)	(39,242,806)
Gross profit	3,029,238	-	1,279,459	2,452,928	20,786	6,782,411
Profit/(loss) from operating activities	2,128,214	-	1,019,227	607,632	(51,095)	3,703,978
Finance costs	(212,365)	-	(96,807)	(25,329)	(572,374)	(906,875)
Share of profits and losses of:						
Joint ventures	(5,460)	-	-	-	-	(5,460)
Associates	2,932,246	282,207	18,692	14,259	-	3,247,404
Profit/(loss) before tax	4,842,635	282,207	941,112	596,562	(623,469)	6,039,047
Income tax	(157,567)	-	(259,607)	(108,533)	(12,345)	(538,052)
Profit/(loss) for the period	4,685,068	282,207	681,505	488,029	(635,814)	5,500,995
Segment profit/(loss) attributable to shareholders of the Company	4,668,348	282,207	527,719	186,489	(635,804)	5,028,959

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by operating segment:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Total assets:		
Gas operation	137,381,498	137,691,568
Water operation	13,626,309	14,267,646
Environmental operation	38,415,435	37,585,593
Brewery operation	26,364,459	24,569,054
Corporate and others	17,878,035	16,951,403
Eliminations	(9,036,719)	(9,993,897)
	224,629,017	221,071,367
Total liabilities:		
Gas operation	43,305,442	44,241,756
Environmental operation	19,729,700	20,165,072
Brewery operation	11,603,304	9,698,777
Corporate and others	56,410,134	53,920,962
Eliminations	(9,036,719)	(9,993,897)
	122,011,861	118,032,670

During each of the six months ended 30 June 2023 and 2022, no single external customer contributed 10% or more of the Group's revenue.

4. REVENUE

Revenue of the Group for each of the six months ended 30 June 2023 and 2022 was all revenue from contracts with customers and the following tables set out the disaggregated revenue information for revenue from contracts with customers:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

4. REVENUE (CONTINUED)

Six months ended 30 June 2023

Segments	Gas operation HK\$'000 (Unaudited)	Environmental operation HK\$'000 (Unaudited)	Brewery operation HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services					
Sale of piped natural gas	28,079,526	–	–	–	28,079,526
Sale of gas-related equipment	593,768	–	–	–	593,768
Trading of liquefied natural gas	6,781,398	–	–	–	6,781,398
Sale of brewery products	–	–	7,717,608	–	7,717,608
Construction services	413,461	655,218	–	–	1,068,679
Solid waste collection services	–	2,408,592	–	–	2,408,592
Sale of electricity, steam and heat	–	1,669,254	–	–	1,669,254
Total revenue from contracts with customers	35,868,153	4,733,064	7,717,608	–	48,318,825
Revenue from another source: – Gross rental income	–	–	–	44,980	44,980
Total revenue	35,868,153	4,733,064	7,717,608	44,980	48,363,805
Geographical markets					
Mainland China	31,334,245	1,646,732	7,717,608	–	40,698,585
Germany	–	3,086,332	–	–	3,086,332
Others	4,533,908	–	–	–	4,533,908
Total revenue from contracts with customers	35,868,153	4,733,064	7,717,608	–	48,318,825
Revenue from another source: – Gross rental income	–	–	–	44,980	44,980
Total revenue	35,868,153	4,733,064	7,717,608	44,980	48,363,805
Timing of revenue recognition					
Goods transferred at a point in time	35,454,692	1,669,254	7,717,608	–	44,841,554
Services transferred at a point in time	–	2,408,592	–	–	2,408,592
Services transferred over time	413,461	655,218	–	–	1,068,679
Total revenue from contracts with customers	35,868,153	4,733,064	7,717,608	–	48,318,825
Revenue from another source: – Gross rental income	–	–	–	44,980	44,980
Total revenue	35,868,153	4,733,064	7,717,608	44,980	48,363,805

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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4. REVENUE (CONTINUED)

Six months ended 30 June 2022

Segments	Gas operation HK\$'000 (Unaudited)	Environmental operation HK\$'000 (Unaudited)	Brewery operation HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited) (Restated)	Total HK\$'000 (Unaudited) (Restated)
Types of goods or services					
Sale of piped natural gas	28,652,405	–	–	–	28,652,405
Sale of gas-related equipment	471,670	–	–	–	471,670
Trading of liquefied natural gas	4,698,724	–	–	–	4,698,724
Sale of brewery products	–	–	7,260,308	–	7,260,308
Construction services	339,533	580,345	–	–	919,878
Solid waste collection services	–	2,596,880	–	–	2,596,880
Sale of electricity, steam and heat	–	1,389,296	–	–	1,389,296
Total revenue from contracts with customers	34,162,332	4,566,521	7,260,308	–	45,989,161
Revenue from another source: – Gross rental income	–	–	–	36,056	36,056
Total revenue	34,162,332	4,566,521	7,260,308	36,056	46,025,217
Geographical markets					
Mainland China	30,314,761	1,475,334	7,260,308	–	39,050,403
Germany	–	3,091,187	–	–	3,091,187
Others	3,847,571	–	–	–	3,847,571
Total revenue from contracts with customers	34,162,332	4,566,521	7,260,308	–	45,989,161
Revenue from another source: – Gross rental income	–	–	–	36,056	36,056
Total revenue	34,162,332	4,566,521	7,260,308	36,056	46,025,217
Timing of revenue recognition					
Goods transferred at a point in time	33,822,799	1,389,296	7,260,308	–	42,472,403
Services transferred at a point in time	–	2,596,880	–	–	2,596,880
Services transferred over time	339,533	580,345	–	–	919,878
Total revenue from contracts with customers	34,162,332	4,566,521	7,260,308	–	45,989,161
Revenue from another source: – Gross rental income	–	–	–	36,056	36,056
Total revenue	34,162,332	4,566,521	7,260,308	36,056	46,025,217

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited) (Restated)
Bank interest income	416,526	328,393
Finance income on the net investment in a finance lease	17,838	25,141
Investment income of a financial asset at fair value through profit or loss	–	157,287
Government grants	172,856	139,570
Transfer of assets from customers	15,361	21,921
Gain on disposal of a right-of-use asset	–	57,306
Foreign exchange differences, net	14,062	232,287
Others	277,222	233,392
Other income and gains, net	913,865	1,195,297

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank loans and other loans	1,041,451	487,332
Interest on guaranteed bonds and notes	287,539	410,727
Interest on corporate bonds	36,215	–
Interest on lease liabilities	17,829	21,440
Total interest expenses	1,383,034	919,499
Increase in discounted amounts of provision for major overhauls arising from the passage of time	325	330
Total finance costs	1,383,359	919,829
Less: Interest capitalised	(5,924)	(12,954)
	1,377,435	906,875

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,980,063	1,999,619
Less: Amount included in cost of inventories sold and cost of services rendered	(1,386,879)	(1,345,848)
	593,184	653,771
Depreciation of right-of-use assets	140,923	193,053
Less: Amount included in cost of inventories sold and cost of services rendered	(11,275)	(16,089)
	129,648	176,964
Amortisation of operating concessions	115,620	117,449
Less: Amount included in cost of inventories sold and cost of services rendered	(115,620)	(117,449)
	–	–
Amortisation of other intangible assets	130,578	122,068
Less: Amount included in cost of inventories sold and cost of services rendered	(99,088)	(103,437)
	31,490	18,631
Loss on disposal of items of property, plant and equipment, net*	1,187	52,679
Reversal of impairment of operating concessions* (note)	(655,795)	–
Impairment/(reversal of impairment) of financial assets, net:		
Receivables under service concession arrangements*	23,225	–
Trade receivables*	21,774	17,085
Other receivables*	(22,610)	1,422
	22,389	18,507

* These items are included in "Other operating income/(expenses), net" on the face of the condensed consolidated statement of profit or loss.

Note: During the six months ended 30 June 2023, the directors reassessed the impact of the change in government policy in relation to the renewable energy tariff subsidy in 2020 and the economic performance of certain solid waste incineration plants in the PRC, and a reversal of impairment of operating concessions of HK\$655,795,000 (six months ended 30 June 2022: Nil) was recognised during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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8. INCOME TAX

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current:		
Mainland China	543,616	306,402
Germany	173,330	245,081
Others	15,861	46,365
Deferred	(152,090)	(59,796)
Total tax expense for the period	580,717	538,052

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 established in Mainland China enjoy PRC corporate income tax exemptions and reductions.

9. INTERIM DIVIDEND

On 30 August 2023, the Board declared an interim cash dividend of HK93 cents per share (six months ended 30 June 2022: HK50 cents per share), totalling approximately HK\$1,171,989,000 (six months ended 30 June 2022: HK\$630,627,000) for the six months ended 30 June 2023.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to shareholders of the Company of HK\$4,648,769,000 (six months ended 30 June 2022: HK\$5,028,959,000), and the weighted average number of ordinary shares of 1,260,203,268 (six months ended 30 June 2022: 1,261,277,025) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2023 and 2022 for a dilution as the dilutive potential ordinary shares of associates in issue during these periods either have a minimal impact or have no diluting effect on the earnings per share amounts presented.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment at a total cost of HK\$4,742,833,000 (six months ended 30 June 2022: HK\$5,424,379,000), which did not include property, plant and equipment acquired through transfer of assets from customers with a total deemed cost of HK\$15,361,000 (six months ended 30 June 2022: HK\$21,921,000 (note 5)).

Property, plant and equipment with an aggregate carrying amount of HK\$77,539,000 (six months ended 30 June 2022: HK\$221,023,000) were disposed of by the Group during the six months ended 30 June 2023, resulting in a net loss on disposal of HK\$1,187,000 (six months ended 30 June 2022: HK\$52,679,000 (note 7)).

12. 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 2023 and 31 December 2022.

The amounts of contract assets included in the carrying amounts of operating concessions and receivables under service concession arrangements as at the end of the reporting period are as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Contract assets included in:		
Operating concessions	3,969,323	4,129,999
Receivables under service concession arrangements	1,686,929	1,334,758
Total	5,656,252	5,464,757

The above contract assets are initially recognised for revenue earned from the provision of construction services of solid waste incineration plants during the period of construction under service concession arrangements. Pursuant to the service concession agreements, the Group receives no payment from grantors during the construction period and receives service fees when relevant solid waste collection service is rendered. The receivables under service concession arrangements (including the contract assets therein) are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will then be transferred to trade receivables. The Group's trading terms and credit policy with customers are disclosed in note 13 to the financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

13. TRADE RECEIVABLES

The various group companies have different credit policies, depending on the requirements of their markets and the businesses 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 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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Billed:		
Within one year	5,397,153	1,887,941
One to two years	123,048	172,132
Two to three years	40,517	20,784
Over three years	6,337	6,387
Unbilled*	5,567,055 584,635	2,087,244 3,474,390
	6,151,690	5,561,634

* The unbilled balance was attributable to (i) the sale of natural gas near the period/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.

Included in the Group's trade receivables as at 30 June 2023 were aggregate amounts of HK\$35,126,000 (31 December 2022: HK\$60,782,000) and HK\$115,448,000 (31 December 2022: HK\$55,767,000) due from fellow subsidiaries and a joint venture of the Group, arising from transactions carried out in the ordinary course of business of the Group, respectively. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the Group to its major customers.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

14. SHARE CAPITAL

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Issued and fully paid: 1,260,203,268 ordinary shares	30,401,883	30,401,883

15. BANK AND OTHER BORROWINGS

	<i>Notes</i>	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Bank loans:			
Secured		7,922,421	4,242,538
Unsecured	<i>(a)</i>	41,626,758	45,722,183
		49,549,179	49,964,721
Other loans:			
Secured		67,436	–
Unsecured	<i>(b)</i>	6,349,751	6,057,943
		6,417,187	6,057,943
Total bank and other borrowings		55,966,366	56,022,664
Portion classified as current liabilities		(21,820,805)	(24,613,662)
Non-current portion		34,145,561	31,409,002

Notes:

- (a) The loan agreements in respect of certain bank loans outstanding as at 30 June 2023 include certain conditions imposing specific performance obligations on the Company's holding companies, among which the following events would constitute events of default on the loan facilities:
- (i) if Beijing Enterprises Group Company Limited ("Beijing Enterprises Group") does not or ceases to own, directly or indirectly, at least 40% or 50% of the beneficiary interest of the Company; and
 - (ii) if Beijing Enterprises Group ceases to be controlled and supervised by the Beijing Municipal Government.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

15. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(a) (Continued)

A summary of these bank loans as at 30 June 2023 is as follows:

	Year of drawdown	Contractual interest rate per annum	Final maturity
EUR80 million revolving loan	2019	1-month HIBOR+0.7%/EURIBOR+0.6%	8 May 2024
US\$160 million revolving loan	2020	1-month HIBOR+0.8%/SOFR+0.8%/ EURIBOR+0.8%	22 May 2024
HK\$1,000 million revolving loan	2020	1-month HIBOR+0.7%	22 June 2024
Five-year HK\$4 billion term loan	2020	1-month HIBOR+1.1%	27 November 2025
Five-year HK\$2 billion term loan	2021	1-month HIBOR+1.1%	18 February 2026
Five-year HK\$4 billion term loan	2021	1-month HIBOR+1.1%	18 June 2026
Five-year HK\$4.2 billion term loan	2021	1-month HIBOR+1.05%	19 November 2026
Five-year HK\$2 billion term loan	2021	1-month HIBOR+1.05%	3 December 2026
Five-year HK\$4 billion term loan	2022	1-month HIBOR+0.92%	7 July 2027
EUR170 million bridge loan	2022	1-month EURIBOR+0.75%	24 November 2023
US\$50 million revolving loan	2022	1-month SOFR+0.95%	4 April 2024
HK\$2,000 million revolving loan	2022	1-month HIBOR+0.8%	25 August 2023
HK\$1,000 million revolving loan	2022	1-month HIBOR+0.8%	2 November 2023
HK\$1,000 million revolving loan	2022	1-month HIBOR+1%	10 November 2023
One-year EUR400 million term loan	2023	1-month EURIBOR+0.65%	11 May 2024
Six-month US\$300 million term loan	2023	1-month SOFR+0.75%/EURIBOR+0.75%	13 October 2023
Three-year RMB2 billion term loan	2023	1-year LRP-0.65%	26 June 2026
US\$60 million revolving loan	2023	1-month SOFR+0.95%	14 April 2024
US\$100 million revolving loan	2023	1-month HIBOR+0.7%/SOFR+0.8%/ EURIBOR+0.8%	17 April 2024
HK\$500 million revolving loan	2023	1-month HIBOR+0.8%/SOFR+0.7%/ EURIBOR+0.75%	22 Mar 2024

To the best knowledge of the directors of the Company, none of the above default events took place during the period ended 30 June 2023 and as at the date of approval of this unaudited interim condensed consolidated financial information.

(b) Included in the Group's other borrowings as at 30 June 2023 were loans of HK\$1,539 million (31 December 2022: HK\$1,672 million) in total advanced from an associate, which bear interest at rates ranging from 3-month HIBOR plus 3.80% to 4.70% per annum (31 December 2022: 3-month HIBOR plus 3.80% to 4.65%). Interest expenses of HK\$12,780,000 (six months ended 30 June 2022: HK\$30,481,000) were recognised in profit or loss during the period in respect of the loans (note 21(a)(x)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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16. GUARANTEED BONDS AND NOTES

A summary of the guaranteed bonds and notes issued by the Group and outstanding as at 30 June 2023 is as follows:

	Principal at original currency 'million	Contractual interest rate per annum	Maturity	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
2011 Second Senior Notes	US\$400	6.375%	2041	3,077,341	3,064,998
2015 US\$ Bonds	US\$200	4.99%	2040	1,527,906	1,521,763
2020 Green Bonds	EUR500	1%	2025	4,252,471	4,153,397
EEW Green Notes	EUR400	0.361%	2026	3,409,928	3,332,532
2021 US\$ Bonds	US\$300	2%	2026	2,337,247	2,325,677
2021 US\$ Bonds	US\$400	3.125%	2031	3,087,594	3,073,018
2022 Guaranteed Notes	US\$500	1.875%	2025	3,914,340	3,897,611
				21,606,827	21,368,996

Except for the 2022 Guaranteed Notes and EEW Green Notes which are guaranteed by Beijing Gas Group Company Limited (“Beijing Gas”) and EEW Holding GmbH, respectively, all the above guaranteed bonds and notes are guaranteed by the Company.

The fair value of the Group’s guaranteed bonds and notes as at 30 June 2023 was approximately HK\$20.3 billion (31 December 2022: HK\$19.8 billion), based on price quotations from financial institutions at the reporting date.

17. CORPORATE BONDS

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

18. 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 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Billed:		
Within one year	3,696,646	4,262,278
One to two years	256,497	246,742
Two to three years	21,663	18,311
Over three years	19,818	17,825
Unbilled*	3,994,624	4,545,156
	531,143	1,004,092
	4,525,767	5,549,248

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

Included in the trade and bills payables as at 30 June 2023 were amounts of HK\$260,247,000 (31 December 2022: HK\$55,867,000) in total due to fellow subsidiaries, arising from transactions carried out in the ordinary course of business of the Group. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the related parties to their major customers.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2022, the Group has been negotiating with the joint venture partner of 北京燕京啤酒投資有限公司, a 79.77% owned subsidiary of the Company, for the sale of the Group's 55%, 74.73% and 80% equity interests in 燕京啤酒(萊州)有限公司, 燕京啤酒(曲阜三孔)有限責任公司 and 燕京啤酒(長沙)有限公司 (collectively the "Disposal Groups"). Since the Company is a state-owned enterprise in Mainland China, the Disposal Groups constitute state-owned assets and the disposal of which is required to undergo the process of public tenders through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of state-controlled assets. The disposal transactions will be carried out through China Beijing Equity Exchange ("CBEX") and the successful bidder(s) will enter into asset transaction agreements with the Group according to relevant rules and regulations of CBEX. In light of this, the Disposal Groups were classified as held for sale as at 31 December 2022.

As at 30 June 2023, the management has decided to terminate the disposal plan and ceases to classify assets and liabilities of the Disposal Groups as held for sale.

20. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Contracted, but not provided for:		
Gas pipelines and plant and machinery	11,069,615	11,600,223
Service concession arrangements	814,822	96,441
Total	11,884,437	11,696,664

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in this interim condensed consolidated financial information, the Group had the following material transactions with related parties during the period:

Name of related party	Nature of transaction	Notes	Six months ended 30 June	
			2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Non-controlling equity holders of subsidiaries and their associates:				
北京燕京啤酒集團公司 and its associates	Purchase of bottle labels	(i)	23,717	44,749
	Purchase of bottle caps ^γ	(i)	426	15,301
	Canning service fees paid ^γ	(ii)	10,183	16,070
	Comprehensive support service fees paid ^γ	(iii)	8,944	9,365
	Land rental expenses ^γ	(iv)	1,049	1,113
	Trademark licensing fees paid ^γ	(v)	35,443	33,175
	Less: refund for advertising subsidies ^γ	(v)	(4,626)	(4,603)
Fellow subsidiaries:				
北京北燃實業有限公司 and its subsidiaries	Sale of piped natural gas [#]	(vi)	155,505	170,327
	Engineering service income [#]	(vii)	10,579	19,485
	Comprehensive service income [#]	(vii)	574	227
	Engineering service expenses [#]	(vii)	63,499	77,837
	Comprehensive service expenses [#]	(vii)	40,147	69,673
	Building rental expenses [#]	(viii)	110,202	58,726
	Purchase of goods [#]	(viii)	63,136	33,737
	Sale of goods [#]	(ix)	51,505	42,115
Associate:				
北京控股集團財務有限公司 ("BE Group Finance")	Interest expenses	(x)	12,780	30,481
	Interest income [@]	(x)	3,220	10,623

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. RELATED PARTY DISCLOSURES (CONTINUED)

(a) *(Continued)*

In the opinion of the directors, the above transactions were entered into by the Group in the normal course of its business.

⁷ *These related party transactions also constitute continuing connected transactions that are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.*

[#] *These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

[®] *These related party transactions also constitute continuing connected transactions that are subject to the announcement, reporting and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.*

Notes:

- (i) The purchase prices for bottle labels and bottle caps were determined by reference to the agreed prices for the preceding year and an annual adjustment determined by reference to the price index in Beijing in the preceding year.
- (ii) The canning service fees were charged at a rate equal to the costs of the canning services incurred by Yanjing Beer Group plus a mutually-agreed profit margin.
- (iii) The comprehensive support service fees paid included the following:
 - fees for security and canteen services which were determined based on the annual cost of labour, depreciation and maintenance for the preceding year and an annual adjustment by reference to the price index in Beijing; and
 - rental expenses, related to the premises occupied and used by Yanjing Brewery as its office, canteen and staff dormitories, which were determined by reference to the prevailing market rentals at the time when the relevant agreements were entered into.
- (iv) The land rental expenses were charged at a mutually-agreed amount of RMB1,849,000 (six months ended 30 June 2022: RMB1,849,000) per annum.
- (v) The trademark licensing fees paid were for the use of "Yanjing" trademark and were determined based on 1% (six months ended 30 June 2022: 1%) of the annual sales of beer and mineral water products made by Yanjing Brewery and at a rate of RMB0.008 (six months ended 30 June 2022: RMB0.008) per bottle of beer sold by the subsidiaries of Yanjing Brewery. Yanjing Brewery Group would refund 20% of the trademark licensing fees from sales of beer received from Yanjing Brewery for the use by Yanjing Brewery to develop and promote the "Yanjing" trademark.
- (vi) The selling price of piped natural gas was prescribed by the PRC government.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

21. RELATED PARTY DISCLOSURES (CONTINUED)

(a) (Continued)

Notes: (Continued)

- (vii) The service fees were determined by reference to the then prevailing market rates and set at prices not higher than the guidance prices set by the PRC government.
- (viii) The purchase prices of goods and the building rentals were determined by reference to the then prevailing market rates.
- (ix) The selling prices of goods were determined on a cost-plus basis.
- (x) BE Group Finance is a 38.78% owned associate of the Group and also a subsidiary of Beijing Enterprises Group. BE Group Finance was established to act as platform for members of Beijing Enterprises Group for the provision of intra-group loan facilities through financial products including deposit-taking, money-lending and custodian services.

On 28 December 2022, the Company and BE Group Finance entered into a deposit agreement (the "Deposit Agreement") whereby the Company and BE Group Finance will continue to carry out transactions under a deposit services master agreement entered on 29 December 2014 for a further period of three years from 1 January 2023 to 31 December 2025. The terms and conditions under the Deposit Agreement are substantially the same as those under the deposit services master agreement and the revised daily aggregate of deposits placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the Deposit Agreement will not exceed HK\$1.538 billion.

Interest rates on deposits placed in and loans offered by BE Group Finance denominated in RMB were determined by reference to the then prevailing market rates offered by the People's Bank of China, while the related interest rates for deposits and loans denominated in other currencies were determined by reference to the then prevailing market rates offered by major banks in the PRC.

The amount of deposits placed by the Group with BE Group Finance as at 30 June 2023 amounted to HK\$1,522 million (31 December 2022: HK\$2,017 million).

The amounts of loans borrowed by the Group from BE Group Finance as at the end of reporting period are disclosed in note 15(b) to the financial information.

(b) Compensation of key management personnel of the group

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	6,141	5,043
Pension scheme contributions	14	14
Total compensation paid to key management personnel	6,155	5,057

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Other than guaranteed bonds and notes and corporate bonds, the carrying amounts of the Group's financial assets and other financial liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made. The fair value of the Group's guaranteed bonds and notes is disclosed in note 16 to the unaudited interim condensed consolidated financial information.

The listed equity investments of the Group are stated at fair value based on their quoted market prices (as categorised within Level 1 of the fair value hierarchy).

For other non-current financial assets and liabilities, in the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

23. EVENTS AFTER THE REPORTING PERIOD

- (a) On 12 July 2023 and 25 July 2023, the Company issued medium-term notes and corporate bonds in a total principal amounts of RMB3 billion and RMB1 billion to qualified investors in the PRC, respectively. These medium-term notes and corporate bonds have a term of 3 years with the maturity dates in July 2026 and bear interest at the coupon rate of 2.89% and 2.86% per annum, respectively. The proceeds from the issuance of these medium-term notes and corporate bonds are intended to be used for the repayment of the Group's existing bank loans.
- (b) On 28 August 2023 (the "Effective Date"), a financial services agreement (the "Financial Services Agreement") was approved at an extraordinary general meeting, pursuant to which, BE Group Finance shall provide financial services to the Group, including deposit services and loan services for three years from the Effective Date. The cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the Financial Services Agreement will not exceed RMB8.70 billion (equivalent to approximately HK\$9.56 billion).

24. COMPARATIVE AMOUNTS

As further detailed in note 3 to the financial information, the directors decided to consider the property investment business of the Group as a principal activity of the Group in the second half of 2022. Accordingly, certain comparative amounts have been reclassified and restated to conform to the current period's presentation.

DISCLOSEABLE INFORMATION

CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out as follows:

- (i) With effect from 1 April 2023, the fees for Mr. WU Jiesi, Mr. LAM Hoi Ham, Dr. YU Sun Say and Ms. CHAN Man Ki Maggie as independent non-executive directors of the Company are HK\$432,000 per annum.
- (ii) Mr. GENG Chao has been appointed as executive director of the Company on 8 July 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the interests and short positions of the Company's directors and the chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were (i) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) entered in the register required to be kept pursuant to Section 352 of the SFO, or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Listing Rules, were as follows:

(A) LONG POSITIONS IN SHARES OF THE COMPANY

Director	Number of ordinary shares directly beneficially owned	Percentage of the Company's total number of issued shares
JIANG Xinhao	20,000	0.002%
XIONG Bin	40,000	0.003%
TAM Chun Fai	2,000	0.000%

DISCLOSEABLE INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

(B) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATIONS

Director	Associated corporation	Number of ordinary shares directly beneficially owned	Percentage of the associated corporations' total number of issued shares
TAM Chun Fai	Beijing Enterprises Environment Group Limited	50,000	0.003%
YU Sun Say	Beijing Enterprises Water Group Limited	100,000	0.001%

Save as disclosed above, as at 30 June 2023, none of the Company's directors or the chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

DISCLOSEABLE INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions:

Name	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's total number of issued shares
	Directly beneficially owned	Others	Total	
Beijing Holdings Limited ("BHL")	4,478,000	–	4,478,000	0.36%
Modern Orient Limited ("MOL")	100,050,000	–	100,050,000	7.94%
Beijing Enterprises Investments Limited ("BEIL")	163,730,288	100,050,000 ^(a)	263,780,288	20.93%
Beijing Enterprises Group (BVI) Company Limited ("BE Group BVI")	518,187,500	263,780,288 ^(b)	781,967,788	62.05%
Beijing Enterprises Group Company Limited ("BE Group")	–	786,445,788 ^(c)	786,445,788	62.41%

Notes:

- (a) The interest disclosed includes the shares owned by MOL. MOL is a wholly-owned subsidiary of BEIL. Accordingly, BEIL is deemed to be interested in the shares owned by MOL.
- (b) The interest disclosed includes the shares owned by BEIL and MOL. BEIL, the holding company of MOL, is held directly as to 72.72% by BE Group BVI. Accordingly, BE Group BVI is deemed to be interested in the shares owned by BEIL and MOL.
- (c) The interest disclosed includes the interest in shares held by BE Group BVI as detailed in note (b) and BHL. BE Group BVI and BHL are wholly-owned subsidiaries of BE Group. Accordingly, BE Group is deemed to be interested in the shares held by BE Group BVI, BEIL, MOL and BHL.

Save as disclosed above, as at 30 June 2023, no person, other than the directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

Details of the agreements (the “Agreement(s)”) with covenants relating to specific performance obligations of the Company’s holding companies which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)/ Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount (million)	Final maturity	Specific performance obligations
5 May 2011	Purchase agreement for issuance of senior notes	US\$400	May 2041	Note 1
1 December 2015	Subscription agreement for issuance of bonds	US\$200	December 2040	Note 1
17 September 2020	Subscription agreement for issuance of bonds	EUR500	September 2025	Note 1
28 April 2021	Subscription agreement for issuance of bonds	US\$300	May 2026	Note 1
28 April 2021	Subscription agreement for issuance of bonds	US\$400	May 2031	Note 1
8 July 2022	Term loan facility with a bank	HK\$4,000	July 2027	Note 1
24 March 2023	Issuance of medium-term notes	RMB4,000	March 2026	Note 2
30 June 2023	Term loan facility with respective banks	RMB4,100	July 2024	Note 1
12 July 2023	Issuance of medium-term notes	RMB3,000	July 2026	Note 2
13 July 2023	Term loan facility with a bank	RMB4,500	July 2024	Note 1
24 August 2023	Term loan facility with a bank	RMB2,000	August 2024	Note 1

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS (CONTINUED)

Notes:

1. (a) If BE Group does not or ceases to own, directly or indirectly, at least 40% or 50%, where applicable, of the beneficial interest of the Company; and (b) if BE Group ceases to be controlled and supervised, where applicable, by the People's Government of Beijing Municipality or the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.
2. (a) If there is a change of control: change of beneficial controller of the Company; and (b) there is a change in credit rating within six months of the date of such change of control: offshore rating of the Company downgraded to non-investment grade.

The Agreements include certain conditions imposing specific performance obligations on the Company's holding companies. Breach of the above specific performance obligations will constitute events of default.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 six months ended 30 June 2023.

EMPLOYEES

At 30 June 2023, the Group had approximately 34,000 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.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standard of corporate governance and transparency as the directors of the Company believe it would increase efficiencies in the overall operations of the Group such that the Group could become more competitive in markets, enhancing shareholders' value in consequence. During the period under review, the Group has adopted various corporate governance practices to ensure an effective control system and the proper delegation of authority.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The directors of the Company believe that the Company complied with the code provisions of the “Corporate Governance Code” as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2023.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code as set out in Appendix 10 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 six months ended 30 June 2023.

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 Dr. YU Sun Say. The Audit Committee of the Company has already reviewed the unaudited interim results for the six months ended 30 June 2023 and considers that appropriate accounting policies have been adopted in preparation of the relevant results and sufficient disclosures have been made.