Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

北 京 控 股 環 境 集 團 有 限 公 司
BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 154)

ANNOUNCEMENT OF SUMMARISED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2018 amounted to HK$547 million, increased by 29% as compared with HK$425 million in the corresponding period of last year.
- EBITDA for the period amounted to HK$232 million, increased by 17% as compared with HK$198 million in the corresponding period of last year.
- Profit for the period attributable to members of the Company amounted to HK$115 million, increased by 63% as compared with HK$71 million in the corresponding period of last year.
- Basic earnings per share amounted to HK7.66 cents.
- Net assets per share as at 30 June 2018 amounted to HK$1.78.
- The Board does not recommend the payment of an interim dividend for the period.

The board (the "Board") of directors (the "Directors") of Beijing Enterprises Environment Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018, together with comparative figures for the corresponding period in last year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*5*	**546,687**	425,006
Cost of sales		**(385,198)**	(284,220)
Gross profit		**161,489**	140,786
Other income and gains, net	*5*	**64,478**	34,318
Selling and distribution expenses		**(788)**	(803)
Administrative expenses		**(51,727)**	(42,906)
Other operating expenses, net		**(4,716)**	(1,056)
PROFIT FROM OPERATING ACTIVITIES	*6*	**168,736**	130,339
Finance costs	*7*	**(30,062)**	(30,909)
Share of profit of a joint venture		**106**	290
PROFIT BEFORE TAX		**138,780**	99,720
Income tax	*8*	**(16,382)**	(23,748)
PROFIT FOR THE PERIOD		**122,398**	75,972
ATTRIBUTABLE TO:			
Members of the Company		**115,002**	70,680
Non-controlling interests		**7,396**	5,292
		122,398	75,972
EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF THE COMPANY	*10*		
– Basic *(HK cents)*		**7.66**	4.71
– Diluted *(HK cents)*		**3.53**	2.10

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**122,398**	75,972
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,321**	110,001
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**123,719**	185,973
ATTRIBUTABLE TO:		
Members of the Company	**116,234**	173,802
Non-controlling interests	**7,485**	12,171
	123,719	185,973

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	**30 June 2018 (Unaudited)** ***HK$'000***	31 December 2017 (Audited) *HK$'000*
ASSETS			
Non-current assets:			
Property, plant and equipment		**979,482**	874,414
Investment property		**50,000**	50,000
Prepaid land lease payments		**50,620**	51,227
Goodwill		**1,122,551**	1,122,551
Operating concessions		**2,527,434**	2,482,910
Other intangible assets		**128,333**	131,185
Investment in a joint venture		**6,693**	6,587
Receivables under service concession arrangements	*11*	**2,092,975**	2,110,505
Prepayments, deposits and other receivables		**2,575**	4,000
Deferred tax assets		**23,541**	26,176
Total non-current assets		**6,984,204**	6,859,555
Current assets:			
Prepaid land lease payments		**1,214**	1,214
Inventories		**33,144**	23,415
Receivables under service concession arrangements	*11*	**59,232**	55,236
Trade and bills receivables	*12*	**344,875**	141,885
Amounts due from contract customers		**1,217**	–
Prepayments, deposits and other receivables		**148,248**	219,293
Pledged deposits		**11,915**	13,567
Cash and cash equivalents		**2,063,221**	1,968,351
Total current assets		**2,663,066**	2,422,961
TOTAL ASSETS		**9,647,270**	9,282,516

	Note	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
EQUITY AND LIABILITIES			
Equity attributable to members of the Company			
Share capital		**2,227,564**	2,227,564
Equity component of convertible bonds		**147,029**	158,687
Other reserves		**294,842**	166,950
		2,669,435	2,553,201
Non-controlling interests		**303,387**	248,892
TOTAL EQUITY		**2,972,822**	2,802,093
Non-current liabilities:			
Bank and other borrowings		**789,488**	712,762
Convertible bonds		**2,103,024**	2,088,670
Provision for major overhauls		**5,178**	5,178
Deferred income		**175,294**	175,293
Deferred tax liabilities		**273,575**	265,114
Total non-current liabilities		**3,346,559**	3,247,017
Current liabilities:			
Trade payables	*13*	**495,520**	424,723
Amounts due to contract customers		**–**	617
Other payables and accruals		**2,665,039**	1,850,208
Bank and other borrowings		**129,167**	99,762
Convertible bonds		**–**	790,436
Tax payables		**38,163**	67,660
Total current liabilities		**3,327,889**	3,233,406
TOTAL LIABILITIES		**6,674,448**	6,480,423
TOTAL EQUITY AND LIABILITIES		**9,647,270**	9,282,516

Notes:

1. CORPORATE INFORMATION

Beijing Enterprises Environment Group Limited (the "Company") is a limited liability company incorporated in Hong Kong and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

During the six months ended 30 June 2018, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in (i) the solid waste treatment business which comprises the construction and operation of waste incineration plants, waste treatment and the sales of electricity and steam generated from waste incineration; and (ii) the landscaping business which comprises the construction, design, project survey and design and construction project management.

At 30 June 2018, the immediate holding company of the Company is Idata Finance Trading Limited ("Idata"), a limited liability company incorporated in the British Virgin Islands. Idata is a wholly-owned subsidiary of Beijing Enterprises Holdings Limited ("BEHL") whose shares are listed on the Main Board of the Stock Exchange. In the opinion of the Directors, the ultimate holding company of the Company is 北京控股集團有限公司, which is a state-owned enterprise established in the People's Republic of China (the "PRC") and is wholly owned by The State-owned Assets Supervision and Administration Commission of The People's Government of Beijing Municipality.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The accounting policies and basis of preparation used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2018 as disclosed in note 3 below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In preparing the interim condensed consolidated financial statements, the Directors 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 2018. Taking into account of internal resources and undertaking from certain fellow subsidiaries not to demand repayment of the amounts due by the Group to them until such time when the Group is in a position to repay without impairing its liquidity and financial position, the Directors considered that the Group will be able to operate on a going concern basis. Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis.

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

HKFRS 9 *Financial Instruments*

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

(i) Classification and measurement

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

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

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

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

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

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

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

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

(ii) Impairment

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

The Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

(a) the solid waste treatment segment comprises the construction and operation of waste incineration plants, waste treatment and the sale of electricity and steam generated from waste incineration.

(b) the corporate and others segment comprises landscaping, property investment and corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss for the period attributable to members of the Company, which is a measure of adjusted profit/loss for the period attributable to members of the Company. The adjusted profit/loss for the period attributable to members of the Company is measured consistently with the Group's profit/loss attributable to members of the Company.

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

The following tables present revenue, profit/loss, total assets and total liabilities regarding the Group's operating segments for the six months ended 30 June 2018 and 2017.

	Solid waste treatment (Unaudited) *HK$'000*	Corporate and others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 30 June 2018			
Segment revenue	**546,687**	**–**	**546,687**
Cost of sales	**(385,198)**	**–**	**(385,198)**
Gross profit	**161,489**	**–**	**161,489**
Profit/(loss) from operating activities	**161,669**	**(7,339)**	**154,330**
Provisional gain on bargain purchase of a subsidiary	**–**	**14,406**	**14,406**
Finance costs	**(15,144)**	**(14,918)**	**(30,062)**
Share of profit of a joint venture	**106**	**–**	**106**
Profit/(loss) before tax	**146,631**	**(7,851)**	**138,780**
Income tax	**(15,313)**	**(1,069)**	**(16,382)**
Profit/(loss) for the period	**131,318**	**(8,920)**	**122,398**
Segment profit/(loss) attributable to members of the Company	**123,913**	**(8,911)**	**115,002**
Segment assets	**8,297,492**	**1,349,778**	**9,647,270**
Segment liabilities	**3,151,055**	**3,523,393**	**6,674,448**

	Solid waste treatment (Unaudited) *HK$'000*	Corporate and others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
For the six months ended 30 June 2017			
Segment revenue	425,006	–	425,006
Cost of sales	(284,220)	–	(284,220)
Gross profit	140,786	–	140,786
Profit/(loss) from operating activities	135,237	(4,898)	130,339
Finance costs	(14,551)	(16,358)	(30,909)
Share of profit of a joint venture	290	–	290
Profit/(loss) before tax	120,976	(21,256)	99,720
Income tax	(20,801)	(2,947)	(23,748)
Profit/(loss) for the period	100,175	(24,203)	75,972
Segment profit/(loss) attributable to members of the Company	94,862	(24,182)	70,680
Segment assets	7,640,001	1,193,341	8,833,342
Segment liabilities	3,409,823	2,892,565	6,302,388

Geographical information

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

Information about major customers

During the six months ended 30 June 2018, the Group had transactions with two external customers (six months ended 30 June 2017: three) from each of which the revenue derived accounted for over 10% of the Group's total revenue. The revenue generated from sales to each of these customers is set out below:

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A	**98,596**#	N/A
Customer B	**57,854**	57,338
Customer C	**N/A**	62,879#
Customer D	**N/A**	46,325#

\# *These amounts represented the deemed construction revenue from the provision of construction services to government authorities recognised according to HK(IFRIC) – 12 Service Concession Arrangements.*

N/A *Less than 10% of the Group's total revenue.*

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents an appropriate proportion of contract revenue of construction contracts and related services relating to solid waste treatment, income from household waste treatment, hazardous and medical waste treatment, leachate, sludge and other treatments, sale of electricity and steam, net of value added tax and government surcharges.

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

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Household waste treatment*	**97,977**	95,602
Hazardous and medical waste treatment	**28,259**	26,929
Leachate, sludge and other treatments	**13,982**	9,052
Sale of electricity	**240,580**	184,097
Sale of steam	**2,059**	122
Construction and related services*	**163,830**	109,204
	546,687	425,006
Other income		
Value added tax refund	**37,418**	24,567
Interest income	**6,241**	5,903
Rental income	**1,503**	1,452
Government grant#	**3,492**	522
Others	**1,418**	771
	50,072	33,215

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Gains, net		
Provisional gain on bargain purchase of a subsidiary	**14,406**	–
Foreign exchange differences, net	**–**	1,103
	14,406	1,103
Other income and gains, net	**64,478**	34,318

* *Imputed interest income under service concession arrangements during the period amounting to HK$46,627,000 (six months ended 30 June 2017: HK$49,941,000) was included in the revenue derived from household waste treatment and construction and related services.*

The government grant recognised by the Group during the period represented subsidies received from certain government authorities as incentives to promote and accelerate development in the local province.

6. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**19,872**	20,577
Amortisation of prepaid land lease payments*	**600**	580
Amortisation of operating concessions*	**39,316**	43,029
Amortisation of other intangible assets*	**2,900**	3,370
Foreign exchange difference, net	**3,466**	(1,103)

* *The amortisation of prepaid land lease payments, operating concession and other intangible assets (excluding computer software amounting to HK$126,000 (six months ended 30 June 2017: HK$176,000)) are included in "Cost of sales" in the condensed consolidated statement of profit or loss.*

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**19,408**	18,400
Imputed interest on convertible bonds	**14,918**	16,358
Total finance costs	**34,326**	34,758
Less: Interest capitalised in property, plant and equipment and operating concessions	**(4,264)**	(3,849)
	30,062	30,909

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for the six months ended 30 June 2018. No provision for Hong Kong profits tax was made for the six months ended 30 June 2017 as the Group did not generate any assessable profits arising in Hong Kong during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current –		
Hong Kong	**64**	–
Mainland China	**12,878**	20,011
Overprovision in prior periods	**(7,526)**	–
	5,416	20,011
Deferred	**10,966**	3,737
Total tax charge for the period	**16,382**	23,748

In accordance with the relevant tax laws in the PRC, certain subsidiaries of the Group which are engaged in the solid waste treatment business are exempted from corporate income tax for three years starting from the first year they generated revenue and granted a 50% tax reduction for the ensuing three years, and one of the certain subsidiaries is qualified for concessionary corporate income tax rate for a prescribed period of time.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF THE COMPANY

The calculations of the basic earnings per share amounts are based on the profit for the period attributable to members of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts are based on the profit for the period attributable to members of the Company and the weighted average number of ordinary shares in issue during the period, adjusted to reflect the effect of the exercise of all dilative share options and the deemed conversion of all convertible bonds at the beginning of period.

The calculations of the basic and diluted earnings per share amounts are based on:

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period attributable to members of the Company, used in the basic earnings per share calculation	**115,002**	70,680
Imputed interest on convertible bonds *(note 7)*	**14,918**	16,358
Profit for the period attributable to members of the Company, used in the diluted earnings per share calculation	**129,920**	87,038

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**1,500,360,150**	1,500,360,150
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	4,579,944
Convertible bonds	**2,177,114,849**	2,648,938,053
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	**3,677,474,999**	4,153,878,147

11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Unbilled:		
Current portion	**59,232**	55,236
Non-current portion	**2,092,975**	2,110,505
	2,152,207	2,165,741

Receivables under service concession arrangements were neither past due nor impaired. Such receivables were due from the grantors in respect of the Group's solid waste treatment and power generation operation. The directors are of the opinion that no provision for impairment is necessary in respect of these balances as there have not been a significant change in the credit quality and the balances are considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

12. TRADE AND BILLS RECEIVABLES

Various companies of the Group have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one to three months. An ageing analysis of the trade and bills receivables is regularly prepared and closely monitored in order to minimise any related credit risk. Trade and bills receivables are non-interest-bearing and the Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Within 3 months	**314,975**	115,044
4 to 6 months	**7,871**	7,765
7 to 12 months	**7,601**	7,163
1 to 2 years	**3,241**	3,568
2 to 3 years	**4,296**	4,609
Over 3 years	**6,891**	3,736
	344,875	141,885

13. TRADE PAYABLES

The trade payables are non-interest-bearing and normally settled within one to six months.

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Billed:		
Less than 3 months	**121,936**	121,361
4 to 6 months	**4,985**	504
7 to 12 months	**23,360**	593
Over 1 year	**9,995**	9,577
	160,276	132,035
Unbilled	**335,244**	292,688
	495,520	424,723

Included in the unbilled trade payables of the Group as at 30 June 2018 is an amount of HK$77,823,000 (31 December 2017: HK$71,562,000) due to a non-controlling equity holder of a subsidiary. The balance arising from the transactions carried out in the ordinary course of business of the Group, and is unsecured, interest-free and repayable on credit term similar to those offered by the major suppliers to the Group.

14. OTHER FINANCIAL INFORMATION

The net current liabilities and total assets less current liabilities of the Group as at 30 June 2018 amounted to HK$664,823,000 (31 December 2017: HK$810,445,000) and HK$6,319,381,000 (31 December 2017: HK$6,049,110,000), respectively.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is engaged in the environmental protection business with the solid waste treatment as its core business. Currently, the Group has nine solid waste treatment projects, including eight household waste incineration power generation projects with total waste treatment capacity of 9,225 tonnes/day, and one hazardous and medical waste treatment project with waste treatment capacity of 35,000 tonnes/year.

Project Name	Region	Business Model	Waste treatment capacity
Household waste incineration power generation projects:			
• Haidian Project (北京市海澱區循環經濟產業園再生能源發電廠項目)	Beijing	BOT	2,100 tonnes/day
• Taian Project (泰安生活垃圾焚燒發電項目)	Shandong	BOO	800 tonnes/day
• Changde Project (常德市生活垃圾焚燒發電項目)	Hunan	BOT	1,400 tonnes/day
• Gaoantun Project (北京高安屯垃圾焚燒項目)	Beijing	BOT	1,600 tonnes/day
• Zhangjiagang Project (張家港市生活垃圾焚燒發電廠項目)	Jiangsu	BOO	900 tonnes/day
• Ha'erbin Project (哈爾濱雙琦垃圾焚燒發電項目)	Heilongjiang	BOT	1,600 tonnes/day
• Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目)	Jiangsu	BOT	600 tonnes/day
• Wenchang Project (文昌市生活垃圾焚燒發電廠項目)	Hainan	BOT	225 tonnes/day
Hazardous and medical waste treatment project:			
• Hengxing Project (湖南省衡陽危險廢物處置中心項目)	Hunan	BOT	35,000 tonnes/year

The Beijing Haidian Project treated 412,300 tonnes of waste in the first half of 2018, which generated 111.55 million kWh of on-grid electricity and began to generate stable operating profit for the Group.

The Phase II technical modifications and expansion of Hunan Changde Project has approached its completion stage. One grate furnace of household waste treatment capacity of 600 tonnes/day was newly constructed and put into trial operation in February 2018. For Phase II expansion (technical modifications) of Shandong Taian Project, two grate furnaces of household waste treatment capacity of 600 tonnes/day and one 12MW steam turbine generating unit were being replaced. At present, the construction progress of the project is about 80% complete and is expected to be put into trial operation by the end of the year. For Phase II expansion of Jiangsu Shuyang Project, one grate furnace of household waste treatment capacity of 600 tonnes/day and one 12MW steam turbine generating unit were newly constructed. At present, the construction progress of the project is about 83% complete and is expected to be put into trial operation in the first half of next year.

In the first half of 2018, total household waste treatment volume of the Group's solid waste treatment projects was 1,727,500 tonnes (average 9,544 tonnes/day), increased by 34.5% as compared with last corresponding period of 1,284,000 tonnes. The hazardous and medical waste treatment volume was 10,600 tonnes, decreased by 43.6% as compared with last corresponding period of 18,800 tonnes. Total on-grid electricity was 441.58 million kWh, increased by 41.6% as compared with last corresponding period of 311.76 million kWh. Revenue from the solid waste treatment segment was HK$546.69 million, EBITDA was HK$223.71 million, increased by 28.6% and 10.6% respectively as compared with last corresponding period.

BUSINESS PROSPECT

The Group completed the acquisition of Beijing Xindi Garden Group Limited（北京鑫地園林集團有限公司）at the end of June 2018 and has now renamed as Beijing Beifa Ecological Landscape Co., Ltd.（北京北發生態園林有限公司）(“Beifa Landscape”). Beifa Landscape is engaged in landscaping construction and can broaden the business scope of the Group in environment protection. It is expected that its business will provide the Group guaranteed operating profit in the second half year.

With the commercial operation of our representative Beijing Haidian Project, it will improve the Group’s overall capacity and market standing as a leading enterprise in the solid waste treatment industry in Beijing. The Phase II expansion and technical modifications of the household waste incineration power generation projects under the Group will be in successive completion and put into production. The household waste incineration capacity will increase to 10,225 tonnes/day within a short period of time and it will further improve the operating results and industrial competitiveness of the Group.

The Company has all along been seeking merger and acquisition opportunities in solid waste treatment industry and participate actively in tender projects to enhance the market standing and presence of the Company in solid waste treatment industry, so as to achieve “economies of scale” and improve the investment returns for our shareholders.

FINANCIAL REVIEW

Revenue and gross profit margin

During the six months ended 30 June 2018, the Group recorded revenue of HK$546.69 million, increased by 28.6% as compared with revenue of HK$425.01 million in the corresponding period of last year. The revenue derived from the solid waste treatment and sales of electricity and steam generated amounted to HK$382.86 million, increased by 21.2% over the last corresponding period of HK$315.80 million. The revenue derived from the construction and related services amounted to HK$163.83 million, increased by 50.0% over the last corresponding period of HK$109.21 million.

Gross profit amounted to HK$161.49 million, increased by 14.7% over the last corresponding period of HK$140.79 million, gross profit margin reduced from 33.1% to 29.5%.

	Revenue For the six months ended 30 June		**Gross profit For the six months ended 30 June**		**Gross profit margin For the six months ended 30 June**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***%***	*%*
Household waste treatment	**97.98**	95.60				
Hazardous and medical waste treatment	**28.26**	26.93				
Leachate, sludge and other treatments	**13.98**	9.05				
Sale of electricity	**240.58**	184.10				
Sale of steam	**2.06**	0.12				
	382.86	315.80	**109.98**	104.82	**28.7**	33.2
Construction and related services	**163.83**	109.21	**51.51**	35.97	**31.4**	33.0
	546.69	425.01	**161.49**	140.79	**29.5**	33.1

Other income and gains, net

The Group recorded other income and gains, net of HK$64.48 million during the six months ended 30 June 2018, increased by HK$30.16 million as compared to last corresponding period of HK$34.32 million. The other income for the current period mainly comprised value added tax refund of HK$37.42 million (2017: HK$24.57 million), interest income of HK$6.24 million (2017: HK$5.90 million) and provisional gain on bargain purchase of Beifa Landscape of HK$14.41 million.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2018 amounted to HK$51.73 million, increased by 20.6% as compared with last corresponding period of HK$42.91 million.

Other operating expenses, net

The Group's other operating expenses, net was mainly comprised the net foreign exchange loss of HK$3.47 million recognised during the six months ended 30 June 2018.

Finance costs

The Group's finance costs for the six months ended 30 June 2018 decreased by 2.7% from HK$30.91 million to HK$30.06 million, which was mainly comprised interests on bank and other borrowings of HK$19.41 million and imputed interest on convertible bonds issued to Idata Finance Trading Limited ("Idata"), the immediate holding company, of HK$14.92 million. Interests on bank and other borrowings of HK$4.26 million incurred for expansion construction have been capitalised in property, plant and equipment and operating concessions during the current period.

Income tax

The Group's income tax expense for the six months ended 30 June 2018 amounted to HK$16.38 million, decreased by 31.0% as compared with last corresponding period of HK$23.75 million. The Group's effective tax rate was 11.8% (2017: 23.8%).

EBITDA and profit for the period

EBITDA for the six months ended 30 June 2018 was HK$231.53 million, increased by 16.8% or HK$33.34 million as compared with last corresponding period of HK$198.19 million.

Profit for the period amounted to HK$122.40 million, increased by 61.1% or HK$46.43 million as compared with last corresponding period of HK$75.97 million. Profit for the period attributable to members of the Company amounted HK$115.00 million, increased by 62.7% or HK$44.32 million as compared with last corresponding period of HK$70.68 million.

	EBITDA For the six months ended 30 June		Profit/(loss) for the period For the six months ended 30 June		Profit/(loss) for the period attributable to members of the Company For the six months ended 30 June	
	2018	2017	**2018**	2017	**2018**	2017
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Solid waste treatment segment	**223.71**	202.35	**131.32**	100.17	**123.91**	94.86
Corporate and other segment	**7.82**	(4.16)	**(8.92)**	(24.20)	**(8.91)**	(24.18)
	231.53	198.19	**122.40**	75.97	**115.00**	70.68

FINANCIAL POSITION

Except for (i) the acquisition of 51% equity interest in Beifa Landscape at a cash consideration of RMB29 million; and (ii) the expansion construction and technical modifications on certain existing household waste treatment plants, the Group had made no material investment, acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2018.

Total assets and total liabilities

As at 30 June 2018, the Group had total assets and total liabilities amounted to HK$9,647.27 million and HK$6,674.45 million, respectively, increased by HK$364.75 million and HK$194.03 million as compared with those as at 31 December 2017, respectively.

Property, plant and equipment

The net book value of the Group's property, plant and equipment was increased by HK$105.07 million during the period.

Operating concessions

The increase in carrying value of the Group's operating concessions by HK$44.52 million was mainly attributable to the expansion construction work of Changde Project and Shuyang Project.

Receivables under service concession arrangements

The Group's receivables under service concession arrangements was decreased by HK$13.53 million during the period.

Trade and bills receivables

The increase in the Group's trade and bills receivables by HK$202.99 million was mainly attributable to the receivable of on-grid electricity from the Haidian Project of HK$131.13 million during its trial operation period, which have been fully settled in July 2018.

Bank and other borrowings

The Group's bank and other borrowings comprised bank loans of RMB113.45 million (repayable by instalments up to 2023) and other borrowings from a fellow subsidiary of the Company, 北京控股集團財務有限公司, of RMB658.22 million (repayable by instalments up to 2025). The weighted average interest rate of the Group's bank and other borrowings was 4.67% per annum.

Convertible bonds

The outstanding principal amount of the Company's non-interest-bearing convertible bonds issued to Idata of HK$2,202.3 million was due in October 2021. For accounting purpose, the convertible bonds were bifurcated into liability component of HK$2,103.02 million and equity component of HK$147.03 million.

Deferred income

The Group's deferred income of HK$175.29 million represented PRC government grants and subsidies on solid waste treatment business.

Trade payables

Included in the Group's trade payables the unbilled construction fees of HK$335.24 million accounted for in accordance with the construction progress of the relevant projects.

Other payables and accruals

Included in the Group's other payables and accruals the amounts due to Idata of HK$791 million and fellow subsidiaries of HK$1,737.52 million, which are unsecured and non-interest-bearing.

Liquidity and financial resources

The Group adopts conservative treasury policies in cash management. As at 30 June 2018, the Group had cash and cash equivalents amounted to HK$2,063.22 million (approximately 49.7% of which were denominated in Renminbi and 50.0% of which were denominated in Hong Kong dollars and United States dollars); interest-bearing Renminbi bank and other borrowings amounted to HK$918.66 million; non-interest-bearing amounts due to Idata and certain fellow subsidiaries of the Company in aggregate amount of HK$2,528.52 million; and non-interest-bearing convertible bonds (due in October 2021) issued to Idata in aggregate principal amount of HK$2,202.3 million.

The Company has received undertaking from certain fellow subsidiaries not to demand repayment of the amounts due by the Group to them in aggregate amount of RMB1,350.00 million until such time when the Group is in a position to repay without impairing its liquidity and financial position.

As at 30 June 2018, the Group's current liabilities of HK$3,327.89 million exceeded its current assets of HK$2,663.07 million. In consideration of the stable cash recurring nature of solid waste treatment operations and the financial support of the holding company, the directors considered that the Group will be able to operate on a going concern basis and the Group has sufficient cash resources to finance its operations in the foreseeable future.

Key performance indicators

	For the six months ended 30 June	
	2018	2017
Gross profit margin	**29.5%**	33.1%
Operating profit margin	**30.9%**	30.7%
Net profit margin	**22.4%**	17.9%
Return on average equity	**4.4%**	3.2%

	30 June 2018	31 December 2017
Current ratio *(times)*	**0.80**	0.75
Debt ratio *(total debt/total assets)*	**31.3%**	39.8%
Gearing ratio *(net debt/total equity)*	**32.2%**	61.5%

Capital expenditure and commitment

During the six months ended 30 June 2018, the Group's total capital expenditures amounted to HK$319.32 million, of which HK$195.92 million was spent on construction and modification of waste treatment plants and HK$123.40 million was spent on purchase of items of plant and equipment and other intangible assets. As at 30 June 2018, the Group has capital commitment for service concession arrangements amounted to HK$302.00 million.

Charges on the Group's assets

As at 30 June 2018, save as (i) the Group's bank deposits of HK$11.92 million are pledged as security deposits to the government authorities to obtain the permission for the construction of solid waste treatment plants; and (ii) the Group's land and buildings with a net carrying amount of HK$52.15 million and the Group's trade receivables arising from the provision of solid waste treatment service with an aggregate net carrying amount of HK$10.85 million are pledged for the Group's bank loans, the Group did not have any charges on the Group's assets.

Foreign exchange exposure

The Group's businesses are principally located in Mainland China and the majority of its transactions are conducted in Renminbi. As the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, any fluctuation of exchanges rates would impact the Group's net asset value. During the six months ended 30 June 2018, the losses arising on settlement or translation of monetary items of HK$3.47 million (six months ended 30 June 2017: gains of HK$1.10 million) are taken to the statement of profit or loss and the gains arising on retranslation of foreign operations of HK$1.23 million (six months ended 30 June 2017: gains of HK$103.12 million) are recognised in the exchange fluctuation reserve. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

Contingent liabilities

The final acceptance of the construction of certain waste treatment plants have not been obtained from the relevant government authorities and the Group is still in the process of applying for certain permits in relation to their operations. According to the relevant PRC Law, the Group may be liable to administrative sanctions to be charged by the relevant government authorities due to the above matters. Nevertheless, the Company is of the view that the non-compliance incidents, individually and in aggregate, would have no material adverse impact on the operations and financial position of the Group.

Save as disclosed above, as at 30 June 2018, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 948 employees (31 December 2017: 942). Total staff cost for the six months ended 30 June 2018 amounted to HK$86.43 million, increased by 18.4% as compared with HK$73.02 million in the corresponding period in last year. The Group's remuneration policy and package are periodically reviewed and generally structured by reference to market terms and individual performance. Discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

No share option was granted, exercised, lapsed or forfeited during the period under review. The Company has 37,620,000 share options outstanding as at 30 June 2018, which were granted on 21 June 2011 at an exercise price of HK$1.25 per share and represented approximately 2.5% of the Company's ordinary shares in issue as at 30 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company, save as disclosed below, the Company has complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2018.

(1) Under Code Provision A.1.1, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation of a majority of directors entitled to present. However, the Company considers it is more efficient to hold board meetings to address emerging issues as appropriate. Sufficient measures have been taken to ensure that there is efficient communication among the directors.

(2) Under Code Provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the Company considers it is more effective for non-executive directors to voice their views by individual communication with the chairman of the board.

(3) Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, all existing non-executive directors of the Company are not appointed for a specific term but subject to retirement by rotation at the annual general meeting in accordance with the Company's articles of association.

(4) Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, the independent non-executive directors of the Company were unable to attend the 2018 annual general meeting of the Company due to other business engagements.

(5) Under Code Provision C.2.5, the issuer should have an internal audit function. During the period under review, the Company has not yet established a formal internal audit department. However, the Company considers the Group's existing risk management and internal control mechanisms are effective to safeguard the Group's assets and the shareholders' investment. In order to cope with the business expansion, a formalised internal audit functional department will be considered to establish in the future.

(6) Under Code Provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration and nomination committees to attend. However, the chairman of the board and the chairmen of the board committees were unable to attend the 2018 annual general meeting of the Company due to other business engagements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. All the directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in accordance with Rule 3.21 of the Listing Rules and Code Provision C.3. The current members of the Audit Committee comprise three independent non-executive directors, namely Dr. Huan Guocang (committee chairman), Dr. Jin Lizuo and Dr. Wang Jianping.

The Audit Committee has reviewed the interim results, financial positions, risk management, internal control, impacts of the new accounting standards and management issues of the Group during the six months ended 30 June 2018.

PURCHASE, REDEMPTION, OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2018.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2018 interim report containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.beegl.com.hk) in due course.

APPRECIATION

The Board would like to express our gratitude to all employees, shareholders and parties from different sectors for their support to the Group.

By order of the Board
E Meng
Chairman

Hong Kong, 30 August 2018

As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. E Meng, Mr. Ke Jian, Ms. Sha Ning and Mr. Ng Kong Fat, Brian, and five independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng and Mr. Cheung Ming.