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**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 2017**

**HIGHLIGHTS**

- The Group's revenue from continuing operations for the six months ended 30 June 2017 amounted to HK\$425.01 million, increased by 1.64 times as compared with HK\$160.92 million in the corresponding period of last year.
- EBITDA for the period from continuing operations amounted to HK\$198.19 million, increased by 3.06 times as compared with HK\$48.80 million in the corresponding period of last year.
- Profit for the period from continuing operations attributable to members of the Company was HK\$70.68 million, increased by 2.27 times as compared with HK\$21.62 million in the corresponding period of last year. Profit for the period attributable to members of the Company was HK\$70.68 million, decreased by 23% as compared with HK\$91.80 million (included profit from a discontinued operation of HK\$70.18 million) in the corresponding period of last year.
- Basic earnings per share was HK4.71 cents.
- Net assets as at 30 June 2017 amounted to HK\$2.53 billion.
- 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 2017, 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 2017*

		<b>For the six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CONTINUING OPERATIONS</b>			
REVENUE	4	<b>425,006</b>	160,923
Cost of sales		<b>(284,220)</b>	(119,706)
		<hr/>	<hr/>
Gross profit		<b>140,786</b>	41,217
Other income and gains, net	4	<b>34,318</b>	21,913
Selling and distribution expenses		<b>(803)</b>	(1,592)
Administrative expenses		<b>(42,906)</b>	(30,972)
Other operating expenses, net		<b>(1,056)</b>	(31)
		<hr/>	<hr/>
<b>PROFIT FROM OPERATING ACTIVITIES</b>			
OF CONTINUING OPERATIONS	5	<b>130,339</b>	30,535
Finance costs	6	<b>(30,909)</b>	(1,734)
Share of profit/(loss) of a joint venture		<b>290</b>	(35)
		<hr/>	<hr/>
<b>PROFIT BEFORE TAX FROM CONTINUING</b>			
OPERATIONS		<b>99,720</b>	28,766
Income tax	7	<b>(23,748)</b>	(8,408)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD FROM</b>			
CONTINUING OPERATIONS		<b>75,972</b>	20,358
<b>DISCONTINUED OPERATION</b>			
Profit for the period from a discontinued operation	8(a)	<b>–</b>	65,740
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>			
		<b>75,972</b>	86,098
		<hr/> <hr/>	<hr/> <hr/>

		<b>For the six months ended 30 June</b>	
		<b>2017</b>	2016
		<b>(Unaudited)</b>	(Unaudited)
<i>Note</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ATTRIBUTABLE TO:</b>			
Members of the Company			
	Continuing operations	<b>70,680</b>	21,617
	Discontinued operation	<u>–</u>	<u>70,179</u>
		<b>70,680</b>	91,796
	Non-controlling interests	<b>5,292</b>	(5,698)
		<u><b>75,972</b></u>	<u>86,098</u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>			
		<i>10</i>	
– Basic (HK cents)			
	For profit for the period	<u><b>4.71</b></u>	<u>6.12</u>
	For profit for the period from continuing operations	<u><b>4.71</b></u>	<u>1.44</u>
– Diluted (HK cents)			
	For profit for the period	<u><b>2.10</b></u>	<u>4.24</u>
	For profit for the period from continuing operations	<u><b>2.10</b></u>	<u>1.06</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>75,972</u>	<u>86,098</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
– Translation of foreign operations	110,001	(62,104)
– Release upon disposal of subsidiaries during the period	<u>–</u>	<u>(37,289)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	<u>110,001</u>	<u>(99,393)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u><u>185,973</u></u>	<u><u>(13,295)</u></u>
ATTRIBUTABLE TO:		
Members of the Company	173,802	(6,669)
Non-controlling interests	<u>12,171</u>	<u>(6,626)</u>
	<u><u>185,973</u></u>	<u><u>(13,295)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

		30 June 2017 (Unaudited) <i>HK\$'000</i>	31 December 2016 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
Non-current assets:			
Property, plant and equipment		837,172	743,847
Investment properties		89,060	86,091
Prepaid land lease payments		50,047	48,945
Goodwill		1,122,551	1,122,551
Operating concessions		2,127,695	2,009,485
Other intangible assets		129,670	128,026
Investment in a joint venture		6,185	5,895
Receivables under service concession arrangements	11	2,059,572	1,989,998
Prepayments, deposits and other receivables		12,853	21,608
Deferred tax assets		25,021	24,937
		6,459,826	6,181,383
Total non-current assets			
Current assets:			
Prepaid land lease payments		1,173	1,134
Inventories		20,027	18,184
Amounts due from contract customers		10,127	–
Receivables under service concession arrangements	11	48,025	46,801
Trade and bills receivables	12	184,875	152,383
Prepayments, deposits and other receivables		102,691	52,830
Pledged deposits		2,299	8,704
Cash and cash equivalents		2,004,299	1,960,314
		2,373,516	2,240,350
Total current assets			
<b>TOTAL ASSETS</b>		<b>8,833,342</b>	<b>8,421,733</b>

		<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to members of the Company</b>			
Share capital		<b>2,227,564</b>	2,227,564
Equity component of convertible bonds		<b>158,687</b>	158,687
Other reserves		<b>(75,366)</b>	(249,168)
		<b>2,310,885</b>	2,137,083
<b>Non-controlling interests</b>		<b>220,069</b>	207,898
<b>TOTAL EQUITY</b>		<b>2,530,954</b>	2,344,981
<b>Non-current liabilities:</b>			
Bank and other borrowings		<b>701,747</b>	661,689
Convertible bonds		<b>2,074,178</b>	2,846,457
Provision for major overhauls		<b>4,012</b>	3,878
Deferred income		<b>168,956</b>	160,115
Deferred tax liabilities		<b>249,066</b>	237,853
<b>Total non-current liabilities</b>		<b>3,197,959</b>	3,909,992
<b>Current liabilities:</b>			
Trade payables	<i>13</i>	<b>342,670</b>	292,583
Other payables and accruals		<b>1,840,614</b>	1,767,108
Bank and other borrowings		<b>101,724</b>	73,555
Convertible bonds		<b>788,637</b>	–
Tax payables		<b>30,784</b>	33,514
<b>Total current liabilities</b>		<b>3,104,429</b>	2,166,760
<b>TOTAL LIABILITIES</b>		<b>6,302,388</b>	6,076,752
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,833,342</b>	8,421,733

*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 2017, the Company and its subsidiaries (collectively referred to as the “Group”) were principally involved in 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. The Group has disposed of its information technology (“IT”) business during the prior year and the IT business was classified as a discontinued operation.

At 30 June 2017, 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 (“BEGCL”), 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.

### **2.1 BASIS OF PREPARATION**

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with the applicable disclosure provisions 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 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 consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) issued by the HKICPA, accounting policies generally accepted in Hong Kong and the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2.2 below.

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that as at 30 June 2017 its current liabilities exceeded its current assets. 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 2016 that is included in the condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company's auditors have reported on the financial statements for the year ended 31 December 2016. 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.

## **2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on the interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.



### **3. 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 sales of electricity and steam generated from waste incineration.
- (b) the corporate and others segment comprises property investment and corporate income and expense items.
- (c) the IT segment comprises the sale of IT related products, the provision of system integration and maintenance services and software development (disposed of during the prior years and classified as a discontinued operation, note 8).

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 from continuing operations. The adjusted profit/(loss) for the period attributable to members of the Company from continuing operations is measured consistently with the Group's profit/(loss) attributable to members of the Company from continuing operations.

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 and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2017 and 2016.

	Continuing operations			Discontinued operation	
	Solid waste treatment	Corporate and others	Total	IT	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>For the six months ended 30 June 2017</b>					
Segment revenue	425,006	–	425,006	–	425,006
Cost of sales	(284,220)	–	(284,220)	–	(284,220)
Gross profit	<u>140,786</u>	<u>–</u>	<u>140,786</u>	<u>–</u>	<u>140,786</u>
Profit/(loss) from operating activities	135,237	(4,898)	130,339	–	130,339
Finance costs	(14,551)	(16,358)	(30,909)	–	(30,909)
Share of profit of a joint venture	290	–	290	–	290
Profit/(loss) before tax	120,976	(21,256)	99,720	–	99,720
Income tax	(20,801)	(2,947)	(23,748)	–	(23,748)
Profit/(loss) for the period	<u>100,175</u>	<u>(24,203)</u>	<u>75,972</u>	<u>–</u>	<u>75,972</u>
Segment profit/(loss) attributable to members of the Company	<u>94,862</u>	<u>(24,182)</u>	<u>70,680</u>	<u>–</u>	<u>70,680</u>
<b>For the six months ended 30 June 2016</b>					
Segment revenue	160,923	–	160,923	14,747	175,670
Cost of sales	(119,706)	–	(119,706)	(16,560)	(136,266)
Gross profit/(loss)	<u>41,217</u>	<u>–</u>	<u>41,217</u>	<u>(1,813)</u>	<u>39,404</u>
Profit/(loss) from operating activities	34,921	(4,386)	30,535	(13,999)	16,536
Gain on disposal of a subsidiary	–	–	–	80,970	80,970
Finance costs	–	(1,734)	(1,734)	(27)	(1,761)
Share of losses of joint ventures	(35)	–	(35)	(1,204)	(1,239)
Profit/(loss) before tax	34,886	(6,120)	28,766	65,740	94,506
Income tax	(9,261)	853	(8,408)	–	(8,408)
Profit/(loss) for the period	<u>25,625</u>	<u>(5,267)</u>	<u>20,358</u>	<u>65,740</u>	<u>86,098</u>
Segment profit/(loss) attributable to members of the Company	<u>26,877</u>	<u>(5,260)</u>	<u>21,617</u>	<u>70,179</u>	<u>91,796</u>

An analysis of the Group's assets and liabilities by operating segment is as follows:

	<b>30 June</b> <b>2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2016 (Audited) HK\$'000
<b>Total assets</b>		
Continuing operations:		
Solid waste treatment	<b>7,640,001</b>	7,219,078
Corporate and others	<b>1,193,341</b>	1,202,655
	<b>8,833,342</b>	8,421,733
<b>Total liabilities</b>		
Continuing operations:		
Solid waste treatment	<b>3,409,823</b>	3,187,489
Corporate and others	<b>2,892,565</b>	2,889,263
	<b>6,302,388</b>	6,076,752

#### **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 2017, the Group had transactions with three external customers (six months ended 30 June 2016: three) from each of which the revenue derived accounted for over 10% of the Group's total revenue from continuing operations. The revenue from continuing operations generated from sales to each of these customers is set out below:

	For the six months ended 30 June	
	2017 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>
Customer A	<b>62,879<sup>#</sup></b>	88,492 <sup>#</sup>
Customer B	<b>57,338</b>	–
Customer C	<b>46,325<sup>#</sup></b>	–
Customer D	N/A	28,016
Customer E	N/A	21,849

<sup>#</sup> 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 from continuing operations.

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

Revenue represents an appropriate proportion of contract revenue of construction contracts relating to solid waste treatment, income from household waste treatment, hazardous and medical waste treatment, sales of electricity and steam, net of value added tax and government surcharges.

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

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Household waste treatment*	<b>104,654</b>	22,118
Hazardous and medical waste treatment	<b>26,929</b>	–
Sale of electricity	<b>184,097</b>	49,438
Sale of steam	<b>122</b>	875
Construction and related services*	<b>109,204</b>	88,492
	<u><b>425,006</b></u>	<u>160,923</u>
<b>Other income</b>		
Interest income	<b>5,903</b>	3,923
Value added tax refund	<b>24,567</b>	4,699
Government grant <sup>#</sup>	<b>522</b>	–
Rental income	<b>1,452</b>	1,507
Others	<b>771</b>	304
	<u><b>33,215</b></u>	<u>10,433</u>
<b>Gains, net</b>		
Foreign exchange differences, net	<b>1,103</b>	11,480
	<u><b>34,318</b></u>	<u>21,913</u>

\* Imputed interest income under service concession arrangements during the period amounting to HK\$49,941,000 (six months ended 30 June 2016: HK\$14,269,000) were included in the revenue derived from household waste treatment services and construction and related services.

<sup>#</sup> 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 provinces.

## 5. PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Depreciation	20,577	7,370
Amortisation of prepaid land lease payments*	580	271
Amortisation of operating concessions*	43,029	8,781
Amortisation of other intangible assets*	3,370	1,875
	<u>20,577</u>	<u>7,370</u>

\* The amortisation of prepaid land lease payments, operating concession and other intangible assets (excluding computer software) are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

## 6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 June	
	2017	2016
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest on bank and other borrowings	18,400	–
Imputed interest on convertible bonds	16,358	1,734
	<u>18,400</u>	<u>1,734</u>
Total finance costs	34,758	1,734
Less: Interest included in construction in progress	(3,849)	–
	<u>(3,849)</u>	<u>–</u>
	<u>30,909</u>	<u>1,734</u>

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). 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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current – Mainland China	20,011	2,440
Deferred	3,737	5,968
Total tax expense	<u>23,748</u>	<u>8,408</u>

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.

## 8. DISCONTINUED OPERATION

The Group has completed the disposal of its IT business during the six months ended 30 June 2016 and the IT business was classified as a discontinued operation for the six months ended 30 June 2016.

- (a) The results of a discontinued operation dealt with in the interim condensed consolidated financial statements for the six months ended 30 June 2016 are summarised as follows:

	For the six months ended 30 June 2016 (Unaudited) HK\$'000
Revenue	14,747
Other income and gains, net	225
Gain on disposal of subsidiaries ( <i>note (b)</i> )	80,970
Cost of sales and operating expenses	<u>(28,998)</u>
Share of loss of a joint venture	<u>66,944</u> <u>(1,204)</u>
Profit before tax and profit for the period from a discontinued operation	<u>65,740</u>
Attributable to:	
Members of the Company	70,179
Non-controlling interests	<u>(4,439)</u>
	<u>65,740</u>

(b) An analysis of gain on disposal of subsidiaries is as follows:

	For the six months ended 30 June 2016 (Unaudited) HK\$'000
Net assets disposed of:	
Property and equipment	5,503
Other intangible assets	980
Investment in a joint venture	11,227
Investments in associates	2,887
Inventories	7,633
Amounts due from contract customers	833
Trade receivables	76,616
Prepayments, deposits and other receivables	69,793
Pledged deposits	12,134
Cash and cash equivalents	107,412
Trade and bills payables	(71,577)
Amounts due to contract customers	(319)
Interest-bearing bank borrowings	(6,024)
Other payables and accruals	(116,965)
Non-controlling interests	(18,571)
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	81,562
Exchange fluctuation reserve realised	(37,289)
Transaction costs	757
Gain on disposal of subsidiaries, included in a discontinued operation ( <i>note (a)</i> )	80,970
	<hr/>
Satisfied by cash	126,000
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## 9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: 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, the profit from continuing operations attributable to members of the Company and the weighted average number of ordinary shares in issue during the period.

The calculations of the diluted earnings per share amounts are based on the profit for the period attributable to members of the Company, the profit from continuing operations 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 dilutive share options and the deemed conversion of convertible bonds at the beginning of period.

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

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>For profit for the period:</b>		
Profit for the period attributable to members of the Company, used in the basic earnings per share calculations	<b>70,680</b>	91,796
Interest on convertible bonds	<b>16,358</b>	1,734
	<hr/>	<hr/>
Profit for the period attributable to members of the Company, used in the diluted earnings per share calculations	<b>87,038</b>	93,530
	<hr/>	<hr/>
<b>For profit for the period from continuing operations:</b>		
Profit for the period from continuing operations attributable to members of the Company, used in the basic earnings per share calculations	<b>70,680</b>	21,617
Interest on convertible bonds	<b>16,358</b>	1,734
	<hr/>	<hr/>
Profit for the period from continuing operations attributable to members of the Company, used in the diluted earnings per share calculations	<b>87,038</b>	23,351
	<hr/> <hr/>	<hr/> <hr/>



## 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 aged 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 aged 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:

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Within 3 months	<b>139,096</b>	120,564
4 to 6 months	<b>34,683</b>	14,548
7 to 12 months	<b>711</b>	10,236
1 to 2 years	<b>9,936</b>	2,515
2 to 3 years	<b>326</b>	2,543
Over 3 years	<b>123</b>	1,977
	<hr/> <b>184,875</b> <hr/>	<hr/> 152,383 <hr/>

### 13. TRADE PAYABLES

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

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

	<b>30 June 2017 (Unaudited) HK\$'000</b>	31 December 2016 (Audited) HK\$'000
Billed:		
Less than 3 months	<b>88,639</b>	25,111
4 to 6 months	<b>1,402</b>	3,127
7 to 12 months	<b>6,889</b>	679
Over 1 year	<b>11,085</b>	20,193
	<b>108,015</b>	49,110
Unbilled	<b>234,655</b>	243,473
	<b>342,670</b>	292,583

Included in the trade payables of the Group as at 30 June 2017 is an amount of HK\$69,095,000 (31 December 2016: HK\$80,331,000) due to a non-controlling equity holder. 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 2017 amounted to HK\$730,913,000 (31 December 2016: net current assets of HK\$73,590,000) and HK\$5,728,913,000 (31 December 2016: HK\$6,254,973,000), respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group has completed the acquisition of (1) five household waste incineration projects, namely Gaoantun Project (北京高安屯垃圾焚燒項目), Zhangjiagang Project (張家港市生活垃圾焚燒發電廠項目), Ha'erbin Project (哈爾濱雙琦垃圾焚燒發電項目), Shuyang Project (江蘇省沭陽縣垃圾焚燒發電項目) and Wenchang Project (文昌市生活垃圾焚燒發電廠項目); and (2) one hazardous and medical waste treatment project, namely Hengxing Project (湖南省衡陽危險廢物處置中心項目) in October 2016, the current waste treatment project portfolio operated by the Group is as follows:

	Number of projects		Waste treatment capacity		
	For the six months ended 30 June		For the six months ended 30 June		
	2017	2016	2017	2016	
Household waste incineration:					
In operation	7	2	6,525	1,600	tonnes/day
In construction*	1	1	2,500	2,500	tonnes/day
Hazardous and medical waste treatment:					
In operation	<u>1</u>	<u>–</u>	<u>35,000</u>	<u>–</u>	tonnes/year

\* excluded expansion construction in progress

## Waste treatment operation

An analysis of the performance of the Group's waste treatment plants in operation is as follow:

	For the six months ended 30 June		
	2017	2016	Growth
Household waste handled (tonnes)	<b>1,283,976</b>	338,656	2.79 times
Hazardous and medical waste handled (tonnes)	<b>18,771</b>	–	
On-grid electricity (million kWh)	<b>311.76</b>	75.78	3.11 times
Revenue (HK\$ million)	<b>315.80</b>	72.43	3.36 times
EBITDA (HK\$ million)	<b>188.58</b>	35.99	4.24 times

## Construction of waste treatment plants

The Haidian Project (北京市海澱區循環經濟產業園再生能源發電廠項目) is in its final testing and commissioning stage. Further technical improvement on the plant facilities have been carried out during the period for well preparation of the targeted commencement of its trial operation in late 2017.

With the increasing demand of local waste treatment capacities and environmental standards, the Group has commenced expansion construction programs and technical modifications for Taian Project (山東泰安生活垃圾焚燒發電項目), Changde Project (常德市生活垃圾焚燒發電項目) and Shuyang Project. Taian Project includes two production lines each equipped a grate furnace of waste treatment capacity of 600 tonnes/day, and Changde Project includes an additional production line equipped with a grate furnace of waste treatment capacity of 600 tonnes/day.

## BUSINESS PROSPECT

With the operations of the two high quality and representative projects in Beijing, Haidian Project and Gaoantun Project, it will enhance the Group's overall capacities and market position as the leading company in the solid waste treatment industry in Beijing and lay a firm foundation for expansion in the future.

Meanwhile, the Company has been seeking for tenders and merger and acquisition opportunities in solid waste treatment business (including the existing solid waste treatment projects owned by its holding company, Beijing Enterprises Holdings Limited, and its subsidiaries in Mainland China) with a view to enrich its existing business portfolio, solidify the position of the Company in solid waste treatment industry, capturing larger market share and achieving "economies of scale".

## FINANCIAL REVIEW

### Revenue and gross profit

During the six months ended 30 June 2017, the Group recorded revenue of HK\$425.01 million, increased by 1.64 times as compared with revenue of HK\$160.92 million in corresponding period in 2016. The growth was mainly due to the acquisition of six solid waste treatment projects in October 2016. Gross profit was increased by 2.42 times from HK\$41.22 million to HK\$140.79 million. Average gross profit margin was 33.1% (2016: 25.6%).

	Revenue		Gross Profit	
	For the six months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Household waste treatment	<b>104.65</b>	22.12		
Hazardous and medical waste treatment	<b>26.93</b>	–		
Sales of electricity and steam	<b>184.22</b>	50.31		
	<b>315.80</b>	72.43	<b>104.82</b>	19.07
Construction and related services	<b>109.21</b>	88.49	<b>35.97</b>	22.15
	<b>425.01</b>	160.92	<b>140.79</b>	41.22

### Other income and gains, net

The Group recorded other income and gains, net of HK\$34.32 million during the current period, increased by 56.6% as compared to the corresponding period in 2016 of HK\$21.91 million. The amount for the current period mainly comprised interest income of HK\$5.90 million (2016: HK\$3.92 million), value added tax refunded of HK\$24.57 million (2016: HK\$4.70 million) and foreign exchange gain of HK\$1.10 million (2016: HK\$11.48 million).

### Administrative expenses

Administrative expenses for the current period increased by 38.5% from HK\$30.97 million to HK\$42.91 million as a result of business expansion.

### Finance costs

Finance costs for the current period comprised interests on bank and other borrowings of HK\$14.55 million (2016: Nil) and imputed interest on convertible bonds issued to Idata of HK\$16.36 million (2016: HK\$1.73 million).

## Income tax

Income tax expense for the current period included current Mainland China income tax of HK\$20.01 million (2016: HK\$2.44 million) and deferred tax charge of HK\$3.74 million (2016: HK\$5.97 million). The effective tax rate of the Group was 23.8% (2016: 29.2%).

## Profit for the period

The Group disposed of its information technology business segment (classified as a discontinued operation) in March 2016 and a profit of HK\$65.74 million was recorded during the six months ended 30 June 2016.

The Group's profit for the period from continuing operations amounted to HK\$75.97 million, increased by 2.73 times as compared with HK\$20.36 million in corresponding period in 2016. The Group's profit attributable to members of the Company from continuing operations amounted to HK\$70.68 million, increased by 2.27 times as compared with HK\$21.62 million in corresponding period in 2016.

EBITDA from continuing operations for the current period was HK\$198.19 million, increased by 3.06 times as compared with HK\$48.80 million in corresponding period in 2016.

	<b>Profit for the period</b>		<b>Profit attributable to members of the Company</b>	
	<b>For the six months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Continuous operations				
Solid waste treatment segment	<b>100.17</b>	25.63	<b>94.86</b>	26.88
Corporate and others segment	<b>(24.20)</b>	(5.27)	<b>(24.18)</b>	(5.26)
	<b>75.97</b>	20.36	<b>70.68</b>	21.62
Discontinued operation				
Information technology segment	–	65.74	–	70.18
	<b>75.97</b>	86.10	<b>70.68</b>	91.80



## **FINANCIAL POSITION**

Except for the expansion programs and technical modifications on certain existing household waste incineration plants, the Group had made no material investment, acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2017.

### **Total assets and liabilities**

As at 30 June 2017, the Group had total assets and total liabilities amounted to HK\$8,833.34 million and HK\$6,302.39 million, respectively, increased by HK\$411.61 million and HK\$225.64 million, respectively, as compared to 31 December 2016.

#### *Bank and other borrowings*

Comprised bank loans of HK\$17.59 million and other loans from a fellow subsidiary, 北京控股集團財務有限公司 of HK\$785.88 million, of which HK\$101.72 million were repayable within one year. The Group's bank and other borrowings were all denominated in Renminbi and had a weighted average interest rate of approximately 4.67%.

#### *Convertible bonds*

The outstanding principal amount of non-interest-bearing convertible bonds issued to Idata amounted to HK\$2,993.30 million, of which HK\$791.00 million was due in February 2018 and HK\$2,202.30 million was due in October 2021. For accounting purpose, the convertible bonds were bifurcated into liability component of HK\$2,862.82 million and equity component of HK\$158.69 million.

#### *Other payables and accruals*

Included in other payables and accruals the amounts due to certain fellow subsidiaries of RMB1,350.00 million (equivalent to HK\$1,551.72 million). The fellow subsidiaries have undertaken not to demand repayment of the amounts due to them until such time when the Group is in a position to repay without impairing its liquidity and financial position.

### **Liquidity and financial resources**

The Group adopts conservative treasury policies in cash management. As at 30 June 2017, the Group had cash and cash equivalents amounted to HK\$2,004.30 million (approximately 35% of which were denominated in Renminbi and 65% of which were denominated in Hong Kong dollars and United States dollars), interest-bearing bank and other borrowings amounted to HK\$803.47 million (denominated in Renminbi) and non-interest-bearing convertible bonds in principal amount of HK\$2,993.30 million (denominated in Hong Kong dollars).

As at 30 June 2017, the Group's current liabilities of HK\$3,104.43 million exceeded its current assets of HK\$2,373.52 million. 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.

### Key performance indicators

	<b>For the six months ended 30 June 2017</b>	For the six months ended 30 June 2016	For the year ended 31 December 2016
For profit for the period/year from continuous operations:			
Gross profit margin	<b>33.1%</b>	25.6%	27.7%
Operating profit margin	<b>30.7%</b>	19.0%	25.3%
Net profit margin	<b>17.9%</b>	12.7%	15.0%
Return on average equity	<b>3.2%</b>	1.0%	2.8%
For profit for the period/year:			
Return on average equity	<b>3.2%</b>	4.1%	6.2%
Current ratio (times)	<b>0.76</b>	1.78	1.03
Debt ratio (total debt/total assets)	<b>41.5%</b>	19.3%	42.5%
Gearing ratio (net debt/total equity)	<b>65.7%</b>	N/A	69.1%

### Capital expenditure and commitment

During the period under review, the Group's total capital expenditures amounted to HK\$186.62 million, of which HK\$182.41 million was spent on construction and modification of waste incineration plants and HK\$4.21 million was spent on purchase of items of plant and equipment and other intangible assets. As at 30 June 2017, the Group has capital commitment for service concession arrangements amounted to HK\$375.07 million.

### Charges on the Group's assets

As at 30 June 2017, save as bank deposits of HK\$2.30 million are pledged as security deposits to the government authority to obtain the permission for the construction of solid waste treatment and power generation plant, 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. The differences arising on settlement or translation of monetary items are taken to the statement of profit or loss (recorded a gain of HK\$1.10 million for the six months ended 30 June 2017) and the gains or losses arising on retranslation of foreign operations are recognised in the exchange fluctuation reserve (recorded a gain of HK\$110.00 million for the six months ended 30 June 2017). 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 incineration 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.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2017, the Group had 875 employees (31 December 2016: 867). Total staff cost for the period under review was HK\$73.02 million, increased by 1.63 times as compared with HK\$27.79 million in the corresponding period in 2016. 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.

There was no share option granted, forfeited or lapsed during the period under review. The Company has 38,520,000 share options outstanding as at 30 June 2017, which were granted on 21 June 2011 at an exercise price of HK\$1.25 per share and represented approximately 2.6% of the Company's ordinary shares in issue as at 30 June 2017.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

### **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, 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 2017.

- (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 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 were unable to attend the 2017 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 year under review, the Company did not have an internal audit department. However, the Company considers the Group’s existing risk management and internal control mechanisms are effective and a formalised internal audit function will be set up in the near future in order to cope with the business expansion.
- (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 2017 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. All the Directors 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 2017.

## **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 2017.

## **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 2017.

## **PUBLICATION OF FINANCIAL INFORMATION**

The Company's 2017 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](http://www.hkexnews.hk)) and the Company ([www.beegl.com.hk](http://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, 31 August 2017

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. E Meng, Mr. Ke Jian, Ms. Sha Ning, Ms. Qin Xuemin 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.*