

INTERIM RESULTS 2022

# BEIJING ENTERPRISES HOLDINGS LIMITED

Stock Code : 392



# Promote ESG-related Work in an Orderly Manner

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



During the first half of 2022, BEHL has been promoting ESG-related work in an orderly manner. The Company has identified climate risks based on the TCFD framework, formulated corresponding strategies and disclosed in *BEHL 2021 Sustainability Report*, while some of our subsidiaries have also set corresponding greenhouse gas emission reduction targets.

## Gas Business:



Beijing Gas: Set methane reduction targets, with methane reduction intensity striving to be reduced to less than 0.12% by 2025 and to nearly 0% by 2030;



China Gas: Released the carbon neutral action report, set the carbon neutral target and defined the net zero path, which is of great significance to achieve its own low carbon transformation and drive the energy saving, carbon reduction and green development of the industrial chain.

## Environmental Business:



EEW GmbH: Committed to reducing greenhouse gas emissions from fossil fuels, with targets to achieve "climate neutrality" by 2031 and "climate positive" by 2040;



BE Environment: Achieved the first carbon emission allowance transaction, marking a breakthrough in the work of "carbon emission reduction".

## Beer Business:



Yanjing Brewery: established the ESG Development Committee during the period, formulated an ESG strategic plan, established reasonable rules of procedure, and formed a top-down ESG management organization system.

It will carry out "green governance" through deep cultivation of modern governance, green environmental protection, industrial innovation, and talent cultivation, so as to improve risk response capabilities, and achieve green, low-carbon, recyclable, and sustainable development.

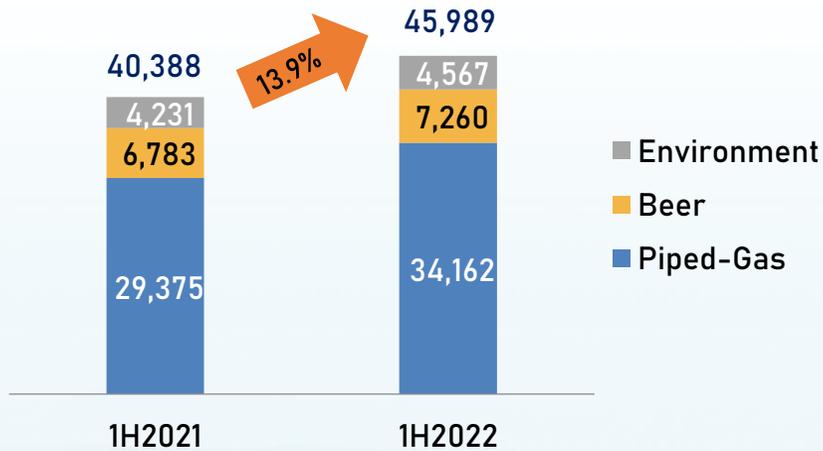
# PART 01

## Results Highlights and Business Updates



# Results Highlights

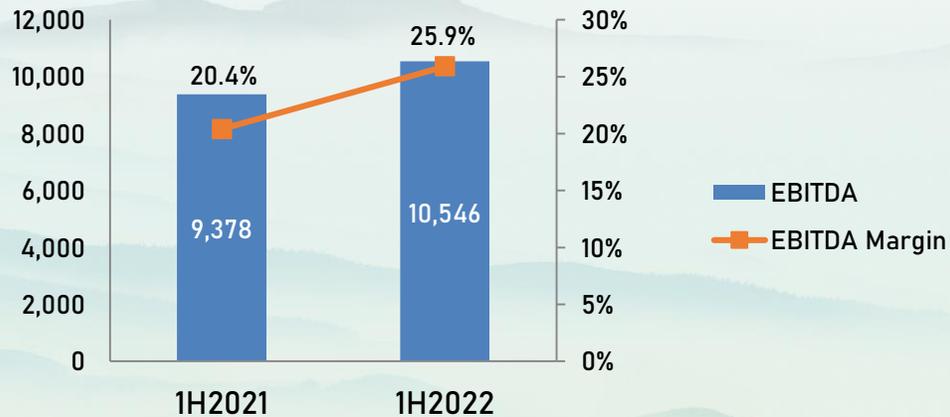
### Revenue (Million HKD)



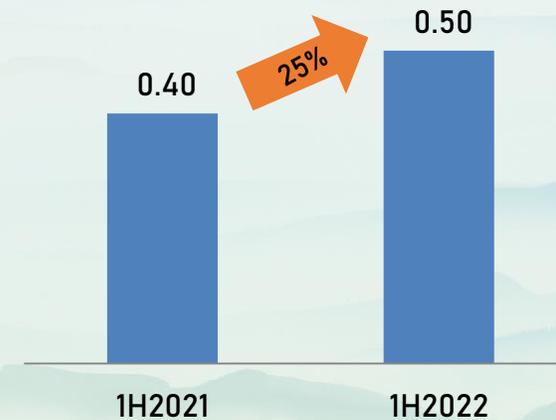
### Profit Attributable to the Company (Million HKD)



### EBITDA & EBITDA Margin (Million HKD)



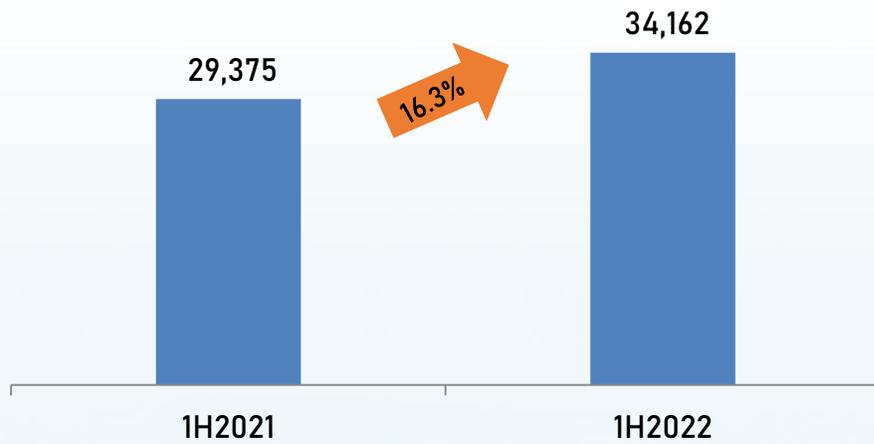
### Interim Dividend (HKD/share)



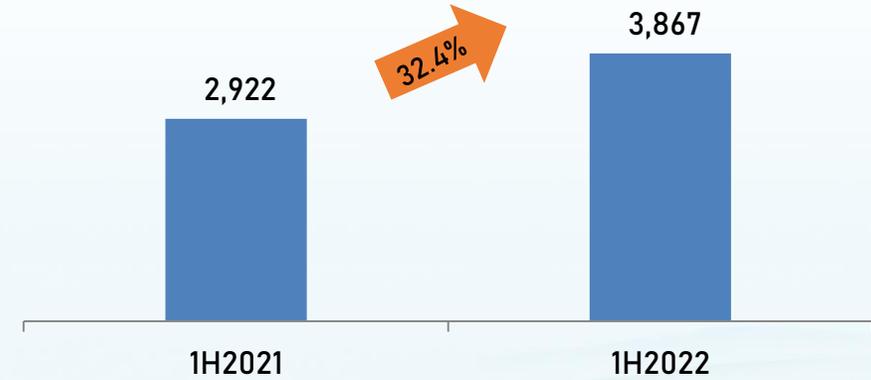


# Results Highlights – Beijing Gas

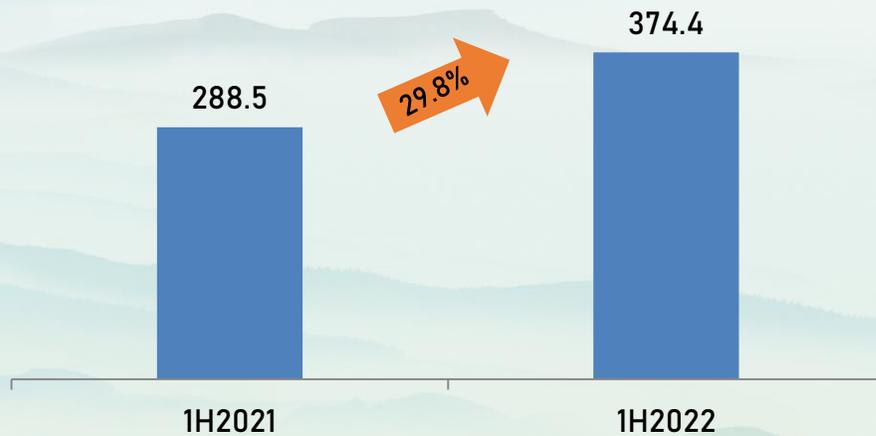
### Revenue (Million HKD)



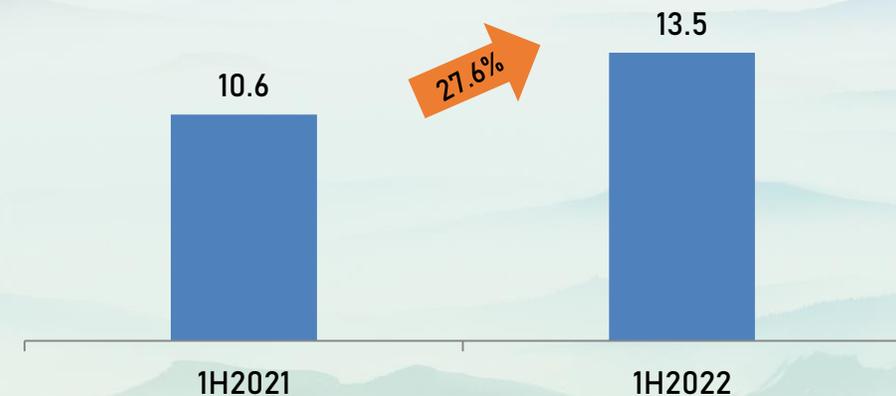
### EBT of Principal Businesses (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft )



### Revenue of Integrated Energy Business (Million HKD)



### EBT of Integrated Energy Business (Million HKD)

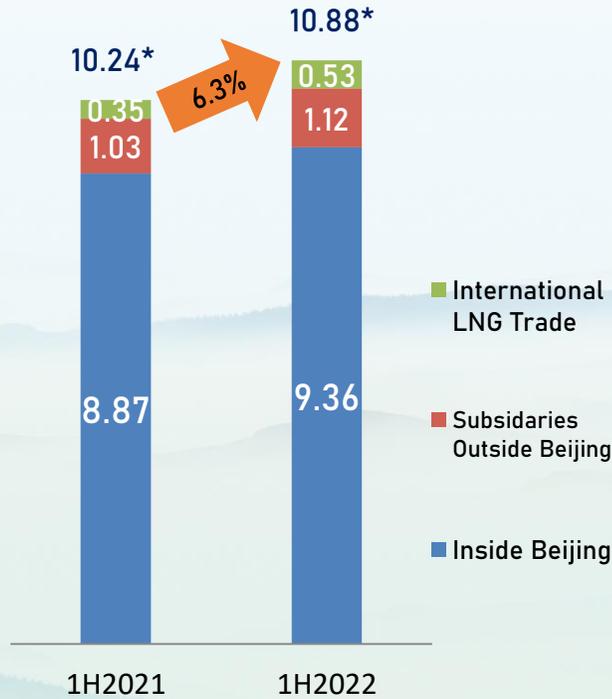




# Results Highlights – Beijing Gas

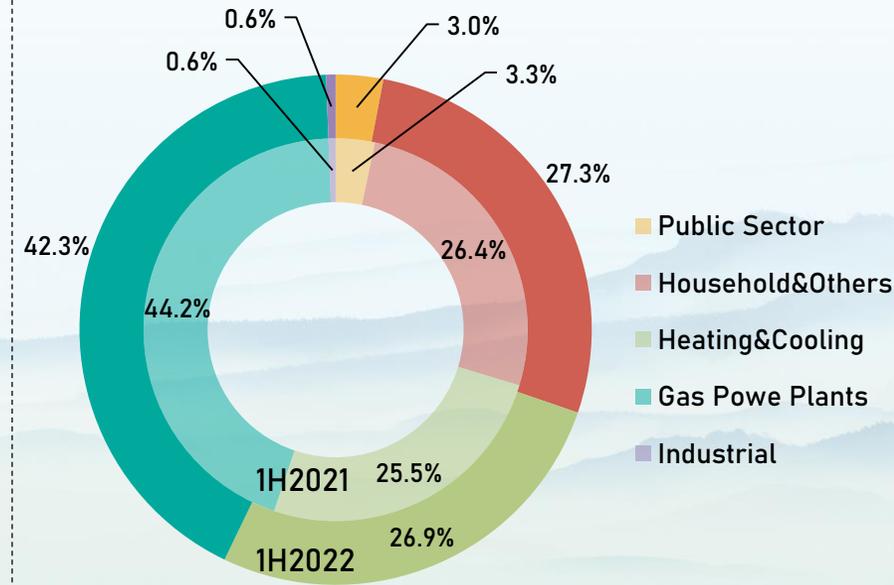
	Items	Operating Data
During 1H2022	New Household Subscribers (thousand)	70.9
	New Public Sector Subscribers	1,492
	New Heating Boiler Subscribers (t/h)	437
As at 30 June 2022	Total Number of Subscribers (mm)	7.19
	Total Length of Pipelines ('000 km)	30.1

### Sales Volume (Billion Cubic Meters)



\*The combined sales volume excluded the duplicate statistics in different classifications

### Analysis of sales volume inside Beijing by user sector



CapEx of 1H2022  
**4.52 Billion** HKD



# Business Updates – Beijing Gas

## Safety Supervision and Management

- Under the guidance of the nationwide and Beijing municipal gas safety inspection and rectification requirements, investigations and rectifications of hidden hazards in gas construction, supply and use were conducted.

## Service Supports for Winter Olympic

- The service support for the Beijing Winter Olympics and Winter Paralympic Games was successfully completed.

## LNG Business

- Deepening international cooperation, expanding visibility and influence in the international market while effectively responding to declining market demand, flexibly adjusting sales strategies and export prices, and promoting the growth of LNG sales scale;
- International trade continues to grow, completing 6 shipments of LNG spot trade in the first half of the year

## Value-added Business

- The management system of value-added business had improved and while the business was developing in a regulated and healthy manner, the categories of terminal products had increased correspondingly along with the daily life usage scenarios of family.

## Key Project

- The principal part of the outbound pipelines for the Tianjin Nangang LNG Emergency Reserve Project was completed, and the same of its terminal project was qualified for acceptance inspection. The four storage tanks and receiving stations under the first phase was completed 85% or more.

## Integrated Energy and New Energy Projects

- Proactively developed new markets for heating supply, and continued to develop the photovoltaic market in Beijing.





# Business Highlights – Investments on Gas Supply Chain

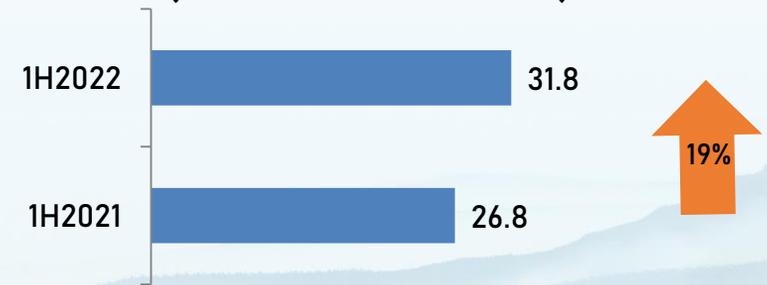
20%  **VCNG of Rosneft**

40%  **PipeChina Group Beijing Pipeline Co., Ltd.**

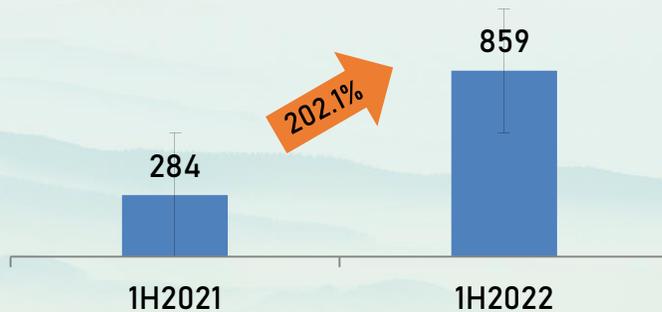
### Petroleum Sales (Million Tons)



### Gas Transmission (Billion Cubic Meters)



### PAT attributable to the Company (Million HKD)



### PAT attributable to the Company (Million HKD)





# Results Highlights & Business Updates – China Gas



Profit Attributable to the Company (Million HKD)

1,268

36.5%

806

1H2021

1H2022

Natural Gas Sales Volume (Billion Cubic Meters)

31.21

17.6%

36.7

FY2020/21

FY2021/22

LPG Sales Volume (Million Tons)

4.25

0.5%

4.27

FY2020/21

FY2021/22

## Natural Gas Business

Accumulated User Number as at 31 March 2022

Residential

43,095,245

Industrial

19,808

Commercial

297,664

CNG/LNG Refilling Stations

533

## LPG Business

Accumulated Number as at 31 March 2022

Receiving Terminals

7

Distribution Projects

106

Wholesale Business

3.55 Million Tons

Retail Business

720 thousand tons

➤ Increased the investments in digital safety management in the first half of the year, and accelerated the development of an OMP system (Operation Management Platform) with group-wide coverage and advanced technology.

➤ The value-added business is continuously optimized, and the sales strategy is actively adjusted and optimized by improving the organizational structure of the value-added business system.

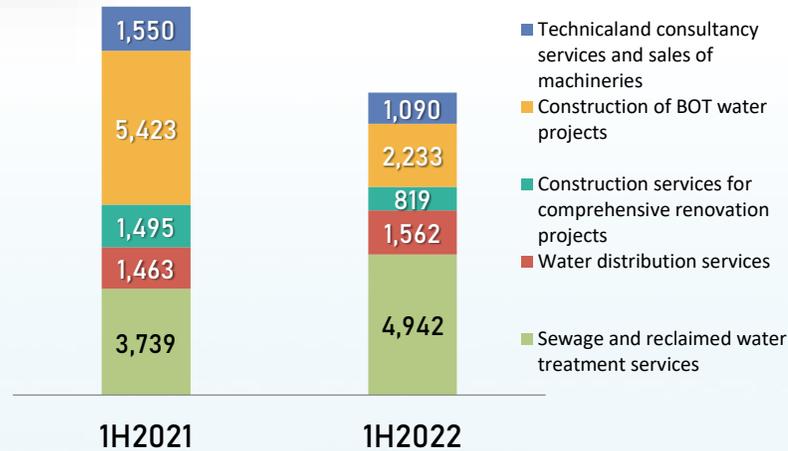
➤ Actively developing new "dual carbon" businesses, expand the low-carbon ecosystem, and make great efforts in the green financial market.



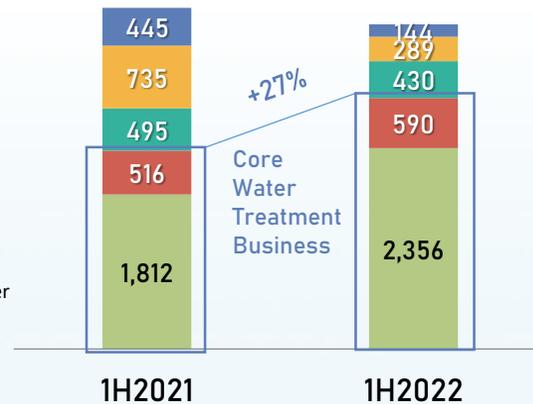
# Results Highlights & Business Updates - BEWG



### Revenue (Million HKD)



### Profit Attributable to Shareholders (Million HKD)



### Deepening regional reform

48 regional companies have been basically established, including 17 in the eastern region; Nine in the west; 11 in the south; 11 in the north.

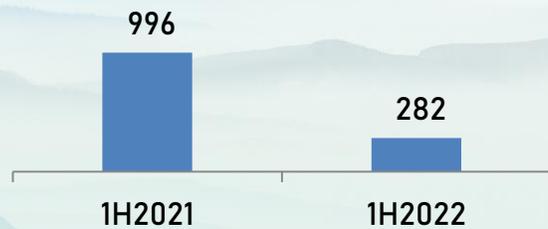


Continue to promote technological innovation unveiled two technical products, BEAOA and BEWG speedgrain, which are of paramount significance to sewage treatment, pollution reduction and carbon reduction and the virtuous circle of the ecosystem.



Deepen the construction of delivery capacity and quality control system Business process reengineered, set up a special group, started research work to ensure the improvement of the process. Established a quality control system to deepen quality control and improvement.

### Profit Attributable to the Company (Million HKD)



#### Reason:

- (1) In the first half of the year, BEWG recognized deemed disposal loss of an associate of HK \$1.09 billion due to one-off items;
- (2) In the first half of the year, the repeated COVID-19 outbreak in mainland China caused a decrease in net profit from construction services for the water environmental renovation.



1,165 Sewage Treatment Plants



2 Seawater Desalination Plants



185 Water Distribution Plants



60 Reclaimed Water Treatment Plants



Total Design Capacity 45,382,478 tons/day

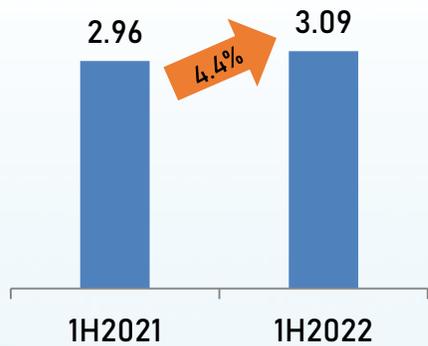
Net Increase in Design Capacity 496,516 Tons/Day

# Results Highlights & Business Updates – Environmental Business

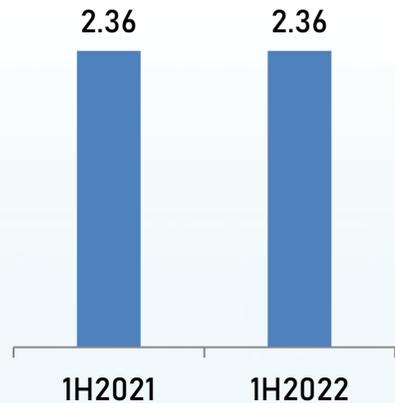
## EEW GmbH

EEW performed well in the first half of the year as the prices of energy (electricity, heat and steam) were higher than the same period last year.

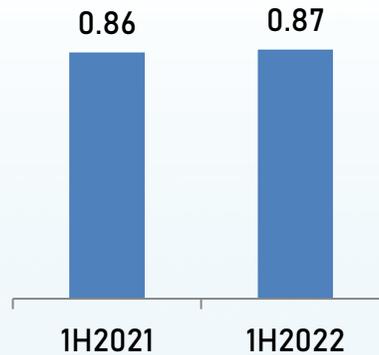
Revenue of EEW  
(Billion HKD)



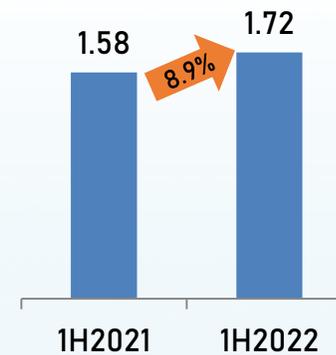
EEW Waste Treatment  
Volume (Million Tons)



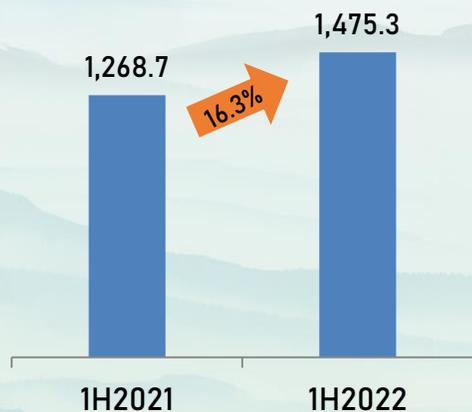
EEW Electricity Sales  
Volume (Billion KWH)



EEW Heat and Steam  
Sales Volume (Billion KWH)



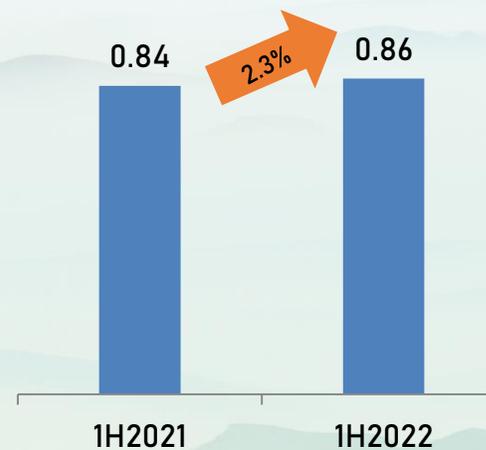
Domestic Project Revenue  
(Million HKD)



Domestic Waste Treatment  
Volume (Million Tons)



Domestic On grid Power  
Generation Volume (Billion KWH)

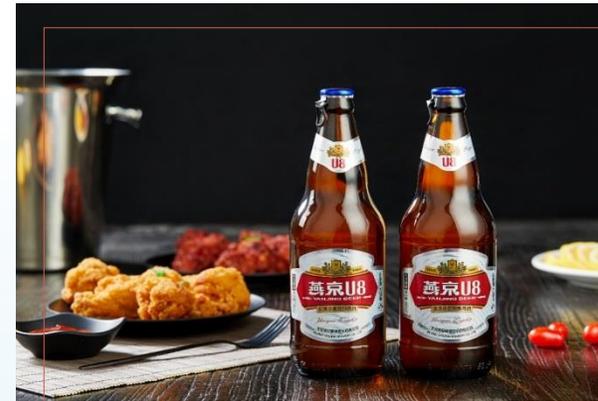
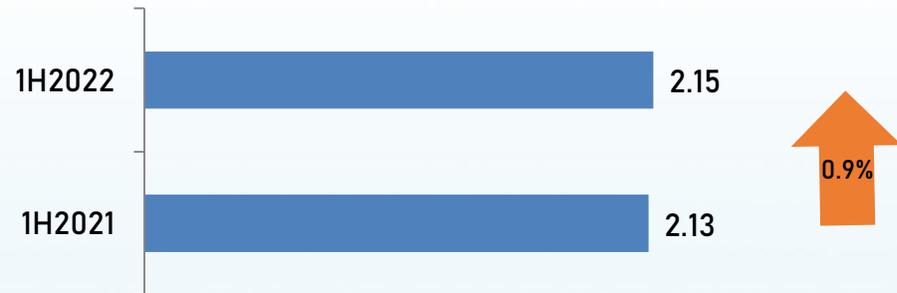


## Domestic Solid Waste Treatment Business (BE Environment, BEHET and etc.)

- Domestic solid waste platform comprehensively improves enterprise operating efficiency and reduces production cost;
- The key project Beihai Municipal solid waste incineration power generation project is actively advancing.

# Results Highlights & Business Updates – Yanjing Brewery

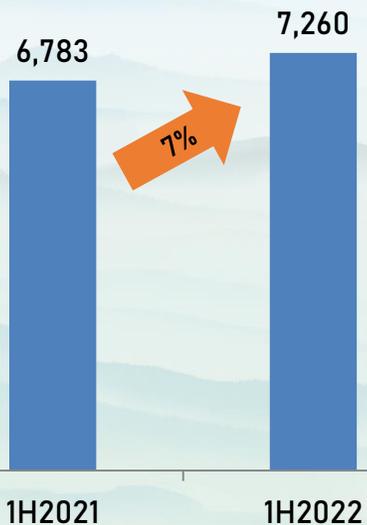
Beer Sales Volume  
(Million Kiloliters)



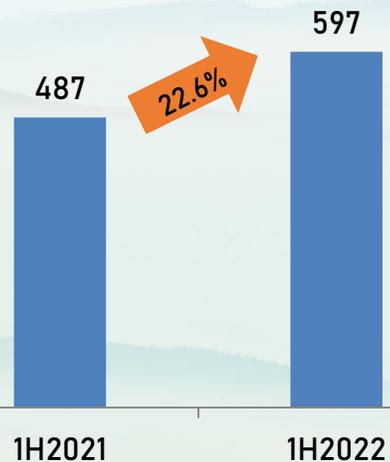
Deepen core strategies and build up potential energy for U8

Focused on U8 strategy and inclined marketing resource investment. Yanjing U8 achieved aggregate sales volume of 21.4 million liters in the first half of the year, up 58% year on year, and the total sales volume accounted for more than 11%. It has become the first real national bulk single product of Yanjing and one of the fastest growing bulk single products in the industry during the past two years.

Revenue (Million HKD)



Profit Before Tax  
(Million HKD)



Actively respond to pressure, accelerate the adjustment of product structure

Yanjing has taken a number of measures to actively respond to the double pressure of the epidemic and the rising cost of raw and auxiliary materials, lock prices in advance to control the rise of raw material costs, accelerate the pace of product structure adjustment, increase revenue, optimize capacity, tap potential cost reduction and increase efficiency, as well as promote the steady growth of economic benefits.



According to the *2022 China's 500 Most Valuable Brands* analysis report, Yanjing's brand value reached **163.79 Billion RMB**

# PART 02 Outlook





# Outlook – Macroeconomic Situations



Oil and other commodity prices rose sharply



The worsening climate change poses greater challenges to global economic development



Geopolitical uncertainties in Europe and the Asia-Pacific have increased significantly



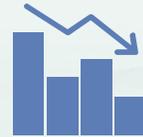
Interest rate hikes and quantitative tightening in developed countries such as EU & US



High inflation in major developed economies will not recede in the short term, and the risk of stagflation continues to rise



The development of utilities is facing challenges



Some local governments are facing a large fiscal gap in revenue and expenditure



China's population may enter a period of negative growth



# Outlook – Challenges and Opportunities

## Challenges

Slower recovery in consumption and investment, more difficulties in the real economy, geopolitical frictions and recurring epidemics increase uncertainty

**Gas:** Continued high oil and gas prices due to the Russian-Ukrainian conflict in the international energy market; natural gas consumption in the Beijing market is gradually approaching its peak of 20 billion cubic meters and tends to be saturated.

**Water:** The incremental market of traditional water business is shrinking and industry concentration is urgently needed to improve.

**Environment:** Traditional business expansion space is limited, the “hunger” phenomenon is gradually revealed, the national subsidies to retreat policy and environmental emission standards and environmental regulation increasingly strict. The war between Russia and Ukraine overlaid with the impact of the epidemic, soaring energy costs, shortage of raw materials, auxiliary materials and operating materials. Risk of breakage in the German energy and steel supply chain, affecting the process of new projects.

**Beer:** The negative impact of the uncertainty of the epidemic on beer consumption, the increase in raw and auxiliary materials and energy prices and the intensification of cost pressures.

## Opportunities

Efficient coordination of epidemic prevention & control with economic & social development work, China's economy will maintain the momentum of recovery

**Gas:** Expanding new energy and integrated energy business, adjusting development ideas and development models, and giving full play to the advantages and role of natural gas in the new energy system; promoting the rationalization of the residential gas price pass-through mechanism and strengthening the management of dollar margin.

**Water:** Water price reform continues to advance, the policy is expected to promote the rapid development of the industry, M&A and restructuring increases, through the development of science and technology, refined operation, efficient equipment, industrial penetration, pulling the industry service paradigm upgrade.

**Environment:** Enhancing comprehensive service capacity, promoting the collaborative disposal of Chinese kitchen waste and sludge blending; EEW seizing the opportunity of the EU's carbon reduction policy and rising energy prices such as electricity prices to carry out carbon capture and the development and application of new technologies, digital internal control management and digital customized service projects, and the deep utilization of waste resources.

**Beer:** More quality-oriented, rapid expansion of mid- to high-end, channel and scenario upgraded



# Outlook – Beijing Gas

## Consolidate and increase market size

Committed to guarantee the supply of services, consolidate and increase the market scale, and promote the integration of value-added business and main business. Accelerate the integration of the piped gas market in Beijing, continue to develop high-quality users in Daxing, Tongzhou and Economic Development Zone

## Integration of Point-to-point supply market

Adopt both pipeline gas replacement and liquid source supply to integrate the point-to point supply market

Accelerate the development of integrated energy and new energy businesses

Strengthen the top-level design of new energy business, and comprehensively develop distributed photovoltaic projects in rural areas and public construction

## Promote LNG procurement

Promote the long-term contracted procurement of LNG resources, and secure long-term resources for the Tianjin Nangang project

## increase the purchase and sale of domestic resources

Promote the unified procurement of market-oriented resources of its own terminal piped gas, and expand the liquid sales market

## Promote the development of value-added services

Promote the integrated development of value-added business and main business, enrich terminal products, and meet the diversified product needs of users.





# Outlook – China Gas

## Maintain a stable and reasonable dollar margin

To ensure reasonable dollar margin, comprehensive means such as increasing the proportion of annual contracted gas volume, accelerating the implementation of the price pass-through mechanism among different regions, implementing the policy of reducing the mid-stream pipeline transmission fee, appropriately expanding the price gap for non-residents, and implementing the fiscal subsidy of local policies for residential gas price shall be adopted

## Vigorously develop value-added services

Pay close attention to national policy changes and vigorously develop asset-light value-added service business



## Develop “dual-carbon” new businesses

Actively incubate and cultivate dual-carbon new energy business, continue to promote the innovation and sustainable development of new business, and help the country achieve the “dual-carbon” target

## Focus on digital development

On the basis of continuous promotion of safe operation management, focusing on digital development, relying on channel advantages, rapidly promote the extension of industrial chain, and lead the gas business to a new level



## Develop traditional business and explore new business

Pursue its medium-term and long-term strategic goals, follow its “customer-oriented and innovation-driven” business philosophy, continue to develop the traditional water services business, and actively explore new businesses such as sludge treatment, wastewater reutilization and industrial wastewater treatment.



## Accelerate digitalization transformation and build brand image

Accelerate its digitalization transformation, build up smart operation management capability, develop customer-oriented innovative technological products, improve operational quality excellence, enhance its core corporate competitive strengths, establish a strong brand image that customers trust, and strive for its vision of “becoming the world-class provider of reliable and leading water services and environmental services”



# Outlook – Environmental Business

## Strengthen operation and expand the market

- With economic benefits improvement as a backbone, it will enhance its refined management, and improve its capabilities in cost control, energy conservation and environmental protection and intelligent operation to name a few.
- Step up efforts in market development, accelerate the pace of project technology reform, and expand income stream while continuing to improve its cash flow.

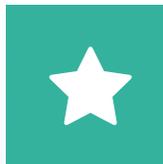


## Proactive plan to stabilize operation

Proactively pay attention to the impact of the Russia-Ukraine situation on the economic growth of Germany and the EU, make preparations in case of shortage in supply of raw materials, auxiliary materials and operating materials as well as deteriorating market prices, and proactively communicate with all parties to minimize the uncertainty to the greatest extent caused by the disruption on project production and operation.



# Outlook – Yanjing Brewery



## Forge U8 bulk single product

Reinforce the strategic core position of U8 and scale up the existing achievements. With developing super bulk single product as the goal, it will concentrate on its advantageous marketing resources, and actively explore innovative model of cooperation with more business categories



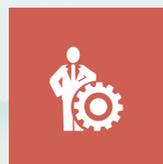
## Enrich the product matrix

Enrich the matrix of mid-to-high-end products, increase high-end products offering, and create model product category



## Strengthen the governance of loss-making enterprises

Continue to strengthen the governance of loss-making enterprises, optimize production capacity layout, and perform well in idle assets transformation and reuse.



## Promote the transformation and reformation

Promote the transformation of supply chain to reduce costs; accelerate the process of production system reform, propel the breadth and depth of premier management systems and optimize system-wide standardized processes.

# Thanks