



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

BEIJING ENTERPRISES HOLDINGS LIMITED

Stock Code : 392

2024

Interim Report





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CORPORATE INFORMATION

As at 29 August 2024

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. YANG Zhichang
Mr. WU Jiesi (*Committee Chairman*)
Mr. LAM Hoi Ham

NOMINATION COMMITTEE

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

INVESTMENT COMMITTEE

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

COMPANY SECRETARY

Mr. TAM Chun Fai *CPA CFA*

STOCK CODE

392

WEBSITE

www.behl.com.hk

SHARE REGISTRAR

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

REGISTERED OFFICE

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Hong Kong Law
Mayer Brown

PRC Law

Haiwen & Partners

PRINCIPAL BANKERS

In Hong Kong

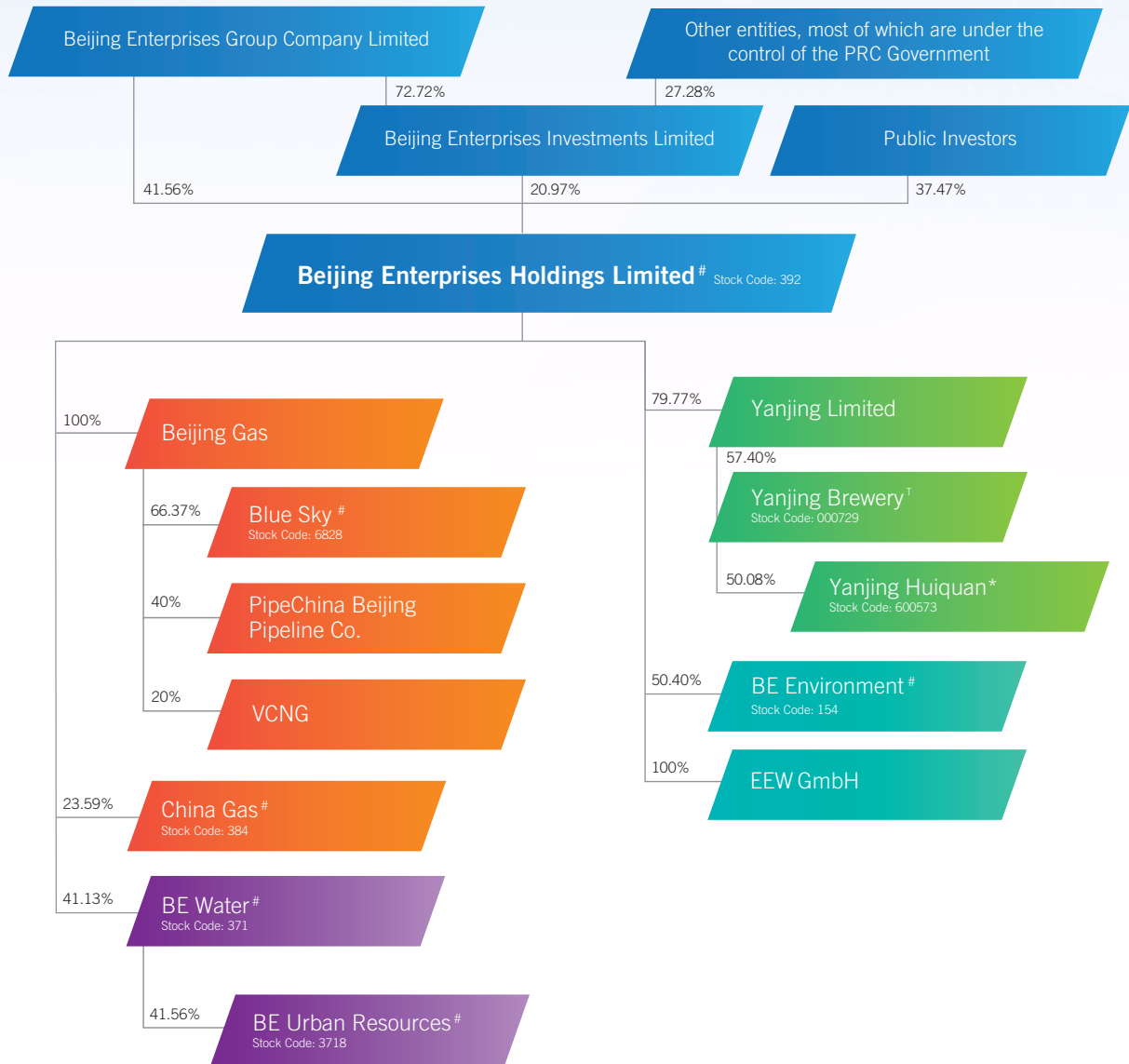
Bank of China, Hong Kong Branch
Bank of Communications, Hong Kong Branch
DBS Bank Ltd., Hong Kong Branch

In Chinese Mainland

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

CORPORATE STRUCTURE

As at 30 June 2024



* Listed on The Shanghai Stock Exchange
 T Listed on The Shenzhen Stock Exchange
 # Listed on The Main Board of The Hong Kong Stock Exchange

FINANCIAL HIGHLIGHTS

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Beijing Enterprises Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Reporting Period”) together with the comparative figures in 2023. The consolidated revenue of the Group for the first half of 2024 was RMB42.32 billion. Profit attributable to shareholders of the Company was RMB3.15 billion, representing a year-on-year decrease of 8.1% after excluding the effect of one-off events in the corresponding period of last year.

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

	Profit after taxation <i>RMB'000</i>	Proportion %
Gas operation	2,797,377	58.0
Water operation	461,514	9.6
Environmental operation	654,233	13.6
Brewery operation	911,523	18.8
Profit from major operations	4,824,647	100
Corporate and others	(950,151)	
Profit of the Group	3,874,496	
Profit attributable to non-controlling interests	(725,053)	
Profit attributable to shareholders of the Company	3,149,443	

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare an interim cash dividend for the six months ended 30 June 2024 (the “Interim Dividend”) of HK85 cents per share (2023: HK93 cents), which will be payable on 1 November 2024 to shareholders whose names appear on the register of members of the Company on 16 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

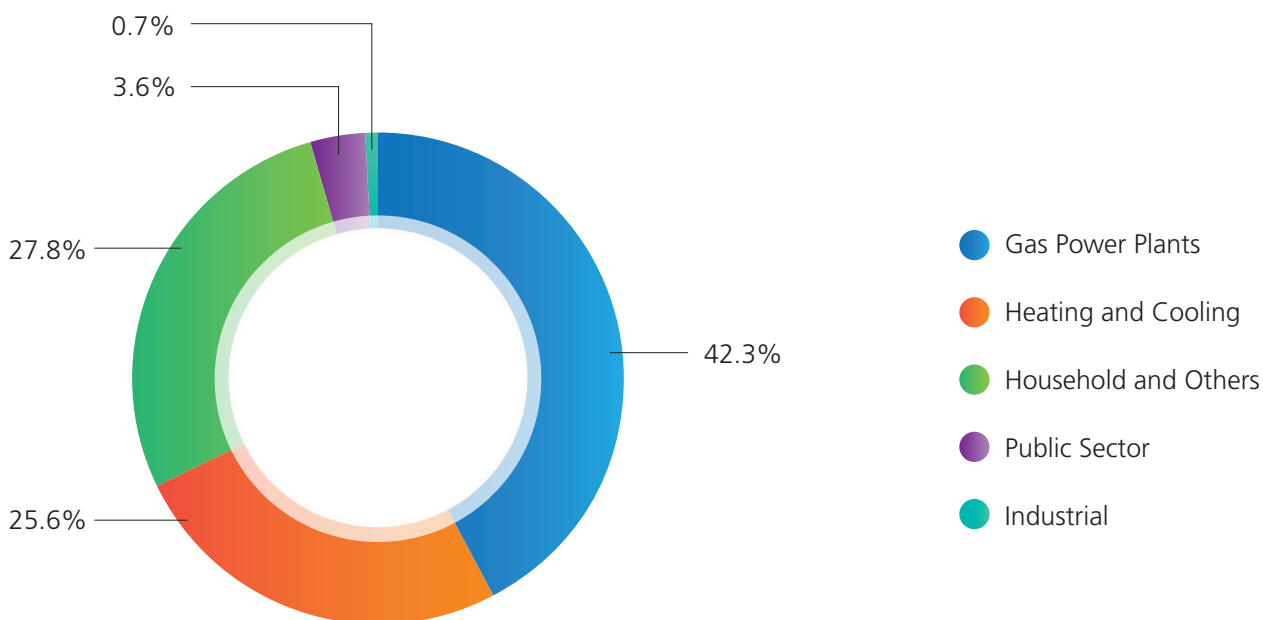
I. Business Review

In the first half of 2024 (the “Reporting Period”), global economic activities and trade rebound stably with gradual recovery in major economies. However, the uncertainties linger on. Investment remained weak due to inflation in the service sector and worldwide unyielding high costs in financing amid high interest rates. In facing a more complicated and acute external environment, China accelerated its economic transformation while maintaining a steady performance. During the Reporting Period, the Company proactively responded to internal and external opportunities and challenges. While focusing on cost reduction and efficiency enhancement in all business segments, we persevere in achieving positive interaction between high-quality development and high-level safety by transforming and incubating new quality productivity factors to maintain steady progress in business development.

Natural Gas Distribution Business of Beijing Gas

Beijing Gas Group Company Limited (“Beijing Gas”) recorded a revenue of RMB30.66 billion in the first half of 2024, representing a year-on-year decrease of 2.9%. Profit before taxation from the principal businesses (including natural gas distribution business, natural gas transmission business and VCNG of Rosneft) was RMB2.56 billion.

In the first half of 2024, Beijing Gas’ combined (excluding duplicate statistics in different categories, and the portion of Beijing Gas Blue Sky Holdings Limited (“Blue Sky”), Stock Code: 6828, was excluded) natural gas sales volume was 11.83 billion cubic metres, including 9.36 billion cubic metres of piped gas sales volume in Beijing, representing a year-on-year increase of 1.4%, 970 million cubic metres of city gas sales volume outside Beijing, 1.42 billion cubic metres of LNG distribution and 800 million cubic metres of LNG international trade. An analysis of the natural gas sales volume accomplished inside Beijing by subscriber sector is shown as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

I. **Business Review** *(Continued)*

Natural Gas Distribution Business of Beijing Gas (Continued)

During the Reporting Period, Beijing Gas developed approximately 54,000 new household subscribers and 1,726 new public sector subscribers in Beijing. New heating boiler subscribers with a total capacity of 420 t/h were developed in Beijing. As of 30 June 2024, Beijing Gas had a total of approximately 8.2 million gas subscribers in and outside Beijing. Beijing Gas' capital expenditure in the first half of the year amounted to approximately RMB2.59 billion.

In the first half year, Beijing Gas focused on key issues and continued to enhance its operating efficiency. While maintaining the core business existing market in Beijing, it optimized the layout of the pipeline network in markets outside Beijing. In the LNG business, it completed the signing of upstream long-term resource agreements and carried out diversified innovation in downstream business models to enhance market adaptability. 12 LNG shipments were completed at the receiving terminal of Tianjin Nangang LNG project during the year. Meanwhile, the first and second phases of the storage tanks and the outbound pipelines were put into operation, thus practically fulfilling the role of emergency peak-regulation to ensure sufficient supply. At the same time, it has accelerated its investment in new projects of hydrogen energy, battery charging and replacing, integrated energy, and photovoltaic while expanding its new energy business.

Natural Gas Transmission Business

PipeChina Group Beijing Pipeline Co., Ltd. ("PipeChina Beijing Pipeline Co.,") recorded a gas transmission volume of 45.01 billion cubic meters in the first half of 2024, representing a year-on-year increase of 21.5%. During the period, Beijing Gas' share of net profit after taxation, through its 40% equity interests in PipeChina Beijing Pipeline Co., amounted to RMB1.24 billion, representing a year-on-year increase of 3.4%.

VCNG of Rosneft

During the Reporting Period, the PJSC Verkhnechonskneftegaz ("VCNG") project of Rosneft Oil Company recorded its petroleum sales of 2.90 million tons, representing a year-on-year decrease of 6.8%. Beijing Gas shared a net operating profit after taxation for the first half of the year of RMB464 million through its 20% equity interest in VCNG, representing a year-on-year decrease of 25.1%.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review *(Continued)*

China Gas

The Group's share of profit of China Gas Holdings Limited ("China Gas", stock code: 384) in the first half of 2024 was RMB280 million, representing an increase of 38.2% when compared with the same period of last year, which was calculated based on the share of profit attributable to shareholders of China Gas for the six months ended 31 March 2024. In the financial year 2024, after assessing the situation, the PRC government introduced a number of policies proactively, thus bringing new momentum to the development of the gas industry. The natural gas pass-through mechanism initially achieved rationalization adjustment, which improved industry-wide dollar margin, further supporting the sound and sustainable development of the gas industry. Adhering to the core spirit of "transforming concepts to strengthen the organization and improving quality for development", China Gas explored new ways to its innovative business growth and realized synergistic development of gas business, value-added business and integrated energy as its core business segments. During the fiscal year ended 31 March 2024, China Gas' total natural gas sales volume increased by 6.2% to 41.7 billion cubic metres, net operating cash flow increased by 13.1% to HK\$11.34 billion and free cash flow surged by 70.2% to HK\$4.29 billion, resulting in the best cash flow performance in history.

Water Business

By implementing the business strategy of "Survival, Efficiency and Development" during the period, Beijing Enterprises Water Group Limited ("BE Water", stock code: 371) leveraged debt restructuring policies to push forward the collection of large receivables. It optimized the asset structure by disposing of non-core assets and low-efficiency assets in the principal business and optimized debt level by adjusting the currency structure of domestic and overseas debts with compressed capital expenditures and new equity financing. Meanwhile, it advanced regional intensification reform to promote quality improvement, efficiency increase and cost reduction in existing operations. BE Water's revenue for the first half year decreased by 6.4% year-on-year to RMB11.31 billion, and profit attributable to its shareholders decreased by 18% year-on-year to RMB1.12 billion. The net profit attributable to the Group was RMB462 million, representing a decrease of 18% year-on-year.

As at 30 June 2024, BE Water participated in 1,457 water plants that are or will be in operation, including 1,217 sewage treatment plants, 167 water distribution plants, 72 reclaimed water treatment plants and 1 seawater desalination plant, with a total design capacity of 44 million tons/day.

Environmental Business

At the end of the first half of the year, the environmental business segment of the Group realized a waste incineration and power generation treatment capacity of 34,687 tons/day. EEW Energy from Waste GmbH ("EEW GmbH") recorded year-on-year growth in its primary business indicators, with a 5.5% increase in its waste treatment volume to 2.51 million tons, a 7% increase in its energy sales volume to 2.69 billion kWh, and a 23.1% increase in its revenue to RMB3.34 billion in the first half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review *(Continued)*

Environmental Business (Continued)

In the first half of the year, the domestic environmental business segment of the Group recorded a waste treatment volume of 3.6181 million tons, representing a year-on-year increase of 7.6%. It completed an on-grid power generation volume of 1.139 billion kWh, representing a year-on-year increase of 5.6%. The solid waste projects in China, including Beijing Enterprises Environment Group Limited (“BE Environment”, stock code: 154) and Beijing Enterprises Holdings Environment Technology Co., Ltd. (“BEHET”) achieved a total revenue of RMB1.15 billion during the period, representing a year-on-year decrease of 20.6%, which was mainly attributable to the year-on-year decrease in construction revenue. The profit attributable to the shareholders of the Group was RMB191 million. During the period, the domestic environmental business segment broadened the market around its main business and tapped into waste incineration resource channels to ensure the stable output of equipment capacity. It successfully won the bidding for the Qidong project, making a major breakthrough in the practice of the light asset operation mode. It deepened the existing projects and facilitated the traditional solid waste projects to carry out technology promotion of heat supply, sludge disposal, and de-nitrification of leachate furnaces segments to name a few to effectively enhance economic value added. The capital expenditure of the Company’s environmental business segment (domestic and overseas) in the first half of the year amounted to approximately RMB1.16 billion.

Beer Business

Beijing Yanjing Brewery Co., Ltd. (“Yanjing Brewery”) grasped the opportunities arising from the consumption recovery during the period, reduced costs and increased efficiency, and maintained growth in its key performance indicators, with the growth rate of its beer sales volume in the first half of the year outpacing the industry average; steadily pushed forward the forming of a management excellence system; steadfastly implemented the strategy of bulk single product, adding several production bases for U8 bulk single product; and enriched the “on-line + off-line” marketing and diversified communication methods, and laid out new scenarios of e-commerce, new retail and experiential consumption to reshape the image of Yanjing Brewery to be youthful and high-end.

During the Reporting Period, Yanjing Brewery achieved a beer sales volume of 2.3049 million kiloliters, representing a year-on-year increase of 0.65%, and the bulk single product represented by Yanjing U8 also achieved steady growth. The revenue that Beijing Yanjing Brewery Investments Co., Limited* (北京燕京啤酒投資有限公司) (“Yanjing Limited”) recorded was RMB7.13 billion during the period, representing a year-on-year increase of 5.0%, with its profit before taxation of RMB1.08 billion, representing a year-on-year increase of 58.8%. The capital expenditure of Yanjing Limited for the year was approximately RMB227 million.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Prospects

The current global economy is expected to continue its recovery and global inflation may continue to fall. Meanwhile, factors such as trade protectionism and geopolitical conflicts will continue to create greater uncertainty, instability and imbalance, which to a certain extent will also have a series of impacts on the Chinese economy. In the second half of the year, the Group will focus on the established business strategies and enhancement initiatives to explore potentials and increase efficiency to reshape its core competitiveness.

Beijing Gas

In the second half of the year, Beijing Gas will control its costs effectively while focusing on production safety. It will consolidate the development of the main market in Beijing while gradually expanding the gas market outside Beijing. It will accelerate the expansion of the substitute processing business by facilitating the marketization of the Nangang project. It will leverage its receiving terminal to expand the domestic LNG distribution market scale. It will increase the volume of LNG trade through resale to lock in the profitability. Beijing Gas will drive the resolution of the incremental cost resulted from advance heating last year and promote the study of a long-term cost pass-through mechanism.

China Gas

In the second half of the year, China Gas will actively promote the implementation of cost pass-through mechanism of city gas projects in various regions and continue to improve the dollar margin level. At the same time, as China's largest cross-regional integrated energy supplier and service provider, China Gas will continue to explore the growth potential of additional services beyond the gas business by leveraging its huge market and customer advantages. It will also actively respond to the country's call for developing a green economy by steadily expanding its integrated energy business and realizing high-quality and sustainable growth through digitalized operations.

Water Business

BE Water will control capital and debt risks stringently and focus on resources to strengthen collection to improve its cash flow. It will accelerate the management of inefficient assets to enhance operational efficiency. By continuously improving the fundamentals of water supply, BE Water will promote the implementation of regional intensive management of sewage business, and enhance the contribution of operating efficiency of the stock assets. It aims to systematically optimize the organization and talent structure through digitalization and intensification of changes to enhance human resources and expense utilization efficiency.

Environmental Business

Domestic business will continue to carry out the management on benchmarking and refined production to stabilize the efficiency of production of the existing solid waste projects. While actively exploring new quality productivity in energy storage, green steam, green methanol, etc., it will promote the diversification of the value-added business chain, such as sludge collaborative treatment and green power trading. It will continue to control various expenses and strengthen the technological development of energy-saving programme to reduce costs, improve the cash flow structure and increase loan repayments to promote the healthy operation of the projects.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Prospects *(Continued)*

Environmental Business (Continued)

For overseas business, EEW Group will continue to expand its solid waste resource channels to reduce operating costs and reasonably control the growth of labour costs to realize the early launch of the new production lines and increase performance contribution.

Beer business

Yanjing Brewery will continue to promote its cost reduction and increase efficiency to strengthen production cost management. It will further enhance inefficient enterprise governance by improving the management program for loss-making enterprises. Yanjing Brewery aims to re-establish its industry-leading position by accelerating the strategy of building U8 as a million-ton bulk single product, as well as committing to collaborative efforts in building a premier management regime, product innovation and marketing upgrade.

III. Financial Review

Revenue

The Group's revenue from operating activities in the first half of 2024 was approximately RMB42.32 billion, a slight decrease of 0.6% when compared with the corresponding period of last year. Of which, the revenue from gas sales was RMB30.66 billion. The revenue from beer sales was RMB7.13 billion. The revenue from the environmental businesses was RMB4.49 billion, which included the revenue of EEW GmbH amounting to RMB3.34 billion and the revenue from other environmental businesses amounting to RMB1.15 billion in total.

Cost of Sales

Cost of sales decreased by 1.6% to RMB35.68 billion year-on-year. The cost of sales of the gas distribution business mainly included the purchase costs of natural gas as well as the depreciation charge of the gas pipeline network. The cost of sales of the brewery business included raw materials, wage expenses, and absorption of certain direct overheads. The cost of sales of the environmental businesses included fuel charges, amortization and waste collection costs.

Gross Profit Margin

The overall gross profit margin was 15.7%, when compared with the 14.8% of the corresponding period of last year, which was mainly due to the effective cost control by Yanjing Brewery, offsetting the impact of the year-on-year decrease in the gross profit margin of Beijing Gas.

Other income and gains, net

Other income and gains, net mainly comprised bank interest income amounting to RMB390 million and government grants of RMB189 million.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Financial Review (Continued)

Selling and Distribution Expenses

Selling and distribution expenses of the Group in the first half of 2024 were RMB1.09 billion, increased by 19.3% when compared with the corresponding period of last year, mainly attributable to the increase from Yanjing Brewery.

Administrative Expenses

Administrative expenses of the Group in the first half of 2024 were RMB3.12 billion, increased slightly by 4.4% when compared with the corresponding period of last year, generally on par with that of the corresponding period of last year.

Other Operating Expenses, net

Other operating expenses, net for corresponding period of last year mainly represented the reversal of impairment of assets of the environmental business recognised and there were no such reversal of impairment in the first half of this year.

Finance Costs

Finance costs of the Group in the first half of 2024 were RMB1.21 billion, generally on par with that of the corresponding period of last year. Amid an environment of continuous rising market interest rates, the Group's finance costs were under effective control by adjusting its debt structure.

Share of Profits and Losses of Associates

Share of profits and losses of associates mainly comprised the 40% share of profit attributable to shareholders of PipeChina Beijing Pipeline Co., the 20% share of profit attributable to shareholders of VCNG, the 23.59% share of profit attributable to shareholders of China Gas and the 41.13% share of profit attributable to shareholders of BE Water.

In the first half of 2024, the Group shared the profit after taxation of PipeChina Beijing Pipeline Co., amounting to RMB1.24 billion, the Group shared the profit after taxation of VCNG amounting to RMB464 million, the Group shared the profit after taxation of China Gas amounting to RMB280 million and the Group shared the net profit of BE Water amounting to RMB462 million.

Taxation

The effective income tax rate was 33.3%, which was higher than the 20.4% of the corresponding period of last year and was mainly due to certain reversals of impairment not subject to tax in the corresponding period of last year and the increase in withholding tax on dividends in the current period.

Profit Attributable to Shareholders of the Company

The profit attributable to the shareholders of the Company in the first half of 2024 was RMB3.15 billion, representing a decrease of 23% when compared with the corresponding period of last year. If excluding the one-off factors in the corresponding period of last year, profit attributable to shareholders decreased by 8.1%.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Non-current Assets

The net carrying amount of property, plant and equipment increased by approximately RMB1.2 billion as compared with that at the end of 2023, which was mainly due to increase in construction projects of Beijing Gas.

Other intangible assets were mainly from EEW GmbH.

Investments in associates increased by RMB1.75 billion, which was mainly due to the Group's share of profits of VCNG, PipeChina Beijing Pipeline Co., BE Water and China Gas in the first half of the year.

The balance of prepayments, other receivables and other assets decreased by RMB216 million, which was primarily attributable to the time deposits and certificates of deposit with maturity over one year placed by Beijing Gas in banks.

Current Assets

Inventories mainly represented the inventory balance of Yanjing Brewery.

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

The balance of trade receivables increased by RMB487 million, which mainly represented the account receivables of Beijing Gas for selling gas during the heating season.

The balance of prepayments, other receivables and other assets increased by RMB1.49 billion, which was mainly because of the dividends receivables of Beijing Gas from VCNG.

Cash and bank deposits balances amounted to RMB33.78 billion, representing an increase of RMB4.92 billion as compared with that at the end of 2023 and the Company continued to maintain abundant cash resources.

Non-current Liabilities

The balance of bank and other borrowings increased by RMB4.46 billion, which was mainly due to the replacement of short-term bank loans with higher interest rates with RMB corporate bonds during the period.

The balance of guaranteed bonds and notes decreased by RMB3.75 billion, which was mainly due to the reclassification of guaranteed bonds and notes maturing within one year following the period to current liabilities.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Current Liabilities

The balance of trade and bills payables increased by RMB215 million, which was basically approximate to that at the end of 2023.

Other payables, accruals and contract liabilities increased by RMB1.98 billion, which was mainly due to the increase in the amount payable by Beijing Gas for the construction works and the increase in the amount payable by Yanjing Brewery for the raw materials.

The balance of bank and other borrowings increased by RMB1.82 billion, which was mainly due to: 1) the addition of approximately RMB3.0 billion of ultra-short-term bank loans by the Company during the period, which offset the impact of the issuance of RMB corporate bonds in exchange for the short-term bank loans, and the relevant ultra-short-term bank loans were repaid after the period; 2) the addition of short-term bank loans by Yanjing Brewery during the period, and the relevant short-term bank loans are expected to be repaid by the end of the year.

Cash and Bank Borrowings

As at 30 June 2024, cash and bank deposits held by the Group amounted to RMB33.78 billion, representing an increase of RMB4.92 billion as compared with that at the end of 2023.

As at 30 June 2024, the Group's total borrowings amounted to RMB82.31 billion, which mainly comprised guaranteed bonds and notes of US\$1.8 billion in total, Euro guaranteed bonds amounting to EUR900 million, RMB corporate bonds amounting to RMB15.25 billion and offshore RMB bank loans amounting to RMB25.5 billion.

Liquidity and Capital Resources

The Group maintains sufficient banking facilities both in Chinese Mainland and Hong Kong for its working capital requirements and has abundant cash resources to finance its capital expenditures in the foreseeable future.

As at 30 June 2024, the issued capital of the Company was 1,258,003,268 shares and equity attributable to shareholders of the Company was RMB83.59 billion. Total equity was RMB95.91 billion when compared with RMB93.05 billion as at the end of 2023. The gearing ratio, being all interest bearing borrowings and guaranteed bonds and notes divided by the sum of total equity plus all interest-bearing borrowings and guaranteed bonds and notes, was 46% (31 December 2023: 45%).

Foreign Exchange Exposure

The majority of the subsidiaries of the Company are operating business in the PRC with most of the transactions denominated and settled in RMB. Currently, the Group is not using any derivative financial instruments to hedge against its risk on foreign exchange rates' fluctuation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2024

		Six months ended 30 June	
	<i>Notes</i>	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited) (Restated)
REVENUE	4	42,324,604	42,560,148
Cost of sales		(35,683,938)	(36,253,941)
Gross profit		6,640,666	6,306,207
Other income and gains, net	5	894,486	804,201
Selling and distribution expenses		(1,089,833)	(913,197)
Administrative expenses		(3,115,539)	(2,984,927)
Other operating expenses, net		(340,156)	506,863
Finance costs	6	(1,210,621)	(1,212,143)
Share of profits and losses of:			
Joint ventures		(1,966)	(23,949)
Associates		2,690,430	2,793,130
PROFIT BEFORE TAX	7	4,467,467	5,276,185
Income tax	8	(592,971)	(511,031)
PROFIT FOR THE PERIOD		3,874,496	4,765,154
ATTRIBUTABLE TO:			
Shareholders of the Company		3,149,443	4,090,917
Non-controlling interests		725,053	674,237
		3,874,496	4,765,154
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	10	RMB2.50	RMB3.25

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
PROFIT FOR THE PERIOD	3,874,496	4,765,154
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(546,755)	(1,448,168)
Share of other comprehensive income/(loss) of associates	(33,141)	193,547
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(579,896)	(1,254,621)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Defined benefit obligations:		
Actuarial gains/(losses), net	(78,662)	61,733
Income tax effect	17,119	(15,360)
	(61,543)	46,373
Equity investments at fair value through other comprehensive income:		
Changes in fair value	210,263	423,819
Income tax effect	(6,970)	(103,808)
	203,293	320,011
Share of other comprehensive income/(loss) of associates	5,909	(7,837)
Exchange differences arising from translation of the Company's financial statements into presentation currency	434,533	1,206,141
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	582,192	1,564,688
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	2,296	310,067
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,876,792	5,075,221
ATTRIBUTABLE TO:		
Shareholders of the Company	3,199,124	4,306,549
Non-controlling interests	677,668	768,672
	3,876,792	5,075,221

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets:			
Property, plant and equipment	<i>11</i>	60,945,831	59,749,529
Investment properties		1,182,708	1,180,403
Right-of-use assets		2,518,599	2,502,633
Goodwill		14,711,347	14,841,407
Operating concessions		5,170,086	4,799,429
Other intangible assets		2,479,661	2,651,019
Investments in joint ventures		259,206	295,703
Investments in associates		60,606,538	58,857,864
Equity investments at fair value through other comprehensive income		1,876,977	1,821,813
Receivables under service concession arrangements	<i>12</i>	3,198,312	3,513,087
Prepayments, other receivables and other assets		5,870,553	6,047,652
Deferred tax assets		2,106,948	2,033,262
Total non-current assets		160,926,766	158,293,801
Current assets:			
Inventories		6,327,342	5,149,652
Receivables under service concession arrangements	<i>12</i>	133,177	131,246
Receivable under a finance lease		285,395	347,814
Trade receivables	<i>13</i>	4,887,703	4,400,278
Prepayments, other receivables and other assets		7,932,358	6,440,545
Other tax recoverables		464,307	512,188
Financial assets at fair value through profit or loss		1,095,105	–
Restricted cash and pledged deposits		14,189	18,346
Cash and cash equivalents		33,777,153	28,858,361
Total current assets		54,916,729	45,858,430
Non-current assets classified as held for disposal		302,475	302,475
Total current assets		55,219,204	46,160,905
TOTAL ASSETS		216,145,970	204,454,706

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	14	28,340,052	28,340,052
Reserves		55,250,649	52,657,672
		83,590,701	80,997,724
Non-controlling interests		12,320,764	12,051,641
TOTAL EQUITY		95,911,465	93,049,365
Non-current liabilities:			
Bank and other borrowings	15	26,630,789	22,174,394
Guaranteed bonds and notes	16	15,914,962	19,667,812
Lease liabilities		474,697	449,239
Defined benefit obligations		2,523,618	2,379,977
Provision for major overhauls and onerous contracts		261,282	282,633
Other non-current liabilities		2,411,051	2,083,212
Deferred tax liabilities		2,095,707	2,144,049
Total non-current liabilities		50,312,106	49,181,316
Current liabilities:			
Trade and bills payables	17	4,990,039	4,774,703
Other payables, accruals and contract liabilities		23,404,986	21,422,079
Provision for major overhauls and onerous contracts		43,115	44,477
Income tax payables		939,489	1,020,055
Other tax payables		600,301	378,732
Bank and other borrowings	15	36,219,786	34,403,393
Guaranteed bonds and notes	16	3,548,165	–
Lease liabilities		176,518	180,586
Total current liabilities		69,922,399	62,224,025
TOTAL LIABILITIES		120,234,505	111,405,341
TOTAL EQUITY AND LIABILITIES		216,145,970	204,454,706

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2024

	Attributable to shareholders of the Company										
	Share capital	Capital reserve	Investment revaluation reserve	Property revaluation reserve	Defined benefits plan reserve	Exchange fluctuation reserve	PRC reserve funds and other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2024											
At 1 January 2024	28,340,052	456,096*	(708,550)*	87,638*	(119,464)*	(7,782,397)*	16,534,681*	44,189,668*	80,997,724	12,051,641	93,049,365
Profit for the period	-	-	-	-	-	-	-	3,149,443	3,149,443	725,053	3,874,496
Other comprehensive income/(loss) for the period:											
Equity investments at fair value through other comprehensive income:											
Changes in fair value	-	-	210,263	-	-	-	-	-	210,263	-	210,263
Income tax effect	-	-	(6,970)	-	-	-	-	-	(6,970)	-	(6,970)
Exchange differences on translation of foreign operations and the Company's financial statements	-	-	-	-	-	(64,366)	-	-	(64,366)	(47,856)	(112,222)
Defined benefit obligations:											
Actuarial gains/(losses), net	-	-	-	-	(79,274)	-	-	-	(79,274)	612	(78,662)
Income tax effect	-	-	-	-	17,260	-	-	-	17,260	(141)	17,119
Share of other comprehensive income/(loss) of associates	-	-	4,330	-	1,579	(33,141)	-	-	(27,232)	-	(27,232)
Total comprehensive income/(loss) for the period	-	-	207,623	-	(60,435)	(97,507)	-	3,149,443	3,199,124	677,668	3,876,792
Repurchase of Company's shares	-	-	-	-	-	-	-	(46,801)	(46,801)	-	(46,801)
Capital contribution from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	31,100	31,100
Disposal of a subsidiary	-	(11,470)	-	-	-	-	(940)	6,721	(5,689)	(38,558)	(44,247)
Share of reserves of associates	-	207,006	-	-	-	-	-	-	207,006	-	207,006
Transfer of investment revaluation reserve upon the disposal of an equity investment at fair value through other comprehensive income	-	-	(159,107)	-	-	-	-	159,107	-	-	-
Final 2023 dividend	-	-	-	-	-	-	-	(760,663)	(760,663)	-	(760,663)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(401,087)	(401,087)
Transfer to PRC reserve funds and other reserves	-	-	-	-	-	-	342,457	(342,457)	-	-	-
At 30 June 2024	28,340,052*	651,632*	(660,034)*	87,638*	(179,899)*	(7,879,904)*	16,876,198*	46,355,018*	83,590,701	12,320,764	95,911,465

* These reserve accounts comprise the consolidated reserves of RMB55,250,649,000 (unaudited) (31 December 2023: RMB52,657,672,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2024

	Attributable to shareholders of the Company										
	Share capital	Capital reserve	Investment revaluation reserve	Property revaluation reserve	Defined benefits plan reserve	Exchange fluctuation reserve	PRC reserve funds and other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2023 (restated)											
At 1 January 2023	28,340,052	753,030	(693,206)	72,227	73,167	(5,913,534)	15,811,135	40,686,698	79,129,569	11,544,484	90,674,053
Profit for the period	-	-	-	-	-	-	-	4,090,917	4,090,917	674,237	4,765,154
Other comprehensive income/(loss) for the period:											
Equity investments at fair value through other comprehensive income:											
Changes in fair value	-	-	423,819	-	-	-	-	-	423,819	-	423,819
Income tax effect	-	-	(103,808)	-	-	-	-	-	(103,808)	-	(103,808)
Exchange differences on translation of foreign operations and the Company's financial statements	-	-	-	-	-	(336,471)	-	-	(336,471)	94,444	(242,027)
Defined benefit obligations:											
Actuarial gains/(losses), net	-	-	-	-	61,745	-	-	-	61,745	(12)	61,733
Income tax effect	-	-	-	-	(15,363)	-	-	-	(15,363)	3	(15,360)
Share of other comprehensive income/(loss) of associates	-	-	(22,930)	15,053	40	193,547	-	-	185,710	-	185,710
Total comprehensive income/(loss) for the period	-	-	297,081	15,053	46,422	(142,924)	-	4,090,917	4,306,549	768,672	5,075,221
Capital contribution from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	1,323	1,323
Share of reserves of associates	-	194,626	13,969	-	-	-	-	(13,969)	194,626	-	194,626
Transfer of investment revaluation reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	(3,389)	-	-	-	-	3,389	-	-	-
Final 2022 dividend	-	-	-	-	-	-	-	(1,192,153)	(1,192,153)	-	(1,192,153)
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(345,286)	(345,286)
Transfer to PRC reserve funds and other reserves	-	-	-	-	-	-	786,321	(786,321)	-	-	-
At 30 June 2023	28,340,052	947,656	(385,545)	87,280	119,589	(6,056,458)	16,597,456	42,788,561	82,438,591	11,969,193	94,407,784

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	4,694,913	2,961,468
Finance income on the net investment in a finance lease received	13,949	15,697
Chinese Mainland income tax paid	(530,630)	(504,980)
Overseas income tax paid	(151,956)	(165,142)
Net cash flows from operating activities	4,026,276	2,307,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(3,553,436)	(4,173,694)
Increase in investments in an associate	(7,963)	(21,960)
Dividends received from associates	197,222	1,667,649
Proceeds from disposal of items of property, plant and equipment	83,704	67,189
Disposal of a subsidiary	(53,910)	–
Receipt of assets-related government grants	36,419	1,101,965
Increase in time deposits with maturity of more than three months when acquired	(2,784,238)	(3,345,913)
Purchases of financial assets at fair value through profit or loss	(1,095,000)	(589,440)
Proceeds from disposal of an equity investment at fair value through other comprehensive income	234,191	–
Other cash flows from investing activities	221,288	368,433
Net cash flows used in investing activities	(6,721,723)	(4,925,771)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from non-controlling equity holders of subsidiaries	31,100	1,323
New loans	25,145,528	22,016,065
Repayment of loans	(18,769,858)	(17,386,859)
Interest paid	(1,248,902)	(1,185,379)
Repurchases of the Company's shares	(46,801)	–
Other cash flows used in financing activities	(285,132)	(386,050)
Net cash flows from financing activities	4,825,935	3,059,100

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
Net increase in cash and cash equivalents	2,130,488	440,372
Cash and cash equivalents at beginning of period	24,095,821	23,015,467
Effect of foreign exchange rate changes, net	(7,112)	5,280
Cash and cash equivalents at end of period	26,219,197	23,461,119
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	19,036,060	20,609,312
Saving deposits placed in a financial institution (an associate of the Group)	357,445	304,948
Time deposits:		
Placed in banks	7,146,174	8,100,814
Placed in a financial institution (an associate of the Group)	7,251,663	1,099,059
Less: Restricted cash and pledged deposits	(14,189)	(50,874)
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	33,777,153	30,063,259
Less: Time deposits with maturity of more than three months when acquired	(7,557,956)	(6,602,140)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	26,219,197	23,461,119

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. BASIS OF PREPARATION AND PRESENTATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix D2 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

The accounting policies and basis of preparation used in the preparation of the unaudited interim condensed consolidated financial information are consistent with those adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, except for the adoption of revised HKFRSs, as disclosed in note 2 below.

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets as at 30 June 2024. Taking into account the historical operating performance of the Group and the following: (a) issued Scientific and Technological Innovation Corporate Bonds (Series 2) in a total principal amount of RMB2 billion to qualified investors in the People’s Republic of China (the “PRC”) on 9 July 2024; (b) issued Scientific and Technological Innovation Corporate Bonds (Series 3) in a total principal amount of RMB2 billion to qualified investors in the PRC on 13 August 2024; and (c) listed investments of the Group could be realised immediately for funds to enable the Group to meet its liabilities as and when they fall due, the directors of the Company considered that the Group will be able to operate as a going concern. Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

The financial information relating to the year ended 31 December 2023 included in this unaudited interim condensed consolidated financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the consolidated financial statements of the Company for the year ended 31 December 2023. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

This interim condensed consolidated financial information has not been audited, but has been reviewed by the Company’s audit committee.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of revised HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16 *Leases*, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Adoption of revised HKFRSs *(Continued)*

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Change of presentation currency

On 8 December 2023, the Company decided to adopt RMB as the presentation currency of the Group's consolidated financial statements, and the first set of consolidated financial statements of the Group with RMB as the presentation currency was the consolidated financial statements for the year ended 31 December 2023. As most of the Group's transactions are denominated and settled in RMB, the board of directors of the Company (the "Board") considers that RMB is more appropriate to be the presentation currency for the Group's consolidated financial statements. Further, the Board considers that the change of presentation currency will enable the shareholders and potential investors of the Company to have a clearer picture of the Group's actual financial performance and financial position. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the interim condensed consolidated financial information are presented as if RMB had always been the presentation currency of the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit for the period attributable to shareholders of the Company. The segment profit for the period attributable to shareholders of the Company is measured consistently with the Group's profit attributable to shareholders of the Company, except finance costs, share of profits of an associate, as well as head office and corporate income and expenses are excluded from such measurement.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2024 and 2023:

Six months ended 30 June 2024

	Gas operation RMB'000 (Unaudited)	Water operation RMB'000 (Unaudited)	Environmental operation RMB'000 (Unaudited)	Brewery operation RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Segment revenue	30,662,293	–	4,492,833	7,129,224	40,254	42,324,604
Cost of sales	(28,177,596)	–	(3,200,945)	(4,290,609)	(14,788)	(35,683,938)
Gross profit	2,484,697	–	1,291,888	2,838,615	25,466	6,640,666
Segment result:						
Profit from operating activities	1,129,793	–	952,404	1,095,839	20,974	3,199,010
Finance costs	(271,040)	–	(102,810)	(27,168)	–	(401,018)
Share of profits and losses of:						
Jointly-controlled entities	378	–	(2,344)	–	–	(1,966)
Associates	2,195,292	461,514	13,685	11,052	–	2,681,543
	3,054,423	461,514	860,935	1,079,723	20,974	5,477,569
Corporate and other unallocated income and expenses, net						(209,386)
Share of profits of an associate						8,887
Finance cost						(809,603)
Profit before tax						4,467,467
Income tax						(592,971)
Profit for the period						3,874,496
Profit attributable to shareholders of the Company:						
Operating segments	2,803,259	461,514	460,290	374,531	20,974	4,120,568
Corporate and other unallocated items						(971,125)
						3,149,443

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2023 (restated)

	Gas operation <i>RMB'000</i> (Unaudited)	Water operation <i>RMB'000</i> (Unaudited)	Environmental operation <i>RMB'000</i> (Unaudited)	Brewery operation <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
Segment revenue	31,563,975	–	4,165,096	6,791,495	39,582	42,560,148
Cost of sales	(28,863,656)	–	(3,029,918)	(4,347,408)	(12,959)	(36,253,941)
Gross profit	2,700,319	–	1,135,178	2,444,087	26,623	6,306,207
Segment result:						
Profit from operating activities	1,469,914	–	1,407,307	703,092	11,949	3,592,262
Finance costs	(190,328)	–	(73,780)	(32,071)	–	(296,179)
Share of profits and losses of:						
Jointly-controlled entities	(26,252)	–	2,303	–	–	(23,949)
Associates	2,187,535	563,380	33,380	8,835	–	2,793,130
	3,440,869	563,380	1,369,210	679,856	11,949	6,065,264
Corporate and other unallocated income and expenses, net						126,885
Finance cost						(915,964)
Profit before tax						5,276,185
Income tax						(511,031)
Profit for the period						4,765,154
Profit attributable to shareholders of the Company:						
Operating segments	3,242,314	563,380	1,014,177	206,774	11,949	5,038,594
Corporate and other unallocated items						(947,677)
						4,090,917

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Total assets:		
Gas operation	130,339,356	127,020,882
Water operation	13,360,411	13,266,268
Environmental operation	36,687,660	35,977,878
Brewery operation	26,520,145	22,196,841
Corporate and others	19,377,704	14,295,819
Eliminations	(10,139,306)	(8,302,982)
	216,145,970	204,454,706
Total liabilities:		
Gas operation	42,472,021	40,639,315
Environmental operation	19,435,016	19,084,952
Brewery operation	12,211,400	8,589,809
Corporate and others	56,255,374	51,394,247
Eliminations	(10,139,306)	(8,302,982)
	120,234,505	111,405,341

During each of the six months ended 30 June 2024 and 2023, no single external customer contributed 10% or more of the Group's revenue.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. REVENUE

Revenue of the Group for each of the six months ended 30 June 2024 and 2023 was all revenue from contracts with customers and the following tables set out the disaggregated revenue information for revenue from contracts with customers:

Six months ended 30 June 2024

Segments	Gas operation RMB'000 (Unaudited)	Environmental operation RMB'000 (Unaudited)	Brewery operation RMB'000 (Unaudited)	Corporate and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services					
Sale of piped natural gas	24,889,991	–	–	–	24,889,991
Sale of gas-related equipment	490,479	–	–	–	490,479
Trading of liquefied natural gas	5,087,251	–	–	–	5,087,251
Sale of brewery products	–	–	7,129,224	–	7,129,224
Construction services	194,572	278,561	–	–	473,133
Solid waste collection services	–	2,550,774	–	–	2,550,774
Sale of electricity, steam and heat	–	1,663,498	–	–	1,663,498
Total revenue from contracts with customers	30,662,293	4,492,833	7,129,224	–	42,284,350
Revenue from another source:					
– Gross rental income	–	–	–	40,254	40,254
Total revenue	30,662,293	4,492,833	7,129,224	40,254	42,324,604
Geographical markets					
Chinese Mainland	24,934,828	1,150,041	7,129,224	–	33,214,093
Germany	–	3,342,792	–	–	3,342,792
Others	5,727,465	–	–	–	5,727,465
Total revenue from contracts with customers	30,662,293	4,492,833	7,129,224	–	42,284,350
Revenue from another source:					
– Gross rental income	–	–	–	40,254	40,254
Total revenue	30,662,293	4,492,833	7,129,224	40,254	42,324,604
Timing of revenue recognition					
Goods transferred at a point in time	30,504,860	1,663,498	7,129,224	–	39,297,582
Services transferred at a point in time	–	2,550,774	–	–	2,550,774
Services transferred over time	157,433	278,561	–	–	435,994
Total revenue from contracts with customers	30,662,293	4,492,833	7,129,224	–	42,284,350
Revenue from another source:					
– Gross rental income	–	–	–	40,254	40,254
Total revenue	30,662,293	4,492,833	7,129,224	40,254	42,324,604

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. REVENUE *(Continued)*

Six months ended 30 June 2023 (restated)

Segments	Gas operation RMB'000 (Unaudited)	Environmental operation RMB'000 (Unaudited)	Brewery operation RMB'000 (Unaudited)	Corporate and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services					
Sale of piped natural gas	24,709,983	–	–	–	24,709,983
Sale of gas-related equipment	522,516	–	–	–	522,516
Trading of liquefied natural gas	5,967,630	–	–	–	5,967,630
Sale of brewery products	–	–	6,791,495	–	6,791,495
Construction services	363,846	576,592	–	–	940,438
Solid waste collection services	–	2,119,561	–	–	2,119,561
Sale of electricity, steam and heat	–	1,468,943	–	–	1,468,943
Total revenue from contracts with customers	31,563,975	4,165,096	6,791,495	–	42,520,566
Revenue from another source:					
– Gross rental income	–	–	–	39,582	39,582
Total revenue	31,563,975	4,165,096	6,791,495	39,582	42,560,148
Geographical markets					
Chinese Mainland	27,730,508	1,449,124	6,791,495	–	35,971,127
Germany	–	2,715,972	–	–	2,715,972
Others	3,833,467	–	–	–	3,833,467
Total revenue from contracts with customers	31,563,975	4,165,096	6,791,495	–	42,520,566
Revenue from another source:					
– Gross rental income	–	–	–	39,582	39,582
Total revenue	31,563,975	4,165,096	6,791,495	39,582	42,560,148
Timing of revenue recognition					
Goods transferred at a point in time	31,200,129	1,468,943	6,791,495	–	39,460,567
Services transferred at a point in time	–	2,119,561	–	–	2,119,561
Services transferred over time	363,846	576,592	–	–	940,438
Total revenue from contracts with customers	31,563,975	4,165,096	6,791,495	–	42,520,566
Revenue from another source:					
– Gross rental income	–	–	–	39,582	39,582
Total revenue	31,563,975	4,165,096	6,791,495	39,582	42,560,148

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

5. OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
Bank interest income	389,776	366,543
Finance income on the net investment in a finance lease	13,949	15,697
Government grants	189,052	178,699
Transfer of assets from customers	6,849	13,518
Others	294,860	229,744
Total other income and gains, net	894,486	804,201

6. FINANCE COSTS

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
Interest on bank loans and other loans	1,012,017	948,346
Interest on guaranteed bonds and notes	261,286	253,034
Interest on lease liabilities	15,635	15,690
Total interest expenses	1,288,938	1,217,070
Increase in discounted amounts of provision for major overhauls arising from the passage of time	337	286
Total finance costs	1,289,275	1,217,356
Less: Interest capitalised	(78,654)	(5,213)
	1,210,621	1,212,143

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

7. PROFIT BEFORE TAX

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

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Depreciation of property, plant and equipment	2,101,365	1,742,455
Less: Amount included in cost of inventories sold and cost of services rendered	(1,566,871)	(1,220,454)
	534,494	522,001
Depreciation of right-of-use assets	121,910	124,012
Less: Amount included in cost of inventories sold and cost of services rendered	(9,158)	(9,922)
	112,752	114,090
Amortisation of operating concessions, included in cost of inventories sold and cost of services rendered	119,937	101,746
Amortisation of other intangible assets	131,352	114,909
Less: Amount included in cost of inventories sold and cost of services rendered	(99,030)	(87,197)
Amount included in administrative expenses	32,322	27,712
Loss on disposal of items of property, plant and equipment, net*	112	1,045
Loss on disposal of a subsidiary*	3,929	–
Reversal of impairment of non-current non-financial assets, net:		
Operating concessions* (note)	–	(577,100)
Property, plant and equipment*	(5,628)	–
	(5,628)	(577,100)
Impairment/(reversal of impairment) of financial assets, net:		
Receivables under service concession arrangements*	–	20,438
Trade receivables*	15,898	19,161
Other receivables*	(1,469)	(19,897)
	14,429	19,702

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

Note: During the six months ended 30 June 2023, the directors reassessed the impact of the change in government policy in relation to the renewable energy tariff subsidy in 2020 and the economic performance of certain solid waste incineration plants in the PRC, and a reversal of impairment of operating concessions of RMB577,100,000 (restated) was recognised during the period ended 30 June 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

8. INCOME TAX

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
Current:		
Chinese Mainland	433,028	478,382
Germany	57,390	152,530
Others	124,684	13,958
Deferred	(22,131)	(133,839)
Total tax expense for the period	592,971	511,031

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. In accordance with the relevant tax rules and regulations in Chinese Mainland, certain of the Company's subsidiaries established in Chinese Mainland enjoy PRC corporate income tax exemptions and reductions.

9. INTERIM DIVIDEND

On 29 August 2024, the Board declared an interim cash dividend of HK85 cents per share (six months ended 30 June 2023: HK93 cents per share), totalling approximately RMB972,093,000 (six months ended 30 June 2023: RMB1,055,846,000 (restated)) for the six months ended 30 June 2024.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to shareholders of the Company of RMB3,149,443,000 (six months ended 30 June 2023: RMB4,090,917,000 (restated)), and the weighted average number of ordinary shares of 1,259,635,136 (six months ended 30 June 2023: 1,260,203,268) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2024 and 2023 for a dilution as the dilutive potential ordinary shares of associates in issue during these periods either have a minimal impact or have no diluting effect on the earnings per share amounts presented.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a total cost of RMB3,553,436,000 (six months ended 30 June 2023: RMB4,173,694,000 (restated)), which did not include property, plant and equipment acquired through transfer of assets from customers with a total deemed cost of RMB6,849,000 (six months ended 30 June 2023: RMB13,518,000 (restated)) (note 5).

Property, plant and equipment with an aggregate carrying amount of RMB83,816,000 (six months ended 30 June 2023: RMB68,234,000 (restated)) were disposed of by the Group during the six months ended 30 June 2024, resulting in a net loss on disposal of RMB112,000 (six months ended 30 June 2023: RMB1,045,000 (restated)) (note 7).

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements represented the Group's unconditional right to receive cash or another financial asset for the construction services rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service under service concession arrangements. They were all unbilled as at 30 June 2024 and 31 December 2023.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contract assets included in:		
Operating concessions	4,050,229	3,734,918
Receivables under service concession arrangements	1,537,924	1,540,131
Total	5,588,153	5,275,049

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

13. TRADE RECEIVABLES

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

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Billed:		
Within one year	4,057,537	3,678,540
One to two years	214,148	138,737
Two to three years	31,891	29,399
Over three years	17,647	21,154
	4,321,223	3,867,830
Unbilled*	566,480	532,448
Total	4,887,703	4,400,278

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

Included in the Group's trade receivables as at 30 June 2024 were aggregate amounts of RMB39,863,000 (31 December 2023: RMB73,000) and RMB14,521,000 (31 December 2023: RMB44,011,000) due from fellow subsidiaries and a joint venture of the Group, arising from transactions carried out in the ordinary course of business of the Group, respectively. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the Group to its major customers.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

14. SHARE CAPITAL

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Issued and fully paid:		
1,258,003,268 (31 December 2023: 1,260,203,268) ordinary shares	28,340,052	28,340,052

A summary of a movement in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January, 31 December 2023 and 1 January 2024	1,260,203,268	28,340,052
Shares repurchased and cancelled (note)	(2,200,000)	–
At 30 June 2024	1,258,003,268	28,340,052

Note: During the period ended 30 June 2024, the Company repurchased a total of 2,200,000 ordinary shares of the Company on the Hong Kong Stock Exchange at a weighted average cost of HK\$23.32 per share. All the repurchased shares were cancelled by the Company during the period and the total amount paid for the repurchase of these shares of HK\$51,481,277, including transaction costs of HK\$183,902 (equivalent to RMB46,801,000, including transaction costs of RMB167,000) has been charged to retained profits of the Company in accordance with section 257 of the Hong Kong Companies Ordinance.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. BANK AND OTHER BORROWINGS

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank loans:			
Secured		2,884,920	2,830,771
Unsecured	<i>(a)</i>	40,529,002	40,026,604
		43,413,922	42,857,375
Other loans:			
Secured		31,826	46,997
Unsecured	<i>(b)</i>	19,404,827	13,673,415
		19,436,653	13,720,412
Total bank and other borrowings		62,850,575	56,577,787
Portion classified as current liabilities		(36,219,786)	(34,403,393)
Non-current portion		26,630,789	22,174,394

Notes:

- (a) The loan agreements in respect of certain bank loans outstanding as at 30 June 2024 include certain conditions imposing specific performance obligations on the Company's holding companies, among which the following events would constitute events of default on the loan facilities:
- (i) if Beijing Enterprises Group Company Limited ("Beijing Enterprises Group") does not or ceases to own, directly or indirectly, at least 40% or 50% of the beneficiary interest of the Company; and
 - (ii) if Beijing Enterprises Group ceases to be controlled and supervised by the Beijing Municipal Government.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(a) *(Continued)*

A summary of these bank loans as at 30 June 2024 is as follows:

	Year of drawdown	Contractual interest rate per annum	Final maturity
HK\$1,000 million revolving loan	2020	1-month HIBOR/EURIBOR+0.7%/SOFR+0.75%	22 Jun 2025
EUR420 million revolving loan	2022	1-month HIBOR+1%/EURIBOR+0.65%/3.5%	28 Nov 2024
HK\$3,000 million revolving loan	2022	1-month HIBOR+0.8%	18 Oct 2024
US\$60 million revolving loan	2023	1-month HIBOR/EURIBOR+0.75%/SOFR+0.95%	14 Apr 2025
Three-year RMB2,000 million term loan	2023	1-year LRP-0.65%	26 Jun 2026
One-year RMB1.8 billion term loan	2023	2.80%	17 Jul 2024
One-year RMB1.3 billion term loan	2023	2.80%	25 Jul 2024
EUR70 million revolving loan	2023	1-month HIBOR/SOFR/EURIBOR/CNH HIBOR+0.65%	23 Aug 2024
One-year RMB7.0 billion term loan	2023	3.20%	18 Sep 2024
One-year RMB4.5 billion term loan	2023	2.95%	13 Jul 2024
One-year RMB3.2 billion term loan	2023	2.95%	21 Mar 2025
One-year RMB1.0 billion term loan	2023	2.80%	13 Jul 2024
One-year RMB2.0 billion term loan	2023	2.92%	27 Aug 2024
One-year RMB1.5 billion term loan	2023	3.20%	19 Oct 2024

To the best knowledge of the directors of the Company, none of the above default events took place during the period ended 30 June 2024 and as at the date of approval of this unaudited interim condensed consolidated financial information.

- (b) Included in the Group's other borrowings as at 30 June 2024 were loans of RMB1,276 million (31 December 2023: RMB1,374 million) in total advanced from an associate, which bear interest at rates ranging from one-year Loan Prime Rate less 25 basis points to 4.65% (31 December 2023: ranging from one-year Loan Prime Rate less 25 basis points to 4.65%) per annum and are repayable in 2024 to 2035. Interest expenses of RMB11,222,000 (six months ended 30 June 2023: RMB11,246,000 (restated)) were recognised in profit or loss during the period in respect of the loans (note 19(a)(x)).
- (c) Certain corporate bonds classified as other borrowings include covenants imposing specific performance obligations of the Company, among which any one of the following events would constitute events of default:
- (i) if there is a change of control: change of beneficial controller of the Company; and
 - (ii) there is a change in credit rating within six months of the date of such change of control: offshore rating of the Company downgraded to non-investment grade.

To the best knowledge of the directors of the Company, none of the above default events took place during the period ended 30 June 2024 and as at the date of approval of this unaudited interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

16. GUARANTEED BONDS AND NOTES

A summary of the guaranteed bonds and notes issued by the Group and outstanding as at 30 June 2024 is as follows:

	Principal at original currency 'million	Contractual interest rate per annum	Maturity	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
2011 Second Senior Notes	US\$400	6.375%	2041	2,787,967	2,787,416
2015 US\$ Bonds	US\$200	4.99%	2040	1,385,052	1,384,556
2020 Green Bonds	EUR500	1%	2025	3,787,888	3,903,274
EEW Green Notes	EUR400	0.361%	2026	3,034,042	3,128,309
2021 US\$ Bonds Series 1	US\$300	2%	2026	2,119,845	2,119,033
2021 US\$ Bonds Series 2	US\$400	3.125%	2031	2,800,168	2,798,690
2022 Guaranteed Notes	US\$500	1.875%	2025	3,548,165	3,546,534
				19,463,127 (3,548,165)	19,667,812 –
Portion classified as current liabilities					
Non-current liabilities				15,914,962	19,667,812

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

The fair value of the Group’s guaranteed bonds and notes as at 30 June 2024 was approximately RMB18.9 billion (31 December 2023: RMB19.0 billion), based on price quotations from financial institutions at the reporting date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17. TRADE AND BILLS PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Billed:		
Within one year	3,997,271	3,637,593
One to two years	360,809	504,757
Two to three years	22,542	63,508
Over three years	33,281	31,479
	4,413,903	4,237,337
Unbilled*	576,136	537,366
	4,990,039	4,774,703

* The unbilled balance was attributable to (i) purchase of natural gas near the period end which was billed subsequently in July 2024; and (ii) accrued extra purchase costs which will be billed when the price is agreed by Beijing Gas with the supplier; (iii) accrued construction costs for solid waste incineration plant and ecological construction services which have not been billed by the suppliers.

Included in the trade and bills payables as at 30 June 2024 were amounts of RMB7,423,000 (31 December 2023: RMB68,318,000) in total due to fellow subsidiaries, arising from transactions carried out in the ordinary course of business of the Group. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the related parties to their major customers.

18. CAPITAL COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Gas pipelines and plant and machinery	4,310,619	6,930,123
Service concession arrangements	376,519	599,665
Total	4,687,138	7,529,788

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. RELATED PARTY DISCLOSURES

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

Name of related party	Nature of transaction	Notes	Six months ended 30 June	
			2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Non-controlling equity holders of subsidiaries and their associates:				
北京燕京啤酒集團公司	Purchase of bottle labels	(i)	41,106	20,871
And its associates	Purchase of bottle caps ^y	(i)	–	375
	Canning service fees paid ^y	(ii)	11,490	8,961
	Comprehensive support service fees paid ^y	(iii)	7,403	7,871
	Land rental expenses ^y	(iv)	880	923
	Trademark licensing fees paid ^y	(v)	34,717	31,190
	Less: refund for advertising subsidies ^y	(v)	(4,261)	(4,071)
Fellow subsidiaries:				
北京北燃實業有限公司	Sale of piped natural gas [#]	(vi)	354,352	136,844
and its subsidiaries	Engineering service income [#]	(vii)	8,841	9,310
	Comprehensive service income [#]	(vii)	734	505
	Engineering service expenses [#]	(vii)	121,906	55,879
	Comprehensive service expenses [#]	(vii)	76,477	35,329
	Building rental expenses [#]	(viii)	63,594	96,978
	Purchase of goods [#]	(viii)	36,664	55,560
	Sale of goods [#]	(ix)	21,105	45,324
Associate:				
北京控股集團財務有限公司	Interest expenses	(x)	11,222	11,246
(“BE Group Finance”)	Interest income [@]	(x)	10,822	2,834

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) *(Continued)*

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

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

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

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

Notes:

- (i) The purchase prices for bottle labels and bottle caps were determined by reference to the agreed prices for the preceding year and an annual adjustment determined by reference to the price index in Beijing in the preceding year.
- (ii) The canning service fees were charged at a rate equal to the costs of the canning services incurred by Yanjing Beer Group plus a mutually-agreed profit margin.
- (iii) The comprehensive support service fees paid included the following:
 - fees for security and canteen services which were determined based on the annual cost of labour, depreciation and maintenance for the preceding year and an annual adjustment by reference to the price index in Beijing; and
 - rental expenses, related to the premises occupied and used by Yanjing Brewery as its office, canteen and staff dormitories, which were determined by reference to the prevailing market rentals at the time when the relevant agreements were entered into.
- (iv) The land rental expenses were charged at a mutually-agreed amount of RMB1,849,000 (six months ended 30 June 2023: RMB1,849,000) per annum.
- (v) The trademark licensing fees paid were for the use of “Yanjing” trademark and were determined based on 1% (six months ended 30 June 2023: 1%) of the annual sales of beer and mineral water products made by Yanjing Brewery and at a rate of RMB0.008 (six months ended 30 June 2023: RMB0.008) per bottle of beer sold by the subsidiaries of Yanjing Brewery. Yanjing Brewery Group would refund 20% of the trademark licensing fees from sales of beer received from Yanjing Brewery for the use by Yanjing Brewery to develop and promote the “Yanjing” trademark.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(a) *(Continued)*

Notes: (Continued)

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

On 28 August 2023 (the "Effective Date"), a financial services agreement (the "Financial Services Agreement") was approved at an extraordinary general meeting, pursuant to which, BE Group Finance shall provide financial services to the Group, including deposit services and loan services for three years from the Effective Date. The cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the Financial Services Agreement will not exceed RMB8.70 billion.

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

The amount of deposits placed by the Group with BE Group Finance as at 30 June 2024 amounted to RMB7,609 million (31 December 2023: RMB6,528 million).

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19. RELATED PARTY DISCLOSURES *(Continued)*

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited) (Restated)
Salaries, allowances and benefits in kind	4,101	5,404
Pension scheme contributions	13	12
Total compensation paid to key management personnel	4,114	5,416

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

21. EVENTS AFTER THE REPORTING PERIOD

- (a) On 9 July 2024, the Company issued Scientific and Technological Innovation Corporate Bonds (Series 2) in a total principal amount of RMB2 billion to qualified investors in the PRC. These Scientific and Technological Innovation Corporate Bonds have a term of 5 and 10 years with the maturity dates in July 2029 and July 2034, bearing interest at the coupon rate of 2.25% and 2.54% per annum, respectively. The proceeds from the issuance of these Scientific and Technological Innovation Corporate Bonds are intended to be used for the repayment of the Group's existing bank loans.
- (b) On 13 August 2024, the Company issued Scientific and Technological Innovation Corporate Bonds (Series 3) in a total principal amount of RMB2 billion to qualified investors in the PRC. These Scientific and Technological Innovation Corporate Bonds have a term of 3 and 10 years with the maturity dates in August 2027 and August 2034, bearing interest at the coupon rate of 1.95% and 2.43% per annum, respectively. The proceeds from the issuance of these Scientific and Technological Innovation Corporate Bonds are intended to be used for the repayment of the Group's existing bank loans.

22. COMPARATIVE AMOUNTS

As further detailed in note 2 to the financial information, the Group changed the presentation currency of the consolidated financial statements from HK\$ to RMB and the effects of which have been accounted for retrospectively with comparative figures restated as if RMB had always been the presentation currency of the consolidated financial statements.

In addition, certain comparative amounts of reportable segments (note 3) have been restated to conform to the current period's presentation. The change in presentation of the reportable segment information would, in the opinion of the directors, provide more relevant information about the Group's operating segments.

DISCLOSEABLE INFORMATION

INTERIM DIVIDEND

The board of directors of the Company has resolved to declare the Interim Dividend of HK85 cents per share (2023: HK93 cents), which will be payable on 1 November 2024 to shareholders whose names appear on the register of members of the Company on 16 September 2024.

The Interim Dividend will be payable in cash to each shareholder in Hong Kong Dollars (“HK\$”) unless an election is made to receive the same in Renminbi (“RMB”).

Shareholders will be given the option to elect to receive all (but not part) of the Interim Dividend in RMB at the exchange rate of HK\$1.0: RMB0.913678, being the average benchmark exchange rate of HK\$ to RMB announced by the People’s Bank of China for the five business days prior to 29 August 2024. If shareholders elect to receive the Interim Dividend in RMB, such dividend will be paid to shareholders at RMB0.7766263 per share. To make such election, shareholders should complete the dividend currency election form, which is expected to be despatched to shareholders on or about Tuesday, 24 September 2024, and return it to the share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 10 October 2024.

Shareholders who are minded to elect to receive all (but not part) of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honored for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on Friday, 1 November 2024 at the shareholders’ own risk.

If shareholders wish to receive the Interim Dividend in HK\$ in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

CLOSURE OF REGISTER OF MEMBERS

The Company’s register of members will be closed from Friday, 13 September 2024 to Monday, 16 September 2024, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 September 2024.

DISCLOSEABLE INFORMATION

CHANGES IN DIRECTORS' INFORMATION

Since the issue date of the Company's 2023 annual report, there has been no change in the board of directors of the Company, and there has been no change in directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

At 30 June 2024, the interests and short positions of the Company's directors and the chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were (i) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) entered in the register required to be kept pursuant to Section 352 of the SFO, or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Listing Rules, were as follows:

(A) LONG POSITIONS IN SHARES OF THE COMPANY

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

(B) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATIONS

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

Save as disclosed above, as at 30 June 2024, none of the Company's directors or the chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSEABLE INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

At 30 June 2024, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

LONG POSITIONS:

Name	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's total number of issued shares
	Directly beneficially owned	Others	Total	
Beijing Holdings Limited ("BHL")	4,615,000	–	4,615,000	0.37%
Modern Orient Limited ("MOL")	100,050,000	–	100,050,000	7.95%
Beijing Enterprises Investments Limited ("BEIL")	163,730,288	100,050,000 ^(a)	263,780,288	20.97%
Beijing Enterprises Group (BVI) Company Limited ("BE Group BVI")	518,187,500	263,780,288 ^(b)	781,967,788	62.16%
Beijing Enterprises Group Company Limited ("BE Group")	–	786,582,788 ^(c)	786,582,788	62.53%

Notes:

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

Save as disclosed above, as at 30 June 2024, no person, other than the directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

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

Date of the Agreement(s)/ Issuance of Notes	Nature of the Agreement(s)/Notes	Aggregate amount (million)	Final maturity	Specific performance obligations
5 May 2011	Purchase agreement for issuance of senior notes	US\$400	May 2041	<i>Note 1</i>
1 December 2015	Subscription agreement for issuance of bonds	US\$200	December 2040	<i>Note 1</i>
17 September 2020	Subscription agreement for issuance of bonds	EUR500	September 2025	<i>Note 1</i>
28 April 2021	Subscription agreement for issuance of bonds	US\$300	May 2026	<i>Note 1</i>
28 April 2021	Subscription agreement for issuance of bonds	US\$400	May 2031	<i>Note 1</i>
24 March 2023	Issuance of medium-term notes	RMB4,000	March 2026	<i>Note 2</i>
12 July 2023	Issuance of medium-term notes	RMB3,000	July 2026	<i>Note 2</i>
18 September 2023	Term loan facility with a bank	RMB7,000	September 2024	<i>Note 1</i>
20 October 2023	Term loan facility with a bank	RMB1,500	October 2024	<i>Note 1</i>
15 January 2024	Issuance of ultra short-term commercial papers	RMB2,000	October 2024	<i>Note 2</i>
15 April 2024	Issuance of medium-term notes	RMB2,000	April 2034	<i>Note 2</i>

DISCLOSEABLE INFORMATION

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS *(Continued)*

Notes:

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, the Company bought back a total of 2,200,000 ordinary shares of the Company on the Stock Exchange. All the bought back shares were subsequently cancelled by the Company. Details of the buybacks of such ordinary shares are as follows:

Month	Number of shares bought back	Price per share		Total consideration paid HK\$
		Highest HK\$	Lowest HK\$	
January	100,000	26.30	26.00	2,618,625
March	800,000	23.35	22.10	18,265,000
April	1,300,000	23.95	22.95	30,413,750
Total	2,200,000			51,297,375

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange for the six months ended 30 June 2024.

EMPLOYEES

At 30 June 2024, the Group had approximately 31,000 employees. The employees are remunerated based on their work performance, professional experiences and prevailing industry practices. The Group's employee remuneration policy and package are periodically reviewed by the management. Apart from pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The directors of the Company believe that the Company complied with the code provisions of the "Corporate Governance Code" as set out in Appendix C1 to the Listing Rules during the six months ended 30 June 2024.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules to govern securities transactions by the directors of the Company. After having made specific enquiry to all directors of the Company, all directors of the Company confirm that they complied with the Model Code during the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. WU Jiesi, Mr. LAM Hoi Ham (the chairman of the Audit Committee) and Dr. YU Sun Say. The Audit Committee of the Company has already reviewed the unaudited interim results for the six months ended 30 June 2024 and considers that appropriate accounting policies have been adopted in preparation of the relevant results and sufficient disclosures have been made.