



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

Invest for A Better Life



**2009-2014
CSR Report**



Cities and Suburbs: Sharing of Clean Energy

We cannot stay away from the haze, but we can fight against it. In recent years, aside from promoting gas application in the city proper, Beijing Enterprises has revved up the transmission of gas to the suburban and rural areas of the capital city. We have invested nearly 20 million yuan in the “gas-to-household” pilot projects in Xindian, Changping District and Caituo, Pinggu District, freeing 600 local households from the long-term dependence on high-emission coal-fired facilities in daily life and heating.

River Governance under Green Ideology

Urban rivers are an integral part of the natural environment of the city. Beijing Enterprises has integrated green ideology into river governance so as to create a space for harmonious coexistence of human beings, rivers, culture and ecology and continue to spur the healthy development of urban economy and society. Originating from Houniwa Village, Fengtai District, Liangshui River, a main tributary of the Northern Grand Canal, used to be filthy and smelly on account of direct discharge and deficiency of flood control capacity. With the support of Beijing Municipal Government, BE Water has been engaged in ecological restoration and rehabilitation, realizing the harmony between human beings and nature, and giving a new lease of life to Liangshui River.

Waste Be Incinerated, City Be Beautified

In face of the increasingly serious waste besiegement, we have optimized our waste treatment system to restore the beauty of cities on the strength of clean and efficient environmental technology and sustainable waste treatment models. Hailed as a “pearl of China’s sunshine east coast”, Wenchang City, Hainan Province is renowned for its natural scenery and cultural heritage. Nevertheless, the city is overrun with domestic waste as a result of a growing population. In 2010, we invested in the construction of our first solid waste treatment project - Wenchang Domestic Waste Incineration Power Plant - which is able to handle 225 tons of domestic waste per day and generate 25 million kwh of power per year, constantly spurring the harmonious development of the charming city.



About the Report

The Report has been reviewed and ratified by the Board of Directors of Beijing Enterprises. Beijing Enterprises hereby represents that the Report contains no false representations, misleading statements or material omissions.

Time frame

Jan. 1st, 2009-Dec. 31st, 2014

Organizational coverage

The Report covers the headquarters, subsidiaries and affiliates of Beijing Enterprises Holdings Limited which, for the convenience of expression, is hereinafter referred to as “Beijing Enterprises”, “the Company”, or “we/us”.

Release cycle

The Report is the 2nd CSR report released by Beijing Enterprises. The first one, A Review of CSR Practices of Beijing Enterprises Holdings Limited (1997-2008), was published in 2008. From 2015 onwards, Beijing Enterprises will periodically disclose CSR-related information in line with relevant requirements of the Stock Exchange of Hong Kong Ltd (SEHK).

References

Environmental, Social and Governance Reporting Guide of SEHK
Sustainability Reporting Guidelines (G4) of the Global Reporting Initiatives
CASS-CSR 3.0
ISO26000: Guidance on Social Responsibilities of the International Organization for Standardization

Data sources

All data included in the Report are from formal documents, statistical reports and financial reports of the Company, as well as sustainability-related information collected, summarized and reviewed by the CSR management system of the Company.

Languages of and access to the Report

The Report is prepared in Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail. The Report is made public in both hard and soft copies (in PDF format). Please visit <http://www.behl.com.hk> to read or download the Report in PDF format.

Contacts

Company name: Beijing Enterprises Holdings Limited
Address: 66F Central Plaza, No.18 Harbor Road, Wanchai, Hong Kong
Tel:(852) 29152898
Fax: (852) 28575084
Email: mailbox@behl.com.hk



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Chairman Speech



In the context of economic globalization, China's economy has reaped remarkable achievements and exercised a profound influence on global economic pattern and growth path. Meanwhile, Beijing Enterprises has made great headway by taking the pulse of economic development and following the trend of the times.

We are fully aware that an enterprise should not place undue emphasis on its economic benefits while ignoring the impact on environment and society; instead, it should reflect upon the premise and mode of corporate development. In

this case, we have integrated the CSR ideology into our gene, faced down sustainability challenges with an open mindset, and helped resolve economic, environmental and social issues on the strength of our core competence.

We have shouldered the mission of "invest for a better life", integrated the CSR ideology into daily operation and management, and adhered to the "customer-first, win-win, harmony-oriented, environment-friendly" philosophy, thus promoting healthy, sustainable corporate development. Being CSR-minded, we have proactively responded to stakeholders' concerns and, in particular, persisted with repaying investors' trust with increasing returns and stable operation. We have expanded our business eyeing

cleaner energy supply, lower consumption of high-carbon resources, and better air quality. Our professional water and environmental services have helped improve the living standard of urban residents. Through mutual accommodation, assimilation and assistance, we and our partners have joined hands to stimulate industrial development with sophisticated technology and interpret the idea of win-win cooperation through responsible procurement. We have ensured a steady supply of quality products and considerate services, kept our promise to employees and paid heed to their concerns, created a happy workplace and a broad development platform, and proactively engaged in social welfare in return for the support and understanding of all walks of life.

Having been a dream pursuer for the past 17 years, we are now standing at a new starting point. In 2015, we will muster up courage to bear our social responsibilities and abide by the concept of sustainable development. On behalf of Beijing Enterprises and the Board of Directors, I hereby thank you all for your assistance and care. We will keep forging ahead to streamline our CSR management system, pool resources and promote consensus of all parties, increase openness in a confident manner, and make common cause to write a new chapter of sustainable development.

Chairman of the Board of Directors of Beijing Enterprises

Wang Dong

CEO Speech



Over the past years, we have further established ourselves as a comprehensive infrastructure and public utilities investment and financing platform for overseas capital markets, and realized healthy, sustainable corporate development by virtue of a production mode which is future-proof and consistent with the law of nature.

Echoing China's commitment to transforming the economic development model and vigorously developing low-carbon economy and strategic emerging industries, we have comprehensively improved our industrial layout and constantly

created economic value for investors. The incorporation of China Gas has greatly expanded and strengthened our domestic gas business development platform. The M&A of seven water enterprises in Dongguan, BCEG Environment Development Co., Ltd. and Standard Water has significantly enhanced our water treatment capacity. The purchase of GSE Investment and the strategic restructuring and upgrading of Beijing Development mark the optimization of our solid waste business infrastructure. The adjustment to beer product mix has assured us of an over 85% market share in Beijing. We have strived to offer steady returns to shareholders and repay investors' trust with outstanding performance. In 2009-2014, we paid a cumulative 4.55 HK dollar dividend per share.

Adhering to the ideology of "respecting nature, complying with nature and protecting

nature", we have integrated eco-civilization construction into the whole course of corporate development, and provided solutions to low-carbon development of society. In 2014, Beijing Gas recorded a cumulative gas sales volume of over 10 billion m³, saved 15.746 million tons of coal from the "substituting gas for coal" program, and reduced CO₂ emission by 7.495 million tons. The Energy Center of CNPC Technical Innovation Base was granted the 2014 Special Award for Outstanding Distributed Energy Projects in China. Over the past year, we have handled 2.278 billion tons of water, thanks to such key projects as Daoxianghu Water Reclamation Plant and Liangshui River comprehensive governance project. We have handled a cumulative 880,000 tons of household waste, generated power of 206.86 million kwh and disposed of 28,700 tons of hazardous waste, thus constantly revamping city life via green technology.

We have consistently put employees first, encouraged them to develop in an all-round manner, and taken pains with laying a solid foundation for talent cultivation. With a headcount of 49,500, Beijing Enterprises and its subsidiaries and affiliates have offered 763,126 hours of training to 130,576 employees on a person-time basis. We have shouldered the great responsibilities of a corporate citizen and spared no effort to share our achievements with the whole society. A case in point is our 10 million HK dollar investment in the newly established China Gas Foundation for the sake of community infrastructure construction.

Ambitious, confident and driven, in 2015 we will embark on a new journey with all walks of life to the sustainable development of the whole society.

CEO of Beijing Enterprises

Zhou Si

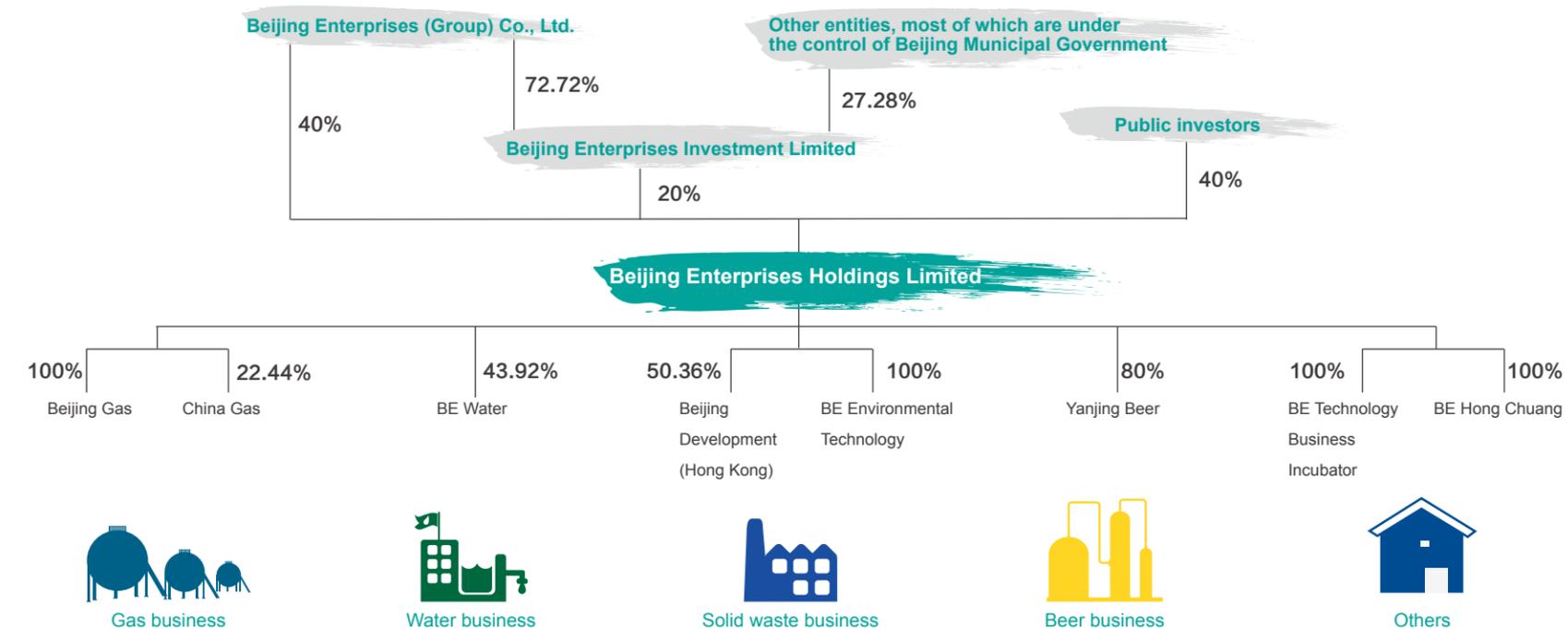
About Us

State-controlled and Hong Kong-listed, Beijing Enterprises is a flagship company of Beijing Municipal Government in overseas capital markets. The Company insists in a proactive and steady direction of operation as well as prudent and focused investment strategies. Through 17 years of unremitting enterprising endeavor, it has established itself as one of the most popular red chips at SEHK.

Since 2009, Beijing Enterprises has revved up strategic transformation and business optimization so as to better serve people's livelihood and perform corporate social responsibility. The Company has brought into full play its function as an investment and financing platform, stuck to the unique path of "specialized development and

inclusive growth" and, pooling funds for the development of gas and beer business, vigorously expanded such new undertakings as water and solid waste treatment. The past few years have found the water business in leapfrog growth mode and the solid waste business well on track. Meanwhile, in order to highlight its main business and increase its value, the Company has phased out the peripheral IT and road service where there is a sea change in policy environment. Currently, Beijing Enterprises has brought into shape an overall pattern with three public utilities segments (gas, water and solid waste) as the core, coupled with the business of fast-moving consumer goods represented by beer.

As of the end of 2014, Beijing Enterprises had four HK-listed subsidiaries, namely Beijing Enterprises (HK.0392), Beijing Development (HK.0154), BE Water (HK.0371) and China Gas (HK.0384), and two Mainland-listed subsidiaries, namely Yanjing Beer (SZ.000729) and Huiquan Beer (SH.600573). In particular, Beijing Enterprises, BE Water and China Gas are among the Hang Seng Index Constituent Stocks, with the former two also among the Hang Seng China-affiliated Corporations Index Constituent Stocks.



Note: As at 31 December 2014

1997

Beijing Enterprises is listed on SEHK.

2004

It is committed to the strategic transformation with public utilities business as the core.

2007

It purchases Beijing Gas. It signs the Beijing No.10 Water Plant A Franchise Agreement, thus evolving into a preliminary comprehensive public utilities enterprise.

2008

It becomes a shareholder of Shang Hua Holdings Limited and renames the company BE Water. It purchases Z.K.C.Environmental Group, writing a new chapter of water business.

2009

It defines the development strategy of BE Environment Technology as solid waste treatment, and purchases Hengyang Hazardous Waste Disposal Center, bringing into shape a preliminary public utilities layout with gas, water and solid waste as the core.

2010

It wins the bid for Hainan Wenchang Domestic Waste Incineration Power Plant, and purchases Wuhan Guodingshan Domestic Waste Incineration Power Plant, getting solid waste business off to a flying start.

2011

It purchases a 100% stake in Beijing Lvyuanda Compressed Natural Gas Co., Ltd. in an effort to expand urban vehicle gas program and foster a new growth engine for gas business.

2012

It sells shares of Beijing Capital International Airport Expressway Company. It purchases a 50% stake in Beijing Gas-Town gas. It injects such premium resources as the usufruct of Beijing No.9 Water Plant into BE Water, thus further optimizing its asset layout.

2013

It expands its gas business to the whole country by purchasing China Gas.

2014

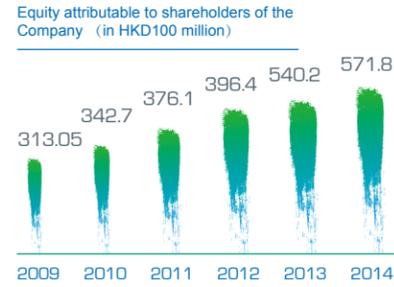
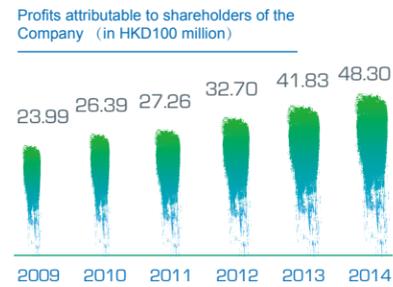
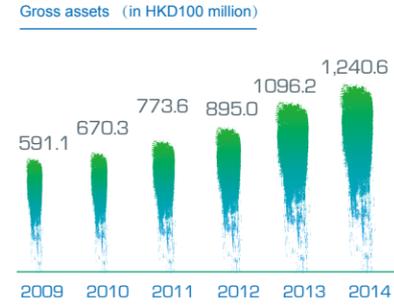
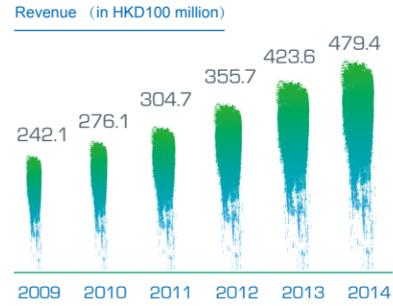
It spurs the business transformation of Beijing Development and purchases GSE Investment and the waste incineration power plants of Zomax, stepping up the construction of specialized solid waste platform.

Since 2009, given the success in strategic transformation, Beijing Enterprises has seen a boom in business performance and a constant growth in scale and strength, thus developing itself into a leading comprehensive public utilities company in China and receiving wide accolade from capital markets.

Latest Honors



2014 China Securities Golden Bauhinia Awards - Best Listed Company	2014 China Securities Golden Bauhinia Awards - Listed Company with the Greatest Investment Value	2014 Top 100 Hong Kong Listed Companies - Top 100 in Comprehensive Strength	2014 Top 100 Hong Kong Listed Companies - Great Progress Company
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CSR Management

CSR Culture

Beijing Enterprises has integrated CSR into business operation & management. While constantly boosting its profit-making competence, it has helped resolve sustainability issues and worked together with stakeholders to build a better life.

Our mission:
Invest for A Better Life

Our vision:
To become a potent, responsible and trustworthy comprehensive public utilities services provider

Our ideology:

- Economic responsibility: Realizing maintenance and increase the value of asset and making stable and sustained profits
- Business responsibility: Consistently providing high-quality products and services
- Environmental responsibility: Developing innovative environmental sustainability solutions
- Social responsibility: Building Beijing Enterprises into a happy family and working together with communities for a better life



CSR Governance

At Beijing Enterprises, the Board of Directors, as the supreme organ to make decisions on CSR, is responsible for annual and medium-to-long-term CSR planning as well as for policy-making, deployment and guidance in respect of major issues concerned. The CSR leadership team is responsible for organizing and coordinating the implementation of the said plans as per the requirements of the Board, and for entrusting a specific department with routine management and liaison. Various functional departments and subsidiaries are responsible for the execution of CSR-related tasks based on the realities.

Since 2009, focused on the CSR master plan and objectives, Beijing Enterprises has proactively promoted various tasks concerned, constantly strengthened CSR management and enhanced capacity for CSR performance, gradually bringing into shape a coordinated and efficient CSR management system.

From 2009 onwards, we have joined social organizations including the Hong Kong Chinese Enterprises Association, the Chinese Manufacturers' Association of Hong Kong, the Preparatory Committee of the Association of Compatriots in Hong Kong for Celebration of the National Day of China, the Preparatory Committee of Compatriots of Commercial and Industrial Circles in Hong Kong for Celebration of China's Anniversary, Beijing Enterprise Association and China Notary Association, working with our peers to promote Beijing-HK cooperation and sustainable development.



BE Water and Yanjing Beer received the China Securities Golden Bauhinia Awards - Most Socially Responsible Listed Company

BE Water and China Gas became candidates for DJSI World and DJSI Emerging Markets

Yanjing Beer was honored by Chinanews.com as an "Outstanding Enterprise in CSR" in 2014

Stakeholder Engagement

Beijing Enterprises has established and optimized the stakeholder engagement mechanism, staying in close touch with stakeholders to heed their appeals and enhance their understanding and support of its undertakings.

Stakeholders	Concerns	Responses	Achievements
Governments and regulatory authorities	Law-abiding operation	Routine briefing and communications	Conducting strategic cooperation with local governments Creating a favorable external environment for corporate development
	Paying taxes according to law	Surveys and meetings	
	Increasing employment	Relevant forums	
Shareholders	Promoting sustained and healthy economic development		
	Satisfactory investment returns	Annual reports and announcements	Sound investor relations
	Sound market value	Road shows	Ever-growing trust among investors
	Transparent operation	Analyst telephone conferences	Support of investors and shareholders in major decisions
Clients	Boosting the Company's profit-making competence and core competitiveness	Annual general meeting of shareholders	
	Stable and sustained product supply	Client seminars	Sustained amelioration in various tasks based on clients' feedback
	High-quality and safe products	Service hotline	Effective and timely response to clients' appeals
	Considerate and convenient services	Community service outlets	Constant improvement in client services
Partners	Unimpeded communication channels	Client satisfaction surveys	
	Fair procurement	Supplier congresses	Developing the Supplier Management Rules and enhancing the efficiency of supply chain
	Integrity and mutual benefits	Strategic cooperation	Driving shared development of partners
Employees	Long-term stable cooperation		
	Complete guarantees for rights and interests	Employee representative congresses	Developing horizontal and vertical communication channels
	Sound career development platform	Complaint mailbox	Creating a harmonious and supportive working environment
Communities	Work-life balance		
	Working on community development	Science popularization	Hiring community supervisors to strengthen service quality assessment and supervision
	Building harmonious communities through concerted efforts	Community publicity	Forging strong ties with local communities
Environment	Ameliorating community environment		Creating a favorable external environment for corporate development
	Supplying clean energy		
	Waste treatment	Annual reports and announcements	Responding to the 2013-2017 Action Plan of Beijing for Clean Air
	Practicing Green Operation		Participating in environmental governance programs

Creating Long-term Value

Opportunities and Challenges

China has constantly revved up public utilities service reform, gradually breaking up administrative monopoly by expanding the scope of franchising of city gas and water supply as well as wastewater and solid waste treatment. In terms of public utilities enterprises, such reform is no less a chance of investment and industrial consolidation than a call for business alignment, value chain collaboration, and sustained growth in overall competence.

Serving as an Investment & Financing Platform

Beijing Enterprises has brought into play its role as an investment and financing platform, seeking regular funding via capital markets and investing in business portfolios with potential and profitability. Through M&A and other approaches, we have launched specialized business development platforms so as to constantly increase the overall value of the Company and bring steady returns to investors.

In 2014, considering our long-term steady financial performance and promising outlook, Moody's upgraded our credit rating from Baa1 to A3, which is conducive to the further improvement of our financing ability.

Increasing Corporate Value through Capital Operation

As an investment holding company, Beijing Enterprises, through effective capital operation, has brought into shape a number of independent listed business platforms and an equity-based parent-subsidiary structure conducive to business and brand collaboration. On one hand, various business sectors have taken advantage of the governance structure, incentive scheme and financing channels of the listed company and realized specialized development on an ideal playing field supported by an optimized mechanism; on the other hand, the growing market capitalization of the business sectors has led to asset accretion of the parent company. As of Dec. 31st, 2014, Beijing Enterprises together with its listed subsidiaries and affiliates registered a market capitalization of HKD220.6 billion.

Remarkable Performance in Overseas Financing

We have enhanced alignment with capital markets, unleashed the credit advantage of a listed company and, on the basis of improving our information sharing mechanism, modestly raising our leverage and optimizing our capital structure, determined our fund-raising target in line with business needs. We also have established business cooperation relationship and strategic partnership in the long term with Bank of China, Bank of Communications, China Construction Bank, Agricultural Bank of China, Mizuho bank and Guangdong Development Bank. Since 2009, we have raised a total of HKD28.016 billion by means of private placement, USD bond issue, convertible bond issue and syndicated loan, spurring the rapid development of various undertakings.

Case

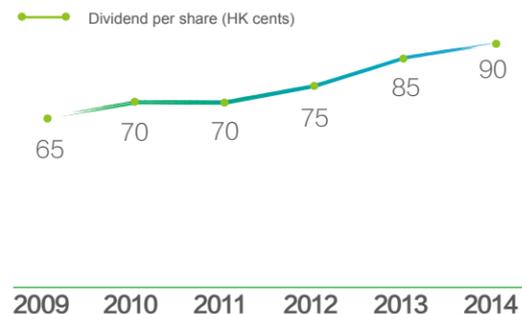
Issue of USD800 Million Bond Overseas

On Apr. 18th, 2012, Beijing Enterprises issued USD800 million bond overseas. Standard & Poor's and Moody's maintained the Company's rating at A- and Baa1 respectively on USD800 million of notes (as opposed to USD500 million of notes prior to the bond issue), thus guaranteeing its sound operation and business development.

Build Investor Communication on Mutual Trust

Setting much store by investor relations, Beijing Enterprises is committed to protecting the interests of investors, especially of small-to-medium-sized ones. We have, in strict conformity with relevant regulations, disclosed business performance and major transactions in a timely manner and, through annual reports, analyst telephone conferences and press conference, proactively responded to investor concerns and helped them understand and recognize our values, development strategies and operating policies, thus winning the support of most investors in major decisions. We participate in around ten investor seminars each year and receive 2-3 institutional investors each week. In 2014, we further enhanced the bi-directional communication mechanism by setting up the Investor Relations Dept.

Through investment in gas, water, solid waste and other sectors with high growth potential and steady cash flow, we have constantly enhanced our overall profitability and paid stable dividend to ensure sustained returns of medium-to-long-term investors.



Investing in Livelihood-oriented Industries

We have pooled premium resources for the integration of urban public utilities sector, gradually expanded our business and improved industrial concentration and specialization. We have extended our core business to most provinces (including autonomous regions and municipalities, similarly hereinafter) in China and overseas markets, thus establishing ourselves as a world-renowned comprehensive urban public utilities service provider.

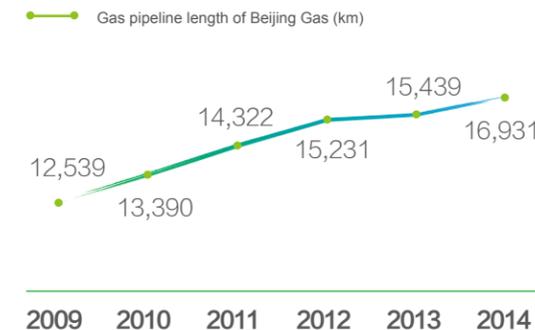
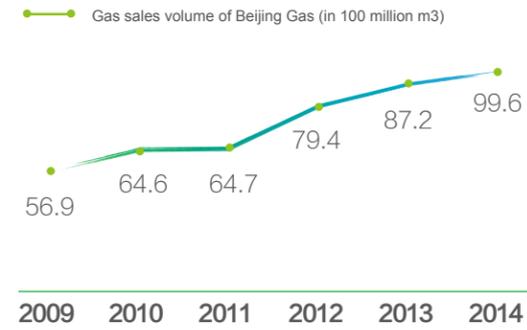
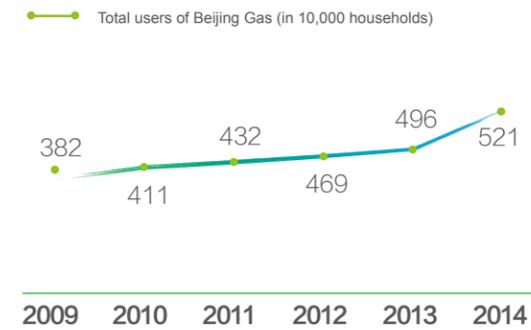


Gas Business

Since 2009, by right of Beijing Gas' business platform, Beijing Enterprises has further bankrolled and boosted the gas business in answer to the 2013-2017 Action Plan of Beijing for Clean Air and the city's commitment to pollution management. We have proactively promoted such key projects as the eco-friendly revamping of coal-fired boilers and the four thermal gas power stations, and extended our gas pipeline to most parts of Beijing. With NGV, CCHP and gas heating projects well on track, we are extending our business upstream and downstream and tapping into gas markets at home and abroad.



LNG station



In 2014, Beijing Gas became China's first city gas company with a gas sales volume of over 10 billion m³. Its 16,931km gas pipeline has covered 5.21 million households.

In order to further enhance our gas service capacity, in 2013, we made our way to the majority shareholder of China Gas through M&A and thus reshaped our gas business in China. As of Sept. 30th, 2014, China Gas had supplied gas to 11.333 million households in 168 cities, and built a 52,411km medium-length and trunk pipeline network as well as 226 gate stations. In 2014, China Gas logged a China-leading gas sales volume of 8.044 billion m³.

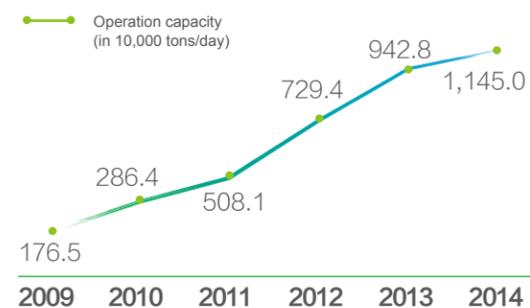
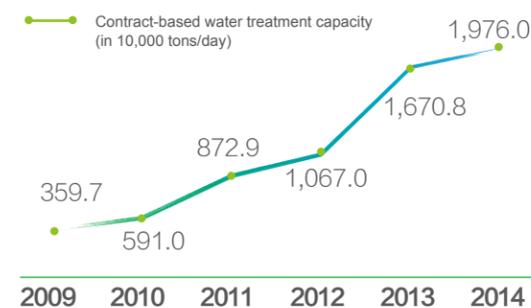


Gas tank of China Gas

Water Business

Water business expansion is an important approach of Beijing Enterprises to developing into a comprehensive public utilities service provider. Since 2009, on the strength of BE Water's specialized platform, we have expanded our business in Beijing, Guangdong, Zhejiang, Shandong, Hunan and other provinces through M&A, entrusted operation or franchising, thus gradually bringing into shape a national business layout. We have also extended our reach to overseas markets by investing in projects in Malaysia, Portugal, Indonesia and Taiwan and setting up an international business head office in Singapore.

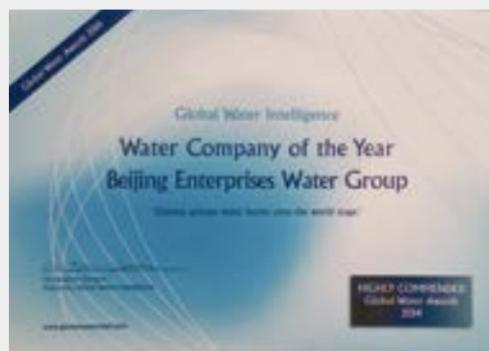
As of the end of 2014, we have water business in 23 province, 109 prefectural-level cities and four overseas markets, invested in or operated 326 water plants of various types with a contract-based water treatment capacity of 19.76 million tons/day and an operation capacity of 11.45 million tons/day, and engaged in raw water, water supply, sewage, reclaimed water, comprehensive water environment governance, seawater desalination and other fields. Owing to its exponential growth, BE Water has come out top in comprehensive water treatment capacity and sewage treatment capacity for three consecutive years, ranked first among the "Top Ten influential enterprises in China's water industry" for five years in a row, and become the only Chinese water company in GWI's Top Four list of Water Company of the Year 2014.



Case

BE Water selected as Global Top Four

At the 2014 Global Water Summit held by the Global Water Intelligence (GWI), BE Water was selected in the Top Four in the Water Company of the Year category as the only Chinese water company by virtue of its outstanding performance in domestic markets and major breakthrough in the international sector.



Solid Waste Business

Beijing Enterprises is proactively expanding its solid waste treatment business. From 2009 onwards, placing equal emphasis on horizontal M&A and market expansion, we have invested in the construction of domestic waste incineration power plants and hazardous waste handling projects in 10-odd provinces including Beijing, Hainan, Hunan, Hubei, Jiangsu, Shandong, Shaanxi and Heilongjiang, taking one step further towards a nationwide business layout. Since 2013, we have engaged in converting Beijing Development into a solid waste investment and financing platform as a complement to BE Environment Technology's existing solid waste business development platform, and laid a solid foundation for our solid waste handling business

through investment in Haidian Renewable Energy Power Station PPP project and M&A of waste incineration power plants of Zomax Changde and Zomax Tai'an. In 2014, we purchases a 92.68% stake in GSE Investment, further increasing our industrial influence and solid waste handling capacity.

As of the end of 2014, we had been running 18 solid waste treatment projects in such fields as households waste, industrial hazardous waste and medical waste, registering a new contracted treatment incineration capacity of over 17,025 tons/day and a total treatment capacity of over 98,000 tons/year.



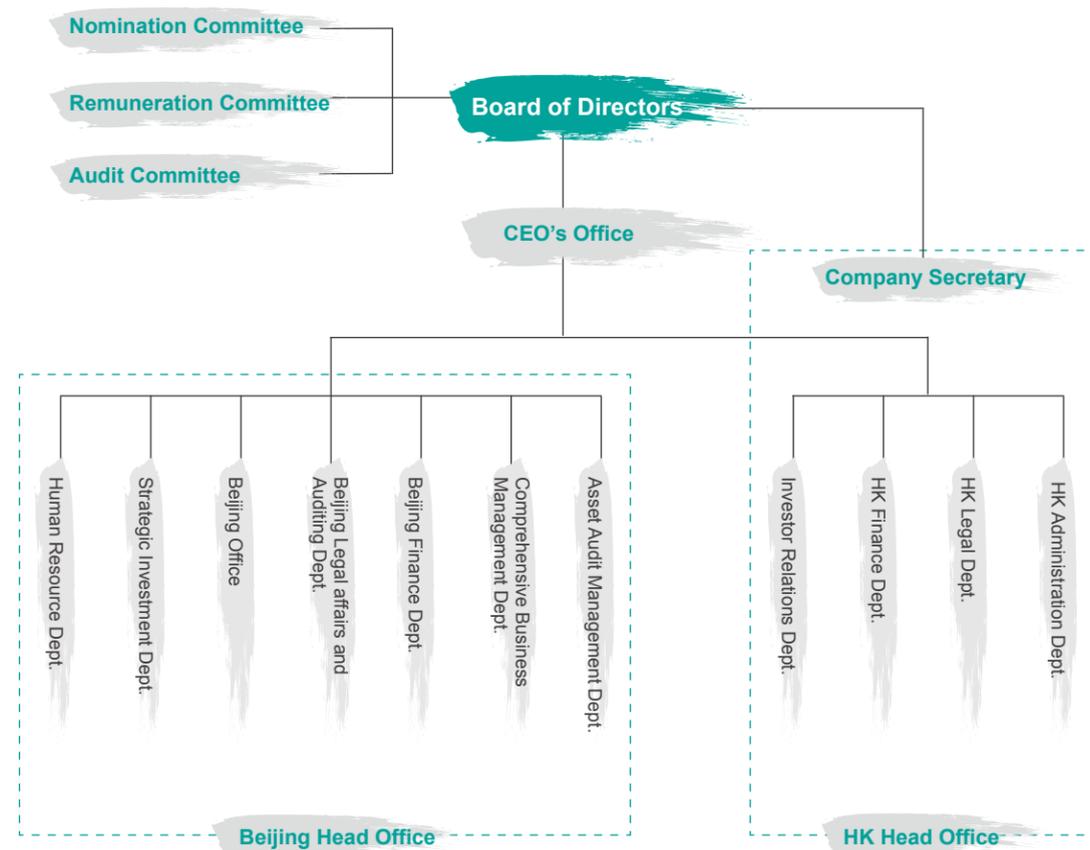
Beer Business

As the one of the largest beer company in China and Asia, Yanjing Beer under Beijing Enterprises owns a number of famed domestic brands including Yanjing, Liquan, Huiquan and Xuelu. Since 2009, Yanjing Beer has constantly restructured its brands, products and market layout, ensuring an over 85% market share in Beijing and Guangxi, an over 75% market share in Inner Mongolia, and a growing share in key markets in West China represented by Yunnan, Sichuan, Xinjiang and Guizhou. In 2014, Yanjing Beer produced 5.31 million kiloliters of beer, sold 5.32 million kiloliters of beer, and logged a brand value of RMB 66.076 billion. It has ranked among the world's Top Eight in beer production and sales for five straight years, thus consolidating its position as a top-tier beer company in China.



Striving to Optimize Corporate Management & Control

We believe that management upgrading and operation in accordance with legal requirements and the highest ethical standards are conducive not only to the fulfillment of business goals, but also to employees, investors, communities and partners.



Corporate Governance

Strictly observing the Company Law, the Security Law as well as HK and international capital market rules, Beijing Enterprises has established a corporate governance structure comprising the general meeting of shareholders, the Board of Directors and the management. The Audit Committee, the Remuneration Committee and the Nomination Committee have been established under the Board of Directors.

In 2014, we embarked on the restructuring and functional optimization of the headquarters. Based on our operation & management realities, we have maintained the dual head office system (Beijing and HK) and realized seamless inter-head-office communication in defiance of spatial distance. We have strengthened the headquarters' functions of managing, supervising, coordinating and serving member enterprises, redeployed our business resources in a rational manner and comprehensively improved our value creation capacity.

Law-abiding Operation

We have rigorously conformed to national laws and regulations, international practices and business ethics, HKSE's Exchange Listing Rules and various

requirements of the places where our operations are based. In order to promote law-abiding operation and reduce compliance risks, we have adopted a two-pronged approach: On one hand, our training and seminars have given our directors a better sense of listing rules, information disclosure responsibility and relevant laws and regulations, ensuring compliance and transparency of corporate policies; on the other hand, our scenario-based workshops and lectures on listing rules for employees are conducive to the building of a compliance culture.

In order to further ensure stable operation and value creation, we have formulated the Implementation Measures of Beijing Enterprises for Comprehensive Risk Management and the Measures of Beijing Enterprises for Efficiency Supervision, enriched and streamlined the internal control system and institutional framework, and strengthened self-evaluation and audit of internal control. With a view to identifying various types of risks, we have established a risk database and conducted effective risk management with emphasis placed on major decisions, appointment or dismissal of major cadres, arrangement for major projects and use of large-sum funds, thus improving our risk prevention and control ability.

Anti-corruption

In a bid to improve the anti-corruption system, Beijing Enterprises has enacted and strictly implemented the Detailed Rules for Implementing the System of Officials' Appointment and Withdrawal in Public Affairs, the Opinions on the Implementation of Enhancing Anti-corruption Education, and the Rules for Officials' Reporting on Their Work and Anti-corruption Performance. We have laid stress on enhancing employees' business ethics and integrity through institutional development, and signed the Letter of Commitment on Honest Work, totaling 310 since 2009, with the high- and medium-level management at the headquarters, the management of subsidiaries and all other officers with the power of business disposal.

We have launched a complaint hotline and other unimpeded whistleblowing channels, ensured timely disclosure of any altered particular of such channels, and optimized the internal supervision and whistleblowing mechanism, recording zero bribery case within the reporting period.

Spurring Development through Technical Innovation

Technical innovation is an inexhaustible wellspring of corporate development. Beijing Enterprises has proactively engaged in introducing sophisticated technology at home and abroad and building innovation platforms, driving corporate development through technology and leading the shared prosperity of the industry.

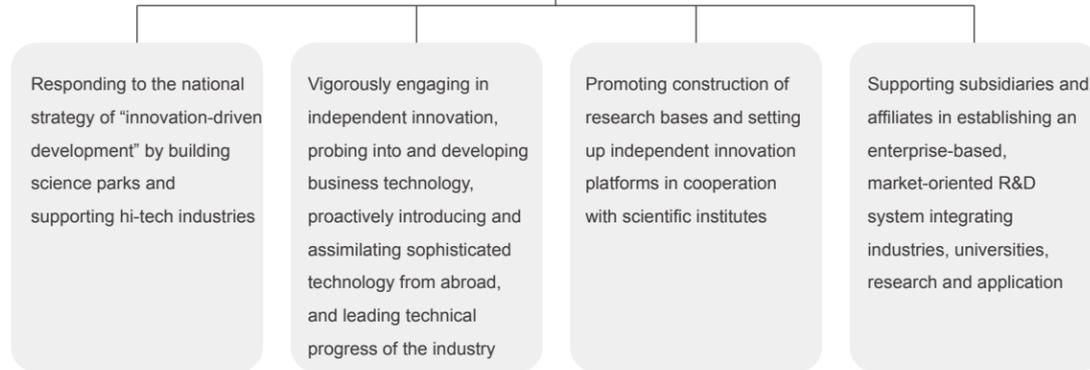
In 2009-2014, Beijing Enterprises together with its subsidiaries and affiliates invested a cumulative

RMB **1,053.074** Million in R&D

In 2009-2014, Beijing Enterprises together with its subsidiaries and affiliates were awarded a total of

84 patents

Technical innovation system of Beijing Enterprises



Beijing Enterprises has brought into play its role as an industry leader, engaged in development and review of national regulations and standards, proactively promoted the standardization of relevant business, and facilitated peer-to-peer communication and shared growth.

- Beijing Gas led the development of the national Technical Regulations on Urban Smart Gas Pipeline Engineering, pointing way for smart growth of gas industry.
- In 2014, China Gas completed the exposure draft of the national Regulations on Urban Gas Project Engineering, Examination and Acceptance - Chapter XIII: LPG Station.
- China Gas engaged in the development of the national Code for Design of City Gas Engineering.
- China Gas participated in the South China Seminar on the development of national Regulations on Pressure Pipelines - City Gas Pipelines.
- In 2014, Yanjing Beer engaged in the development of NY/T273 Green Food - Beer standards organized by the Ministry of Agriculture of China.

We have established an R&D system integrating industries, universities, research and application, and optimized the institutional environment for research & innovation and capitalization on sophisticated technology. As the first "hi-tech enterprise" among domestic gas industry, Beijing Gas has developed a three-tiered technical innovation system with Beijing Gas Institute as the backbone and various departments, offices and units as executors. It has proactively engaged in research projects and reaped a series of significant achievements.

Corrosion control	Safety	Transmission/Distribution	Measurement
<i>Influence of AC/DC Interference on Urban Buried Pipelines and Safety Guarantee</i>	<i>Buried Gas Pipeline Safety Evaluation System of Beijing</i>	<i>Research on Technical Issues Concerning 4.0Mpa high pressure Pipelines</i>	<i>Research on the Status Quo of Measurement by Flow Meters of Gas Users</i>
<i>Feasibility Research on Gas Pipeline Anti-corrosion Field Joint Coating and Inspection Technology</i>	<i>Applied Research on the Safety of Gas Transmission and Distribution System and the Key Energy-saving Technology</i>	<i>Research on Technical Issues Concerning 10Mpa high pressure Pipelines</i>	<i>Research on the Measurement Proposal of Regional Measurement Stations</i>

Starline HPL-G180 from Germany is used for the rehabilitation of high-pressure gas pipelines. Taking up less room and applicable for a wider pressure range and even for bent pipelines, it has filled the void of China's high-pressure gas pipeline trenchless rehabilitation technology.



Beijing Enterprises has conducted extensive and in-depth cooperation with scientific institutes to provide sound platforms for technical innovation as well as promotion and application of achievements. It has jointly set up innovation platforms with Tsinghua University and Beijing University of Technology in turn. Since 2011, it has successively undertaken eight national or provincial projects, including three key national water programs and one "863 program". The "integrated sewage treatment technology based on step-feed A2O joint rear film" and the "reagent-free, multi-parameter automatic water inspection mini-station" have received the title of "environment-friendly technology and products" from the Ministry of Environmental Protection.

We have explored and commanded the world-leading core technology for underground sewage plant construction, and applied the same to nine domestic and international projects represented by Daoxianghu Water Reclamation Plant in an effort to lead the technical progress of the industry.

Committed to R&D and industrial application of technology for reclaimed water quality improvement and safety guarantee, in 2014, BE Water became the only water company among the 43 newly identified "reclaimed water quality safety engineering research centers in Beijing".

We have set up a seawater desalination technology R&D and cooperation platform - BE Haichuang Technology Co., Ltd. - which became the only local seawater desalination company to be officially identified by Beijing Municipal Science & Technology Commission as the Beijing International Science & Technology Cooperation Base for Key integrated Seawater Desalination Equipment and Technology.



Institute for Environment Industry jointly established by BE Water and Tsinghua University

Case

Research on Seawater Desalination Technology

In order to resolve the increasingly urgent problem of urban water scarcity, BE Water has proactively conducted research on seawater desalination technology. So far, it has commanded the core technology for running a large-scale integrated seawater desalination system. Two seawater desalination installations, funded and developed by BE Water, have been respectively put into operation in Yagong Island and Antelope Reef, Sansha City, and the 50,000-ton seawater desalination project in Caofeidian, identified by the National Development and Reform Commission (NDRC) as a "key demonstration project for seawater desalination industry development" in 2011, has been poised for large-scale application.



Beijing International Science & Technology Cooperation Base for Key integrated Seawater Desalination Equipment and Technology

Starting from major technical challenges and pressing concerns common to the industry, we have vigorously promoted independent research and innovation. After it was identified as a key brewing laboratory in Beijing in 2010, the BE-backed Yanjing Beer Technology Center conducted a total of 37 research projects concerned as of the end of 2014, with a number of papers and other achievements granted the Science & Technology Progress Award by industrial associations.

Key national or local research programs undertaken by Yanjing Beer:

- Research on the Technology for Typical Microbial Pollutant Online Inspection and Control in Food Processing - a science & technology pillar program (2011-2015) of the Ministry of Science & Technology of China
- Barley Industry Technology System Construction - a program of the Ministry of Agriculture of China
- R&D of Nattokinase Functional Products - a program of Beijing Municipal Science & Technology Commission

Beijing Enterprises has proactively responded to the national strategy of "innovation-driven development" by supporting hi-tech industries. We have successively set up Beijing Enterprises Holdings Hi-Tech Incubator Inc. and Beijing Enterprises Holdings Hong Chuang Co., Ltd. at Zhongguancun Changping Science Park, and constantly improved their diversified industrial service systems covering investment and financing, registration with the Administration for Industry and Commerce, intellectual property services, talent training and public labs, thus supporting the rapid development of entrepreneurial and innovative companies. As of the end of 2014, a total of 248 technical enterprises had moved into our 88,000 m² incubators. We have incubated a number of famous listed hi-tech enterprises including Lepu Medical Technology (Beijing) Co., Ltd., Beijing Bohui Innovation Optoelectronic Technology Co., Ltd. and Autonavi Navigation.



Technical R&D

Providing Sustainable Products and Services

Opportunities and Challenges

China is expected to have 60%, or over 800 million, of its people living in cities by 2020. It is a challenge for public utilities service providers to ensure steady and abundant supply of safer and higher-quality offerings. A responsible public utilities enterprise needs to constantly improve its growth capability to build a healthy, secure, happy and promising city life with safer, cleaner products and optimized, personalized services.

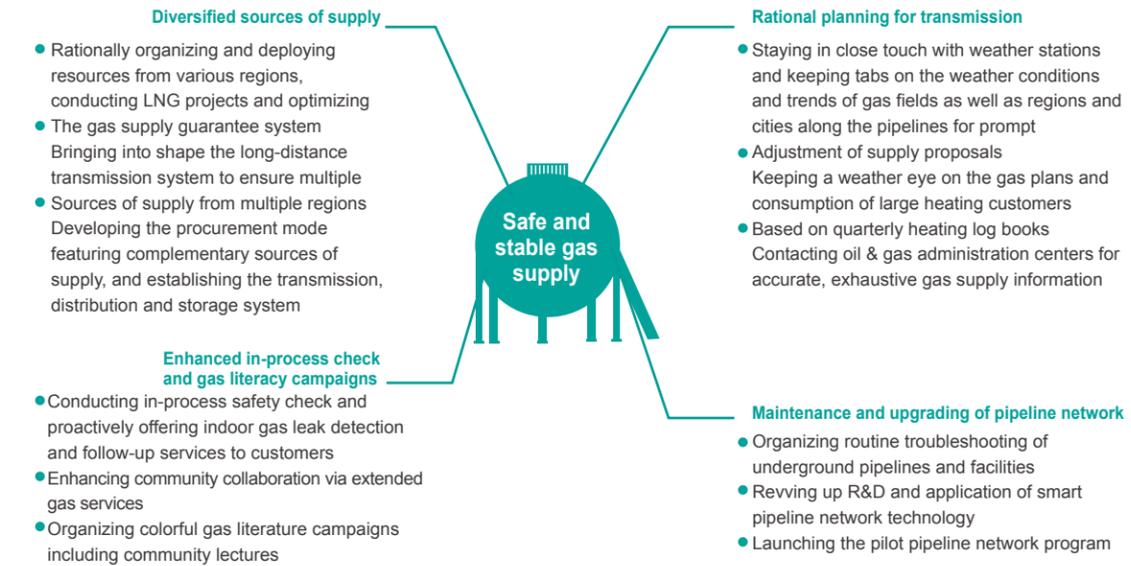


Safe and Stable Gas Supply

As an indispensable clean energy for modern city running, gas has a stake in security and stability of life and properties. We constantly give top priority to safe and stable gas supply, and regard the reliability and sufficiency of gas as the paramount commitment to users and society.

We have shouldered the heavy responsibility of maintaining safe and stable gas supply to the capital city and, on such basis, supplied high-quality gas to other municipalities and provinces. Since 2009, while meeting the soaring needs for gas in Beijing, we have grappled with the constraint of the huge gap in demand between the peak and lean seasons. Based on diversified sources of supply and rational planning for transmission, we have ensured safe and stable gas supply to 5.04 million

households and 41,896 public service providers in the capital city. As a national gas operator and service provider, China Gas is responsible for supplying gas to 11.265 million households and 67,000 industrial and commercial entities in 168 cities, covering about 84.759 million people from various regions, provinces and municipalities.



Gas pipeline Security Check

Guaranteeing Urban Water Use

Water resources have a vital bearing on city running and people's livelihood. As a national water enterprise, we are committed to stable, high-quality sewage treatment and water supply for various types of customers from different regions at home and abroad. In 2014, we provided 223.62 million tons of high-quality domestic water for 80 million households from 109 prefecture-level cities in 23 provinces, and 10.37 million tons of reclaimed water for industrial and commercial entities and municipal, thus facilitating work and living and effectively mitigating urban water scarcity. We have handled 2,044.16 million tons of wastewater, promoted advanced treatment to ensure the supply of reclaimed water up to the national surface water quality standards IV, and provided water for landscaping and urban greening for many provinces and cities.

Seeing that Beijing's development is bottlenecked by the severe lack of rainwater and other sources of supply, we have proactively promoted the transmission of desalinated seawater to Beijing for strategic water storage of the capital city. Since 2013, the 50,000-ton/day seawater desalination plant in Caofeidian has been transmitting desalinated seawater, with a capacity of 3,000 tons per day, to China Resources Power Plant. The commercial operation of the transmission project has laid a solid foundation for future capacity expansion to over 1 million tons.

Guo Jinlong, Secretary of Beijing, was paying an inspection visit to the seawater desalination project in Caofeidian

Further Reading

In Beijing, the availability of water resources per capita per year is only 300 m³, which is 1/32 of the world's average. What is more, water scarcity in the capital city is aggravated by excessive consumption and water pollution, to which seawater desalination, a technique for fresh water production by reducing the concentration of dissolved salts in the seawater, appears to be an effective solution. As a reasonably priced source of quality water irrespective of time, space and climate constraints, the technique turns out an important approach to the steady supply of drinking water to coastal residents and of industrial boiler feed water. So far, it has found application for 120-odd countries and regions and benefited a population of over 100 million around the world.

High-quality and Reliable Products

Setting much store by product quality and food safety, Beijing Enterprises has strictly followed the ISO 9001 quality management systems, ISO 14001 environmental management systems, HACCP systems, alcoholic drinks quality grade certification, and green food certification so as to strictly manage and control beer production and fundamentally prevent systematic quality risks. Since 2009, we have not logged a single case of beer product take-back due to safety or health reasons.

In order to improve product quality and ensure food safety, we have double-checked every rung of the production ladder, involving the examination of raw materials, the streamlining of production technique,

process management and security investigation. We have assisted Yanjing Beer Technology Center in setting up a quality management office, developed the processes of food safety monitoring and defective product disposal, strived to get to the bottom of any safety issue, and gradually improved quality management. We have established a beer tasting expert panel to make sensory evaluation of regularly sampled beer products and thus ensure premium offerings.

In 2009-2014, we have issued 77 unsatisfactory inspection notices to suppliers concerned, and recorded 99% qualification in 8,210 spot checks.

Due to unflagging quality commitment and meticulous oversight, Yanjing Beer has garnered 25 "Green Food" certificates and a number of food safety awards since 2009.

Yanjing Beer is a notable gainer at 12th China Food Safety Annual Conference in 2014:

- Top Ten Chinese Enterprises in Food Safety in 2014
- Outstanding Entity in Food Safety Technology Innovation in China
- Top 100 Demonstration Entity in Food Safety in China
- Entity with Outstanding Contributions to Food Safety in China

Production line of Yanjing Beer



Considerate and Professional Services

Conducting gas safety literacy campaigns and user safety inspection

Beijing Enterprises has conducted indoor facility inspection on a regular basis for the sake of gas safety. We have enhanced inspection of apartments for rent and those of absentees and empty nesters, extended monitoring services to each risk point, and informed users of any hidden trouble of equipment, thus effectively eliminating gas hazards and creating a safer living environment.

Case

Your Information, Our Responsibility

In the course of product and service delivery, Beijing Gas takes pains with user privacy protection. Beijing Gas only records information on gas appliances, gas meters and other facilities concerned of the users, and prevents any unauthorized or accidental access, processing, deletion, leakage and destruction of their personal information. Since 2009, Beijing Gas has registered zero case of user information leakage.

Creating convenient user experience in a more personalized way

We have expanded bill payment channels and initiated online payment services so that gas users may pay the bills without so much as stepping outside the doors. We have cooperated with Bank of Beijing and other banks to launch the bank payment services for household gas users. Beijing Gas has established a comprehensive service system featuring a tangible service platform - Community Service Center 5S Store for package offerings including bill payment, gas literacy and training, and gas products - and an intangible service platform - "96777 hotline" for solicitation of users' service needs, user satisfaction surveys and follow-up visits. Through timely response online and offline, we have resolved users' problems, satisfied their needs and improved their experience.



Case

Keeping 12 Troubles at Bay with One Call

Beijing Gas provides, via "96777 hotline", 12 services including consulting, repair application, demolition and renovation, thus proactively satisfying customers' needs. In 2014, the call center registered 1,786,376 incoming calls, 1,649,511 of which are answered by our phone operators. We issued a total of 432,592 repair application forms, received 8,972 thank-you's and 1,013 pieces of suggestions from customers as well as 201,835 SMS replies from various entities, and registered a follow-up visit rate of 95.4%.

The call center is also equipped with service monitoring and guidance personnel for prompt handling of complex, urgent scenarios, resulting zero customer complaint over the year.

Adhering to the ideology of open and transparent operation, enhancing communication with communities and being ready for public scrutiny

In order to reduce the disturbance of gas engineering to people's life and mobility, we have put up warning signs in safe areas of our projects. We have invited citizens to emergency drills to enhance their safety awareness and self-protection ability. We have conducted literacy campaigns in communities with respect to epidemic prevention, and kept stakeholders posted via SMS of production safety and hygiene.

The prices of water, gas and other public utilities have been a topic of much concern to customers. In recent years, we have conducted sincere communication on price hike, disseminated popular science and enterprise information to the public, and replied to inquiries via the portal, the hotline and community activities, thus ensuring customers' right to know and enhancing operational transparency.

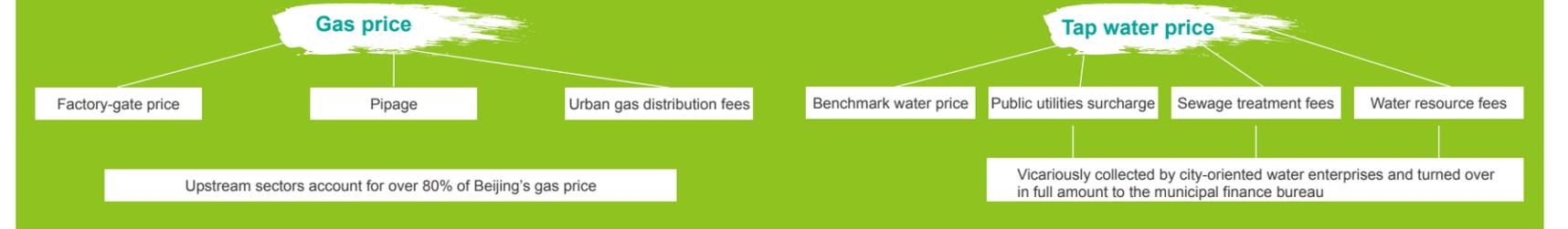
Enriching customer experience and advocating more reasonable consumption

We call for reasonable and responsible drinking while providing customers with good-tasting, high-quality beer. We have conducted employee training on healthy and responsible drinking, strictly forbidden the sales of alcoholic drinks to juveniles and, by putting up at packaging and dining areas such signs as "Excessive drinking is harmful to our health" and "No drunk driving", preached reasonable and safe drinking to customers.

Further reading: Who has the pricing power of public goods?

The sales prices of provincial public goods are usually verified by NDRC, and those of sub-provincial public goods by provincial governments and competent authorities below. Therefore, the pricing power of water and gas is not vested in the suppliers.

Take gas for example: the price of gas is made up of factory-gate price, pipage and urban gas distribution fees. Since upstream sectors account for over 80% of Beijing's gas price, upstream price hike will directly increase the costs of city-oriented gas enterprises.



Developing an Eco-blueprint

Opportunities and Challenges

The furtherance of urbanization will put great stress on the environment. With the urban demographics of 2010 as the benchmark, a 1% increase in urbanization rate will generate 379.8 million tons of domestic sewage, 2.93 million tons of domestic waste and 24.1 billion tons of urban industrial solid waste. Enterprises are thus required to reduce the environmental impact of their production & operation via innovative technical approaches and low-carbon green business modes, help address urban sustainability challenges and contribute to the construction of resource-saving, environment-friendly society.

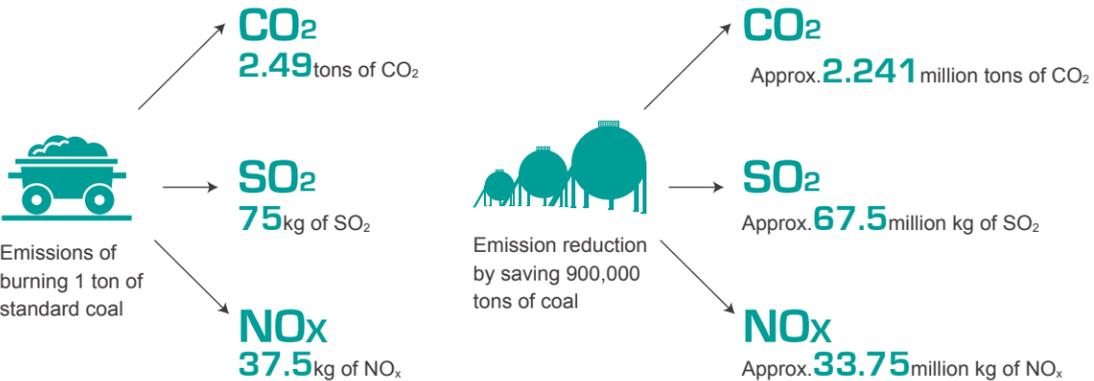


Improving Air Quality

Clean energy has become a fulcrum of the transformation towards greener economy and society. Beijing Enterprises has proactively promoted energy restructuring by means of the “substituting gas for coal” and “vehicle gas” programs, supplying clean energy for the purpose of green city development.

Substituting gas for coal

Echoing the 2013-2017 Action Plan of Beijing for Clean Air, Beijing Enterprises has stepped up the eco-friendly revamping of coal-fired boilers, playing a great part in improving air quality and living standards. In 2014, the Company renovated 113 coal-fired boiler rooms with a total capacity of 4,070 tons, saving 900,000 tons of coal from gas heating for 200,000 households.



Vehicle gas

Since automobile exhaust gas takes up one-third of PM2.5 emissions, the substitution of gas for gasoline or diesel fuel turns out an important solution to such kind of pollution. Beijing Enterprises has revved up the construction of vehicle gas supply system and optimized the layout of gas stations, thus promoting the development of NGVs and vehicle gas industry. As of 2014, Beijing Gas had developed 78 gas stations and approximately 17,000 NGVs, cutting gasoline consumption by 73 million tons per year; China Gas had developed up to 434 gas stations, with the vehicle gas sales volume accounting for over 10% of the total gas sales volume of the Company.

Composition of NGVs developed by Beijing Gas



Distributed Energy Resources

The exploration of distributed energy resources has become a new breakthrough point of green city development. Beijing Enterprises has been expanding its distributed energy business, taking an active part in the transformation towards greener cities. Since 2009, the Company has carried out 11 distributed energy projects and signed 15 framework agreements concerned. In particular, the Energy Center of CNPC Technical Innovation Base was granted the Special Award for Outstanding Distributed Energy Projects in China. With an overall energy utilization rate of over 78%, it is the world's largest CCHP distributed energy center inside a stand-alone data center, playing an exemplary role in accelerated development of distributed energy projects.



Energy Center of CNPC Technical Innovation Base

Case

Making Buildings Greener

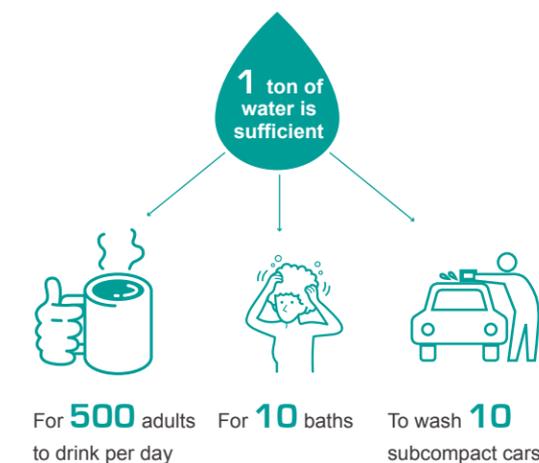
Beijing Gas invested in the construction of CCHP distribution system of Qinghe Hospital. The system, which came into service in 2013, enables the hospital to save 1,570.82 tons of standard coal and pare down emissions by 5,424 tons of CO₂, 249 tons of SO₂, 116 tons of NO_x and 2,258 tons of dust and other pollutants each year, thus effectively reducing building energy consumption and pollutant discharge, and making itself a plus for green buildings.

The distributed energy supply system is more environment-friendly than traditional modes. Such system with an installed capacity of 1mw can:



Protecting Water Resources

Regarding water resources as a cornerstone of sustainable development, Beijing Enterprises has made effective efforts in sewage treatment, comprehensive water environment governance and sludge disposal, thus striving for cleaner water resources, solutions to urban water pollution and improvement in the quality of city life.



Sewage treatment

It has always been the water resource protection ideology of Beijing Enterprises to reduce the use of clean water and the discharge of sewage. Since 2009, the Company has been proactively engaged in sewage treatment infrastructure construction in Beijing, Jiangsu, Hubei and other provinces and cities. As of the end of 2014, the Company had been running 250 sewage treatment plants throughout the country, with a total sewage treatment capacity of 7.6435 million tons.

Case

Zero Environmental Impact of Sewage Treatment

Daoxianghu Water Reclamation Plant has been built underneath a park so that the noise and stench of sewage treatment will not be spread to the environment. Thanks to the creativity of BE Water, the reclaimed water will be used partly for household toilet flushing and river water supplement, and partly for garden irrigation. After its completion, the plant will minimize the environmental impact of sewage treatment and get the water truly recycled.

Sludge disposal

With the popularization of sewage treatment facilities and the increasing rate of treatment, sludge generation is much faster at sewage treatment plants, making secondary pollution a problem to be reckoned with. Based on the “decentralization + centralization” mode and the “simplified + large-scale processing” approach, the Company has been engaged in harmless sludge treatment and recycling in Jilin, Guangxi, Yunnan, Hunan and Hubei, with a capacity of 3,100 tons per day.

Comprehensive Water Environment Governance

Beijing Enterprises is committed to resolving the problem of urban water pollution and providing residents with a beautiful ambience by means of comprehensive water environment governance which marks the fundamental point-to-area transition of sewage treatment and environmental protection mode.

Through seamless integration of water treatment, environmental protection, urban planning, forestation & landscaping, culture-oriented tourism and several other specialties, we have pooled premium resources and formed a complete set of ideas, principles and technical routes. We have successively engaged in 27 projects of comprehensive water environment governance including Dianchi Lake in Kunming, Nanming River in Guiyang and Liangshui River in Beijing and other cities like Liaoning and Sichuan.



Comprehensive governance of Nanming River

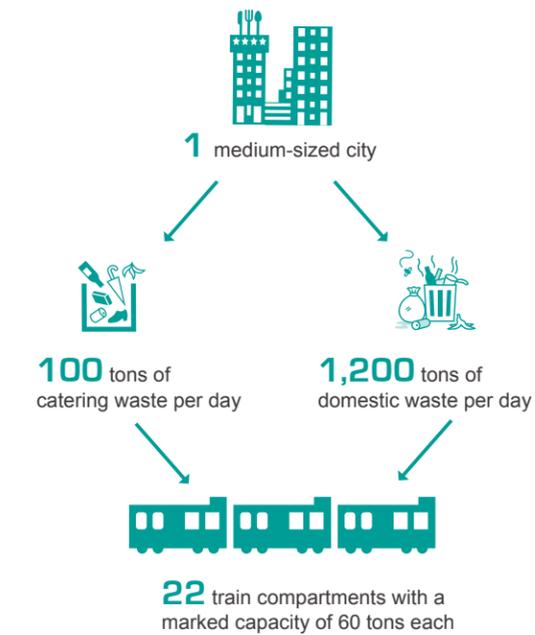
Case

Writing a New Chapter of Comprehensive River Governance

Dubbed as the “mother river” of Guiyang, Nanming River seemed to have lost its self-purification capacity in the course of urban development and unsatisfactory river governance before BE Water undertook the Nanming River comprehensive governance project in 2012. Through sewage collection, sunken sewage treatment, river dredging, sludge prevention, flood control storage, ecological restoration, comprehensive odor treatment and cultural landscaping, BE Water has beautified the core section of the river and helped it regain its blue water and picturesque river bank.

Handling Waste

Being livelihood-minded, Beijing Enterprises has proactively expanded its hazardous waste handling, kitchen waste treatment and soil restoration business while promoting municipal solid waste treatment, striving to explore “urban goldmines”, free cities from waste besiegement and create a beautiful homeland for all.



Domestic waste incineration for power generation

Beijing Enterprises has been committed to handling domestic waste through greener and safer incineration. In 2009-2014, it generated power of 349.47 million kwh from waste incineration, cutting standard coal consumption by 157,800 tons and CO2 emissions by 994,800 tons.

Further reading:

Why do we handle domestic waste through incineration?

There are three kinds of ways for domestic waste treatment: landfill, composting and incineration. Incineration, in particular, has found application for over 100 years and proved to be the most effective approach to harmless waste treatment, reduction and recycling. In 2012, Chinese Ministry of Housing and Urban-Rural Development organized a professional evaluation on waste incinerators throughout the country, finding the dioxin emissions lower than the national standard of 0.1ngTEQ/Nm³ and up to the EU standard.

Hazardous waste handling

Hazardous waste, which is hard to handle and the pollution arising from which has unforeseeable consequences, has always been the focus of global waste management. We have invested in the construction of Hunan Hengyang Hazardous Waste Disposal Center and Shanxi Taiyuan Hazardous Waste Disposal Center, both of which are among the 35 State-level key hazardous waste disposal centers.

Catering waste treatment

Untreated catering waste poses a great threat to water body, urban environment and food safety. Beijing Enterprises is committed to constantly enriching its waste treatment business and building its catering waste handling capacity. In 2014, we contracted to handle 400 tons of kitchen waste per day.

Practicing Green Operation

Upholding the ideology of green operation, Beijing Enterprises is committed to strengthening process control and technical upgrading, enhancing resource utilization and reducing waste discharge, aiming to become a promoter and practitioner of low-carbon life. Since 2009, no major environmental pollution accident has ever occurred to Beijing Enterprises and its subsidiaries and affiliates.

Enhancing resource utilization

Based on its realities, Beijing Enterprises advocates a conservation culture in favor of higher resource utilization and less energy consumption. In 2009-2014, Beijing Enterprises, together with its subsidiaries and affiliates, registered power consumption of 125.27 million kwh and water consumption of 4.413 million tons in total * .

*Note: Only the data of Beijing Enterprises, Beijing Gas and Yanjing Beer head office and BE Environment Technology are factored in.

Reducing the discharge of “three wastes”

Placing great emphasis on pollutant discharge in production and operation, Beijing Enterprises has strengthened technical innovation, conducted strict management of “three wastes” (waste gas, solid waste and wastewater), and enhanced pollution prevention and control so as to minimize the environmental impact of such pollutants, realize green development and build itself into a environment-friendly company.

Case

Baby Steps towards Energy Conservation and Emission Reduction

Based on industrial characteristics, Yanjing Beer has proactively engaged itself in energy conservation and emission & consumption reduction. It has tangibly promoted the application of new facilities, processes and techniques for the sake of clean production and environmental protection, and pared down the use of packaging materials with a view to spurring low-carbon green development. In 2014, our waste gas emissions dropped by 209.12 tons from the previous year, hazardous solid waste discharge by 0.3 tons and wastewater by 373,089.5 tons.

Waste gas

We have installed the state-of-the-art SLEPHT granite de-sulfurization and de-dusting devices and online monitors at 18 of our boilers, realizing real-time monitoring of soot discharge, and applied the liquid-phase catalytic oxidative de-sulfurization/de-nitrification integration technology to the upgrading of boiler flue gas emission system

Solid waste

We have introduced the sludge drying system which uses the residual heat of flue gas to dry sludge and diatomite and in turn to produce high-quality building materials

Wastewater

We have taken the lead in introducing from Holland an integrated anaerobic/aerobic sewage treatment process, and built an industry-leading sewage treatment plant with a capacity of 40,000 tons per day

Through the reclamation of all condensate water of the steam system, we have saved about 600,000 tons of water per year with a reclamation rate of over 40%

Green office

Beijing Enterprises has further improved and publicized the green office system, encouraging employees to spare no effort in paper, power and water conservation in a low-carbon working environment.

In a bid to reduce office paper use, we have put up such signs as “Energy saving begins with me” and “Please save paper” at office buildings and copy rooms. In 2014, Beijing Enterprises together with some of its subsidiaries and affiliates used 35.74 tons of paper, or 1.84 kg per capita*.

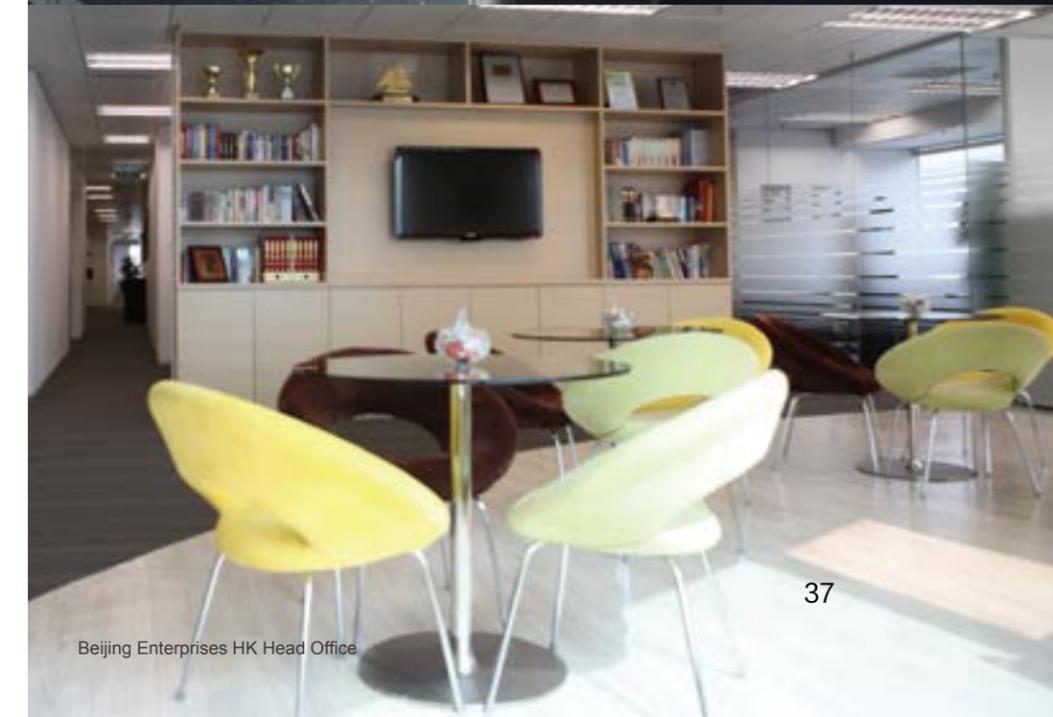
We advocate video conferences in an effort to free our staff from the drudgery of conference preparation, enhance work and operating efficiency and realize green office. In 2014, Beijing Enterprises together with subsidiaries and affiliates held 379 video conferences, effectively reducing resource consumption incurred by business trips.

Power conservation	Water conservation	Conservation of office supplies
Introduction of state-of-the-art, energy-efficient LED lighting	Installation of water-efficient taps at toilets to reduce the water flow to the minimal, yet adequate, level	Recovery of used computers at the office
Office renovation for energy conservation	Routine examination of water meters	Online working and strict management of office paper use
	Installation of water meters at dining halls for management & control of water use	Abolition of the private car system

*Note: Only the data of Beijing Enterprises, Beijing Gas, BE Environment Technology and Yanjing Beer head office are factored in.



Jointly Developing an Eco-blueprint
2009-2014 Beijing Enterprises CSR Report



Beijing Enterprises HK Head Office

Creating a Harmonious Cultural Environment

Opportunities and Challenges

China's burgeoning economy is accompanied by a rapidly aging population, unbalanced education and defective medical services. As a corporate citizen, Beijing Enterprises will proactively coordinate its own resources and combine forces of all walks of life, striving to create a more inclusive, secure, stable and trustworthy cultural environment and to jointly build a harmonious China.



Building Beijing Enterprises into a Happy Family

Employees are an inexhaustible wellspring of sustainability. Adhering to the ideology of "putting people first", Beijing Enterprises renders equal treatment to all employees, respects and safeguards their legitimate rights and interests, continually stimulates their creativity and initiative, and strives to share with them the benefits of corporate development, thus building a contingent of high-caliber talents in support of sustainable development.

Laying stress on the protection of employees' rights and interests

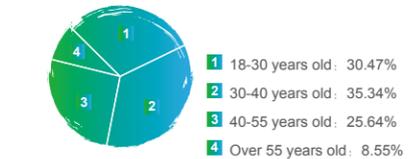
Beijing Enterprises respects and espouses the International Labor Convention, rendering equal treatment to employees regardless of nationality, race, gender, religion or cultural background, and prohibiting child and forced labor. It strictly complies with the provisions of the Contract Law, adhering to the principles of fair employment and equal pay for equal work irrespective of gender. Through open, merit-based recruitment, it provides equitable and just employment opportunities for society. The unaltered structure of the management and core employees is a sure card for long-term stable business development of Beijing Enterprises.

Beijing Enterprises proactively promotes democratic construction, makes unimpeded the employee communication channels, heeds employees' appeals and suggestions, and safeguards their rights of scrutiny and decision-making. Through the Chairman's mailbox, Petitions Office and other channels, it solicits employees' opinions and responds to and addresses relevant issues, bringing into full play the employees' role in democratic corporate management. As of the end of 2014, trade unions had been set up at all levels with a 98% employee coverage.

Headcount of Beijing Enterprises and its subsidiaries and affiliates in 2014



The percentage of total workforce by age group



Employee outward bound

Ensuring occupational health and safety

Adhering to the principle of “putting safety first via early prevention as well as comprehensive rectification”, Beijing Enterprises has constantly improved the occupational health and safety management system, and enhanced employees’ practical skills and awareness of safe production by streamlining the organizational process and institutional framework.

Optimized safety management system	Safe and standardized production	Enhanced oversight of production safety	Safe production education campaigns
We have set up safe production organization entities including the Safe Production Commission and the Safety Management Office so as to optimize the occupational health management system and promote the safe production accountability system	We have launched campaigns for safe and standardized production, and proactively promoted standardized safety management and safe production at the grassroots level	We have streamlined the production safety oversight system, strengthened monitoring and examination of key links, and enhanced the safety awareness and managerial expertise of employees	We have conducted the “Safe Production Month” campaigns, emergency drills and troubleshooting. We have established the safety education and training system, and proactively organized training on safe production. We have also held safety knowledge competitions.

Optimized occupational health and safety management system

Beijing Enterprises has organized routine physical examinations and recuperation, and kicked off the system of employee accident record-filing and emergency rescue, thus further strengthening the occupational health and safety management. In 2014, Beijing Enterprises together with its subsidiaries and affiliates has lost 257 days due to work-related injury and recorded zero line-of-duty death*.

*Note: Only the data of Beijing Enterprises, Beijing Gas, BE Environment Technology and Yanjing Beer head office are factored in.

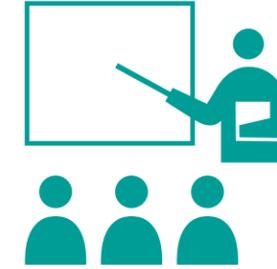


The headquarters of Beijing Enterprises are equipped with AED first aid kits in case of acute illness of employees

Focusing on career development and training

Beijing Enterprises has upheld the strategy of “strengthening the Group by relying on talents”, constantly improved the talent development mechanism, integrated corporate operation, business expansion and themed campaigns, and organized multi-channel, multi-directional, multi-tiered training to encourage creative thinking. It has assigned management personnel to temporary posts and assisted employees with career planning, striving to provide a broader stage for employee growth.

We have formulated the Medium-term Plan for Talent Cultivation (2013-2015), established the career planning guidance scheme, designed career ladders and conducted multi-stage career development



Developing and optimizing career ladders

We have developed the position management scheme, brought into shape the competency assessment system for core positions, and built managerial and technical career ladders respectively

Beijing Enterprises encourages employees to dive deeper in their respective disciplines and earn professional certificates. The expenses for degree-oriented education and exams for professional titles will be partly written off in a bid to improve the disciplinary skills of employees. In 2014, Beijing Enterprises together with its subsidiaries and affiliates offered 763,126 hours of training to 130,576 employees on a person-time basis.



Junior Staff
Training on professional skills and corporate culture

Middle-level management
Reserved talent training
High-end talent development campaigns



Senior management
Senior manager seminars



Senior manager seminars





Caring for Employees' Life

Beijing Enterprises has placed emphasis on employee care, advocated healthy work style and life style, taken pains with employees' troubles at work and in life, and demonstrated the ideology of "putting people first" through actions.

The singles party held by Beijing Enterprises serves as a sound communication and matchmaking platform for young employees.

Condolence money and daily necessities are granted to the sick or needy employees.

We have set in motion the "Nursing Room" project, aiming to provide a comfy, clean and private space for breastfeeding employees.

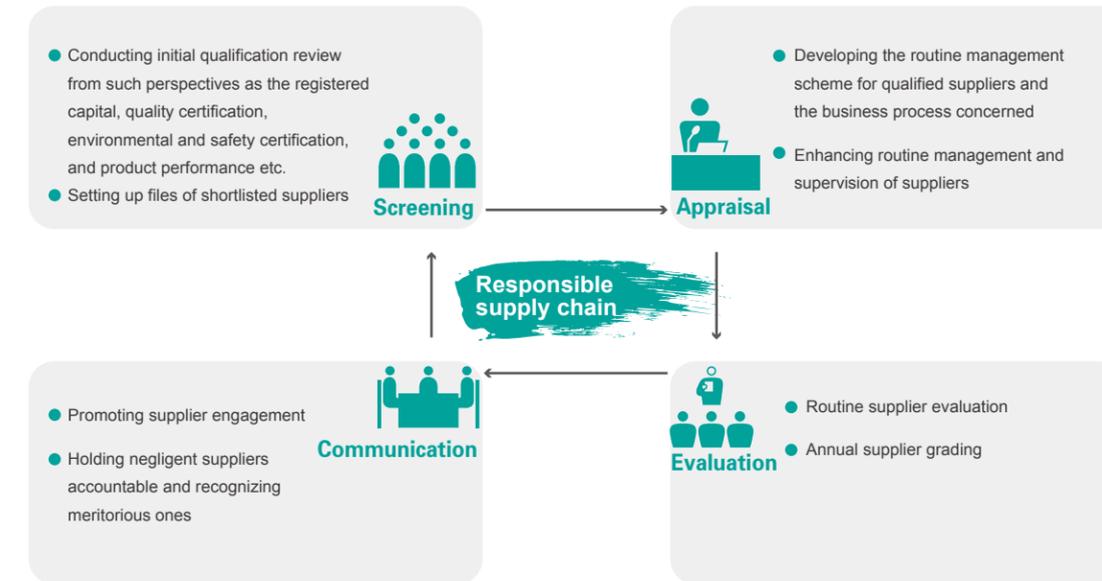


Building the "Nursing Room"

Jointly Fostering a Responsible Supply Chain

The sustainability of supply chain is also core competence of a company. Beijing Enterprises has laid stress on the improvement of suppliers' sustainability, and enhanced supplier engagement to create a win-win supply chain.

Adhering to the ideology of responsible procurement, Beijing Enterprises has strictly carried out fair, just and open procurement, resolutely resisted commercial bribery and corruption, and encouraged various business sectors to purchase responsible products and services, thus minimizing the adverse environmental and social impact of the commercial activities of the Company and its partners.



Case

Procurement Localization

Beijing Gas places emphasis on local supplier development and local economic prosperity. In 2014, it conducted cordial cooperation with 61 suppliers across the country, with zero instance of procurement dispute recorded.

By region



Supplier distribution of Beijing Gas in 2014

Case

Hierarchical Supplier Management

Beijing Gas has conducted hierarchical supplier management by applying different policies to different grades. Tender invitation will be favorable to the “outstanding suppliers” who will be prioritized for contract-signing and, alongside with the “eligible suppliers”, automatically qualified for annual evaluation of the next year. A six-month trading ban will be imposed on the “negligent suppliers” for rectification within a prescribed time limit; failure to rectify the problems within the prescribed time limit will result in a degradation to the “ineligible suppliers” who are disqualified for trading in the coming three years.

Case

Responsible Procurement

Laying stress on the integration of CSR into the supply chain management system, Yanjing Beer conducts on-site supplier review each year from such perspectives as the production techniques, working environment and warehousing conditions. It requires long-term partners to forward authoritative quality assurance reports in accordance with the national quality standards, food safety criteria and environmental norms, and encourages responsible behavior of suppliers for the sake of shared growth.

Case

Growing with Suppliers

Yanjing Beer has constantly improved its strategic sharing mechanism and platform so as to grow with suppliers in the long run. In a bid to promote the construction of domestic raw material production bases, it has organized a number of field surveys on planting and market conditions in Xinjiang and Gansu, and inked strategic agreements with local malt houses and hop & barley farms, thus promoting the hop & barley industry in the western region and developing China’s own high-end beer ingredient production bases.

Dealers assembly



Participating in Social Welfare

Beijing Enterprises believes that a sound cultural environment and a harmonious society are worthy of the mutual commitment of enterprises and all walks of life. While seeking corporate development and investor returns, the Company has taken concrete actions to repay society with greater value. Since 2009, we have been the host of Beijing-Hong Kong Economic Cooperation Symposium each year, thus promoting bilateral economic exchange.

Beijing Enterprises paid income tax of

2.941 billion HK dollars in total in 2009-2014

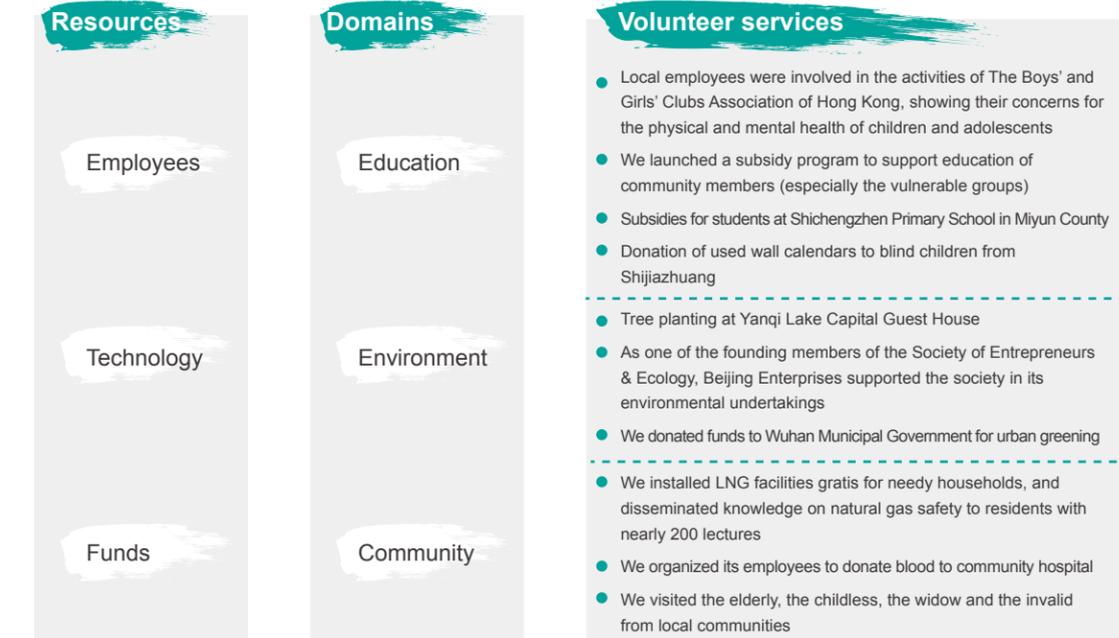
Beijing Enterprises and its subsidiaries and affiliates donated a total of

46.1785 million HK dollars in 2009-2014

*Note: The donations of 24.3 million yuan (those of China Gas are not factored in) are converted based on the exchange rate for Dec. 31st, 2014 (HKD 1 = CNY 0.789)

Community volunteer services

Beijing Enterprises encourages and supports its employees to participate in community volunteer services. It has organized and set up youth volunteer service teams to carry out diversified activities themed on community, education and environment, with local employees involved in a total of 31 public welfare campaigns in Hong Kong in 2014. Such activities and campaigns have helped the employees fulfill themselves and build a sense of social responsibility and belonging, and in turn contributed to the harmonious development of Mainland China and Hong Kong.



Case

Supporting China Gas Foundation

In order to further unleash the advantages of its resources and develop insights in non-profit management, on Apr. 26th, 2014, Beijing Enterprises injected HKD10 million into China Gas Foundation, started by China Gas, to support needy employees, vulnerable groups as well as environmental and educational undertakings of local governments.

On May 29, 2014, the foundation donated RMB1 million to the Women & Children Activity Center of Youjiang District, Baise City, Guangxi, showing its concerns for left-behind children and volunteer mothers.

On Jul. 22nd, 2014, it donated RMB1 million to the Overseas Friendship Association of Guangxi in support of the poverty alleviation project of Long'an County.

On Dec. 6th, 2014, it supported 1st Sino-Korean Calligraphy Exhibition for Civil Servants and Senators in Beijing in an effort to promote bilateral cultural exchange.



Tree planting activity

Disaster relief

Beijing Enterprises has been proactive in providing assistance for disaster-stricken areas. We managed to work out aid proposals and donate necessary materials immediately after the occurrence of Yushu earthquake, Zhouqu Mudslide and July 2012 Beijing Flood, helping victims tide over the difficulties and performing the due responsibility of a corporate citizen.



During the July 2012 Beijing Flood, Beijing Enterprises and Yanjing Beer donated a total of RMB4 million yuan for disaster relief.

Supporting cultural, scientific and sports development

Cultural and scientific development is a fundamental social undertaking to meet the material and cultural needs of citizens. Supporting and promoting national sports, cultural and scientific development is conducive to social cohesion. In view of this, Beijing Enterprises has, based on its business realities, strived to promote cultural and scientific development at the community level and add impulse to sustained social progress.

Yanjing Beer Festival enriches community life

Over the past 23 years, Yanjing Beer Festival has never failed to intoxicate customers, dealers and suppliers with the passionate beer culture and colorful community life. Touring from the "Beer for All" Gala in Shunyi District to the CCTV's The Same Song, from the main venue of Flower Expo to the Beer Culture Plaza of Olympic Water Park, the festival has constantly enriched its connotations, enlivened community culture and shared corporate achievements with society.

Supporting lunar exploration

In 2011, Yanjing Beer concluded a strategic cooperation agreement with the Lunar Exploration Program Center (LEPC) with a view to supporting China's space program. Four yeast strains grown by Yanjing Beer were carried by Shenzhou 10 to the space for experiment and research. In addition, Yanjing Beer held an online promotion of its draught beer in 2013 and organized a delegation to watch the launch Chang'e 3, in an effort to contribute to the development of aerospace industry.



Supporting aerospace industry

"Seed plan" ignites football dream

Committed to the development and prosperity of China's sports industry, we are the exclusive title sponsor of Chinese FA Cup as well as the title sponsor of Beijing Women's Volleyball Team, China Canoeing Team, China Women's Football Team and China Table Tennis Team, taking concrete actions to perform the social responsibility of a national enterprise. In 2014, it initiated the "seed plan" together with the Chinese Football Association by donating footballs to match-hosting schools so as to ignite students' football dreams and bring up future football stars.

Hold **29** half-time ball-donation ceremonies

Cover **18** cities/regions

Donate **3,020** footballs

2015 Outlook

The year 2015 marks the final spurt of Beijing Enterprises towards the goals of its Twelfth Five-Year Plan, and a crucial period for innovative practice and development of new growth engine. With the mission of "Invest for A Better Life", Beijing Enterprises will enhance its responsible competitiveness, unleash the advantage of a comprehensive public utilities company, accomplish the dual objectives of increased economic benefits and CSR fulfillment, and take concerted and creative actions for corporate and social sustainability.

We will continue to ameliorate our CSR management system, strengthen communication and cooperation with stakeholders, facilitate the coordinated and sustainable development of economy, environment and society, and create a favorable internal and external environment. We will stay ahead of public utilities, give scope to our managerial and technical expertise, devote efforts to the improvement of people's livelihood, and constantly provide high-quality and reliable products and services for society. We will optimize our environmental management system, spur the development of environmental technology, bring forth new facilities, processes and techniques for energy conservation and emission reduction, and enhance our capacity for integrated environmental services. We will adhere to our talent development ideology, build a contingent of high-caliber, innovative technical talents, create a harmonious corporate culture, promote community development and support sports and cultural progress.

As it behooves a gentleman to ceaselessly strive along, so will we, as a responsible corporate citizen, cherish the support and trust of stakeholders and spare no effort to integrate CSR into the sustainable development of economy, environment and society.

Key Performances

	Entity	2009	2010	2011	2012	2013	2014
Revenue	In 100 million HK dollars	242.1	276.1	304.7	355.7	423.6	479.4
Total assets	In 100 million HK dollars	591.1	670.3	773.6	895.0	1,096.2	1,240.6
Yearly dividend	HK cents/share	65	70	70	75	85	90
Basic earnings per share	HK dollar/share	2.11	2.32	2.44	2.84	3.36	3.78
Headcount	-	37900	41,000	45,000	49,000	49,000	49,500
Labor contract conclusion	%	100	100	100	100	100	100
Social insurance coverage	%	100	100	100	100	100	100
Gas sales volume*	In 100 million m ³	56.9	64.6	64.7	79.4	87.2	99.6
Total gas users*	In 10,000 households	382	411	432	469	496	521
Contract-based water treatment capacity	In 10,000 tons/day	359.7	591.0	872.9	1067.0	1,670.8	1976.0
Operating water treatment capacity	In 10,000 tons/day	176.5	286.4	508.1	729.4	942.8	1,145.0
Domestic waste treatment capacity	Ton/day	225	1,725	3,725	10,525	13,725	17,025
Beer sales volume	In 10,000 kilolitres	467	503	551	540	571	532

*Note: Only the data of Beijing gas is factored in.

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Feedback

Dear reader,

We are looking forward to your comments and suggestions so as to constantly improve our CSR-related tasks.

Personal information (optional):

Name: _____ Position: _____ Company/Institution: _____

Address: _____ Postcode: _____

E-mail: _____

Tel: _____ Fax: _____

1. Your opinion on below items:

	Very good	Good	Fair	Poor	Very poor
Overall impression of the Report					
Descriptions on the economic, environmental and social impact of the Company					
Stakeholder engagement of the Company					
Information disclosure of the Report					
Layout of the Report					

2. In what part of the Report are you most interested?

3. What kind of information do you want to know more about?

4. What are your comments and suggestions for the Report?

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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

Add.: 66F Central Plaza, 18 Harbor Road, Wanchai, Hong Kong

Tel.: (852) 29152898

Fax: (852) 28575084

Email: mailbox@behl.com.hk