



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

BEIJING ENTERPRISES HOLDINGS LIMITED

Stock Code : 392



INTERIM
RESULT

2023

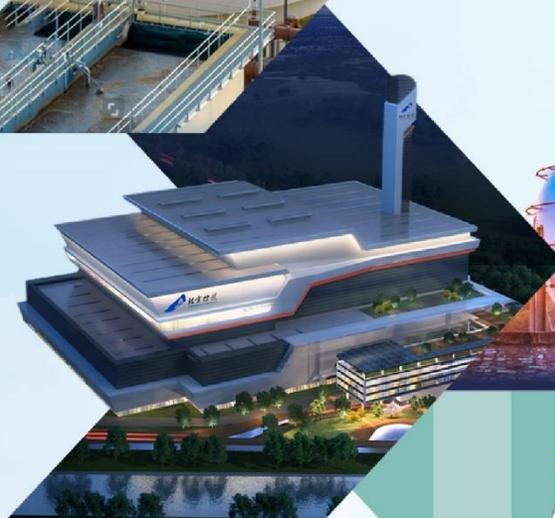




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BEIJING ENTERPRISES HOLDINGS LIMITED

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- **Part 1. Results Summary**
- Part 2. Operating Overview
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Results Summary - Operational metrics remained robust in 1H2023

<i>Unit: Million HKD</i>	1H2022	1H2023	Change %
Revenue (Restated)	46,025	48,364	+5.1%
Gross Profit (Restated)	6,782	7,166	+5.7%
EBIT	6,946	7,373	+6.1%
EBITDA	9,378	9,740	+3.9%
Profit for the Period	5,501	5,415	-1.6%
(1) Profit Attributable to Shareholders of the Company	5,029	4,649	-7.6%
(2) Recurring Profit	5,200	3,921	-24.6%
Basic and Diluted EPS (HKD)	3.99	3.69	-7.6%
Dividend Per Share (HKD)	0.50	0.93	+86%
Total Asset	221,071	224,629	+1.6%

(1) The decrease in profit attributable to shareholders of the Company for the period is primarily due to the impact of the depreciation of RMB, the increase in interest rates and the decrease in profit from China Gas. It remained the same year-on-year in general if the relevant effects were excluded ;

(2) One-off Items during the period mainly including: Reversal of provision for Yanjing Beer expenses amounted to HKD 72 million, and reversal of impairment of domestic environmental business assets amounted to HKD 656 million.



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Part 1. Results Summary

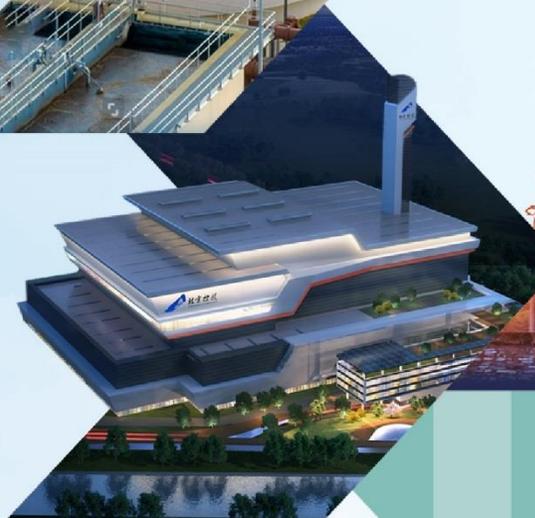
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Operating Overview



- The local market in Beijing remains stable, while strong growth achieved in markets outside Beijing
- Upstream gas supply ample, gas prices stable, price pass-through mechanism promptly
- The Phase I project of Tianjin Nangang LNG Emergency Reserve Project scheduled to commence operation by the end of December 2023



- Impacted by the ongoing pass-through mechanisms and the decline in connecting businesses due to the downturn in the real estate, investment income has decreased
- The LNG business is establishing its own international import resource pool to create a comprehensive full-industry-chain complex.
- The value-added service platform "Yipin Smart Living" has achieved rapid growth with impressive performance, and the process of its spin-off listing is progressing steadily



- Key performance indicators continue to grow
- The construction of an extraordinary management system is progressing steadily, continuously enhancing product quality and production efficiency
- Efforts are being made to improve the governance of loss-making enterprises and enhance management efficiency
- Various forms of brand activities are being carried out to continuously refresh the brand image
- The inaugural ESG report has been released, showcasing a significant improvement in ESG governance capabilities



- Comprehensively upgrading the accounts receivable management mechanism to facilitate the progress of receivables collection efforts
- Through multiple measures, effective asset management is promoted
- Included in the Dow Jones Sustainability Index and Hang Seng Corporate Sustainability Benchmark Index, and awarded an A-level rating by MSCI ESG

Environmental Business

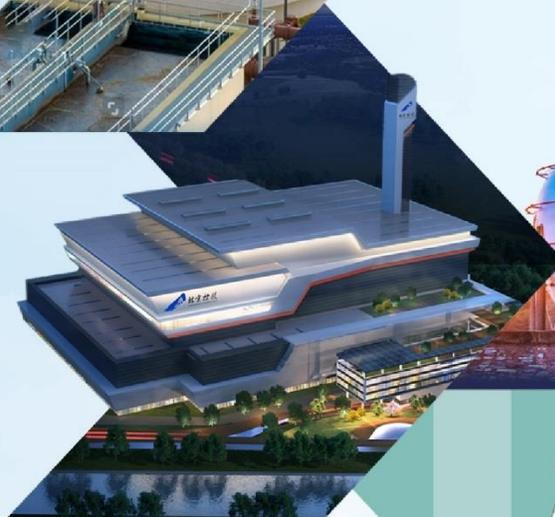
- **Domestic Waste Treatment Platform:** The commencement of the Beihai project and the Zhangjiagang expansion project has led to a significant year-on-year increase in both waste treatment volume and on-grid electricity volume
- **Overseas EEW:** Against the backdrop of the Russia-Ukraine conflict, the inflation in Europe has led to a substantial increase in cost expenses, putting pressure on operational performance.



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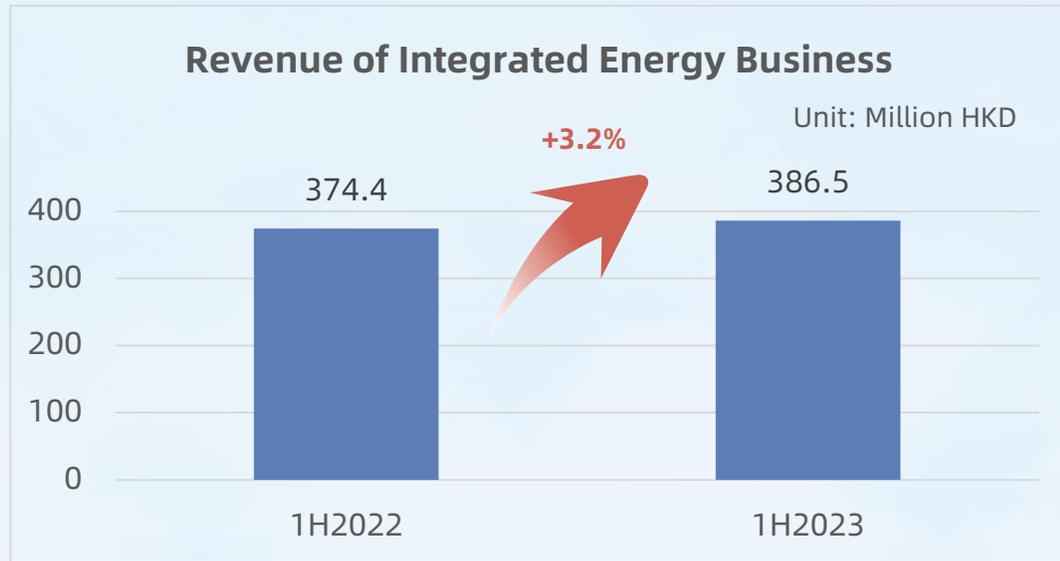
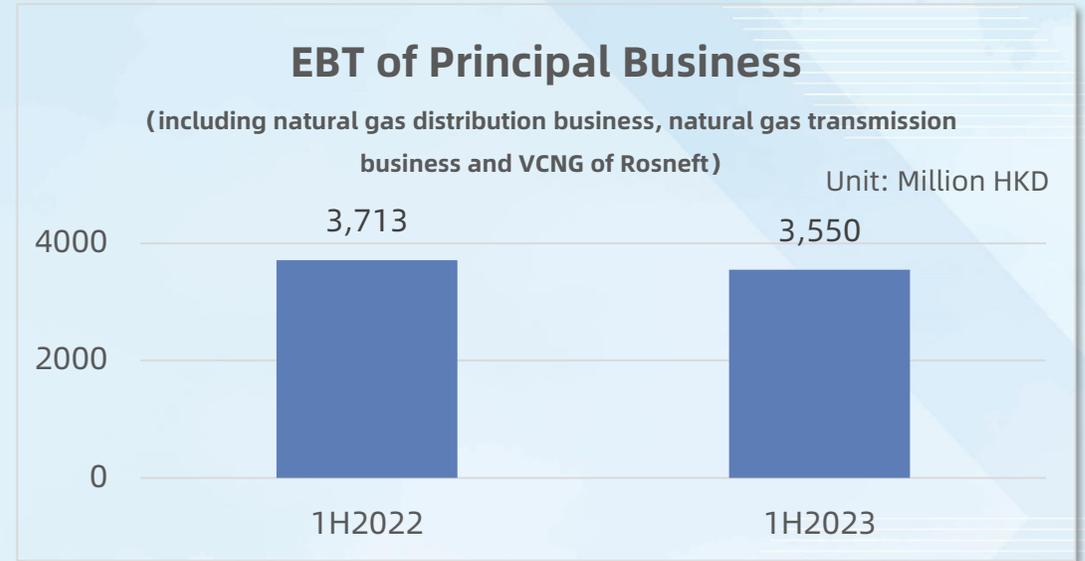
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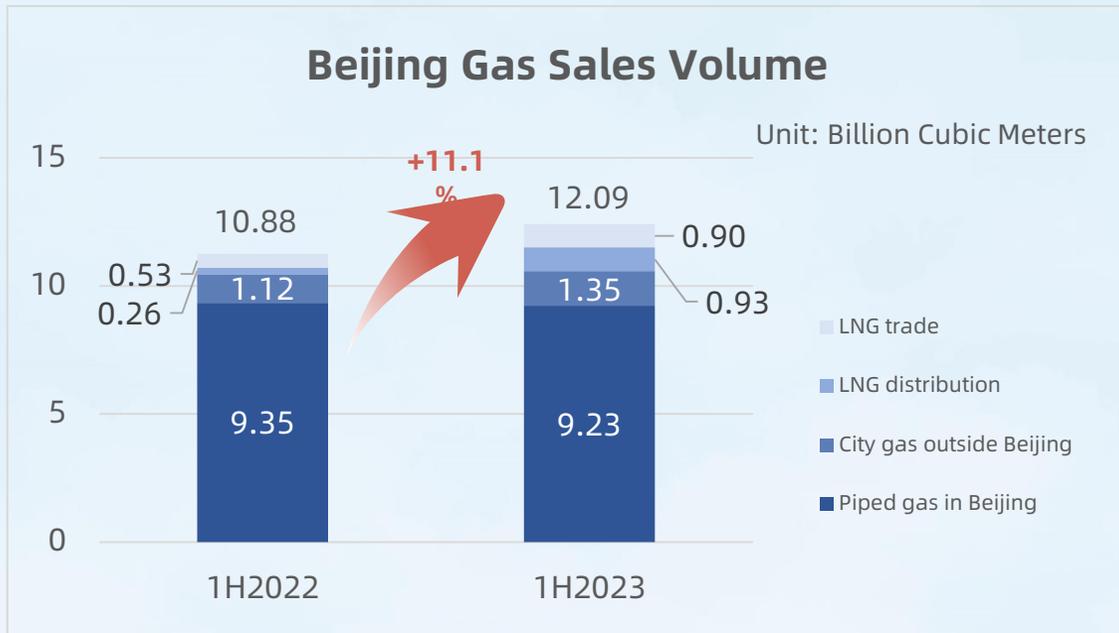
Business Updates - Beijing Gas





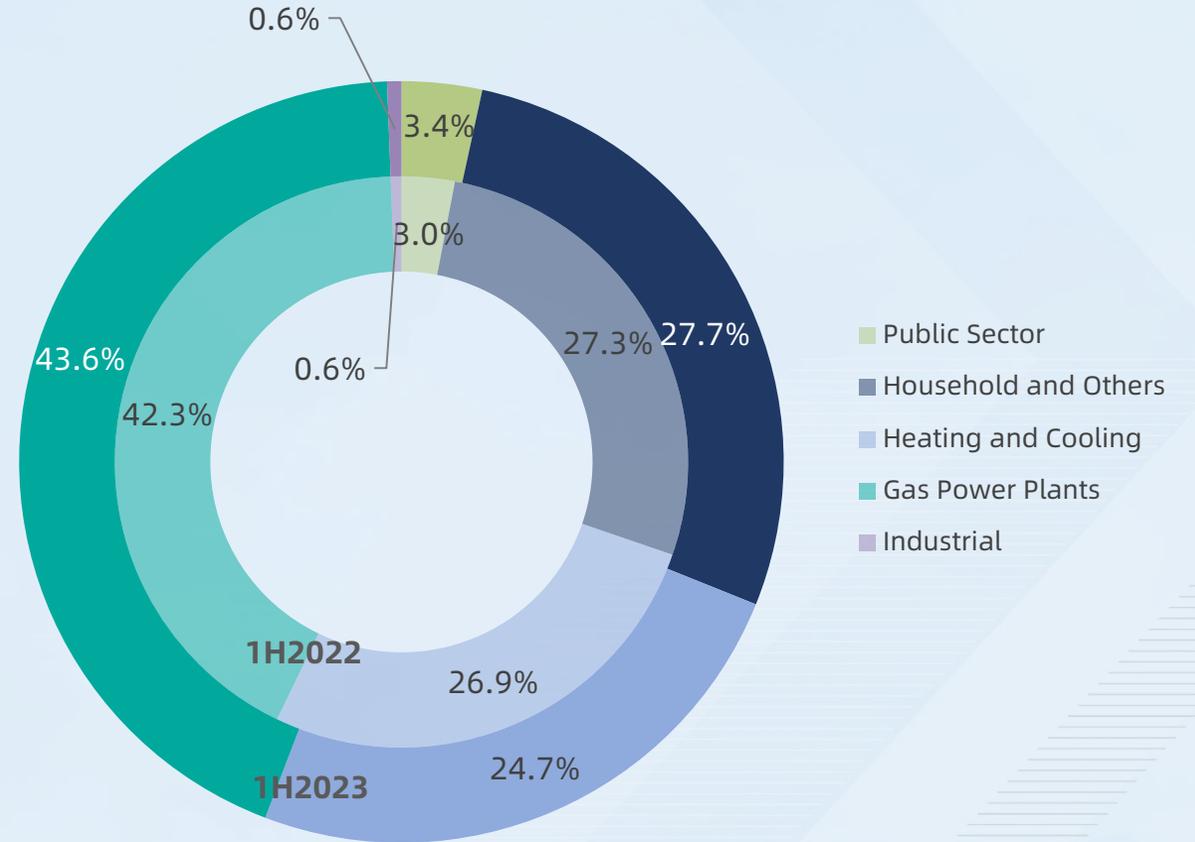
Business Updates - Beijing Gas

Data cut-off date	Items	Key operating data
During 1H2023	New developed household (k)	67.3
	New public sector subscribers	2,326
	New heating boilers(t/h)	574
As of 30 th June 2023	Accumulated subscribers(million)	7.37
	Accumulated length of Pipelines (thousand kilometers)	32.2



Note: Total sales volume excluded duplicate statistics in different categories

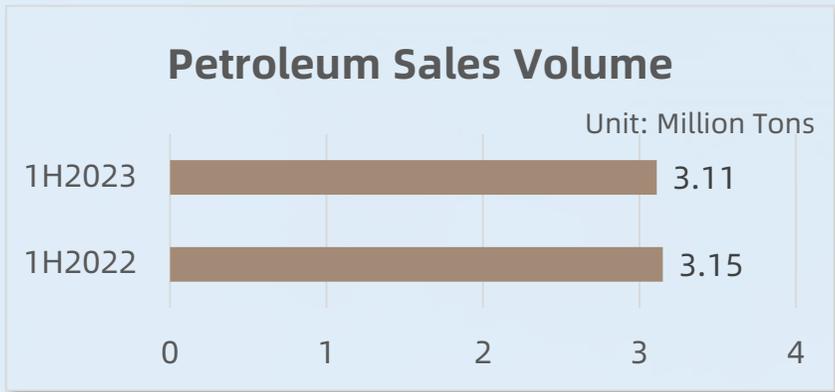
Gas Sales Volume Inside Beijing by User Sector



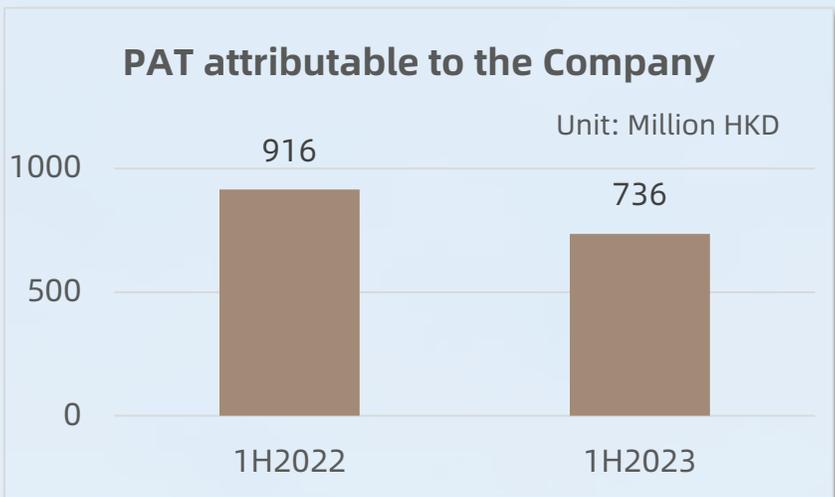
Business Updates - Investments on Gas Supply Chain




VCNG of Rosneft



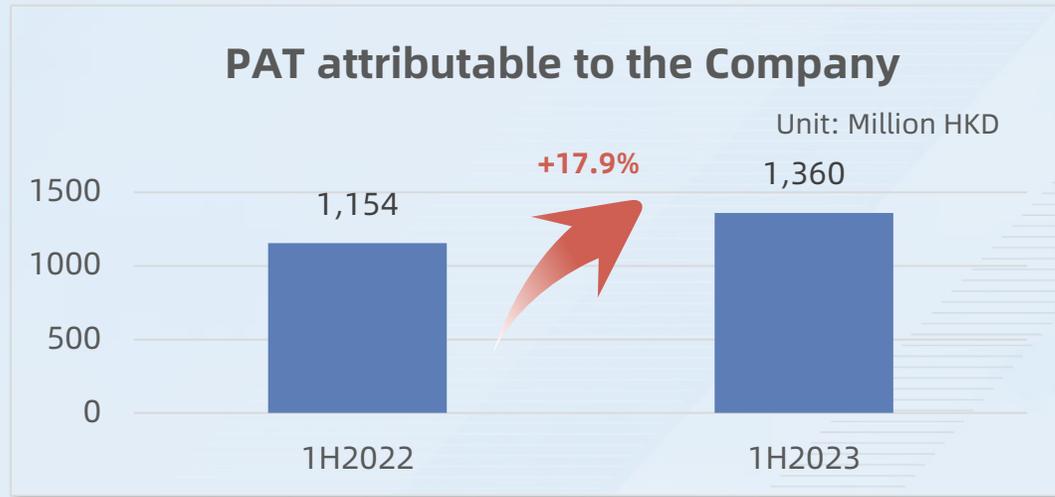
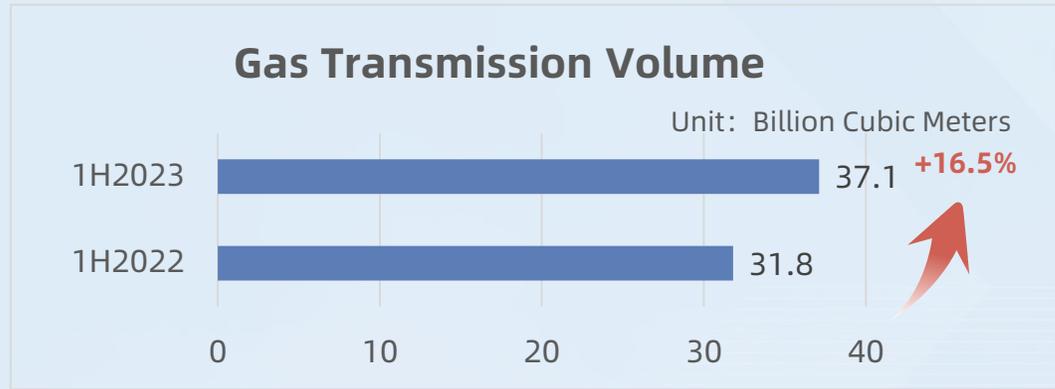
Reason for the decrease:
 The natural decay of oil field capacity is in line with the curve pattern of decreasing production year by year of the project acquisition model



Reasons for the decrease:
 1. Continued decline in international oil prices;
 2. Significant devaluation of the ruble




PipeChina Beijing Pipeline Co.





Business Updates - China Gas



Natural Gas Business	Accumulated User Number as at 31 March 2023
Residential	45,394,697
Industrial	22,108
Commercial	329,335
CNG/LNG Refilling Stations	533

LPG Business	Accumulated Number as at 31 March 2023
Receiving Terminals	7
Distribution Projects	106
Wholesale Business	3.4 million tons
Retail Business	735 thousand tons



Spin-off listing of Yinpin Smart Living

- Yipin Smart Living focuses on rapidly growing and highly promising full-family lifestyle scenarios, providing users with products and services that extend from the kitchen to the entire home
- Over the past three years, Yipin Smart Living has achieved rapid growth with impressive performance, and the process of its spin-off IPO is steadily advancing

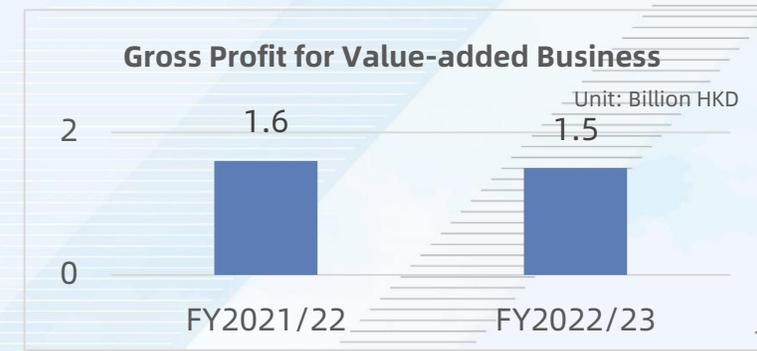
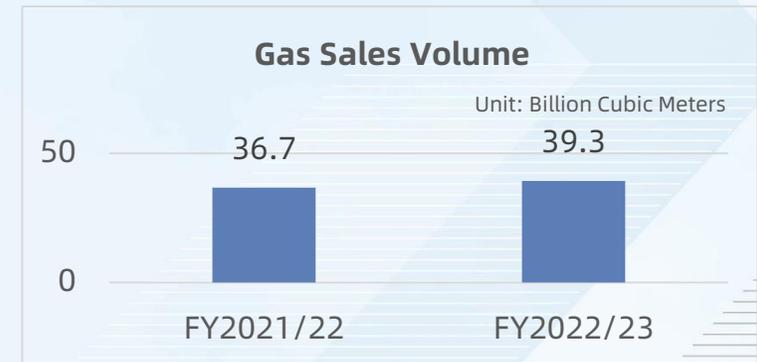


Steady development of natural gas business

- The year-on-year increase in natural gas sales volume is 6.9%, reaching 39.25 billion cubic meters
- The total number of customers continues to grow, with approximately 2.3 million new residential customers and around 33,000 new commercial and industrial customers connected to the gas pipeline. The total number of residential gas customers has exceeded 50 million, and the number of commercial and industrial gas customers has exceeded 400,000



Reasons for the decrease: the number of new connections declined in the context of the persistently sluggish real estate industry and the COVID-19 pandemic; and with rising procurement costs of city gas companies resulting from tight gas supply, the absence of a reasonable price pass-through mechanism largely depressed the dollar margin.



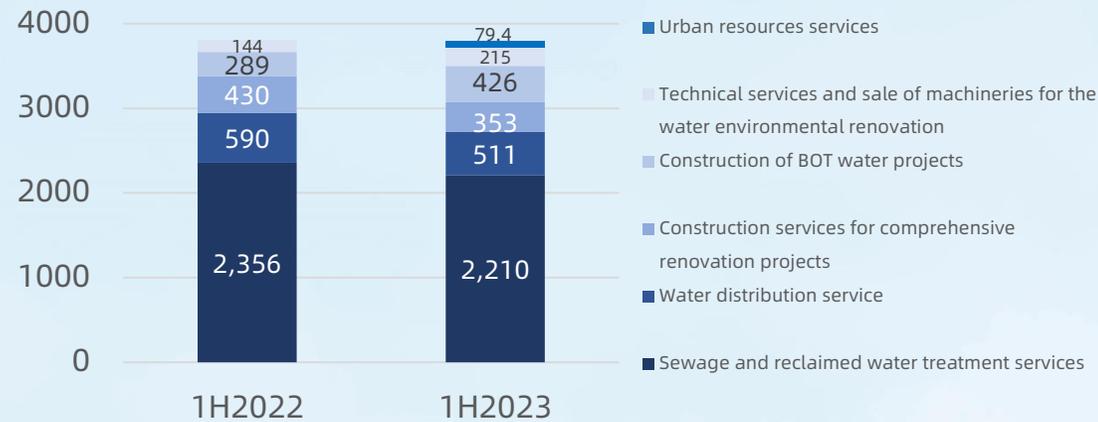


Business Updates - BE Water

Segment Revenue Analysis



Segmental Analysis of Profit Attributable to Shareholders



EBITDA



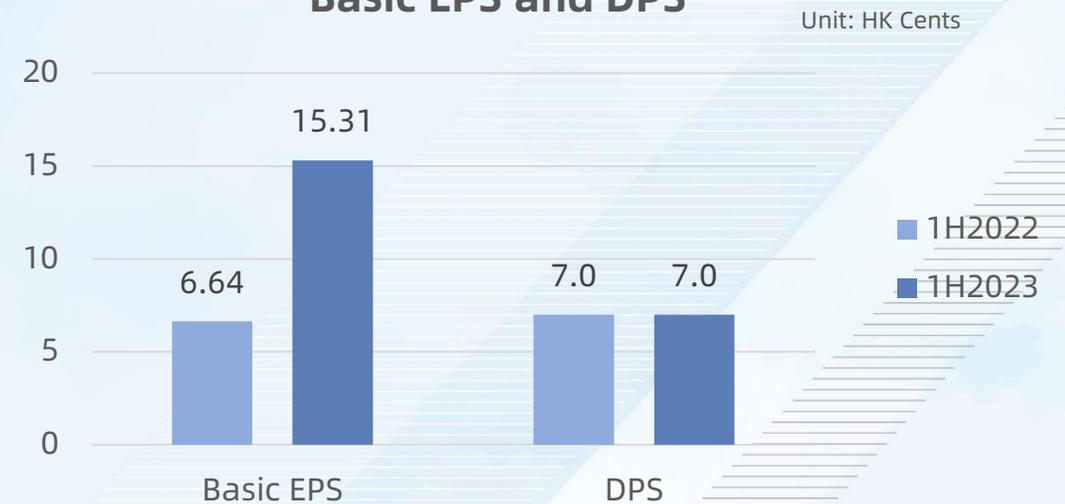
Profit attributable to BEHL



Reason for the increase:

In 1H2022, a one-off item resulted in a confirmed loss of approximately 1.09 billion HKD. This loss was a one-off non-cash loss. However, in 1H2023, there were no related one-off items

Basic EPS and DPS

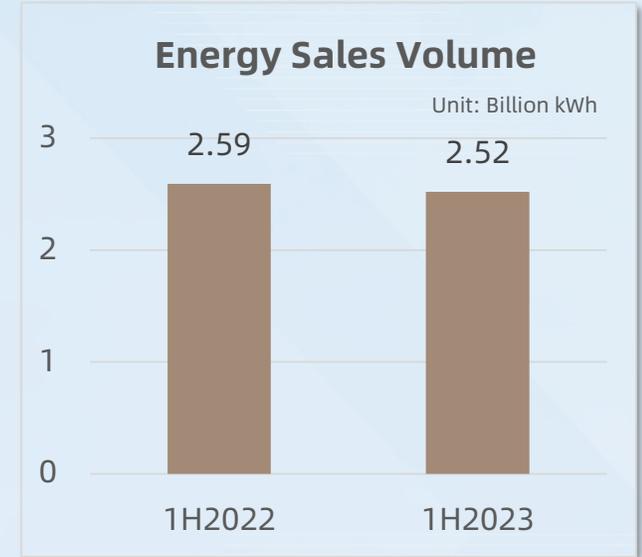
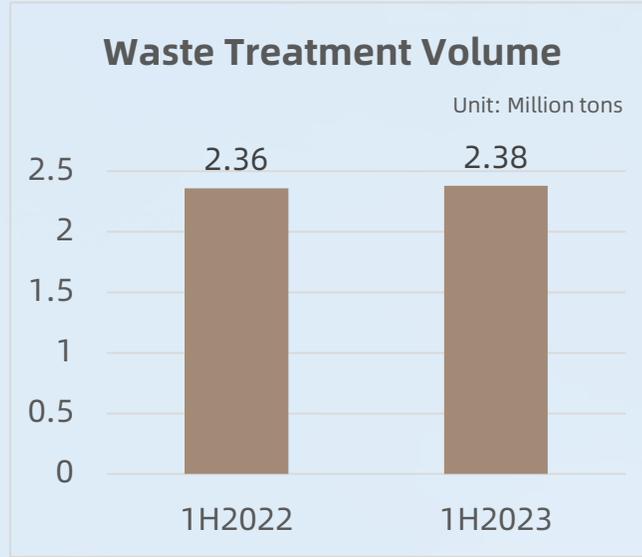
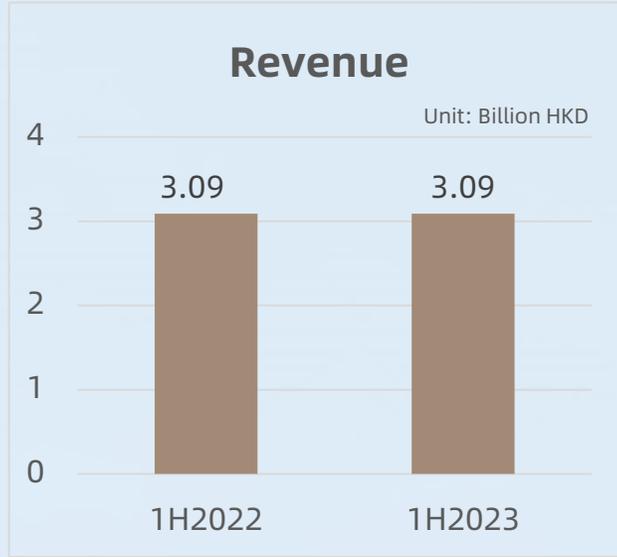




Business Updates - Environmental Business

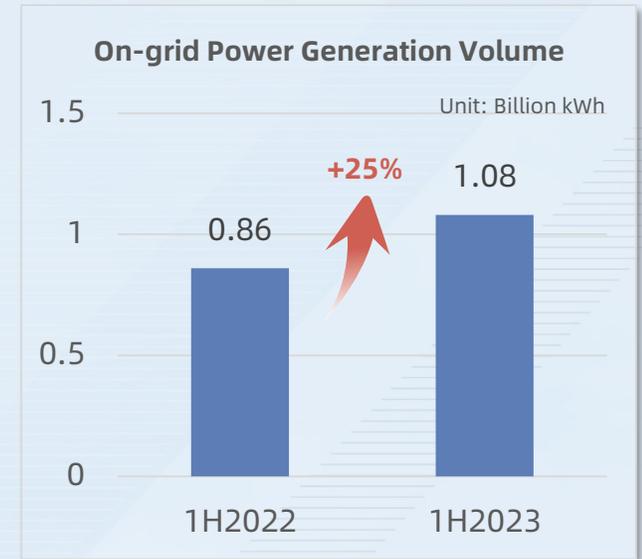
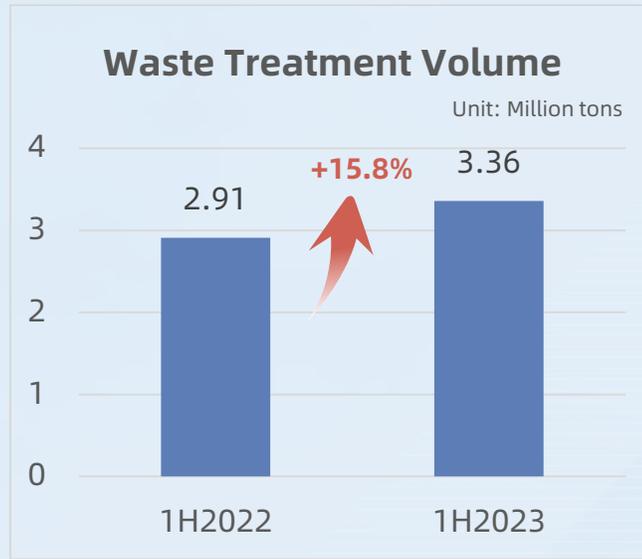
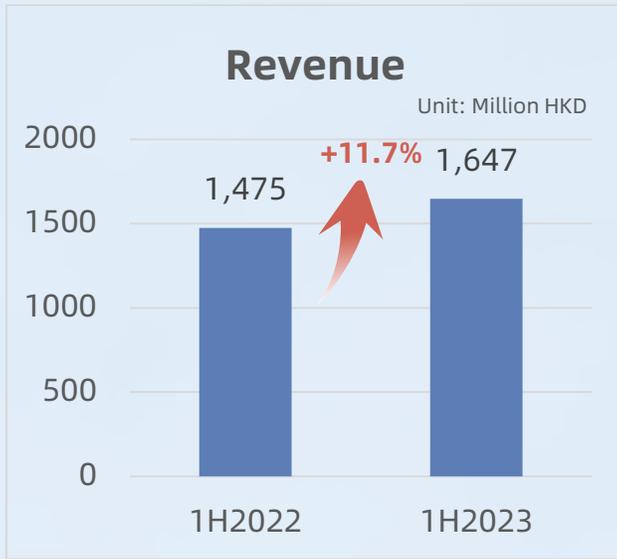
EEW GmbH

EEW GmbH experienced an increase in operating expenses, putting pressure on year-on-year performance, but its fundamental outlook remains robust



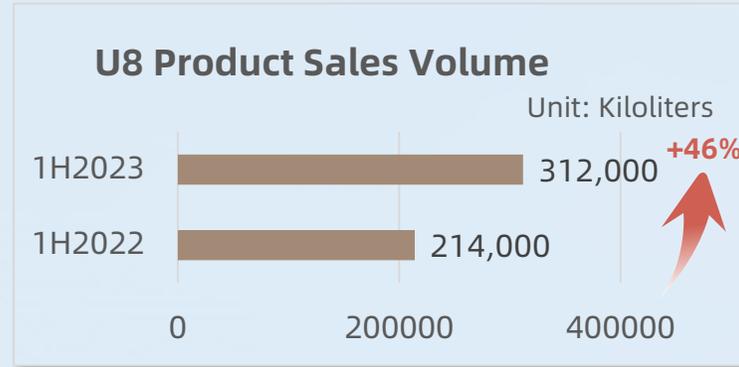
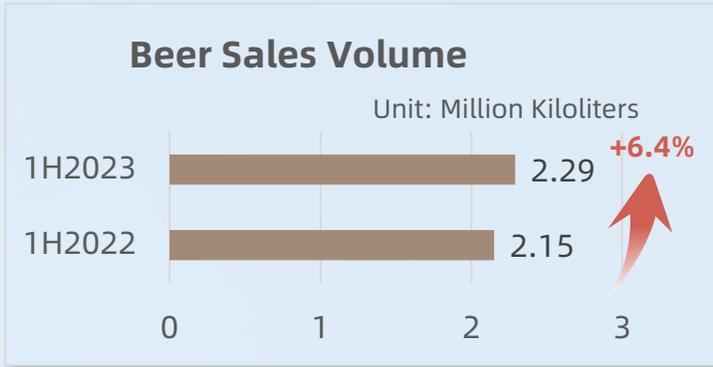
Domestic Solid Waste Treatment Platform (BE Environment, BEHET and etc.)

- The Zhangjiagang expansion project and the Beihai project commenced operations, resulting in a significant increase in both waste treatment capacity and on-grid electricity compared to the previous year;
- The company has also ventured into light asset businesses such as technical services and comprehensive operational maintenance services, achieving a breakthrough in such light asset businesses



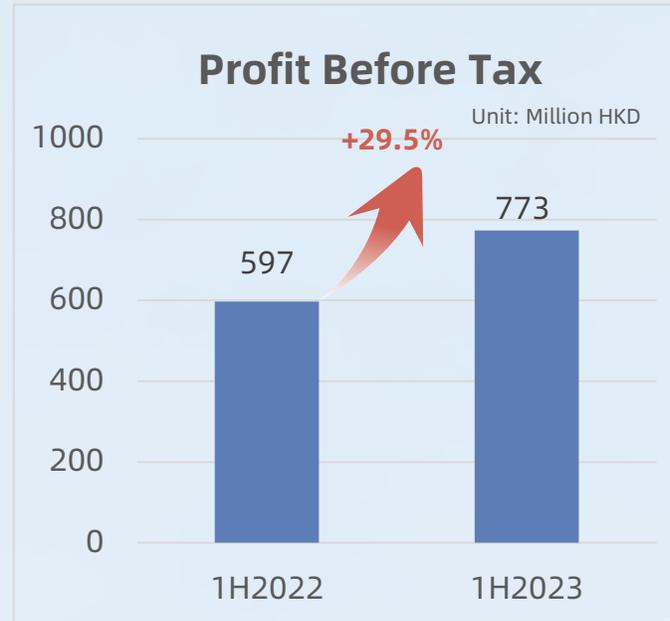


Business Updates - Beer Business



Beer sales continued to grow in 1H2023

In the context of economic downturn and shrinking demand, Yanjing Beer continued to experience continuous growth in sales, with the U8 bulk single product sales increasing significantly by 46%



Continued growth momentum

- Steadily advancing the construction of an extraordinary management system, continuously improving product quality and operational efficiency
- Systematically addressing the governance of loss-making enterprises, enhancing management efficiency, and significantly reducing the number and amount of losses in these enterprises
- Strengthening corporate governance, improving information disclosure quality, and the market value and brand value of the publicly listed company have seen significant growth. In 2023, the brand value of Yanjing Beer reached **RMB 180.675 billion**



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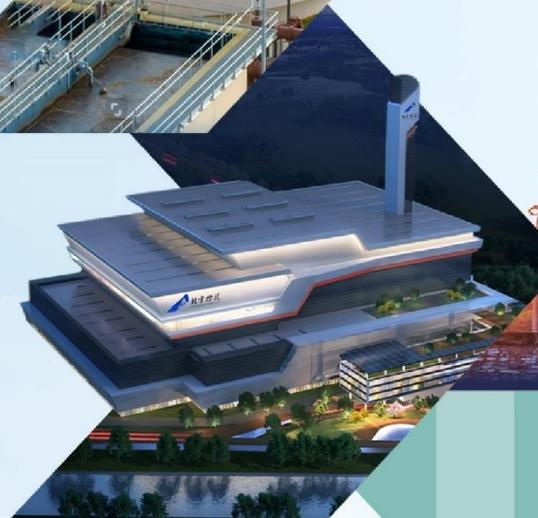
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Strategic Outlook - Macro Situation of Relevant Industries are Improving

Gas

With the gradual establishment of long-term natural gas contracts and the gradual streamlining of price pass-through mechanisms in various regions, domestic city gas companies are expected to see a recovery in profitability;

The decrease in LNG prices and the stabilization of energy prices are favorable for the recovery of natural gas consumption demand;

Optimized real estate policies are expected to bring about a moderate recovery in the industry and support the healthy development of connection services

Water

A series of national policies to boost the economy and the water industry, continuous reduction of loan interest rates, the precise implementation of corporate tax "retained credit refund" and so on. Driven by the goal of "double carbon", pollution reduction, sewage resource utilization and sludge harmless treatment policies have been introduced intensively. At the same time, along with local inventory and state-owned enterprises mixed reform, the environmental protection industry ushered in a new wave of mergers and acquisitions;

The government's demand for water management and management ideas are gradually shifting to high-quality development, which puts forward higher requirements for supply-side products and services and technical solutions, and also brings new market opportunities for North China Water

Environment

China is in a period of favorable policy environment for the development of the environmental protection industry: the report of the 18th National Congress clarifies the importance of the construction of ecological civilization, the direction and pattern of development of the environmental protection industry is becoming clearer, the comprehensive service capacity will become the core element for companies to participate in the environmental market competition. At the same time, the economy has stabilized and recovered, the amount of waste entering the plant has grown, the revenue of waste incineration business has more room for growth, and the situation of the state subsidy and provincial subsidy arrears has improved

Beer

The overall consumption environment is picking up: the government continues to release positive signals to restore and expand consumption. As market confidence is boosted and economic activity resumes, various factors such as policy, market, consumption and technology will help consumer goods companies accelerate their recovery to normal levels and enter a new period of development opportunities. At the same time, the process of upgrading the industry structure is expected to accelerate as consumption concepts upgrade and demand for high-end products increases



Advantages and Opportunities

Beijing Gas is the largest single city piped gas supplier and service provider in China in terms of annual gas usage, number of gas subscribers, pipeline network size and sales volume:

1. Special position of Beijing Gas:

- Beijing Gas operates natural gas distribution business in six districts and some suburbs of Beijing, which has unique advantages in the Beijing area
- Beijing Gas has a stable upstream gas supply, low gas purchase costs and a well-developed and effective price compliance mechanism to ensure a stable gross margin

2. Existed Advantages:

- More complete capital city gas market and customers
- Well-established infrastructure and sales and service network
- High quality brand and good reputation
- Significant advantages in terms of resources, policies, capital and management
- Significant improvement in the operation of outbound projects in the future

3. Incremental Advantages:

- New energy and integrated energy business transformation

2H2023 Priorities

1. Continue to prioritize safety in operations and supply assurance

- **Conduct in-depth hazard identification and control:** Deepen the consolidation of the results of hazard identification and rectification, addressing various types of hazards.
- **Enhance resource assurance and operational scheduling capabilities:** Fully address the allocation of various gas resources, including domestic gas, Central Asian gas, Russian gas, LNG gas, etc., to ensure the safe and stable supply of natural gas to the capital

2. Prudently advance key project construction

Prepare for the commissioning of the phase I of the Tianjin Nangang project and subsequent production and operational works

3. Continue to explore the market:

- **Consistently strengthen and expand the Beijing market,** seizing opportunities in competitive areas and increasing market share in growth projects;
- **Intensify efforts in markets outside the capital,** guiding regional market optimization for external companies and improving the gas consumption structure. Enhance communication with local governments, ensuring a smooth pricing mechanism for non-local residential users, and enhancing the profitability of core business operations;
- **Targeted expansion of comprehensive energy heating services,** promoting high-quality integrated energy projects, and actively seeking government policy support;
- **Promote the development of new energy businesses with high quality,** clarify the direction of new energy business development, and conduct top-level design of the organizational structure for new energy businesses. Continue to enhance research in new energy businesses and promote the application of research results, providing a foundation for transformation



Advantages and Opportunities

1. Volume advantage: China Gas is one of the **largest city gas companies and LNG distribution companies in China**, with a total of 661 piped gas projects under franchise in 30 provinces, municipalities and autonomous regions, and the most extensive LPG import and distribution network in China.



2. Favorable policy: The National Development and Reform Commission (NDRC) issued a **notice on organizing the signing of medium- and long-term contracts for natural gas in 2023**, which clarifies the livelihood attributes of rural "coal-to-gas" and requires upstream gas supply units to ensure full supply at residential gas prices



3. The NDRC has issued the "Guidance on Upstream-Downstream Price Linkage for Natural Gas." More than 10 provinces and cities across the country, including Inner Mongolia, Hebei, Chongqing, and Tianjin, have already implemented the residential natural gas price pass-through mechanism. The mechanism for urban gas is also being expedited for further implementation



2023/2024 Guidelines

With the establishment and improvement of the natural gas upstream-downstream price linkage mechanism, China Gas is expected to achieve significant increase in dollar margin in both urban and rural "coal-to-gas sectors". The fiscal year 2023/2024 is expected to witness a 'leap' in development.

Business Sector	Guidelines	Additional Gross Profit
Natural Gas Sales	Dollar margin of RMB 0.56/m ³ *, 10% YOY growth in gas sales volume	3.24 Billion HKD
Value-added Business	25% growth on GP or PBT	0.58 Billion HKD
LPG Business	4.5 million tons of LPG sales volume	0.16 Billion HKD
Natural Gas Connection	1.8 million new connections	-0.84 Billion HKD
Total		3.14 Billion HKD

**It is expected that it will take several months for local governments to implement the price pass-through policy. Therefore, the dollar margin improvement will mainly achieved on the second half of the fiscal year, and next year the dollar margin is expected to see further enhancement*

**Source: China Gas FY2022/2023 Results Presentation*



Advantages and Opportunities



1. The unique scale of operation and market position of BE Water

- Largest water treatment capacity among Hong Kong listed water companies
- A large number of high-quality projects all over the world, forming a national scale advantage
- The most extensive project coverage in the region, making BE Water a well-known brand in the water sector
- Large population in the project coverage area, ensuring high asset utilization and growth potential

2. Favorable policies bring development opportunities:

The National Development and Reform Commission recently released the "Implementation Plan for Harmless Treatment and Resourceful Utilization of Sludge" and the "Notice on Promoting Urban and Rural Health Care and Environmental Protection to Make Up for Shortcomings and Strengthen Weaknesses", emphasizing the expansion of the scale of harmless disposal of sludge and accelerating the construction of urban pipeline networks. It may bring new development opportunities for BE Water



2H2023 Priorities

01

Strengthening the foundation

- In alignment with local debt repayment plans, it places a high emphasis on collections and prioritize improving the fundamental aspects of collections as its top priority;
- Additionally, for water environment projects, it is intensifying specialized governance efforts. It has established dedicated task forces and, in conjunction with adjustments to PPP policies, is researching proactive approaches for addressing water environment projects.

02

Emphasizing compliance

Strengthening the internal control management system construction

03

Ensuring stable development

- With the goal of achieving high-quality development, continuously enhance asset quality, drive development through technological innovation, and unleash the value of service platforms
- The transformation must be stable, continuously improve the fundamentals, maintain strategic confidence, and seek progress while ensuring stability during the transformation

Strategic Outlook – Environmental Business

Advantages and Opportunities

1. The future development space in China's solid waste sector is immense: Traditional solid waste has entered a phase of overcapacity, but there is still a significant gap in comprehensive utilization of industrial solid waste. Additionally, under the backdrop of the "dual carbon" initiative, the CCUS (Carbon Capture, Utilization, and Storage) commercial model is taking shape, offering significant development opportunities in the future

2. Europe encounter new opportunities in the environmental protection industry: The European Union has introduced a series of policies to promote phosphorus recovery and the development of carbon capture technologies. Recently, the first cross-border carbon capture and storage project in the EU and even globally has been put into operation. If the project progresses smoothly, Germany is also expected to join it, promoting local industrial decarbonization. There may be greater market space in this field in the future

3. Germany is diversifying its dependence on energy imports from Russia through multiple channels: The German government is attempting to address energy dependency on Russia by swiftly transitioning away from fossil fuels, expanding renewable energy sources, accelerating the construction of LNG receiving terminals, shoring up natural gas supply infrastructure shortcomings, and gradually easing restrictions on fossil fuels, coal-fired power, and nuclear power policies. These measures aim to mitigate and reduce energy-related issues

2H2023 Priorities

Domestic Solid Waste Treatment Platform

- Continuously advance cost reduction and efficiency enhancement to improve operational effectiveness
- Comprehensively promote synergies in sludge management, kitchen waste management, and heating and steam supply services, constantly explore project potentials
- Expedite the restructuring of solid waste businesses, increase integration efforts, seek opportunities for high-quality projects, and actively seize merger and acquisition opportunities

Overseas EEW

- Strengthen cost control
- Be prepared to deal with various external economic uncertainties and challenges, and ensure the stability of solid waste resources and production capacity



Advantages and Opportunities

1. High Brand Value: Yanjing Beer, one of the head companies in China's beer industry, has a brand value of RMB **180.6 billion** in 2023



2 * Diversification of tastes of young groups may push up the profit level of the industry: Research shows that young people are an important growth driver in the alcoholic beverage market, with the number of consumers and per capita consumption levels showing growth trends. And young people pay attention to taste level, for low alcohol, flavor diversification of the high-end beer demand may pull up the industry margin level



**Reference: 《 Yicai Business Data Center: 2020 Young People's Liquor Consumption Insight Report 》*

2H2023 Priorities

Committed on U8 bulk single product strategy

Cultivating nationwide bulk single products is one of Yanjing's key tasks during the 14th Five-Year Plan period. Through an enriched and comprehensive product portfolio and an integrated marketing approach throughout the entire value chain, it will consistently enhance Yanjing's product strength and brand influence

Resolutely pursuing high-end strategy

Strategically positioning itself in the mid to high-end and high-end price segments, continuously driving improvements in product portfolio to enhance profitability. Actively establishing experiential consumer scenarios to facilitate the transformation towards a high-end orientation

Continuously developing supply chain system

The supply chain system is a focal point of operational transformation. Yanjing aims to optimize the end-to-end processes within the beer ecosystem while driving more efficient production, accelerating the separation of production and sales, and promoting optimization in capacity deployment

Comprehensively deepening market-oriented reforms

Further refine the market-oriented compensation and assessment system, as well as the personnel selection and employment mechanisms. This will result in an incentive and constraint mechanism that aligns with the market, industry standards, and performance, ultimately motivating all Yanjing employees to be proactive, initiative, and creative



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Investment Highlights - Stable dividend sources, clear dividend policy, and market value management measures

BEHL places great importance on shareholder returns and actively seeks to establish mutually beneficial and long-term relationships with investors based on trust and stability



Steady dividend income from subsidiaries and associates

- Stable dividend payout mechanisms from subsidiary companies like Beijing Gas have been established with the BEHL headquarter
- Dividends from subsidiaries and associates continue to provide steady cash flow for the company, significantly bolstering its liquidity
- BEHL possesses a strong advantage in seizing future investment opportunities and expanding its business further



Clear dividend policy and market value management measures

- **Dividend distribution plan for the years 2023-2025:** it is expected that the dividend per share of the Company in the year 2023 will be not less than 30% of the recurring earnings per share and will gradually increase. The Company strives for the dividend per share in the year 2025 will not be less than 35% of the recurring earnings per share
- **Market value management measures:** The company will consider share buybacks as a market value management measure based on market conditions
- The clear dividend policy and market value management measures are expected to lead to continued valuation recovery for the company, thereby improving the company's situation of being consistently undervalued by the capital market to some extent



Investment Highlights- Positive future performance prospects for various sectors



- Stable performance, ample cash flow;
- Steady gas volumes with a well-functioning price pass-through mechanism.



- With local governments gradually streamlining price pass-through mechanisms, establishing medium to long-term contract volume mechanisms, and the moderate recovery in the real estate industry, China Gas is expected to rebound from its current situation



- In the future, there is the potential for continued improvement in operational efficiency and profitability
- Continue to expand into the youth and high-end markets with products like U8 and LionK Craft Beer, striving to return to the top tier of the beer industry



- EEW is maintaining steady development and focusing on cost control and efficiency optimization
- New lines will be put into operation one after another in the future to increase production capacity and EBITDA
- Deepen strategic research and compile "Strategy 2032+" medium and long-term development plan; set up data center to implement digital transformation goals
- As Europe is firmly transformed towards sustainable development, EEW has set the carbon reduction targets of "climate neutral" by 2030 and "climate positive" by 2040, and is expected to create more value in the German carbon sink market and phosphorus recycling in the future



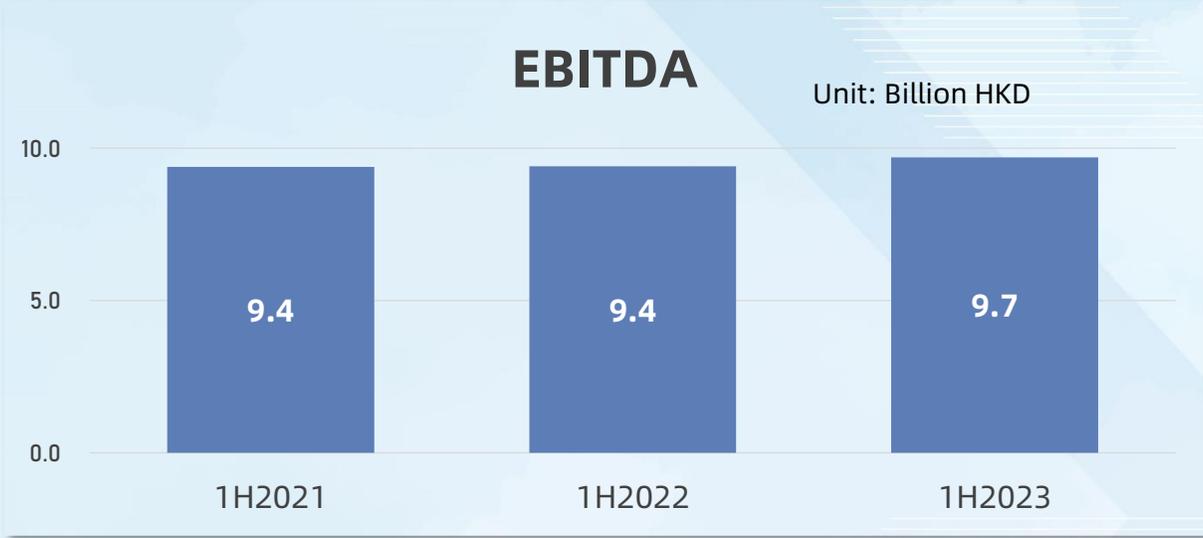
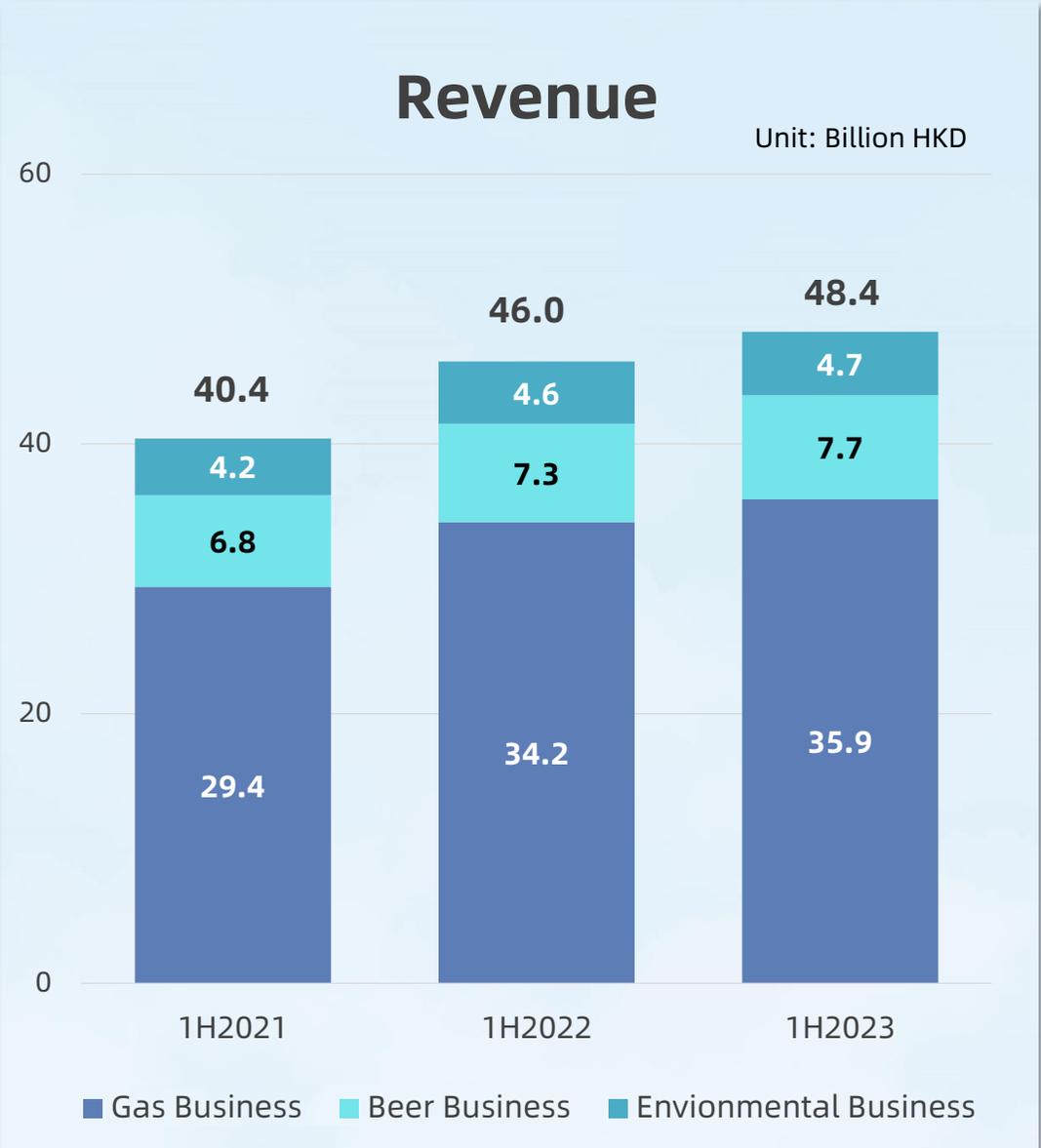
- Domestic solid waste business will strengthen operation management and improve quality and efficiency of existing projects
- Develop new profit growth points such as sludge and waste liquid blending, heat supply for industrial customers, and high-end resourceization of fly ash



- Firmly committed to transitioning towards high-quality development, and core traditional water utility operations are expected to maintain steady growth
- Currently in the process of fulfilling the REITs application procedure, with an expected listing in 1H2024
- With the advantages of volume and technology, it is expected to obtain more potential opportunities in the consolidation phase of the existing market



Investment Highlights - Resilient business capabilities and healthy capital structure



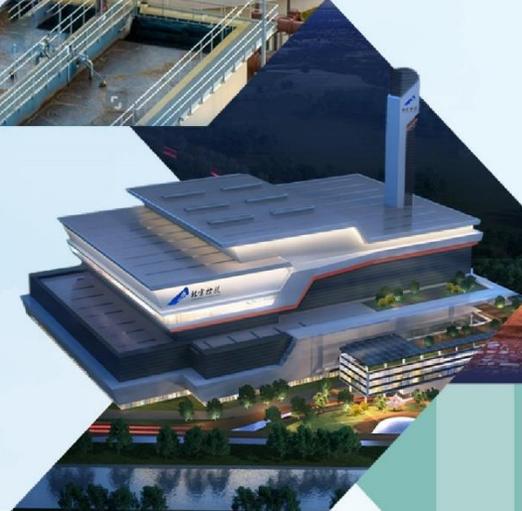
*Note: Gearing Ratio=all the interest bearing borrowings, guaranteed bonds, and notes/ (Total equity+ all the interest bearing borrowings, guaranteed bonds, and notes)



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- Part 5. Investment Highlights
- Part 6. Q&A



Q&A