



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

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2000 Interim Results

Beijing Enterprises reported 3% earnings growth in the first half of 2000

Hong Kong, 5th September 2000 - Beijing Enterprises Holdings Limited (0392 HK) (the "Group") recorded steady earnings growth in the first half as a result of continuing growth of PRC economy. Profit attributable to shareholders for the period ended June 30, 2000 was HK\$261 million, representing an increase of 3% over the same period of 1999. The Directors have declared an interim dividend of HK\$0.10.

Consumer Goods

Yanjing Brewery recorded turnover of HK\$721 million in the first half of 2000, representing 16% increase over the comparable period of 1999. The profit after tax decreased by 15% to HK\$137 million mainly due to the depreciation of 200,000 tons new plant in Beijing and the increase in marketing and advertising expenses. The Jiangxi Yanjing and Hunan Yanjing acquired last year made no significant contribution to Yanjing Brewery because the optimum production output has not yet reached.

Sanyuan Food, the dairy product supplier, reported increases in both the turnover and the profit after tax by 49% and 57% respectively over the same period last year. The turnover amounted to HK\$302 million and the profit after tax amounted to HK\$27 million. The steady increase in the turnover resulted from the improvement of the technology in the factories and the strong demand for high quality dairy products.

Beijing McDonald's performance has improved as compared with the corresponding period last year and the turnover in new outlets is expected to increase further in the second half year.



The turnover and sale volume of winery subsidiaries recorded prominent growth. The profit after tax decreased by 14% to HK\$6 million due to higher advertising expenses to push premium market.

Infrastructure

Capital Airport Expressway recorded an increase in traffic volume and turnover up to 12 million vehicles and HK\$124 million respectively, representing a significant growth of 12% and 17% respectively over the corresponding period in 1999. The profit after tax increased by 25% to approximate HK\$55 million due to stringent cost control measures

The Phase I of No.9 Water Treatment Plant net profit after amortization derived from the Concession and tax amounted to HK\$63 million in the first half. This Concession provides steady after tax cash income to the Group for new project investments.

Tourism and Retail Services

The turnover of **Wangfujing Department Store Group** increased substantially by 120% to HK\$1.05 billion comparing to the corresponding period in 1999 following the reopening of its flagship store in Wangfujing Street in Beijing and the strong sale revenue of other stores in Chengdu and Guangzhou. As a result, it recorded a consolidated profit after tax of HK\$11 million in the first half against loss of HK\$28 million over the comparable period last year. Wangfujing's performance is expected to strengthen further when certain property assets are realised for repayment of bank loan to reduce interests expenses.

The Badaling Great Wall site registered an increase of 15% of visitor arrivals to approximately 1.54 million. **The Badaling Hot Spring Resort** reported an average occupancy rate at 49% level while average room rate declined to RMB348 per day for the period. Combined net turnover of the Great Wall site and the Hot Spring Resort increased by 26% to HK\$54 million over the same period last year while combined profit after tax increased by 1.7 fold to HK\$2.7 million.

Longqingxia scenic area recorded an 14% increase in visitor arrivals to 279,000. Profit after tax retreated to HK\$473,000 as a result of higher advertising expenses.

Jianguo Hotel recorded a 67.5% average occupancy rate and its turnover increased by 9% to HK\$59 million in the first half of 2000. Net profit jumped 1.7 time to HK\$5.4 million. Despite stronger competition on high-end hotel sector in Beijing, Jianguo managed to explore higher margin catering revenues.



Technology

The Group's 40% owned **BISC**, the telephone switching system manufacturer and supplier, successfully expanded its market share during the period under review and recorded a substantial increase in sales volume by 67% to 4 million ports for the period. Turnover increased by 34% to HK\$1.3 billion while profit after tax declined by 23% to HK\$164 million over the same period last year as a result of price reduction in expanding market share. BISC is actively widening its product range through launching new products and is expected to contribute to revenue growth next year.

Most of the other projects committed last year were progressing well during the period under review. Amongst these projects, **Beijing Greencool Environmental Protection Engineering Co., Ltd.** ("Beijing Greencool") contributed HK\$6.5 million and **WBL Peking University Biotech Co., Ltd.** contributed HK\$663,000 to the Group respectively. The Group's 25% interests in Beijing Greencool was converted into 5.33% interests in the listed company Greencool Technology Holdings Limited in July 2000 following the restructuring exercise of Beijing Greencool. The investment in Beijing Greencool has since been changed to marketable securities in the Group's balance sheet. Substantial investment gain is expected to be recorded based on initial investment cost and current market price as at the date of this announcement.

To strengthen the Group's telecommunication business development in China, the Group entered into a memorandum of cooperation to form a joint-venture company ("JVC") with Beijing Teletron Network Technology Limited, a prominent technology company in Beijing specializing in internet service provider business which share one third of the market in this sector, system integration, telecom technical support services, telecom network construction business. The new JVC, the Group's 51% owned subsidiary company will engage in e-commerce business, application software business, system integration, telecom network & portal construction, and ICP & ISP technical support services in China. It is expected that the JVC will become an important part of the Group's technology flagship and will generate significant profit growth in future.

The Group's financial position has remained healthy for the first half of 2000. Shareholders' equity increased to approximately HK\$6.4 billion while minority interests amounted to approximately HK\$2.9 billion as at 30th June, 2000. Net bank borrowings (total borrowing minus cash on hand) was HK\$300 million at the end of the period under review, resulting in 5% net debt to equity ratio. Bank borrowings were predominately in Renminbi with remaining 25% in US dollar.

Beijing Enterprises Holdings Limited is the sole overseas listed conglomerate controlled by the Beijing Municipal Government for channeling capital, technology and management expertise from international markets into Beijing's development priorities. Its core businesses comprise consumer goods, infrastructure, tourism and retail services and technology.

For further information please visit the group's website www.behl.com.hk