



北京控股有限公司  
BEIJING ENTERPRISES HOLDINGS LIMITED

## News Release

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### **Strategic Acquisition of 85% equity interests in Beijing Kraft Food Corporation (BKFC)**

Hong Kong, 16<sup>th</sup> January 2001 – Beijing Enterprises Holdings Limited (0392HK) (“the Company”) today announced that on 12<sup>th</sup> January 2001 its subsidiary, Beijing San Yuan Food Co. Ltd., (San Yuan), with a aim to expand San Yuan market share in the PRC and to strengthen its competitiveness upon China’s accession to WTO, has entered into a Equity Interest Transfer Agreement with Kraft Foods International, Inc. (KFI) and Philip Morris (China) Investments Co. Ltd., (PMCI) to acquire collectively 85% equity interests of BKFC in a consideration of approximately US\$12.44 million.

According to assets appraisal report issued by Beijing Development Evaluation Company, the adjusted net assets value of BKFC as at 30 Sept 2000 was RMB 150 million and there is a 20% discount in this acquisition. San Yuan will also sign Trademark Licence Agreement with Kraft Foods, Inc. relating to the use of Kraft trademark for a period of one year.

Upon completion, San Yuan will become the major shareholder and Beijing General Corporation of Agriculture Industry and Commerce owns the remaining 15% equity interests of BKFC. We anticipate that the acquisition will not only enable San Yuan to increase its production capacity as result of fully utilizing the high quality production assets of BKFC but also enhance San Yuan’s market expansion given the facts that BKFC has strong market share with reputable brandname and extensive dairy foods products in PRC.

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