

News Release

Corporate Affairs Department

Contact persons: Mr. Charles Deng at 2105 6303
Ms. Louise Chen at 2105 6313

Fax No. : 2857 5084

2001 Interim Results Beijing Enterprises recorded “Double Digit” earning growth

Hong Kong, 6th September 2001 - Beijing Enterprises Holdings Limited (0392 HK) (the "Company") recorded substantial earning growth for the period ended June 30 2001 despite a slowdown in global economy. Total revenue grew to 2.87 billion and profit attributable to shareholders for the period was HK\$287.9 million, representing a respective increase of 15.61% and 10.36% over the corresponding period. The directors declared an interim dividend of HK\$0.10 per share.

Mr. Hu Zhao Guang, Chairman of the Company, said “ despite the slowdown in global economy and the conditions for economic growth have deteriorated, the economic growth in China has been continuously increasing in a healthy trend. It is expected that driven by many positive factors such as the imminent accession to WTO and Beijing’s hosting of Olympic Games in 2008 as well as the governmental infrastructure development plans, China’s economic growth will maintain at 7-8% per year in coming ten years. In order to benefit from it, the Company has formulated five years strategic development plans in the direction of expanding core businesses, developing information technology, bio-technology & new medical products and accelerating restructuring of existing businesses to enhance asset quality and clear corporate structures. The Company aims at achieving double-digit growth in profit attributable to shareholders in future.”

Consumer Goods

Yanjing Brewery recorded strong turnover of HK\$1,091 million in the first half of 2001, representing 51% increase over the comparable period of 2000. The profit after tax reached HK\$124 million despite the intense competition in the beer market. Yanjing’s beer effective production capacity is expected to reach 2 million tones by the end of this year. Yanjing aims at penetrating in regional beer markets following an acquisitions of several brewery plants

Sanyuan Food, the dairy product supplier, reported increases in both the turnover and the profit after tax by 49%and 19% respectively over the same period last year. The turnover amounted to HK\$451 million and the profit after tax amounted to HK\$32 million. Its high profit growth is due to an increase in market share of dairy products and the newly acquired Beijing Kraft Food Company has also contributed significantly to profit growth.

Beijing McDonald's acquired 50% interests in Guangzhou McDonald’s from Sanyuan Food during the period under review and managed to increase profit growth through economy of scale. During the period, Guangzhou McDonald’s made contribution to profit growth

The combined net turnover of Shun Sing Winery and Feng Shou Winery increased 2% to HK\$33 million and the combined profit after tax declined by 16% to HK\$5 million due to higher advertising expense.

Infrastructure

Capital Airport Expressway recorded an increase in traffic volume and turnover up to 13.9 million vehicles and HK\$147 million respectively, representing a significant growth of 15% and 19% respectively over the corresponding period last year. The profit after tax increased by 54% to approximately HK\$84.5 million. The traffic volume growth is expected to be benefited from the prosperous growth in tourism business following successful bidding of 2008 Olympic Games by Beijing City.

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

Tourism and Retail Services

The turnover of **Wangfujing Department Store Group** remained flat at approximately HK\$1 billion. Effective cost control measures leads to its profit after tax reached at HK\$15 million in the first half, representing 38% increase over the comparable period last year. Wangfujing is actively pursuing division of its non core property assets to reduce its bank borrowings and interest costs.

Badaling Great Wall and the Badaling Hot Spring Resort reported a combined net turnover and profit after tax of approximately HK\$65 million and 3 million respectively, representing 20% and 5% increase respectively over the same period last year.

Longqingxia scenic area recorded a slightly increase in net turnover but profit after tax remained stagnant comparing with the same period last year.

Jianguo Hotel's average occupancy rate remained flat while its room rate increased slightly comparing with the corresponding period last year. Net turnover and profit after tax declined by 13% and 47% respectively due to traffic control outside the hotel during Olympic Games bidding period.

Technology

The Group's 40% owned **BISC**, the telephone switching system manufacturer and supplier, recorded a substantial increase in sales volume by 77% to 7.15 million ports for the period. Turnover increased by 74% to HK\$2.3 billion while profit after tax increased by 21% to HK\$198 million over the same period last year as a result of successful proactive marketing strategies. BISC's new products development scheme has satisfactorily proceeded with its economic value gradually reflected in the revenue.

The Company's several information technology projects have been progressively developed according to their schedules. Beijing Transportation Smart Card Limited has rolled out its commercial operation for certain public bus lines and is in the process of extending the application to other means of transportation in Beijing city. Furthermore, Beijing Enterprises Teletron Information Technology Limited has secured a significant contract with education bureau in Beijing for the provision of ISP supporting services and equipment supply for broadband network establishment in local school.

“ At present, we have set up special task group to explore the potential businesses arising from Olympic Games and to keep in close contact with relevant departments of Beijing Municipal Government (BMG) so as to facilitate our preparation for seizing this opportunities. Because of our unique relationship with BMG, we believe that we would have an advantage to benefit from economic developments due from Olympic Games. We estimate that BMG will invest RMB180 billion for constructing infrastructure and improving the environment in Beijing City within next five years. Hence, we will definitely pay particular attention to any business opportunities in the areas of infrastructure, transportation as well as environmental protection.” Mr. Hu concluded.

The Group's financial position has remained healthy for the first half of 2001. Shareholders' equity increased to approximately HK\$6.7 billion while minority interests amounted to approximately HK\$3 billion as at 30th June 2001. Net bank borrowings (total borrowing minus cash on hand) was HK\$1.1 billion at the end of the period under review, resulting in 17% net debt to equity ratio. Bank borrowings were predominately in Renminbi with remaining 30% 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 on our interim result, please visit our website at www.behl.com.hk.