



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

CONTACTS : Charles Deng
(852) 2105 6303
Lousie Chen
(852) 2105 6313
Corporate Affairs Department
Fax : (852) 2857 5084

2001 ANNUAL RESULTS

- **Double Digit growth in earnings for the first time since 1997;**
- **Profit attributable to shareholders amounted to HK\$578 million, up 10% over 2000 ;**
- **Final proposed dividend of HK18 cents per share, giving total annual dividend of HK28 cents per share ;**
- **Earning per share of HK\$0.93, representing an increase of 10% over 2000.**

Hong Kong 10th April 2002 – Beijing Enterprises Holdings Limited (the “Group”) (0392 HK) announced today that for the year ended December 31, 2001, the Group’s respective consolidated turnover and attributable profit increased by 19% and 10% to 6.2 billion and 578 million respectively, compared to 2000. The Board will recommend a final dividend of HK18 cents per share in forthcoming Annual General Meeting which, together with the interim dividend of HK10 cents per share already paid, will make a total dividend of HK28 cents per share.

Commenting on the 10% growth in earnings, Mr. Hu Zhao Guang, chairman of the Group said “2001 was remarkable year for the Group. Despite the slow down in global economy, China and Beijing have a lot of business development opportunities following China’s accession to WTO and Beijing’s successful bidding for 2008 Olympics Game. Because of such solid economic growth in Beijing, The Group have achieved excellent earnings result.”

(1) Infrastructure

Capital Airport Expressway

Traffic volume continued to register steady growth in 2001 to 29.5 million vehicles, an increase of 13% over last year. Net turnover and profit after tax of Capital Airport Expressway amounted to HK\$315 million and HK\$170 million respectively, representing substantial increases of 16% and 16% respectively over 2000. The average utilisation rate in 2001 was approximately 72%. With China's accession to the World

Trade Organisation, it is expected that Beijing's growing business activities will generate a fresh impetus to traffic volume. Beijing's winning bid for the 2008 Olympics will also herald arrivals of tourists with further increases in traffic volume in the next few years.

Water Treatment Concession

Net profit for 2001 remained at HK\$145 million. The Group received guaranteed cash income on a regular basis from the Beijing Water Bureau.

(2) Consumer goods

Beer

Upon fully control of Beijing beer market, the development strategies of Yanjing Brewery in 2001 were to strengthen sales efforts, to focus in developing certain nationwide key markets as well as to upgrade product quality. External acquisitions have also generated desired effects of enlightening growths in net sales and net turnover by 45% and 33% respectively over 2000 to 1.66 million tons and HK\$2 billion respectively. Net profit of the beer division amounted to HK\$190 million.

Looking ahead, Yanjing Brewery's strategies will be to solidify its market leadership position in brandname and sales volume as well as exert greater controls over costs and enhance overall efficiency.

Dairy product and fast food business

Having undergone product mix adjustments and improvised management, the economic indicators of Sanyuan Foods showed considerable growth over 2000. Its net turnover and profit after tax amounted to HK\$950 million and HK\$66.4 million respectively, denoting respective growths of 43% and 28% when compared to 2000. The newly acquired Beijing Kraft Food Corporation Ltd., and Guangdong McDonald's turned around in 2001. Beijing McDonald's achieved substantial growth in earnings through economy of scale. As at the end of 2001, Beijing and Guangdong McDonald's operated a total of 135 restaurants.

Sanyuan Foods has submitted a formal application to the China Securities Regulatory Commission for an initial public offering of its shares on the A Share Market of the Shanghai Stock Exchange. Proceeds from the share offer will be used for expanding production facilities and sales network of Sanyuan Foods with an aim to become the market leader amongst the national dairy producers.

Winery

Net turnover and profit after tax of Shunxing Winery and Fengshou Winery declined against last year due to product mix adjustments in 2001.

(3) Services

Retailing services

Due to the completion of its asset reorganisation in 2001, the operating results of Wangfujing Department Store Group (“Wangfujing”) saw significant turnarounds with initial successes in the chain store development strategy leading to profit earnings in every store. Net turnover and profit after tax for 2001 were HK\$2 billion and HK\$38.17 million respectively, a reversal of losses fortune.

Hotel services

As a result of the fierce market competition amongst hotels in Beijing, the operation of Jianguo Hotel encountered unprecedented difficulties with the average occupancy rates and the average room rates declined slightly over last year to 74.5% and HK\$549 respectively. Turnover of its catering business was severely hampered by traffic controls during the first half of the year. Net turnover and profit after tax of Jianguo Hotel for the year were down by 10% and 38% respectively to HK\$108 million and HK\$10.13 million.

Tourism services

In 2001, the number of visitors to Badaling Great Wall totalled 3.67 million, on par with last year. An increase in admission fees causes an obvious growth in total income. The operation of the Badaling Hot Spring Resort remained difficult with declining occupancy rates and flat average room rates. However, combined net turnover and profit after tax of Badaling Tourism surged by 25% and 17% respectively to HK\$154 million and HK\$12.31 million respectively.

The number of visitors to Longqingxia increased by 11% to HK\$646,793 in 2001 with a likewise increase in net turnover by 8% to HK\$35.73 million. Profit after tax reduced by HK\$1.93 million to HK\$2.57 million due to additional expenses on sales and promotion.

(4) Technology

Beijing International Switching System Company ("BISC") (an associated company)

Competition within the domestic switching system market in 2001 was still fierce. Through deploying methods in market expansion devised by different levels of management as well as adopting more effective and flexible sales strategies, BISC pitched a sales record of 11.76 million ports. Net turnover and profit after tax of BISC grew at 30% and 12% respectively over last year to HK\$3.8 billion and HK\$408 million respectively. During the year, it had tightened up its collections of accounts receivable so that changes in their receivable balances and aging were favourable.

Other technology businesses

As the information technology flagship of the Group, Beijing Development (Hong Kong) Limited has achieved considerable progress. The ISP (internet service provider) and broadband infrastructure constructor business of Beijing Teletron has become profitable. Having undergone a number of reorganisations and development, earnings of other technology business investments of the Company also grew over last year.

With regard to the future development, Mr. Hu said "To grasp the business opportunities arising from 2008 Olympics Game, the Group will increase its investments in the area of infrastructure, environmental related projects, high technology as well as tourist related businesses. At present, we have put a lot of efforts in search for the relevant Olympics related projects so as to strengthen the Group's profit growth in future."

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 more information, please visit the Group's site at : <http://www.behl.com.hk>

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2001

	2001 HK\$'000	2000 HK\$'000 (Restated)
TURNOVER	6,227,282	5,212,882
Cost of sales	<u>(4,416,035)</u>	<u>(3,715,902)</u>
Gross profit	1,811,247	1,496,980
Other revenue and gains	383,578	419,588
Selling and distribution costs	(486,602)	(380,660)
Administrative expenses	(651,469)	(506,418)
Other operating expenses	(114,342)	(195,397)
Revaluation deficits on investment and hotel properties	<u>764</u>	<u>(7,665)</u>
PROFIT FROM OPERATING ACTIVITIES	943,176	826,428
Finance costs	(251,416)	(291,777)
Share of profits and losses of :		
Jointly-controlled entities	7,980	7,330
Associates	<u>201,471</u>	<u>192,052</u>
PROFIT BEFORE TAX	901,211	734,033
Tax	<u>(167,736)</u>	<u>(146,191)</u>
PROFIT BEFORE MINORITY INTERESTS	733,475	587,842
Minority interests	<u>(155,947)</u>	<u>(62,847)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>577,528</u>	<u>524,995</u>
EARNINGS PER SHARE - Basic	<u>HK\$0.93</u>	<u>HK\$0.84</u>