



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

Press Release

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2002 Interim Results

Beijing Enterprises records profit of HK\$216 million in the first half of 2002

Hong Kong, 17th September 2002 - **Beijing Enterprises Holdings Limited (0392 HK)** together with its subsidiaries (the "Group") reported an unaudited consolidated turnover was 3.324 billion, improved by 15.77% compared to the same period last year. Profit attributable to shareholders amount to HK\$216 million, a 25% decline from the corresponding period last year. The decline is due from restructuring of the fixed line division of the China Telecommunication Bureau, leading to a significant downturn in the digital switching system business of our associates, Beijing International Switching System Ltd., (BISC). Earnings per share of the Group amounted to HK\$0.35 compared to HK\$0.46 in the same period last year. The Directors of the Company have declared an interim dividend of HK\$0.10.

Mr. Hu Zhao Guang, Chairman of the Group said " Despite temporary setback in certain business sectors, the outlook for the Group remains prosperous after Beijing successfully bid the host right for the 2008 summer Olympic Games. Certain business sectors including consumer products, infrastructure, tourism as well as information technology are benefiting directly from this development. We will also capitalise on any opportunities arising from this Olympic Games event, in particular, infrastructure and utilities investment opportunities in Beijing area. In the mean time, the Group will strike to complete the spin off exercise of Beijing Sanyuan Foods Co., Ltd. (the " Sanyuan Foods ") in the second half of the year. The proceeds derived from the initial public offering of Sanyuan Foods will accelerate the growth and expansion of Sanyuan Foods and strengthen its leading position in the dairy industry in China. "

(1) Consumer Goods

Beer

The regional brewery companies in Shangdong province were turning around and generated strong sales volume growth for our brewery division. Sales volume reached 936,000 tons in the first half of the year which was almost 41% higher than the corresponding period last year. Net turnover increased by 11% to HK\$1.15 billion. Profit after tax was down by 20% to HK\$83.63 million mainly due to higher advertising and marketing expenses in a very competitive market.



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Beijing Yanjing Brewery Company Ltd, our A share listed subsidiary, is in the process of applying for issue of convertible bond in the PRC securities market. The proceeds from the proposed issue will be used to upgrade existing facilities and to acquire more regional breweries.

Dairy products and fast food

The sales volume of **Sanyuan Foods** grew healthily in the first half of the year. Net turnover of Sanyuan Foods increased by 8.3% to HK\$472 million. Profit after tax jumped 103.4% to HK\$52.11 million when compared to the same period of 2001. The profit after tax was mainly enhanced by significant contribution from Beijing and Guangdong Mcdonalds' and amortisation of negative goodwill arising from acquisition of Beijing Kraft Company Limited.

The total number of outlets operated under the franchises of **Beijing Mcdonalds'** and **Guangdong Mcdonalds'** increased to 84 and 58 respectively at end of June 2002. Optimal economy of scale is being achieved through expanding the number of outlets at different locations.

(2) Infrastructure

Capital Airport Expressway Development Co., Ltd.

Traffic volume increased by 11% to 15.53 million vehicles during the period under review mainly driven by prosperous air traffic volume of Beijing Capital Airport. The net turnover and profit after tax of Beijing Capital Expressway Development Co., Ltd. amounted to HK\$164 million and HK\$86.9 million respectively, representing 11.4% and 3.9% growth respectively. The new toll scheme has become effective from 1st September, 2002. Revenue derived from small vehicles will be negatively affected. However, traffic volume will be further stimulated by lower toll charge and reduction in revenue will be moderated by stronger traffic volume growth in next year.

Water Treatment Concession

Profit after amortisation on cost of the Concession right and tax remained at HK\$63.7 million for the six months ended 30th June, 2002. This project continued to provide steady cash flow to the Group.

(3) Services

Tourism services

The combined net turnover and profit after tax of **Beijing Badaling Tourism Development Co., Ltd.** amounted to approximately HK\$73.7 million and HK\$4.4 million respectively, representing 13.4% and 42.8% increase respectively over the corresponding period in last year.



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The net turnover of **Beijing Longqingxia Tourism Development Co., Ltd.** was HK\$18.3 million which was increased by 13.5%, a turnaround to profit compared to the corresponding period in last year.

Hotel services

The average occupancy rate of **Jianguo Hotel** was improved by 7% to 78% in the first half of 2002. Net turnover and profit after tax increased by 8.2% and 227.9% to HK\$51.5 million and HK\$3.5 million respectively. Room rates were still under pressure due to oversupply of up market hotels in Beijing.

Retail services

The net turnover of **Wangfujing Department Store Group Co., Ltd.** ("Wangfujing") grew moderately by 4.6% to HK\$1.03 billion. Chengdu store managed to capitalise on the rapid economic growth in Sichuan province and recorded the highest sales volume growth in Wangfujing. However, Wangfujing Group recorded a small profit in the first half of 2002 mainly due to lack of investment income and lower contribution from the property division.

(4) Technology business

Information technology

Beijing Development (Hong Kong) Limited (0154 HK), the information technology flagship of the Group, announced its interim results on 12th September 2002, a turnaround to make profit in the first half 2002.

BISC (an associate)

During the period under review, BISC suffered a 70% decline in orders and turnover. Profit after tax declined by 66% to HK\$75.6 million. The industrial downturn was mainly caused by restructuring of fixed line division of China Telecommunication Bureau. Upon completion of the restructuring exercise in June this year, the various fixed line operators in China are expected to pick up their capital investments which in turn will benefit the switching manufacturers in the Mainland China.

Further Finance and corporate information

The Group's financial position has remained healthy for the first half of 2002. Shareholders' equity increased to approximately HK\$7.1 billion while minority interests amounted to approximately HK\$3.28 billion as at 30th June, 2002. Net bank borrowings (total borrowing minus cash on hand) was HK\$1.27 billion at the end of the period under review, representing



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17.57% net debt to equity ratio. Bank borrowings were predominately in Renminbi with remaining 30% in US dollar.

Enclosed are the Group's Profit and Loss Account and segment information for the six months ended 30th June 2002. Additional financial analysis is available in our website at www.behl.com.hk.

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.