



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

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2002 ANNUAL RESULTS

- **The Group's successful reorganization of tourism segment enhances its continued growth in tourism business;**
- **San Yuan achieved a significant progress in its application for A share listing.**
- **Profit attributable to shareholders amounted to HK\$410 million, earning per share of HK\$0.66;**
- **Final proposed dividend of 18 cents per share, giving total annual dividend of 28 cents per share ;**

Hong Kong 15th April 2003 – Beijing Enterprises Holdings Limited (the “Group”) (0392 HK) announced today that for the year ended December 31, 2002, the Group's respective consolidated turnover and attributable profit were 7.01 billion and 410 million respectively (the consolidated turnover and attributable profit for 2001 are HK\$6.2 billion and HK\$578 million respectively). The Board will recommend a final dividend of 18 cents per share in forthcoming Annual General Meeting which, together with the interim dividend of 10 cents per share already paid, will make a total dividend of 28 cents per share.

Mr. Hu Zhao Guang, the Chairman of the Group, concluded the experience in 2002 and said, “Most of our business strived to maintain growth in 2002, however, owing to the sluggish market performance of some business sectors and the policy adjustment made by the State Government, our overall profits recorded a substantial decline over last year. Confronting the tough market situation, the Board of Directors and the management team have put massive and effective efforts in strengthening the risk alarm system, risk assessment and instant risk monitoring programs on our business sectors. The Company also focused on project implementation, technology-themed projects and group re-organization, which are consistent with our strategies and financial priorities. During the year, we also made remarkable progress in capital allocation, formulation and implementation of Olympic related planning.”



(1) Infrastructure

Capital Airport Expressway

Traffic volume increased by 15% to 33.9 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 Capital Airport Expressway amounted to HK\$331 million and HK\$172 million respectively, representing 5% and 1% growth respectively over last year. The new toll scheme has become effective from 1 September 2002. Revenue derived from small vehicles was negatively affected. However, traffic volume was further stimulated by lower toll charge and reduction in revenue has been moderated by stronger traffic volume growth in the last quarter.

Water Treatment Concession

Profit after amortisation on cost of the Concession was HK\$140 million for year 2002. This project continued to provide steady cash flow to the Group.

(2) Consumer goods

Beer

Sales volume reached 2,080,000 tons in year 2002, almost 26% higher than last year. Net turnover increased by 20% to HK\$2.42 billion mainly due to acquisition of Gui Lin Liquan Brewery during the year. The profit after tax was down by 14% to HK\$163 million mainly due to higher advertisement and marketing expenses in a very competitive market as well as certain one off provisions in two brewery factories in Shangdong.

Yanjing Brewery Company Ltd., our A share listed subsidiary, completed the issue of RMB700 million of convertible bonds in the mainland security market. The proceeds from the proposed issue are being used to upgrade existing facilities and to acquire more regional breweries like Yanjing Brewery (Liquan) Company Limited at Gui Lin Brewery and Fujian Yanjing Brewery Company Limited in Fujian province, China.

Dairy product and fast food business

The sales volume of Sanyuan Group grew healthily in year 2002. Net turnover of Sanyuan Food increased by 11% to HK\$1.05 billion. Operating profit after tax jumped 40% to HK\$94 million when compared to 2001. The profit growth was enhanced by significant margin improvement as a result of reduction of raw milk price and gain from realizing some investments.



The total number of outlets operated by Beijing McDonalds' and Guangzhou McDonalds' increased to 88 and 61 respectively at the end of 2002. Optimal economy of scale is being achieved through expanding the number of outlets at different locations.

(3) Services

Retailing services

The net turnover of Wangfujing Department Store Group ("Wangfujing") grew moderately by 1% to HK\$2.03 billion. The profit after tax of Wangfujing was HK\$4.1 million for the year ended 31 December 2002 due to lower investment income and realized loss from the property development division. Wangfujing is actively disposing some of its non-core assets. The proceeds are intended to use for debt reduction and expansion of its chain stores.

Hotel services

The average occupancy rate of Jianquo Hotel improved by 4% to 79% in the year 2002. Net turnover was flat at HK\$108 million. Profit after tax declined slightly to HK\$8.1 million. Room rates were still under pressure due to abundant supply of luxury hotels in Beijing.

Tourism services

The combined net turnover and profit after tax of Badaling Tourism amounted to approximately HK\$91 million and 16.3 million respectively. The basis of revenue recognition for Badaling Great Wall was changed to record only the 40% share of entrance fees, reducing the revenue and the associated cost. The combined profit for year 2002 was adversely affected by increase of income tax rate to 33%.

The net turnover of Longqingxia tourism site increased 18% while profit after tax jumped 156% to HK\$6.6 million when compared to corresponding period in last year.

(4) Technology

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

During the year under review, BISC suffered a 62% decline in net turnover. Profit after tax declined by 78% to HK\$89 million. The industrial downturn was mainly caused by restructure of fixed line division China Telecommunication Bureau. The slow down in placing orders was also attributed to the over capacity in the fixed line markets in mainland China. Despite the slowing down of the business, two-thirds of the accounts receivable of BISC was substantially reduced, relieving its capital pressure and exposure of bad and doubtful debt.



Other technology businesses

Beijing Development (Hong Kong) Limited, the information technology flagship of the Group, recorded a substantial growth in revenue in 2002, especially in the segment of information technology business. It has built a strong market position in the educational information technology sector in Beijing and will continue to focus on the provision of information technology systems to primary and secondary schools in Beijing and the provision of internet and communication services to enterprises in Beijing.

The Group has increased its investments in Beijing Ever Source Technology Development Limited, a joint venture company with unique patent technology to utilize geothermal energy as a source of energy for domestic consumption purpose. Many buildings in Beijing have now equipped with this geothermal energy system for maintaining a steady room temperature within the buildings.

Mr. Hu continued, “In 2003, we aim to achieve a break-through in our investments in Olympic related projects. Apart from the active participation in the development of “Digital Beijing” and “Green Olympic” projects, we will strive to obtain the franchise and become an authorized agent of Olympic products. Furthermore, we also target to organize and participate in various promotional activities of the 2008 Olympic games and programs for tourists. Despite the fact that the global political and economic situation is uncertain, the Company will work hard to create a favorable environment for business development by capitalizing the opportunities arising from the economic growth of Beijing and the conceptualization of Olympic games.”

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>