



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

Press Release

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2003 Interim Results

Beijing Enterprises records profit of HK\$182million in the first half of 2003

Hong Kong, 9th September 2003 - Beijing Enterprises Holdings Limited (0392 HK) together with its subsidiaries (the "Group") reported an unaudited consolidated turnover was 3.6 billion, improved by 8.9% compared to the same period last year. Profit attributable to shareholders amounted to HK\$182 million, a 16% decline from the corresponding period last year. The decline is due to the outbreak of SARS in the second quarter, causing a significant drop in tourism and business activities in Beijing. Earnings per share of the Group amounted to HK\$0.29 compared to HK\$0.35 in the same period last year. The Directors of the Company have declared an interim dividend of HK\$0.10.

Mr. Yi Xi Qun, Chairman of the Group said, "In the first half year of 2003, the Iraq war and the outbreak of SARS in Asia have, to certain extent, affected the recovery of world's economy. The positive sign of business growth of the Group in the first quarter was hit by the impact of SARS in Beijing in April, especially in the sectors of tourism, retail services and toll road. Despite these adverse conditions, the board and the management have immediately taken various measures to slowdown the decrease in business activities and to lay the foundation for subsequent economic recovery in the second half year. Looking ahead, we believe that the Closer Economic Partnership Arrangement (CEPA) between China and Hong Kong provides solid support for the economic and business growth in Hong Kong. We are optimistic and confident that the Group will achieve excellent result in the latter half year through continuously strengthening our business management and accelerating our scheduled capital operation projects."

(1) Consumer Goods

Beer

Yanjing Brewery recorded healthy volume and turnover growth mainly through its acquired subsidiaries outside Beijing. Net turnover increased by 19% to HK\$1.3 billion. The profit attributable to the Group decreased by 10% to HK\$41 million.

The beer sales in Beijing area was hit by SARS in the second quarter. However, strong turnover growth and profit contributions from regional subsidiaries significantly offset the negative impact of SARS. The SARS impact has largely faded in Beijing area and the beer operations in the second half is poised to perform better.



Dairy products and fast food

Net turnover of Sanyuan Food increased by 20% to HK\$565 million. Net profit attributable to the Group for the first half was HK\$26 million. Sanyuan has secured the approval to list its shares in the domestic A share market and estimates to raise RMB370 million for its expansion and development purposes. With the proceeds raised from the IPO, Sanyuan will be in a better position to compete with its counterparts in China's huge dairy market.

Beijing McDonald's and Guangzhou McDonald's were badly hit during the SARS period. Their business has quickly recovered in the third quarter and largely back to normal recently.

(2) Infrastructure

Capital Airport Expressway Development Co., Ltd.

Traffic volume was badly hit by SARS in the second quarter and total volume for the first half decreased by 13% to 13.5 million vehicles. The net turnover and profit after tax of Capital Airport Expressway amounted to HK\$109 million and HK\$53 million respectively, representing 34% and 37% decrease respectively. The traffic volume growth rebounded strongly in the third quarter when business and leisure visitors return to Beijing.

Water Treatment Concession

Profit after amortisation on cost of the Concession remained at HK\$64 million for the six months period ended 30 June 2003. This project continued to provide steady cash flow to the Group.

Shenzhen Shiguang Road

The Company invested HK\$380 million for a 53.075% equity interest of a joint-venture company with concession to collect toll in Shiguang Road in Shenzhen. This toll road contributed HK\$12.6 million net profit to the Group for the first half of 2003.

(3) Services

Tourism services

The tourist arrival to Beijing plunged during the SARS period in the second quarter. The businesses of Badaling Great Wall and Hot Spring Resort were hard hit in the first half of 2003 and recorded an attributable loss to the Group of HK\$5 million. Longqingxia, a nearby tourism site, also recorded a attributable loss to the Group of HK\$4.1 million in the first half of the year. With the impact of SARS fading away, the tourist arrival to Beijing has improved significantly in the third quarter. However, it will take some time to recover to the pre SARS visitors level.



Hotel services

Jianguo Hotel was also hard hit by the SARS impact in the second quarter. It scaled down its operations during the SARS period and recorded an attributable loss of HK\$1.5 million for the six months ended 30 June 2003. Business recovered substantially in the third quarter but is still below the normal peak level recorded in past years.

Retail services

The net turnover of Wangfujing Department Store Group (“Wangfujing”) was HK\$10.5 billion for the first half year, 2% higher than the corresponding period in last year. Wangfujing’s business in Beijing was impacted by SARS and Wangfujing Group marginally broke even in the first half of this year.

(4) Technology business

BISC (an associate)

During the period under review, Beijing International Switching System Company Limited (“BISC”) made a net turnover of HK\$748 million, 2% lower than the corresponding period in last year. The net profit contributed to the Group was HK\$23 million. The lower attributable profit was mainly due to lack of tax refund this year.

Other businesses

Certain new business has contributed significant profits to the Group and help to alleviated the impact of SARS in the first half of the year. Beijing Enterprises Ever Source Group, its 65.88% interests owned by the Group, expanded swiftly in the energy conservation market in Beijing and contributed HK\$11 million of profit to the Group in the first half of the year. Beijing High Technology Development Limited, a subsidiary of the Company, also contributed HK\$10 million of profit to the Group.

Financial and corporate information

Shareholders’ equity increased to approximately HK\$7.3 billion while minority interests amounted to approximately HK\$3.3 billion as at 30 June 2003. Net bank borrowings (total bank borrowings minus cash on hand) was HK\$1.3 billion at period end date representing 17.6% 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 2003.

Beijing Enterprises Holdings Limited has appointed Mr. Li Fu Cheng as vice chairman of the Company. Mr. Li is chairman and general manager of Yanjing Group and has over 21 years’ experience in brewing industry.

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>

BEIJING ENTERPRISES HOLDINGS LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th June, 2003

	Six months ended	
	30th June,	
	2003	2002
	Unaudited	Unaudited
	HK\$'000	HK\$'000
TURNOVER	3,620,817	3,324,301
Cost of sales	(2,613,686)	(2,346,992)
Gross profit	1,007,131	977,309
Interest income	14,608	31,208
Other revenue	87,018	70,973
Selling and distribution costs	(340,515)	(264,420)
Administrative expenses	(367,313)	(364,720)
Other operating expenses	(35,303)	(26,396)
PROFIT /(LOSS) FROM OPERATING ACTIVITIES	365,626	423,954
Finance costs	(78,873)	(112,757)
Share of profits and losses of:		
Jointly-controlled entities	(13,609)	7,663
Associates	33,812	38,117
PROFIT BEFORE TAX	306,956	356,977
Tax	(57,141)	(83,442)
PROFIT BEFORE MINORITY INTERESTS	249,815	273,535
Minority interests	(67,974)	(57,419)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	181,841	216,116
INTERIM DIVIDEND		
Interim dividend per each share	[-]	0.1
EARNINGS PER SHARE - Basic	0.29	0.35

Beijing Enterprises Holdings Limited
Segments Analysis

	Six months ended 30th June, Year 2003			<i>Six months ended 30th June, Year 2002</i>		
	Turnover	Profit after tax	Net profit attributable to shareholders	<i>Turnover</i>	<i>Profit after tax</i>	<i>Net profit attributable to shareholders</i>
	HKD'000	HKD'000	HKD'000	<i>HKD ' 000</i>	<i>HKD ' 000</i>	<i>HKD ' 000</i>
Infrastructure						
Capital Airport Expressway	109,227	54,976	52,777	164,333	86,895	83,419
Shiguang Road	40,355	13,844	12,558	5,288	2,099	1,904
Water Treatment	194,810	63,592	63,592	173,625	63,730	63,730
Sub - total	<u>344,392</u>	<u>132,412</u>	<u>128,927</u>	<u>343,246</u>	<u>152,724</u>	<u>149,053</u>
Consumer goods						
Yanjing Beer	1,322,048	98,778	40,601	1,115,437	83,630	45,316
Sanyuan Food	564,663	34,667	25,921	471,679	52,109	39,572
Western Food	6,886	(1,066)	(1,012)	9,315	(904)	(859)
Winery	23,000	937	478	27,189	690	352
Sub - total	<u>1,916,597</u>	<u>133,316</u>	<u>65,988</u>	<u>1,623,620</u>	<u>135,525</u>	<u>84,381</u>
Tourism and Retail Services						
Badaling Great Wall	20,942	(6,457)	(4,843)	73,727	4,416	3,312
Longqingxia	9,286	(5,514)	(4,136)	18,263	902	677
Jianguo Hotel	29,959	(2,967)	(1,498)	51,815	3,525	1,780
Wangfujing Department Store Group	1,046,983	(31,276)	(15,669)	1,028,024	(1,021)	(499)
Sub - total	<u>1,107,170</u>	<u>(46,214)</u>	<u>(26,146)</u>	<u>1,171,829</u>	<u>7,822</u>	<u>5,270</u>
Technology						
Beijing High-Tech.	-	9,863	9,666	-	1,034	827
Beijing Development (Hong Kong) Limited	202,691	11,097	4,535	162,661	2,903	1,730
Beijing Enterprises Ever Source	59,982	16,922	11,148	-	-	-
BISC	748,075	57,459	22,983	762,515	75,643	30,257
Sub - total	<u>1,010,748</u>	<u>95,341</u>	<u>48,332</u>	<u>925,176</u>	<u>79,580</u>	<u>32,814</u>
Other investments (Net of provision)			2,223			(8,848)
Head Quarter Expenses(included finance cost)			(37,483)			(46,554)
			<u>181,841</u>			<u>216,116</u>