



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

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2003 ANNUAL RESULTS

Hong Kong 15th April 2004 – Beijing Enterprises Holdings Limited and its subsidiaries (the “Group”) (0392 HK) announced today that despite the impact of SARS occurred in the second quarter of the year, the Group managed to increase its revenue and achieved a double-digit growth in profit attributable to shareholders for the year ended 31 December 2003. The consolidated turnover and profit attributable to shareholders of the Company amounted to approximately HK\$7.97 billion and HK\$453 million respectively, representing 13.7% and 11.4% increase comparing to year 2002. Earnings per share were HK\$0.73.

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 for the year 2003.

The Chairman of the Group, Mr. Yi Xi Qun said, “As you know, Beijing is adversely influenced by SARS. Most of the Group’s profitable divisions have been seriously affected since April 2003, especially the businesses relating to transportation, tourism and retail services, resulting in great impact to the Group’s annual profit. In response to the adverse effects caused by the SARS outbreak, the board has taken various measures including strengthening management in our businesses, commencing risk management system and increasing capital financing and fund availability. Furthermore, the exceptional gain of HK\$96.5 million due from the listing of San Yuan in A share market and the financial expenses reduction of HK\$69 million have also made significant contribution to profit growth in 2003.”

Infrastructure

Toll Roads

Strong rebound in air traffic boosted the traffic volume of Beijing Capital Expressway in the second half of the year. Annual traffic flow was 34.4 million vehicles, increased by 1.6% comparing to last year. However, toll revenue decreased by 16% to HK\$278 million mainly due to the impact of toll reduction effective from 1st September 2002. The profit contribution to the Group declined by 20% to approximately HK\$133 million when comparing to last year.



The revenue of Shiguan Highway amounted to approximately HK\$83.3 million for year 2003 and contributed HK\$22.88 million profit to the Group in the same period. Shiguan highway is expected to provide steady profit contribution to the Group in future.

Water Treatment Concession

The net profit after amortization derived from the Beijing No. 9 water treatment concession amounted to approximately HK\$128 million. This project will continue to provide steady cashflow to the Group in the future.

(2) Consumer goods

Beer

Yanjing Brewery starts to benefit from its acquisition strategy. Sales volume of the Group's beer division reached new high of 2.23 million tons in 2003. Net turnover increased by 25.5% to approximately HK\$3.04 billion for year 2003. The profit contribution to the Group increased by approximately 32.7% to HK\$113 million in 2003. Yanjing's strong performance was mainly attributable to fast expansion of the premium beer sector and turnaround of regional operations. Yanjing aims to remain one of the top beer producers and brand name in PRC's highly competitive beer market.

Dairy

Net turnover of Sanyuan Dairy rose 15.9% to HK\$1.22 billion. However, its core business deteriorated due to keen competition in PRC market and loss arising from overseas operations. The profit contribution to the Group declined by 69% to approximately HK\$22 million comparing to 2002. Sanyuan Dairy has begun to restructure its operations and its business is expected to stabilise this year. The successful listing of Sanyuan Dairy in Shanghai A share market raised more than RMB300 million fund for development purpose. The Group recorded exceptional gain due from the separate listing. The business of Beijing and Guangzhou Mcdonald's were adversely affected by the outbreak of SARS in the second quarter last year and have since then returned to normal at large.

(3) Retail and Services

Retail

Turnover of Wangfujing Department Stores Group increased by approximately 10% to HK\$2.22 billion. The profit contribution to the Group amounted to approximately HK\$8 million, jumped 2.9 times comparing to last year. Its core retail business was seriously affected by SARS in the second quarter of 2003 but rebounded strongly in the third quarter, due to the booming economy in the capital city and other major cities in the PRC and returned to normal in the fourth quarter of 2003. Wangfujing also made progress in divesting its non core assets. Proceeds from divestiture will be used to finance expansion of core department store business.



Hotel and tourism

Both hotel and tourism business were badly hit by the outbreak of SARS in Beijing in the second and third quarter of 2003. The overall turnover in this sector declined by 28% to HK\$175 million comparing to 2002. Profit contribution declined by 90.7% to approximately HK\$2 million comparing to 2002. Business in this sector has returned to normal in the first quarter of 2004 and is expected to pick up with increasing business and leisure visits to Beijing.

(4) Technology

Beijing International Switching Company (an associated company)

Sales volume of BISC increased by 11% to 4.98 million ports in 2003. Turnover increased by 11.3% to approximately HK\$1.7 billion in the same period. Profit contribution to the Group declined mainly due to provision of certain raw materials. The Group has entered into agreement to sell 20% equity interests in BISC to Siemens AG which will become the majority shareholder of BISC company upon completion of the sale. In the meantime, Siemens AG is expected to inject more varieties of product lines into BISC and boost its development prospect.

Other technology businesses

Beijing Development (Hong Kong) Limited continued to make progress in the information technology business in Beijing. Both its turnover and profit grew healthily in year 2003. Beijing Eversource Technology Development Company Limited, a geothermal energy provider, also made substantial development in its business in 2003. They are expected to contribute to the profit growth of the Group in the coming years.

Prospects

As to future prospects, Mr. Yi added, “The steady economic growth in China will provide opportunity for economic development in Beijing, particularly the reform of stated-owned asset management structure and the improvement and modernisation of public facilities in Beijing. The Group will increase its investment in the areas of infrastructure and public utility to ensure steady profit growth in future. In addition, The Group intends to develop its consumer products brand name into national brand including Yanjing Brewery and Sanyuan Dairy. We believe brand name recognition will be key to success and domination in the domestic consumer products market. Meanwhile, the Group will critically restructure those non performing assets in order to enhance return on assets and equity and will enhance good corporate governance as foundation for future development.”

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	2003 HK\$'000	2002 HK\$'000 (Restated)
TURNOVER	7,970,147	7,011,698
Cost of sales	<u>(5,689,268)</u>	<u>(4,936,713)</u>
Gross profit	2,280,879	2,074,985
Interest income	38,598	73,908
Other revenue and gains, net	308,367	247,350
Selling and distribution costs	(727,046)	(643,061)
Administrative expenses	(839,675)	(732,940)
Other operating expenses, net	(135,511)	(122,236)
Revaluation surplus/(deficit) on investment and hotel properties, net	<u>200</u>	<u>(2,070)</u>
PROFIT FROM OPERATING ACTIVITIES	925,812	895,936
Finance costs	(150,370)	(219,898)
Share of profits and losses of:		
Jointly-controlled entities	21,970	15,557
Associates	41,981	50,674
Amortisation of goodwill arising on acquisition of jointly-controlled entities	<u>(4,699)</u>	<u>(4,699)</u>
PROFIT BEFORE TAX	834,694	737,570
Tax	<u>(203,774)</u>	<u>(239,563)</u>
PROFIT BEFORE MINORITY INTERESTS	630,920	498,007
Minority interests	<u>(177,652)</u>	<u>(91,179)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>453,268</u>	<u>406,828</u>
DIVIDENDS		
Interim	62,250	62,250
Proposed final	<u>112,050</u>	<u>112,050</u>
	<u>174,300</u>	<u>174,300</u>
EARNINGS PER SHARE - Basic	<u>HK\$0.73</u>	<u>HK\$0.65</u>

BEIJING ENTERPRISES HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

31 December 2003

	2003 HK\$'000	2002 HK\$'000 (Restated)
NON-CURRENT ASSETS		
Fixed assets	7,220,681	7,000,646
Intangible assets	1,649,459	1,754,583
Goodwill:		
Goodwill	300,411	155,299
Negative goodwill	(7,547)	(13,416)
Interests in jointly-controlled entities	1,031,733	1,006,990
Interests in associates	444,817	412,471
Properties under development	120,974	121,802
Long term trade receivables	49,366	-
Long term prepayments and deposits	145,240	6,607
Pledged bank balances and time deposits	7,812	9,901
Long term investments	289,557	350,129
Deferred tax assets	44,965	32,110
	<u>11,297,468</u>	<u>10,837,122</u>
CURRENT ASSETS		
Short term investments	48,765	47,282
Properties held for sale	528,776	410,169
Properties under development	-	174,735
Inventories	1,006,211	971,808
Amounts due from customers for contract work	6,750	4,516
Trade receivables	744,128	567,323
Taxes recoverable	22,576	16,394
Other receivables	688,091	673,705
Pledged bank balances and time deposits	56,875	62,854
Cash and cash equivalents	3,708,292	3,600,283
	<u>6,810,464</u>	<u>6,529,069</u>
CURRENT LIABILITIES		
Trade payables	671,105	631,648
Amounts due to customers for contract work	25,816	1,204
Taxes payable	329,001	241,419
Other payables and accruals	1,438,542	1,006,930
Bank and other borrowings	1,785,726	1,779,889
	<u>4,250,190</u>	<u>3,661,090</u>
NET CURRENT ASSETS	<u>2,560,274</u>	<u>2,867,979</u>

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BEIJING ENTERPRISES HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET (continued)

31 December 2003

	2003 HK\$'000	2002 HK\$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	13,857,742	13,705,101
NON-CURRENT LIABILITIES		
Convertible bonds	659,444	659,444
Bank and other borrowings	1,904,929	2,468,450
Other long term liabilities	38,253	63,296
Deferred tax liabilities	163,570	153,624
	<u>2,766,196</u>	<u>3,344,814</u>
MINORITY INTERESTS	<u>3,545,408</u>	<u>3,099,973</u>
	<u>7,546,138</u>	<u>7,260,314</u>
CAPITAL AND RESERVES		
Issued capital	62,250	62,250
Reserves	7,371,838	7,086,014
Proposed final dividend	112,050	112,050
	<u>7,546,138</u>	<u>7,260,314</u>

Beijing Enterprises Holdings Limited
Segments Analysis On Major Investments

	Year 2003			Year 2002 (Restated)		
	Turnover	Profit after tax	Net profit attributable to shareholders	Turnover	Profit after tax	Net profit attributable to shareholders
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Infrastructure						
Capital Airport Expressway	278,146	138,337	132,804	331,193	172,188	165,301
Shiguan Highway	83,297	25,221	22,878	47,033	16,606	14,532
Water Treatment Concession	414,561	127,874	127,874	372,951	140,200	140,200
Sub - total	<u>776,004</u>	<u>291,432</u>	<u>283,556</u>	<u>751,177</u>	<u>328,994</u>	<u>320,033</u>
Consumer goods						
Beer	3,040,000	239,095	112,507	2,422,272	139,293	84,770
Dairy Product	1,217,708	29,779	21,904	1,050,597	89,869	70,058
Winery	63,104	10,324	5,265	62,218	5,498	2,804
Sub - total	<u>4,320,812</u>	<u>279,198</u>	<u>139,676</u>	<u>3,535,087</u>	<u>234,660</u>	<u>157,632</u>
Tourism and Retail Services						
Badaling Great Wall	64,804	658	494	91,047	16,606	12,200
Longqingxia	28,837	(2,576)	(1,932)	42,257	6,573	4,930
Jianguo Hotel	79,594	6,321	3,192	107,967	8,122	4,101
Jianguo International	2,281	441	276	3,081	782	490
Wangfujing Department Store Group	2,221,706	16,145	8,024	2,025,700	4,646	2,062
Sub - total	<u>2,397,222</u>	<u>20,989</u>	<u>10,054</u>	<u>2,270,052</u>	<u>36,729</u>	<u>23,783</u>
Technology						
BISC	1,698,560	62,651	25,060	1,526,730	88,519	35,408
Beijing Development (Hong Kong) Limited	481,345	32,274	13,656	388,749	17,541	6,505
Sub - total	<u>2,179,905</u>	<u>94,925</u>	<u>38,716</u>	<u>1,915,479</u>	<u>106,060</u>	<u>41,913</u>
Head quarter expenses and other investments (net of provision)			(115,193)			(136,533)
Gain on deemed disposal of Sanyuan			96,459			-
			<u>453,268</u>			<u>406,828</u>