



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

Press Release

Corporate Affairs Department

Contact persons: Mr. Charles Deng at 2105 6303
Ms. Louise Chen at 2105 6313

Fax No. : 2857 5084

2004 Interim Results

Profit Attributable to Shareholders increases 15.9% in the first half of 2004

Hong Kong, 7th September 2004 - Beijing Enterprises Holdings Limited (0392 HK) together with its subsidiaries (the "Group") reported for the six months ended 30 June 2004 an unaudited consolidated turnover was 4.47 billion, increased by 23.6% compared to the same period last year. Profit attributable to shareholders amounted to HK\$210 million, a 15.9% increase compared to the corresponding period last year. Earnings per share of the Group amounted to HK\$0.34 compared to HK\$0.29 in the same period last year. The Directors have declared an interim dividend of HK\$0.10.

Mr. Zhang Hong Hai, Vice Chairman of the Group said, "It is common knowledge that the State's reinforcement of the macro economic adjustment and control policies in the first half of 2004 has positive effects to macro economy. The Group was adversely affected to a certain extent by the overheated macro economy and fluctuations brought about, for example, the rising price of energy and raw materials in late 2003 resulted in the apparent increase in cost of consumer goods businesses like Yanjing Brewery and Sanyuan Foods. The management of the Group have strengthened its capital operation and cost control in all business segments to face the challenges of overheated economy and achieved a remarkable profit growth."

(1) Consumer Goods

Beer

Yanjing Brewery's development continued to see reward from its acquisition strategy. The sales volume for the first half of 2004 reached 1.38 million tons, representing a growth of 32.7% as compared to the corresponding period last year. The net turnover and profit attributable to shareholders increased by 35.6% and 29.9% to HK\$1.79 billion and HK\$65.99 million respectively.

Dairy products

Sanyuan Foods was adversely affected by the keen market competition. The net turnover for the first half of 2004 was HK\$510 million, representing a decline of 9.3% as compared to the corresponding period last year. The net loss attributable to shareholders was HK\$24.31 million and it has imposed a negative impact on the overall performance of consumer products business. The profit attributable to shareholders of the last corresponding period was HK\$25.92 million. The management has clearly recognized the tough situation confronted by Sanyuan Foods and has begun the implementation of business restructure.



(2) Infrastructure

Capital Airport Expressway Development Co., Ltd.

The traffic flow of Capital Airport Expressway vigorously rebounded from the dismay of the outbreak of SARS last year. The traffic flow reached 19.19 million vehicles in the first half of 2004, representing an increase of 42.1% as compared to the corresponding period of 2003. The net turnover and profit attributable to shareholders increased by 50.7% and 77.5% to HK\$164 million and HK\$93.7 million respectively as compared to the corresponding period last year.

Water Treatment Concession

The franchise of Beijing No. 9 Water Treatment Concession provided the Group with a steady profit contribution. In the first half of 2004, the profit contribution to the Group after the amortized cost of the franchise was HK\$63.59 million in the first half of the year.

Shenzhen Shiguang Road

The profit contribution of Shenzhen Shiguan Highway to the Group for the first half of 2004 was HK\$12.74 million, representing a slight increase of 1.4% as compared to the corresponding period last year.

(3) Services

Tourism and Hotel Services

Tourism and hotel business was resumed to its normal growth from the shadow of the outbreak of SARS last year. The profit attributable to shareholders was HK\$3.03 million in the first half of 2004 while the loss attributable to shareholders was HK\$10.09 million in the corresponding period last year. Beijing Tourism Development Co. Ltd., a jointly-controlled entity of the Group has entered into an agreement with Beijing Tourism Group for the sale of 50.5% equity interests in Jian Guo Hotel Joint Venture of Beijing at a consideration of HK\$153 million. It signified the Group's restructuring strategy by disposing low-return assets.

Retail services

The business of Beijing Wangfujing Department Stores continued to expand. The net turnover for the first half of 2004 increased by 29.4% to HK\$1.35 billion. The profit attributable to shareholders was HK\$3.81 million while the loss attributable to shareholders was recorded in the corresponding period last year.



(4) Technology business

BISC (an associate)

In the first half of 2004, the technology business segment underwent a fundamental transformation. The business and profit of BISC, the former dominant profit contributor of the Group in the past, was severely suppressed due to the structural changes in the domestic fixed telecommunications network industry. Given such backdrop, the Group has completed the disposal of 20% equity interests of BISC in the first half of 2004 and received a sum of approximately HK\$22 million exceptional gain.

As to the development prospects of technology business in future, it is expected that the information technology business of our subsidiary companies including Beijing Enterprises Holdings High-Tech Development Co. Ltd., Beijing Ever Source Scientific Technology Development Co. Ltd., and Beijing Development (Hong Kong) Co. Ltd., will be the major source of profit to this business segment.

Mr. Zhang concluded “In the forthcoming second half of the year, the Group’s business development directions are to actively participate in the state-owned assets management system reform of Beijing City and fully reallocate its internal and external resources to boost the strategic development with an emphasis on infrastructure projects and public utility. Looking ahead, the Group would embrace the mission of the shareholder return maximization, focus on the enhancement of the intrinsic value of the Group and pay heed to the profound changes in economic development, business environment and market trend for the Group’s future development.”

Financial and corporate information

The financial conditions of the Group remained stable. As at 30 June 2004, the shareholder equity was HK\$7.8 billion, the net loan was approximately HK\$894million and the net debt to equity ratio was 11.5%.

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 prior development projects. Its core businesses comprise consumer goods, infrastructure, tourism and retail services and technology.

For more information, please visit the Group’s website at : <http://www.behl.com.hk>

BEIJING ENTERPRISES HOLDINGS LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2004

	Six months ended 30th June,	
	2004 Unaudited HK\$'000	2003 Unaudited HK\$'000
TURNOVER	4,475,863	3,620,817
Cost of sales	(3,212,279)	(2,613,686)
Gross profit	1,263,584	1,007,131
Interest income	12,715	14,608
Other revenue and gains, net	100,273	87,018
Selling and distribution costs	(452,685)	(340,515)
Administrative expenses	(453,785)	(367,313)
Other operating expenses	(56,815)	(32,728)
PROFIT FROM OPERATING ACTIVITIES	413,287	368,201
Finance costs	(70,867)	(78,873)
Share of profits and losses of:		
Jointly-controlled entities	6,090	(12,606)
Associates	33,799	32,809
Amortisation of goodwill arising on acquisition of jointly-controlled entities	(548)	(2,575)
PROFIT BEFORE TAX	381,760	306,956
Tax	(108,010)	(57,141)
PROFIT BEFORE MINORITY INTERESTS	273,751	249,815
Minority interests	(63,021)	(67,974)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	210,730	181,841

Beijing Enterprises Holdings Limited
Segments Analysis

	Six months ended 30th June, Year 2004			Six months ended 30th June, Year 2003		
(Unit : Ten thousands HKD)	Turnover	Profit after tax*	Net profit attributable to shareholders	Turnover	Profit after tax*	Net profit attributable to shareholders
Infrastructure						
Capital Airport Expressway	16,390	9,757	9,367	10,922	5,497	5,277
Shiguang Road	4,158	1,404	1,274	4,035	1,385	1,256
Water Treatment	19,829	6,359	6,359	19,480	6,359	6,359
Sub - total	40,377	17,520	17,000	34,437	13,241	12,892
Consumer goods						
Yanjing Beer	178,710	8,249	6,599	131,821	6,350	5,080
Sanyuan Food	51,219	(4,258)	(2,431)	56,464	3,466	2,592
Winery	2,715	441	225	2,300	94	48
Western Food	1,155	(1)	(1)	689	(106)	(101)
Sub - total	233,799	4,431	4,392	191,274	9,804	7,619
Tourism and Retail Services						
Badaling Great Wall	3,801	(48)	(36)	2,094	(645)	(484)
Longqingxia	1,694	72	54	929	(551)	(414)
Jianguo Hotel	4,777	475	240	2,996	(297)	(150)
Wangfujing Department Store Group	135,491	759	381	104,694	(3,125)	(1,567)
Sub - total	145,763	1,258	639	110,713	(4,618)	(2,615)
Technology						
Beijing High-Tech.	153	696	682	-	1,319	1,066
Beijing Enterprises Ever Source	7,651	785	517	5,998	1,692	1,114
BISC	42,008	5,397	2,159	74,807	5,747	2,299
Beijing Development (Hong Kong) Limited	20,536	(1,674)	(934)	20,452	812	453
Sub - total	70,348	5,204	2,424	101,257	9,570	4,932
Other investments			748			675
Exceptional gain			2,220			-
Head Quarter Expenses			(3,982)			(4,767)
Provisions and consolidation adjustments			(2,368)			(552)
			21,073			18,184

*Profit after tax is arrived at after deducting minority interest of the subsidiaries.