



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

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2005 ANNUAL RESULTS

Hong Kong 11th April 2006 – Beijing Enterprises Holdings Limited (the “Company”) (0392 HK) and its subsidiaries (the “Group”) announced today that the audited consolidated turnover and profit attributable to shareholders of the Company amounted to approximately HK\$11 billion and HK\$570.4 million respectively, representing 13.8% and 13.3% increase as compared to year 2004. Basic earnings per share amounted to HK\$0.92. The Board will recommend a final dividend of 20 cents per share.

The Vice Chairman and CEO of the Group, Mr. Zhang Hong Hai said, “The strong turnover growth was driven by merger of Shuang An and Dong An department stores with Wangfujing Group in Beijing, opening of new department stores by Wangfujing Group as well as expansion of regional operations by Yanjing Brewery.

Profit attributable to shareholders of the Company for year 2005 increased by 13.3% to HK\$570.4 million. Earning per share was up the same extent to HK\$0.92. The healthy growth in net profit was helped by deconsolidation of loss making dairy business since the beginning of 2005. During the year, the strong revenue growth of the Capital Expressway and turnaround of Wangfujing' retail business helped to drive the operating profit growth of the Group.

Overall gross profit margin was steady at 27% mainly due to steady product price and materials costs. Selling and distribution costs increased significantly also due to consolidation of results of Shuang An and Dong An department stores as well as Huiquan Beer.

During the year, the Group completed the sale of equity interests in Sanyuan Food and Badaling Tourism Development Ltd and several other smaller projects and altogether derived gross exceptional gain of approximately HK\$217 million. The Group also took the chance to make provision for the diminution in value of goodwill attributing to certain non performing assets and diminution in value of some other investment projects. The net exceptional gain attributable to the Group was approximately HK\$130 million.”

Infrastructure and Public Utilities

Toll Roads

The traffic volume of Beijing Capital Airport Expressway increased by 7.7 % to 45.96 million vehicles in 2005, a new record for the Expressway. Average daily traffic flow was 125,918 vehicles which was close to the designed capacity of 135,000 vehicles. The traffic volume growth for Airport Expressway will be constrained without expansion or extension to the original road structure.

The traffic volume of Shenzhen Shiguan Toll Road declined by 7.3 % to 10.07 million vehicles in 2005 mainly due to reconstruction work of certain bridge structure along the toll road.

The revenue from toll road operations increased by 9.7% to HK\$477 million comparing to last year. Segment net profits attributable to the Group increased by 11.8% to 227 million.

Water Treatment Concession

Operating profit attributable to the Group remained steady at approximately HK\$128 million. The cash return from this water treatment concession remained the major source of cash income for the Group in the year 2005.

Consumer Products

Beer

The sales volume for Yanjing's brewery operations increased by 8.7% to 3.13 million tons in 2005, another record level for Yanjing. The turnover for 2005 was HK\$4,556 million, increased 30.4% comparing to last year. Yanjing has an estimated market share of 85% in Beijing city and 12% on nationwide basis. The growth in the premium sector beer market was most encouraging, sales volume increased almost 38% to 90,000 tons in 2005.

The operating profit attributable to the Group increased by 4.7% to HK\$134 million. Also, the Group shared an exceptional gain of HK\$12.23 million through the exercise of convertible bonds of Yanjing Brewery by the Yanjing Brewery's bondholders. The profit margin for Yanjing's beer products remained steady mainly due to effective cost control measure.

Yanjing has established and acquired 19 regional beer operations throughout the PRC and bear a total operating capacity of 4.5 million tons. Yanjing is poised to maintain its leading position in the China beer market and plans to become one of the top ten brewer in the world.

Retail and Tourism Services

Retail

The revenue of Wangfujing Department Stores jumped 45.3% to HK\$4,737 million mainly due to acquisition and opening of new stores in Beijing and other provinces in the PRC. Wangfujing operates altogether 13 medium and large scale department stores in the PRC with a total floor area of 299,043 square metres.

Riding on the strong turnover growth, net profit attributable to the Group improved to HK\$15.7 million. Some of the new stores have not yet achieved economy of scale and are still suffering from operating losses. Also, the operating profits derived from department store business was largely offset by interest expenses and set up costs of new stores.

Tourism

The Group is transforming into a limited diversified conglomerate with focus on infrastructure and utilities business and supplemented by consumer products sector. In order to achieve this strategic goal, the Group disposed of Jianguo Hotel last year. During the year, the Company completed the disposal of Badaling Tourism Development Ltd. as well. Only Longqingxia tourism site was left behind in this sector.

The tourism sector suffered a minor loss in 2005 due to the impairment provision for investment in Long Qing Xia. The Group will ultimately withdraw from this sector in the future.

Technology

Information Technology

Beijing Development (Hong Kong) Limited remained the Group's IT application flagship. Its consolidated turnover almost remained unchanged at HK\$531 million in 2005. The Group share a net operating loss of HK\$19.56 million mainly due to provision against certain receivables of services income derived in previous years. Beijing Development recently secured major system integration provision contracts for Beijing Subway system and is expected to drive revenue and profit growth in the future.

Others

Ever Source Science & Technology Development Co., Limited engages in the development and use of the energy (heat) of the earth's surface. After five years' practice, its development and use of surface energy (heat) is applied to buildings located in different geological conditions, areas, and functions. At present, its products for surface heat gathering are under proprietary intellectual property rights protection, standardized, and produced in large scale.

Since 2005, Ever Source Science & Technology Development Co., Limited has been establishing regional energy service companies as franchised operations to promote the use of surface energy (heat) as a first alternative strategic energy resource for heating.

Formerly an engineering contractor, Ever Source Science & Technology Development Co., Limited is in the process of transformation into a product supplier and a technology service supplier using an integrated technology platform as support, while sales, construction works, operation services, and supply of parts and accessories are carried out by regional companies.

The business turnover of Ever Source Science & Technology Development Co., Limited has undergone a significant fall as a result of operation mode adjustments. In 2005, a net operating loss of approximately HK\$30 million of Ever Source Science & Technology Development Co., Limited was attributed to the Group. Given the implementation of the strategy of using the surface energy as a heating substitute, its business is expected to improve in the near future.

PROSPECTS

Upon completion of disposal of controlling stake in Wangfujing Department Stores Ltd, the Group will become more focused on infrastructure and utilities sector. In the mean time, the Group will remain committed to brandname beer business, continue to develop the national brandname.

In the toll road business, the Group has committed to invest and construct the northern extension of the Beijing Capital Expressway. The new extension is expected to expand total traffic volume and bring in additional revenue.

As regarding utilities business, the Group is in the process of feasibility study of new water purification project in Beijing. Also, the Group is pursuing possibility of investing in pipeline gas business in Beijing and neighbouring provinces.

CAPITALISATION AND FINANCIAL POSITION

The financial condition of the Group remained stable. Shareholders' equity increased to approximately HK\$8.44 billion while minority interests amounted to approximately HK\$4.06 billion as at 31st December 2005. Total borrowings (including convertible bonds) were HK\$3.43 billion. Net cash position (total cash minus borrowings) was HK\$131 million at year end date.

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 infrastructure & utilities, consumer products, retail services and technology.

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

BELJING ENTERPRISES HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2005

	2005	2004
	HK\$'000	HK\$'000
ASSETS		
Non-current assets:		
Property, plant and equipment	8,037,017	6,338,571
Investment properties	446,820	342,722
Prepaid land premiums	377,320	430,193
Goodwill	275,777	330,198
Other intangible assets	1,517,866	1,560,413
Interests in jointly-controlled entities	182,918	556,678
Interests in associates	248,849	590,869
Properties under development	-	132,032
Trade and bills receivables	33,202	69,310
Other receivables	313,782	176,881
Pledged bank balances	34,684	8,743
Available-for-sale financial assets	510,037	285,056
Deferred tax assets	67,772	62,747
Total non-current assets	<u>12,046,044</u>	<u>10,884,413</u>
Current assets:		
Prepaid land premiums	12,684	8,176
Properties under development	322,301	-
Properties held for sale	39,406	62,990
Inventories	1,574,923	1,239,969
Amounts due from customers for contract work	25,238	16,915
Trade and bills receivables	928,709	790,034
Other receivables	1,055,066	825,359
Financial assets at fair value through profit or loss	45,551	50,202
Taxes recoverable	37,415	20,167
Pledged bank balances	15,557	45,168
Cash and cash equivalents	3,508,055	4,141,464
	<u>7,564,905</u>	<u>7,200,444</u>
Assets of a disposal group and non-current assets classified as held for sale	19,319	1,304,733
Total current assets	<u>7,584,224</u>	<u>8,505,177</u>
TOTAL ASSETS	<u>19,630,268</u>	<u>19,389,590</u>

BEIJING ENTERPRISES HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2005

	2005 HK\$'000	2004 HK\$'000
EQUITY AND LIABILITIES:		
Equity attributable to shareholders of the Company:		
Issued capital	62,250	62,250
Reserves	8,256,191	7,694,348
Proposed final dividend	124,500	124,500
	<u>8,442,941</u>	<u>7,881,098</u>
Minority interests	4,064,052	3,720,099
TOTAL EQUITY	<u>12,506,993</u>	<u>11,601,197</u>
Non-current liabilities:		
Bank and other borrowings	373,311	1,705,134
Convertible bonds	548,785	587,424
Other long term liabilities	32,682	8,466
Deferred tax liabilities	168,527	163,735
Total non-current liabilities	<u>1,123,305</u>	<u>2,464,759</u>
Current liabilities:		
Trade and bills payables	1,165,555	765,782
Amounts due to customers for contract work	48,580	51,770
Other payables and accruals	1,839,417	1,544,281
Taxes payable	395,132	368,369
Bank and other borrowings	2,505,132	2,099,637
	<u>5,953,816</u>	<u>4,829,839</u>
Liabilities directly associated with assets of a disposal group and non-current assets classified as held for sale	46,154	493,795
Total current liabilities	<u>5,999,970</u>	<u>5,323,634</u>
TOTAL LIABILITIES	<u>7,123,275</u>	<u>7,788,393</u>
TOTAL EQUITY AND LIABILITIES	<u>19,630,268</u>	<u>19,389,590</u>

BEIJING ENTERPRISES HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 HK\$'000	2004 HK\$'000
TURNOVER		
Continuing operations	11,000,613	8,779,956
Discontinued operations	-	885,684
	<u>11,000,613</u>	<u>9,665,640</u>
Cost of sales	<u>(8,025,369)</u>	<u>(7,005,934)</u>
Gross profit	2,975,244	2,659,706
Interest income	73,165	44,751
Other revenue and gains, net	447,642	362,779
Selling and distribution costs	(1,166,479)	(835,106)
Administrative expenses	(1,037,236)	(1,095,343)
Other operating expenses, net	(254,757)	(225,923)
Fair value gains on investment properties, net	<u>13,635</u>	<u>13,785</u>
PROFIT FROM OPERATING ACTIVITIES	1,051,214	924,649
Finance costs	(156,220)	(138,048)
Share of profits and losses of:		
Jointly-controlled entities	(26,892)	56,453
Associates	<u>21,793</u>	<u>51,175</u>
PROFIT/(LOSS) BEFORE TAX		
Continuing operations	809,908	1,018,762
Discontinued operations	<u>79,987</u>	<u>(124,533)</u>
	889,895	894,229
TAX		
Continuing operations	(175,086)	(233,156)
Discontinued operations	-	3,687
	<u>(175,086)</u>	<u>(229,469)</u>
PROFIT/(LOSS) AFTER TAX		
Continuing operations	634,822	785,606
Discontinued operations	<u>79,987</u>	<u>(120,846)</u>
	<u>714,809</u>	<u>664,760</u>
ATTRIBUTABLE TO:		
Shareholders of the Company:		
Continuing operations	490,435	571,892
Discontinued operations	<u>79,987</u>	<u>(68,704)</u>
	<u>570,422</u>	<u>503,188</u>
Minority interests	<u>144,387</u>	<u>161,572</u>
	<u>714,809</u>	<u>664,760</u>
DIVIDENDS		
Interim	62,250	62,250
Proposed final	<u>124,500</u>	<u>124,500</u>
	<u>186,750</u>	<u>186,750</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
Basic for profit for the year	<u>HK\$0.92</u>	<u>HK\$0.81</u>
Basic for profit from continuing operations	<u>HK\$0.79</u>	<u>HK\$0.92</u>
Diluted for profit for the year	<u>HK\$0.90</u>	<u>HK\$0.79</u>
Diluted for profit from continuing operations	<u>HK\$0.77</u>	<u>HK\$0.90</u>

Beijing Enterprises Holdings Limited

Segments analysis on major investments

	2005			
	Turnover	Profit after tax	Net profit attributable to shareholders	Turnover
	HKD'000	HKD'000	HKD'000	HKD'000
Infrastructure				
Capital Airport Expressway	399,903	214,995	206,395	352,070
Shiguan Road	77,537	21,255	20,849	83,245
Water Treatment Concession	506,638	127,935	127,935	490,566
Sub - total	<u>984,078</u>	<u>364,185</u>	<u>355,179</u>	<u>925,881</u>
Consumer goods				
Beer	4,556,142	282,672	134,086	3,494,029
Dairy Product	-	-	-	942,797
Winery	69,022	9,096	4,639	56,560
Sub - total	<u>4,625,164</u>	<u>291,768</u>	<u>138,725</u>	<u>4,493,386</u>
Tourism and Retail Services				
Badaling Great Wall	-	9,783	7,337	-
Longqingxia	-	(28,371)	(21,278)	-
Jianguo Hotel	-	-	-	-
Wangfujing Department Store Group	4,737,460	31,395	15,700	3,259,760
Sub - total	<u>4,737,460</u>	<u>12,807</u>	<u>1,759</u>	<u>3,259,760</u>
Technology				
Ever Source	85,195	(43,271)	(30,206)	230,693
Beijing Development	531,298	(35,042)	(19,556)	531,848
Sub - total	<u>616,493</u>	<u>(78,313)</u>	<u>(49,762)</u>	<u>762,541</u>
Head quarter expenses and other investments (net of provisions)			(92,841)	
Gain on disposal of subsidiaries and JCEs			217,362	
Consolidated			<u><u>570,422</u></u>	

2004

Profit after tax	Net profit attributable to shareholders
HKD'000	HKD'000
186,973	179,494
26,002	23,586
<u>127,179</u>	<u>127,179</u>
<u>340,154</u>	<u>330,259</u>
269,983	128,067
(117,444)	(66,230)
<u>10,923</u>	<u>5,570</u>
<u>163,462</u>	<u>67,407</u>
2,793	2,095
2,635	1,976
5,060	2,555
<u>154</u>	<u>77</u>
<u>10,642</u>	<u>6,703</u>
44,110	32,268
<u>14,886</u>	<u>12,231</u>
<u>58,996</u>	<u>44,499</u>
	(79,191)
	<u>133,511</u>
	<u>503,188</u>