



**北京控股有限公司**  
**BEIJING ENTERPRISES HOLDINGS LIMITED**

## **News Release**

### **Beijing Enterprises Holdings Limited to List on The Hong Kong Stock Exchange**

(May 19, 1997, Hong Kong) - Beijing Enterprises Holdings Limited ("Beijing Enterprises") today announced it will list on the Stock Exchange of Hong Kong Limited.

Beijing Enterprises is the only overseas listed conglomerate under the control of the Beijing Municipal People's Government ("Beijing Municipal Government"). The Company is an important channel for Beijing in accessing overseas capital, technology and management expertise.

Beijing Enterprises will issue 150,000,000 shares of nominal value of HK\$0.10 each. The issue price is HK\$12.48 per share. Among the newly issued shares, 135,000,000 shares will be placed internationally, while the other 15,000,000 shares will be offered in Hong Kong by way of public offer. Under the over-allotment option, an additional 22,500,000 shares could be issued. Based on the above issue price, the P/E ratios on the estimated pro forma fully diluted and weighted average basis for 1997 are approximately 19.35 times and 18.71 times, respectively.

Assuming the over-allotment option is not exercised, the newly issued shares will represent 25% of the enlarged issued capital of the Company. Beijing Holdings Limited and other entities controlled by the Beijing Municipal Government will hold 69% interest in Beijing Enterprises via an intermediate holding company. The remaining 6% will be held by several strategic investors namely, Cheung Kong (Holdings) Limited, Kerry Holdings Limited, New World Development Company Limited, Shanghai Industrial Investment (Holdings) Company Limited, Peregrine Investment Holdings Limited, Morgan Stanley Group Inc. and Sun Hung Kai Properties Limited.

The public offer will open on Tuesday, May 20, 1997 and close at noon on Friday, May 23, 1997. Dealings in Beijing Enterprises's shares will commence on the Stock Exchange of Hong Kong Limited on Thursday, May 29, 1997.

The Joint Global Co-ordinators and Joint Sponsors of the shares issue are Peregrine Capital Limited and Morgan Stanley Asia Limited.

Public Offer and Placing Co-lead Managers are China Development Finance Company (H.K.) Limited, Credit Lyonnais Securities Asia, SBC Warburg and Seapower Securities Limited. Public Offer and Placing Co-Managers are ABN AMRO Rothschild, Cazenove & Co. (Overseas) Limited, CEF Capital Limited, China Everbright Securities (HK) Limited, China Kind Investments Limited, Credit Suisse First Boston, FOTIC Capital Limited, Guangdong Securities Limited, Hani Securities (H.K.) Limited, Smith Barney Inc. and Tai Fook Securities Company

Limited. The Public Offer Co-Manager also includes China International Capital Corporation Limited.

Beijing Enterprises is a red-chip conglomerate with a business focus on Beijing. Currently, Beijing Enterprises has business interests in consumer products manufacturing, infrastructure, services and high-technology industries. These four businesses are the pillar industries of Beijing in the coming years and they have also been specified by the Beijing Municipal Government as development priorities.

Mr Hu Zhao Guang, the chairman of Beijing Enterprises said, "Beijing Enterprises is an important channel for introducing overseas capital, technology and management expertise and accelerating the economic growth of the city. The listing of the Company would be of utmost significance for the future development of Beijing.

"As the capital city of the PRC, Beijing is the political, cultural and scientific centre of the country. It is also an important economic centre in the Northern PRC. Beijing will capitalise on its unique status to achieve further development. The present diversified business portfolio of Beijing Enterprises has well reflected the development direction of Beijing. Consumer products, infrastructure, services and high-technology industries represent the characteristics of Beijing's economy. They are the key development priorities specified in the Ninth Five-Year Plan of the Beijing Municipal Government."

Mr Guo Ying Ming, vice-chairman and president of the Company said, "Beijing Enterprises owns interests in a number of assets in Beijing. All of them are of high quality and profitability and enjoy strong reputation in the country.

"In the consumer products business, we owns **Yanjing Brewery**, the largest beer producer in the PRC in terms of both production volume and sales in the PRC in 1996. Yanjing Brewery also dominates 85% market share in Beijing. **Sanyuan Food** produces a wide range of dairy products. Its plastic-bagged fresh milk has a market share of more than 90% in Beijing. Sanyuan Food also owns 50% of **Beijing McDonald's**, which manages and operates the McDonald's quick service restaurant chain in Beijing. **Western Food** manufactures high quality western style processed meat and seafood products while **Xinjing Food** processes raw meat.

"In the infrastructure business, **Capital Expressway Company** manages Capital Airport Expressway. Also known as the 'Gateway of China' Capital Airport Expressway is the only connection for air travellers to and from the Beijing Capital International Airport.

"Beijing Enterprises' investment in services include **Badaling Tourism**, which owns the exclusive franchise to collect entrance fees and operates tourism services at the Badaling Great Wall. We also own interests in **Jianguo Hotel**, the first Sino-foreign hotel in Beijing. Jianguo Hotel has maintained an occupancy rate of over 80% in the last ten years. **Wangfujing Department Group** is mainly engaged in operating department store retailing services. Its flagship store, the Beijing Wangfujing Department Store, has been one of the most profitable department stores in Beijing for the past three years. Currently, it is in the process of developing a nation-wide department store chain.

"**BISC**, our joint venture with Siemens of Germany, is a producer of EWSD digital switching systems for public telephone networks. It is the second largest producer of programmable

switching systems in the PRC. These existing businesses generate stable income to fuel the future growth of the Company."

Beijing Enterprises is estimating a pro-forma combined profit after taxes and minority interests but before extraordinary items for the year ended December 31, 1997 of not less than HK\$350,000,000.

Assuming the over-allotment option is not exercised, net proceeds of the Public Offer, the Placing and the subscription of Shares by the Strategic Investors, after deducting related expenses, are estimated to be approximately HK\$2,191,000,000 will be raised. The proceeds will be applied as follows:

- Approximately HK\$245,000,000 will be used in the expansion projects of the consumer products businesses;
- Approximately HK\$125,000,000 will be used in expanding the tourism businesses;
- Approximately HK\$200,000,000 will be invested in the expansion of Wangfujing Department Group;
- Approximately HK\$335,000,000 will be invested in the expansion of Jianguo Hotel;
- Approximately HK\$28,000,000 will be used to improve the toll collection system for the Capital Airport Expressway;
- Approximately HK\$170,000,000 will be invested in BISC;
- Approximately HK\$20,000,000 will be invested in Beijing McDonald's.

The balance of approximately HK\$1,068,000,000 will be retained as general working capital and for general corporate purposes, including possible acquisitions in accordance with the Group's business strategy, in such areas as infrastructure development, hotel and tourism services in Beijing.

Mr Hu Zhao Guang continued, "With the support of the Beijing Municipal Government, Beijing Enterprises will capitalise on the business opportunities arising from the economic development of Beijing and develop into a red-chip conglomerate with diversified business interests.

"Beijing Enterprises will continue to expand our existing businesses, invest in new opportunities and look for attractive asset acquisitions to increase earnings. The Company intends to focus new business development and acquisitions in industries which are designated as development priorities by the Beijing Municipal Government. As part of our long term strategy, we plan to rationalise and strengthen each business.

"With the support of the Beijing Municipal Government, a strong current business portfolio and an experienced management, we are confident of achieving better results and playing more important role in the future economic development of Beijing."

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