



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

20 April 1998

Beijing Enterprises announces results for 1997

DIRECTORS of Beijing Enterprises Holdings Limited (the "Company") announced on April 20 of satisfactory overall performance of the Company in 1997 and are confident in its further growth in 1998. The Company's combined operating profits for 1997 on a pro forma basis exceeded the forecast made when the Company was listed last year.

Turnover for the year ended 31 December 1997 was HK\$3.37 billion. Combined profits attributable to shareholders amounted to HK\$811 million, and earnings per share HK\$1.51. And net assets at 31 December 1997 were valued at HK\$5.7 billion. All figures have been presented on a pro forma basis. Of the combined profit attributable to shareholders, HK\$385 million represented exceptional items including interest income during the Company's listing process and nominal incomes from restructuring of subsidiaries. As a result the Company's combined operating profit for the year was HK\$426 million, exceeding the forecast of the Company during its listing process by 21 per cent.

The directors recommended the payment of a final dividend of HK\$0.15 per share for the year ended 31 December to the shareholders whose names appear on the Register of Members of the Company on 18 June 1998. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 30 June 1998.

Beijing Enterprises is a conglomerate under the supervision of the Beijing government. The Company was listed on the Stock Exchange of Hong Kong Limited on 29 May 1997. Its impressive portfolio of assets covering infrastructure, supply of consumer products, retail and tourism and advanced technologies has caused a sensation in the market, and approximately HK\$2.6 billion was raised by the new issue. The Company has applied HK\$700 million to date to finance its existing business and expansion plans. As at the end of the period, the Company had a cash position of approximately HK\$2 billion, the major portion of which was placed as short term Hong Kong Dollar deposits.

Beijing Yanjing Brewery Company Limited recorded a strong performance during the period. Turnover and profit after taxation on a pro forma basis amounted to HK\$940 million and HK\$150 million respectively.

As a leading brewery supplier in China, Yanjing Brewery currently accounts for 85% of Beijing's brewery market. Yanjing Brewery was listed on Shenzhen Stock Exchange in July 1997 by the issuance of 80,000,000 A shares at RMB7.34 per share. Yanjing Brewery raised

approximately RMB570 million from the issue. As a result of the separate listing, the Company's effective interest in Yanjing Brewery was diluted from 80% to 54.28%.

With a strong capital base, Yanjing Brewery began to acquire production facilities and related construction in progress. The acquisitions boosted Yanjing Brewery's production capacity from nearly 590,000 tons to more than 710,000 tons. In order to strengthen its market leadership, Yanjing Brewery launched new products and set up sales outlets in business centres such as Shijiazhuang, Baoding and Chengde to expand its sales network in North China.

Sanyuan Food Company Limited recorded a pro forma turnover of HK\$340 million and a pro forma profit after taxation of HK\$24 million. Despite unsatisfactory market conditions, Sanyuan operated profitably despite difficult market conditions and remained the largest supplier of fresh milk in Beijing. Sale of fermented milk also increased during the year.

Beijing McDonald's expanded the number of its outlets to 42 in Beijing. Turnover grew steadily as its fast food service became increasingly popular among middle-income households in Beijing. Beijing McDonald's accounted for 50% of the Company's pro forma profit after taxation, amounting to HK\$6 million.

The traffic flow at Capital Airport Expressway increased to 22 million vehicles in 1997. Capital Airport Expressway Company Limited achieved slight revenue growth despite unfavourable adjustments in the toll policy of the authorities. Capital Airport Expressway's turnover and profit after taxation on a pro forma basis amounted to HK\$160 million and HK\$53 million respectively.

The number of visitors to Badaling Great Wall increased to more than 4.31 million in 1997. The trend of decrease in the number of visitors was reversed after the partial completion of the Badaling Expressway. Badaling's turnover and profit after taxation on a pro forma basis amounted to HK\$100 million and HK\$23 million respectively.

Despite difficult conditions in the retail market and disturbance from ongoing construction work in the Wangfujing District, Wangfujing Department Store (Group) Co., Ltd. (Shanghai A-Share) made a solid contribution to the Company through the diversification of its income source. Significant profits were derived from the disposal of securities in addition to its department store operations. Wangfujing's turnover and profit after taxation on a pro forma basis amounted to HK\$1.58 billion and HK\$90 million respectively.

Majority of the proceeds raised from a rights issue by Wangfujing have been used to finance to construction Chengdu Wangfujing Department Store and Wuhan Wangfujing Department Store. Chengdu Wangfujing and Nantong Wangfujing have commenced business on 18 January 1998 and 20 January 1998 respectively, and are expected to contribute to the growth in turnover in 1998.

The average occupancy rate of Jianguo Hotel rose to above 79% in 1997 despite intense competition coupled with a declining overall hotel occupancy rate in Beijing. However, the positive effect was largely offset by the reduction of room rates during the period. Nevertheless, Jianguo was able to exercise more stringent cost controls. Turnover and profit after taxation on a pro forma basis amounted to HK\$170 million and HK\$43 million respectively.

Sales of EWSD programmable digital switching systems by Beijing International Switching System Company Limited ("BISC") grew significantly thanks to effective marketing measures, superior product quality and strong service support and BISC managed to maintain its profit margin level. BISC believes that it can secure larger market share in the market for international switching systems, although its profit margin may be subject to the effect of intense competition in the domestic market.

Looking to the future, Professor Hu Zhaoguang, Chairman of Beijing Enterprises reiterated the Company's goal to develop into one of the best managed conglomerates in China and Hong Kong through the achievement of five strategic objectives: high earnings growth, strong recurrent earnings base, industry leadership of its every investment project, value-added management focused on shareholders' returns, and a corporate governance with a high standard of transparency.

"The changing times present us with new business opportunities," he said. "We have full confidence in the economic development of China and Hong Kong, and of Beijing in particular. And we firmly believe that the Company will achieve an even greater success in 1998 in fulfilling its objectives," Professor Hu concluded.

(Note: Hong Kong Stock Code for Beijing Enterprises Holdings Limited is 392.)