



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

News Release

Beijing Enterprises Holdings Limited Strategic Initiatives in High-Technology Sector

Hong Kong, 14th October, 1998 - Beijing Enterprises Holdings Limited (0392 HK) (the Company") today unveiled a series of strategic initiatives in high technology sector with a total capital commitment of approximately HK\$200 million. High technology has been one of the four core businesses of the Company since its listing in Hong Kong last year. The recent initiatives span from an investment in inverter control technology and related products to the intention of establishing a venture capital management company together with experienced U.S. investment professionals to explore high technology opportunities.

The Company has entered into a joint venture agreement with Beijing Costic Scientific Development Company and Inverter Control Company Limited to commercialise the world-leading inverter control technology. The technology, which promotes efficient energy usage and more precise control of electronic system, will be used widely in multiple industries. The joint venture partners are leaders in research and development in this field. The initial application of the technology will be the electronic control unit for air-conditioning system. As there is a huge potential market for air-conditioning products as well as a need to save energy in vastly-populated China, there would be a substantial demand for these products.

The Company has also entered into a joint venture agreement with Beijing Municipal Government High & New Technology Development Zone Management Committee (the Zone Committee") for investments in smaller high-technology projects, high technology research and development as well as provision of technology transfer and management services.

The Company today also signed a memorandum of understanding with WI Harper Group, a San Francisco-based venture capital company, to jointly set up a management company to raise and later manage Beijing High-Technology Development Fund (the Fund"). The management company will have its headquarters in Hong Kong with branch offices located in Beijing, Taipei and San Francisco. The objectives of the management company are to offer maximum financial return to shareholders of the Fund, to facilitate the development of high technology industry in Beijing, to establish strategic link between Beijing and international high-technology companies, and to transfer venture capital management expertise to Beijing.

The Fund, with an initial target of US\$50 million, will focus on equity or equity-linked investments in companies with growth potential in information, software, multi-media, telecommunication, electronic, electrical systems, health care, bio-tech and new materials. Potential strategic investors will include multi-national high technology companies and leading electronics

companies from Asia. Approximately 80% of the Fund will be invested in information technology.

The Company also signed a memorandum of understanding with Beijing University in developing biological research and manufacturing facilities in Beijing. The facilities will be devoted to research and development in biological engineering and new vaccines. Initial projects will include the production of vaccines for treatment of blood cancer and hepatitis A.

High technology business has always been a strategic priority for the Company and the recent efforts add a new dimension to the growth model of red chip companies and signify our continued commitment to explore growth opportunities in the high technology sector," said Mr Hu Zhao Guang, Chairman of Beijing Enterprises Holdings Limited. Timing is believed to be favorable as these investments coincide with the PRC government-drive into technology industry as part of the economy stimulation program.

Beijing Enterprises Holdings Limited is best-positioned in China to take up challenges and opportunities in high-technology investments," said Mr Peter Liu, Chairman of WI Harper Group and a well-known venture capitalist based in San Francisco. Beijing is the home of the best national science and technology research and high education institutes. The pool of technology professionals and experts in Beijing is also unparalleled elsewhere in China. I believe there is tremendous synergy between Beijing Enterprises and WI Harper Group to replicate the success model of Silicon Valley in Beijing."

To minimise investment risks, the Company has chosen the best and most suitable partners such as Beijing University and the professional fund management team of WI Harper Group. The Company will also adopt a diversified investment approach spanning from stand-alone projects to venture capital investing. In addition, the Company will closely monitor its total financial exposure to the high technology sector, with estimated commitment of approximately 3% of the Company NAV.

With stepped-up management efforts and prudent financial planning, these investments are expected to substantiate growth for the Company. In the long run, shareholders' value is expected to be enhanced as a result.

Beijing Enterprises Holdings Limited is the sole overseas listed conglomerate controlled by the Beijing Municipal Government for channelling capital, technologies and management expertise from international markets into Beijing development priorities. Its core businesses comprise of consumer goods, infrastructure, services and technology. It reported total revenue and attributable operating profit of approximately HK\$3,371 million and HK\$426 million, respectively, for 1997.