



BEIJING DEVELOPMENT (HONG KONG) LIMITED

北京發展（香港）有限公司

(Incorporated in Hong Kong with limited liability)

DESPATCH OF CIRCULAR, UNAUDITED CONSOLIDATED MANAGEMENT ACCOUNTS OF THE GROUP FOR THE TEN MONTHS ENDED 31ST OCTOBER, 2000 AND PRO FORMA STATEMENT OF UNAUDITED ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP AS AT 31ST DECEMBER, 1999

A circular containing, among other things, information on the Subscriptions, the Whitewash Waiver, the Disposal Agreements and the increase in authorised share capital, the recommendation of the Independent Board Committee in relation to the Subscriptions, the Whitewash Waiver and the Disposal Agreements, the letter of the independent financial advisers as to whether the terms of the Subscriptions, the granting of the Whitewash Waiver and the terms of the Disposal Agreements are fair and reasonable to the Independent Shareholders and the notice of the EGM will be despatched to the Shareholders on 23rd February, 2001.
<b>Warning:</b>
<b>The Subscription Agreements and the Disposal Agreements contemplated in the Joint Announcement and the Circular are subject to certain conditions, therefore, they may or may not be able to materialize. Accordingly, the Shareholders and the potential investors should exercise extreme caution when dealing in the Shares.</b>

The Directors refer to the joint announcement of Beijing Enterprises Holdings Limited and the Company dated 18th January, 2001 (the “Joint Announcement”), which appeared in the press on 19th January, 2001, in relation to the Subscriptions, the Whitewash Waiver, the Disposals Agreements and the Special Deal Consent and the announcement of the Company dated 7th February, 2001, which appeared in the press on 8th February, 2001 in relation to the extension of time for the despatch of the circular to the Shareholders (the “Circular”). Terms defined in the Joint Announcement shall have the same meanings when used in this announcement unless otherwise stated.

The Directors would like to announce that copies of the Circular will be despatched to the Shareholders on 23rd February, 2001.

Information in respect of the unaudited consolidated management accounts of the Group for the ten months ended 31st October, 2000 and the pro forma statement of unaudited adjusted consolidated net tangible assets of the Group as at 31st December, 1999 are contained in the Circular and have not been made available to the public previously. The unaudited consolidated management accounts of the Group for the ten months ended 31st October, 2000 and the pro forma statement of unaudited adjusted consolidated net tangible assets of the Group as at 31st December, 1999 are set out below:

The unaudited consolidated profit and loss account of the Group for the ten months ended 31st October, 2000:

	HK\$'000
TURNOVER	144,463
Cost of sales	(81,439)
Gross profit	63,024
Other revenue	3,731
Selling and distribution costs	(46,431)
Administrative and other operating expenses	(13,405)
Revaluation surplus of investment properties	209
PROFIT FROM OPERATING ACTIVITIES	7,128
Finance costs	(13,188)
Share of profits less losses of associates	(3,719)
Share of profits less losses of jointly-controlled entities	(4,183)
LOSS BEFORE TAX	(13,962)
Tax	(1,370)
LOSS BEFORE MINORITY INTERESTS	(15,332)
Minority interests	(3,661)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(18,993)

The unaudited consolidated balance sheet of the Group as at 31st October, 2000 is as follows:

	HK\$'000
NON-CURRENT ASSETS	
Fixed assets	73,813
Investment properties	46,400
Interests in associates	68,075
Interest in a jointly-controlled entity	19,619
	207,907
CURRENT ASSETS	58,378
CURRENT LIABILITIES	(125,608)
NET CURRENT LIABILITIES	(67,230)
TOTAL ASSETS LESS CURRENT LIABILITIES	140,677
NON-CURRENT LIABILITIES	
Bank and other borrowings due after one year	(116,362)
	24,315
Minority interests	3,941
	28,256
CAPITAL AND RESERVES	
Issued capital	85,759
Reserves	34,883
Accumulated losses	(92,386)
	28,256

Pro forma statement of unaudited adjusted consolidated net tangible assets of the Group based on the audited consolidated net tangible assets of the Group as at 31st December, 1999 and adjusted as follows:

	HK\$'000
Audited consolidated net tangible assets as at 31st December, 1999	47,800
Unaudited consolidated loss attributable to shareholders for the ten months ended 31st October, 2000	(18,993)
Surplus arising on valuation of the Group’s properties set out in Appendix III of the Circular	10,163
Unrealised exchange loss	(552)
Pro forma unaudited adjusted consolidated net tangible assets prior to the issue of New Shares pursuant to the Subscriptions and the Disposals	38,418
Estimated net proceeds from the issue of New Shares pursuant to the Subscriptions	211,360
Pro forma unaudited adjusted consolidated net tangible assets subsequent to the issue of New Shares pursuant to the Subscriptions	249,778
The Disposals	
(a) Pro forma net assets of Beijing Jin Yang attributable to the Group as at 31st October, 2000	(19,619)
Pro forma net liabilities of Sino Textile attributable to the Group as at 31st October, 2000	777
The Shareholder’s Loan as at 31st October, 2000	(1,518)
Net book value of the Worsteds Products as at 31st October, 2000	(4,503)
(b) Net proceeds from the Disposals	25,640
Pro forma unaudited adjusted consolidated net tangible assets subsequent to the issue of New Shares pursuant to the Subscriptions and the Disposals	250,555
Pro forma unaudited adjusted consolidated net tangible assets per Share prior to the issue of New Shares pursuant to the Subscriptions and the Disposals	HK\$0.45
Pro forma unaudited adjusted consolidated net tangible assets per Share subsequent to the issue of New Shares pursuant to the Subscriptions	HK\$0.82
Pro forma unaudited adjusted consolidated net tangible assets per Share subsequent to the issue of New Shares pursuant to the Subscriptions and the Disposals	HK\$0.82

The Directors would like to remind Shareholders that they should read the Circular carefully before attending the EGM.

<b>Warning:</b>
<b>The Subscription Agreements and the Disposal Agreements contemplated in the Joint Announcement and the Circular are subject to certain conditions, therefore, they may or may not be able to materialize. Accordingly, the Shareholders and the potential investors should exercise extreme caution when dealing in the Shares.</b>

For and on behalf of  
Beijing Development (Hong Kong) Limited  
Ng Kong Fat, Brian  
Managing Director

Hong Kong, 22nd February, 2001

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries that, to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.