



BEIJING DEVELOPMENT (HONG KONG) LIMITED

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2000

RESULTS

The Board of Directors of Beijing Development (Hong Kong) Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2000 together with comparative figures for the last year are as follows:–

	<i>Notes</i>	2000 <i>HK\$’000</i>	1999 <i>HK\$’000</i>
TURNOVER	1	167,561	127,785
Cost of sales		(92,721)	(74,764)
Gross profit		74,840	53,021
Other revenue		4,337	6,749
Selling and distribution costs		(57,316)	(41,947)
Administrative and other operating expenses		(14,799)	(17,133)
Amortisation and write off of goodwill		–	(10,328)
Revaluation surplus/(deficit) of investment properties		1,381	(14,830)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	1	8,443	(24,468)
Finance costs	2	(16,135)	(14,456)
Provision for diminution in value of a jointly-controlled entity		–	(3,180)
Share of profits less losses of associates		(3,768)	(726)
Share of profits less losses of jointly-controlled entities		(6,914)	(11,234)
LOSS BEFORE TAX		(18,374)	(54,064)
Tax	3	(1,290)	(291)
LOSS BEFORE MINORITY INTERESTS		(19,664)	(54,355)
Minority interests		(3,120)	4,165
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(22,784)	(50,190)
LOSS PER SHARE (CENTS) – BASIC	4	(26.6)	(58.5)

Notes:

1. Turnover and profit/(loss) from operating activities

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; proceeds from the sale of properties held for sale; gross rental income; and receipts from restaurant operations.

An analysis of the Group’s turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area of operations for the year ended 31 December 2000 is as follows:

	2000 Turnover <i>HK\$’000</i>	Contribution to profit from operating activities <i>HK\$’000</i>	1999 Turnover <i>HK\$’000</i>	Contribution to loss from operating activities <i>HK\$’000</i>
By activity:				
Trading of woollen and worsted products	28,369	(3,382)	23,022	(8,839)
Restaurant operations	129,138	9,238	94,843	(4,944)
Property investment and holding	7,787	4,080	8,078	(10,099)
Others	2,267	(1,493)	1,842	(586)
	167,561	8,443	127,785	(24,468)
By geographical area:				
The People’s Republic of China:				
Hong Kong	35,766	(2,715)	30,118	(5,481)
Elsewhere	48,016	5,470	48,118	(22,639)
Singapore	75,878	5,560	49,549	3,652
Indonesia	7,901	128	–	–
	167,561	8,443	127,785	(24,468)

2. Finance costs

	2000 <i>HK\$’000</i>	1999 <i>HK\$’000</i>
Interest on bank loans, overdrafts and other loans wholly repayable within five years	16,135	14,456

3. Tax

	2000 <i>HK\$’000</i>	1999 <i>HK\$’000</i>
Group:		
Hong Kong	118	36
Elsewhere	2,026	599
Prior year’s overprovision	–	(133)
Share of tax attributable to associates	(854)	(211)
Tax charge for the year	1,290	291

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

4. Loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$22,784,000 (1999: HK\$50,190,000) and the 85,758,750 (1999: 85,758,750) shares of the Company in issue during the year.

The diluted loss per share for the years ended 31 December 2000 and 1999 has not been calculated as no diluting events existed during these years.

DIVIDEND

No dividend will be declared for the year ended 31 December 2000 (1999: Nil).

BUSINESS REVIEW

Woollen and Worsted

The Group managed to substantially reduce the loss resulting from its woollen and worsted operations during the year under review. As stated below, the Group will dispose its woollen and worsted businesses in 2001.

Property

Contribution to profit from property operations was approximately HK\$4 million during the year 2000 compared to contribution to loss of approximately HK\$10 million in 1999, this improvement mostly resulted from changes in the open market values of the Group’s investment properties. The underlying income derived from the property business has remained reasonably stable over the last few years. The Group does not foresee any major changes in the coming year.

Restaurant

The restaurant business produced a strong performance during the year 2000, both turnover and contribution to profit showed substantial improvements. The Group will continue to expand its restaurant operations as and when new opportunities arise.

SIGNIFICANT SUBSEQUENT EVENTS

Subsequent to the balance sheet date on 18 January 2001, the Company entered into three subscription agreements and a placing agreement (collectively the “Subscription Agreements”) to issue a total of 218,000,000 new shares of the Company at an issue price of HK\$1 per share for an aggregate cash consideration of HK\$218 million. Upon the completion of the Subscription Agreements on 29 March 2001, the issued share capital of the Company increased from 85,758,750 shares to 303,758,750 shares. Beijing Enterprises Holdings Limited (“BEHL”), a company incorporated and listed in Hong Kong, is indirectly interested in 168,000,000 shares of the Company, representing 55.31% of the enlarged issued share capital, and became the indirect controlling shareholder of the Company.

On 18 January 2001, the Company entered into an agreement (the “HK Disposal Agreement”) with Guang Ming Group (Hong Kong) Limited (“GMG”) to dispose of the Company’s entire 70% interest in Sino Textile Enterprises Limited (“Sino Textile”), the shareholder’s loan of approximately HK\$1.5 million which is due from Sino Textile to the Company and all the woollen and worsted products owned by the Company for an aggregate cash consideration of approximately HK\$6 million. The HK Disposal Agreement was completed on 29 March 2001 and resulting in a gain on disposal of approximately HK\$1 million.

On 18 January 2001, the Company also entered into an agreement (the “JV Disposal Agreement”) with GMG to dispose of the Company’s entire 50% interest in Beijing Jin Yang Worsted Co., Ltd. for a cash consideration of approximately HK\$19 million. The JV Disposal Agreement is expected to be completed in May 2001 and it is expected that the transaction will not give rise to any significant gain or loss for the Group.

The above transactions have significantly strengthened the Group’s capital base and financial position which will enable the Group to continue the development of its existing businesses and invest in other businesses.

Further details of the above transactions are set out in the Company’s circular dated 23 February 2001 (“Circular”).

PROSPECTS

As stated in the Circular, the Group will continue its existing businesses of property investment and restaurant operations. In addition, BEHL, with the continuous support from the Beijing Municipal Government, plans to develop the Company as its major flagship for investment in the information technology and telecommunications sectors. Accordingly, the Group will diversify its business to include those in the information technology and telecommunications sectors, in particular, network infrastructure facilities construction, network system integration, internet support related services as well as smart card development. The Group is aiming to become a leading network infrastructure facilities constructor and provide first-class network connection services in Beijing, as well as playing an important role in the government’s long-term development plan to implement and promote the wider use of electronic transactions in all aspects of modern life in Beijing.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE WEBSITE

A detailed announcement of annual results of the Group for the year ended 31 December 2000, containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be published on the website of the Stock Exchange in due course.

On Behalf of the Board
Xiong Da Xin
Chairman

Hong Kong, 19 April 2001

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Beijing Development (Hong Kong) Limited (the “Company”) will be held at Charter Room III, Basement 1, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Monday, 18 June 2001 at 10:30 a.m. for the following purposes:–

- To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 December 2000;
 - To re-elect the retiring Directors and to authorise the Board of Directors to fix Directors’ remuneration;
 - To re-appoint the retiring Auditors and to authorise the Board of Directors to fix their remuneration.
 - To consider as special business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:–
“**THAT:**
(a) subject to paragraphs (b) and (c) of this resolution, the Directors be and are hereby granted an unconditional general mandate to allot, issue and deal with additional shares of the Company and to allot, issue or grant securities convertible into such shares, or options, warrants or similar rights to subscribe for any shares of the Company or such convertible securities and to make or grant offers, agreements and options in respect thereof;
(b) such mandate shall not extend beyond the Relevant Period save that the Directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to paragraph (a) above, otherwise than pursuant to
(i) a rights issue;
(ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
(iii) the exercise of the subscription rights under options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares of the Company or rights to acquire shares of the Company; or
(iv) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution; and
(d) for the purpose of this resolution:–
“Relevant Period” means the period from the passing of this resolution up to:
(i) the conclusion of the next annual general meeting of the Company;
(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting, whichever is the earliest; and
“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlement or having regard to any restrictions and obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”
- To consider as special business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:–
“**THAT:**
(a) subject to paragraph (b) of this resolution, the Directors be and are hereby granted an unconditional general mandate to repurchase

on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), or any other stock exchange on which the securities of the Company may listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, shares of the Company and that the exercise by the Directors of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution; and
- for the purpose of this resolution:–
“Relevant Period” means the period from the passing of this resolution up to:
(i) the conclusion of the next annual general meeting of the Company;
(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting, whichever is the earliest.”

- To consider as special business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:–
“**THAT** subject to the passing of ordinary resolutions numbered 4 and 5 set out in the Notice, of which this resolution forms part, the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the mandate granted under ordinary resolution numbered 4 set out in the Notice, of which this resolution forms part, be and is hereby increased and extended by the addition thereto of the aggregate nominal amount of the shares of the Company which may be repurchased by the Company pursuant to and in accordance with the mandate granted under ordinary resolution numbered 5 set out in the Notice, of which this resolution forms part, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”
- To consider as special business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:–
“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the share option scheme (the “Scheme”) (a copy of which has been produced to this Meeting marked “A” and initialled by the Chairman for the purpose of identification) and the granting of options to subscribe for shares under the Scheme and granting the listing of, and permission to deal in, any shares which may fall to be issued on the exercise of the subscription rights under the options that may be granted under the Scheme, the Scheme be and is hereby approved and adopted.”

By Order of the Board
Wong Kwok Wai, Robin
Company Secretary

Hong Kong, 19 April 2001

Notes:–

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his stead. A proxy need not be a member of the Company. If more than one proxies is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which sit is signed, or notorially certified copy of such power of attorney or authority, must be deposited at the Company’s share registrar, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong at least 48 hours before the time appointed for holding the meeting or any adjourned meeting, or poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting, or poll.
- An explanatory statement containing further details regarding the ordinary resolution numbered 5 will be sent to shareholders shortly together with the 2000 Annual Report.