

Chairman's Statement

I am pleased to announce that Beijing Enterprises Holdings Limited (the "Company") recorded profit growth for a consecutive four years period. Consolidated turnover rose 19% to HK\$6.2 billion. Net profit attributable to shareholders increased 10%, the first double digit growth since the initial public offering in 1997, to HK\$578 million. Earnings per share increased by same extent to HK\$0.93.

China's accession to the World Trade Organisation and Beijing's winning bid for the 2008 Olympiad entwined the strong driving momentum for the economic development of China as a whole and Beijing in particular.

The "Olympic" economy represents tremendous untapped business opportunities to the Company. Firstly, the Company, with the close backing of the Beijing Municipal Government, has unique background and advantages to complement the Government's undertaking of the Olympic projects. On the other hand, our principal business segments are in the industries that will benefit directly from the Olympic economy.

We have initially laid a basic foundation in the investments of Olympic-concept projects in areas of infrastructure, environmental protection, advanced technology and tourism.

As to environmental protection projects, we have invested in geothermal-related project as well as float glass project, which fulfill the requirements of the Olympic Planning in harnessing environmental pollution and developing new sources of energy. In the advanced technology area, our investments include GPS and Smart Card project which enhance the establishment of an intelligent traffic signaling and coordination system and a modernised transport management network information system. Further, we are now in the establishment of the flagship of biotech engineering and new medicines. As regards infrastructure projects, we have invested in projects engaging in the laying of optical fibres for the Zhongguancun neighbourhood, as well as the magnetic suspension train projects. For tourism-related projects, our active pursuit of asset reorganisation of the tourism segment is to better capitalise opportunities brought by the Olympiad. These show the Company's efforts in laying foundation and development orientation amidst the Olympic economy.

The Company's strategies for the coming five years are development strategies, technology strategies and restructuring strategies.

Development strategies denote proactive and gradual development of existing businesses with a view to further enhance its standards, stable growth in profitability and new metamorphosis in corporate outlook.

Technology strategies are focusing in information technology as well as biotech engineering and new medicines, expanding investment weighting in high-tech arenas, exploring channels of investments and operation modes in actively achieving commercialisation, the breakthrough of which is to accelerate the building up of its two high technology industry flagships of information technology as well as biotech engineering and new medicines.



As regards restructuring strategies, we have strengthened the capital market operation during 2001. The tourism business segment sees a much smoother progress in the asset reorganisation exercise. Completion of the restructuring exercises will be beneficial for capitalising the tremendous business opportunities brought about by Beijing's winning bid of the Olympiad. Preparation for the listing of Sanyuan A Shares is underway as scheduled.

In a word, we are very optimistic about the prospects of the Company in 2002. With the support of the Beijing Municipal Government, we will continue to benefit from all unique role in both Beijing and Hong Kong, we will uphold the active and healthy development strategy and adhere to the corporate philosophy of innovation. Leveraging on the rapid economic development of China and Beijing and the trend of the Olympic economy, we will continue to explore new profit growth points and to expand rooms for further growth. So as to fulfill our pledge to the market and the shareholders.

Finally, we would like to thank our colleagues of the board and the staff for their dedication and continuing support over the past year.

胡 昭 廣

Chairman

Hong Kong
10 April 2002