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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(website: www.behl.com.hk)

(Stock Code: 392)

**CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF 51% EQUITY INTEREST IN
Beijing Enterprises Ever Source Limited**

The Company announces that on 16 August 2007 BJ Treasury entered into a share transfer agreement with Ever Sincere, pursuant to which BJ Treasury has conditionally agreed to sell to Ever Sincere 51% equity interest in BEES at an aggregate consideration of HK\$157,498,141 to be settled in cash (the “Disposal Agreement”).

Upon completion of the transaction under the Disposal Agreement, the Group will no longer hold any equity interest in BEES.

As Ever Sincere is a substantial shareholder of BEES, Ever Sincere is a connected person of the Company as defined under the Listing Rules. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are more than 0.1% but less than 2.5%, the entering into of the Disposal Agreement constitutes connected transaction for the Company under Rule 14A.16(2) and is subject to the reporting and announcement requirements.

THE DISPOSAL AGREEMENT

Vendor : BJ Treasury

Purchaser : Ever Sincere

Terms of the Disposal Agreement

Pursuant to the Disposal Agreement, BJ Treasury has agreed to sell 51% equity interest in BEES at an aggregate consideration of HK\$157,498,141 to be settled in cash by two installments in the manner set out below:

- (i) HK\$5,000,000 shall be paid within one month upon signing of the Disposal Agreement;
and
- (ii) HK\$152,498,141 shall be paid no later than 31 August 2008;

The consideration has been arrived at after arm's length negotiations between the parties hereto with reference to BJ Treasury's attributable 51% equity interest in the unaudited net asset value of BEES as at 31 December 2006.

Upon completion of the Disposal Agreement, BJ Treasury shall have a charge over the 51% equity interest in BEES held by Ever Sincere to secure the installment payment of the consideration.

Condition Precedent

Completion of the Disposal Agreement is conditional upon the BJ Treasury receiving the sum of HK\$78,810,470, which is the remaining balance of consideration payable to BJ Treasury, in accordance with the term of share transfer agreement dated 28 June 2006, under which BJ Treasury agrees to sell 36.78% equity interest in BEES at a consideration of HK\$99,291,942. The transaction is disclosed in an announcement on 28 June 2006.

Completion

Completion is to take place on the day after the condition precedents have been satisfied.

BEES

BEES is a limited company incorporated in the British Virgin Islands on 15 November 2001. Its principle business activity is investment holding. The principal business activity of the group of BEES is production, sale and installation of heat pumps and geothermal energy systems.

The loss before taxation and minority interest of BEES was approximately RMB56,560,000 (equivalent to approximately HK\$57,363,000) for the year ended 31 December 2005 and the loss after taxation and minority interest of BEES to the Company was approximately RMB45,462,000 (equivalent to approximately HK\$46,108,000) for the year ended 31 December 2005.

Since the execution of Subcontracting Agreement, the Company has not participated in the daily management and operation of BEES' geothermal business. The Company would temporarily lose its control over BEES' geothermal business during the subcontracting period. Accordingly, results of BEES will not be consolidated into the Company's consolidated financial statements effective from 1 January 2006 onwards. The Company will be paid RMB12,516,400 (equivalent to approximately HK\$12,694,000) as an annual subcontracting fee under the subcontracting period. The carrying value of investment in BEES is HK\$52,186,000 as at 31 December 2006.

The aggregate proceeds from the transaction under the Disposal Agreement of HK\$157,498,141 will be applied towards general working capital of the Company.

BJ Treasury and Ever Sincere hold 51% and 49% equity interest in BEES respectively. Upon completion of the transaction under the Disposal Agreement, BJ Treasury will no longer hold any equity interest in BEES. Accordingly, BEES will not be a subsidiary of the Group after the transaction under the Disposal Agreement.

REASON FOR THE DISPOSAL AGREEMENT

The Group has positioned itself as utilities conglomerate with urban energy services as its core business. The transaction under the Disposal Agreement will realign the asset structure of Group and facilitate effective management of resources. The Directors, including the Independent Non-executive Directors, believe that the terms of the Disposal Agreement is fair and reasonable and in the interests of the shareholders as a whole.

CONNECTED TRANSACTION

The Disposal Agreement

BEES is a limited company whose interest is held to 51% by BJ Treasury and 49% by Ever Sincere respectively. Ever Sincere is a substantial shareholder of BEES and a connected person of the Company. The transaction under Disposal Agreement hence constitutes a connected transaction for the Company. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules is more than 0.1% but less than 2.5%. The transaction under the Disposal Agreement constitutes a connected transaction for the Company for the purpose of Chapter 14A.16(2) and is subject to the reporting and announcement requirements.

DEFINITIONS

For the purposes of this announcement, capitalized terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

“BEES”	Beijing Enterprises Ever Source Limited, a company incorporated in the British Virgin Islands with limited liability and is held to 51% by BJ Treasury and 49% by Ever Sincere.
“BJ Treasury”	Beijing Enterprises Treasury Company Limited, a company incorporated in the British Virgin Islands with limited liability and is directly held to 100% by the Company. Its principle business activity is investment holding.
“Board”	the board of Directors
“Company”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange.
“Director(s)”	the director(s) of the Company

“Disposal Agreement”	An agreement dated 16 August 2007 entered into between BJ Treasury and Ever Sincere pursuant to which BJ Treasury has conditionally agreed to sell to Ever Sincere a 51% equity interest in BEES
“Subcontracting Agreement”	An agreement dated 19 October 2006 entered into between BJ Treasury and Mr. Xu for the subcontracting of BEES’ geothermal business.
“Ever Sincere”	Ever Sincere Investment Limited, a company incorporated in the British Virgin Islands with limited liability. Its principle business activity is investment holding. Ever Sincere is a substantial shareholder of BEES and therefore a connected person under the Listing Rules.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Directors”	the independent non-executive Directors, Mr. Lau Hon Chuen, Ambrose, Dr. Lee Tung Hai, Leo, Mr. Wang Xian Zhang, Mr. Wu Jiesi and Mr. Robert A. Theleen
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Tam Chun Fai
Executive Director & Company Secretary

Hong Kong, 16 August 2007

The directors of the Company as at the date of this announcement are as follows:

Executive Directors:

Yi Xi Qun; Zhang Hong Hai; Li Fu Cheng; Bai Jin Rong; Zhou Si; Liu Kai; Guo Pu Jin; E Meng; Lei Zhen Gang; Jiang Xin Hao; Tam Chun Fai

Independent Non-Executive Directors:

Lau Hon Chuen, Ambrose; Lee Tung Hai, Leo; Wang Xian Zhang; Wu Jiesi; Robert A. Theleen

The following exchange rates are used throughout this announcement (unless otherwise stated):

HK\$1.00 = RMB0.986