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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](http://www.behl.com.hk))  
(Stock Code: 392)

## **Connected Transaction**

### **Disposal of Beijing Enterprises (Motorway) Limited**

The Company announces that on 15 November 2012, the Company and Shi Hong entered into the Share Transfer Agreement pursuant to which the Company has conditionally agreed to sell, and Shi Hong has conditionally agreed to acquire, 100% equity interest in BE (Motorway) at a consideration of RMB1.114 billion (equivalent to approximately HK\$1.37 billion). BE (Motorway) currently holds 96% equity interest in Capital Expressway Company, which possesses the operation rights of constructing, operating and managing Beijing Capital Airport Expressway and its auxiliary services and facilities (until 2027).

Shi Hong is an indirect wholly-owned subsidiary of BE Group, and BE Group is the ultimate controlling shareholder of the Company. Therefore, Shi Hong is regarded as a connected person of the Company, and the Share Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement. The Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## SHARE TRANSFER AGREEMENT

**Date** : 15 November 2012

**Vendor** : the Company

**Purchaser** : Shi Hong

**Target Company** : BE (Motorway)

### Terms of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Company has conditionally agreed to sell, and Shi Hong has conditionally agreed to acquire, 100% equity interest in BE (Motorway) at a consideration of RMB1.114 billion (equivalent to approximately HK\$1.37 billion) to be settled on the following days:

<u>Payment date</u>	<u>Amount</u>
Completion Day	HK\$270,000,000
The date which falls 6 months after the Completion Day	HK\$220,000,000
The date which falls 1 year after the Completion Day	HK\$220,000,000
The date which falls 1.5 years after the Completion Day	HK\$220,000,000
The date which falls 2 years after the Completion Day	HK\$220,000,000
The date which falls 2.5 years after the Completion Day	HK\$220,000,000
Total:	<u>HK\$1,370,000,000</u>

The consideration has been arrived at after arm's length negotiations between the parties with reference to 96% of the net asset value of Capital Expressway Company as at 31 December 2011 (equivalent to approximately RMB1.114 billion) under PRC accounting standard. 96% of the net asset value of Capital Expressway Company as at 30 June 2012 under Hong Kong accounting standard was RMB962 million. The Company will record a disposal gain of approximately RMB150 million (equivalent to approximately HK\$185 million) upon disposal of BE (Motorway).

### Conditions Precedent

Completion of the Transaction is conditional upon:

- (1) obtaining all internal approvals from both parties which are necessary for the Share Transfer Agreement and relevant documents and are necessary for the completion of the issues contemplated under the Share Transfer Agreement and relevant documents including (but not limited to) (i) conformity to the rules under its articles of association by the Target Company; and (ii) conformity to the Listing Rules governing disclosure responsibilities by the Vendor;
- (2) obtaining resolutions passed by directors' meeting(s) (or shareholders' meeting(s) as the case may be governed by the relevant rules under the articles of association) of both parties resolving the transfer of equity interest in the capital of the Target Company; and
- (3) complying all applicable laws and rules necessary for the transfer of the Target Company's equity interest by both parties, including completing all legal procedures related to the transfer of the Target Company's equity interest and completing the procedures and registrations as required by the relevant authority.

### **Completion**

Completion of the Transaction is to take place within 2 business days after all the conditions precedent have been satisfied. Parties to the Share Transfer Agreement will endeavor to complete all procedures for the transfer of the Target Company's equity interest under the relevant laws and rules. The day of completion may be changed as mutually agreed by both parties.

### **Target Company**

BE (Motorway) is a company incorporated in the British Virgin Islands with limited liability. Its principle business activity is investment holdings. Its only asset is 96% equity interest in Capital Expressway Company, which possesses the operation rights of constructing, operating and managing Beijing Capital Airport Expressway and its auxiliary services and facilities (until 2027).

The following are the financial results of BE (Motorway) under Hong Kong accounting standard:

	<u>For the year ended 31 December</u>	
	<b>2011</b>	2010
	<b>Audited</b>	Audited
	<b>(HK\$'000)</b>	(HK\$'000)
Net asset value	<b>1,205,519</b>	1,225,885
Profit before taxation	<b>8,785</b>	190,177
Profit / (Loss) after taxation	<b>(2,844)</b>	137,251
Profit attributable to BE (Motorway)	<b>(3,105)</b>	98,494

## **REASONS FOR AND THE BENEFITS OF THE SHARE TRANSFER AGREEMENT**

In order to further reduce transportation costs, Beijing Municipal Committee of Transport (北京市交通委員會) and Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會) adjusted the toll policy for Beijing Capital Airport Expressway and drastically reduced its toll on 1 October 2009 and 1 July 2011 respectively. After implementation of the new toll policy, there has been negative impact on the Company's operating results. Disposal of BE (Motorway) under the Share Transfer Agreement can completely solve the problem caused by Beijing Capital Airport Expressway, protect the interests of the Company's investors and achieve sustainable development for the Company.

Also, the Group has positioned itself as utilities conglomerate with urban energy services as its core business. The Transaction will realign the asset structure of the Group and facilitate effective management of resources.

Directors (including the independent non-executive Directors), having considered the terms and conditions of the Share Transfer Agreement, are of the view that its terms and conditions are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Transaction and therefore none of them is required to abstain from voting on the Board resolution for considering and approving the Share Transfer Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

Shi Hong is an indirect wholly-owned subsidiary of BE Group, and BE Group is the ultimate controlling shareholder of the Company. Therefore, Shi Hong is regarded as a connected person of the Company, and the Share Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement. The Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## GENERAL INFORMATION

The Company is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 392). The Group is principally engaged in natural gas operations, brewery operations, sewage and water treatment operations in the PRC.

Shi Hong is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of BE Group. Shi Hong is principally engaged in investment holdings.

## DEFINITIONS

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

- "BE Group" : Beijing Enterprises Group Company Limited\* (北京控股集團有限公司), a company incorporated in the PRC and is wholly owned by Government of Beijing Municipality. It is principally engaged in investment holdings.
- "BE (Motorway)" : Beijing Enterprises (Motorway) Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Company. It is principally engaged in investment holdings. Its only asset is 96% equity interest in Capital Expressway Company.
- "Board" : the board of Directors
- "Capital Expressway Company" : Beijing Capital Expressway Development Co., Ltd., a company incorporated in the PRC and its 96% equity interest is held by BE (Motorway). It is principally engaged in the operation rights of constructing, operating and managing Beijing Capital Airport Expressway and its auxiliary services and facilities (until 2027).

"Company"	:	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 392). Its ultimate controlling shareholder is BE Group.
"connected person(s)"	:	has the meaning ascribed to it under the Listing Rules
"Directors"	:	the directors of the Company
"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
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	:	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	:	Shi Hong
"Share Transfer Agreement"	:	the share transfer agreement that the Company and Shi Hong entered into on 15 November 2012 whereby the Company has conditionally agreed to sell, and Shi Hong has conditionally agreed to acquire, 100% equity interest in BE (Motorway)

"Shi Hong"	:	Shi Hong Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of BE Group. It is principally engaged in investment holdings.
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Target Company"	:	BE (Motorway)
"Transaction"	:	the transaction contemplated under the Share Transfer Agreement
"Vendor"	:	the Company
"%"	:	per cent

By Order of the Board  
**Beijing Enterprises Holdings Limited**  
**Zhang Honghai**  
Vice Chairman

Hong Kong, 15 November 2012

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong (Chairman), Mr. Zhang Honghai, Mr. Lin Fusheng, Mr. Li Fucheng, Mr. Zhou Si, Mr. Hou Zibo, Mr. Guo Pujin, Mr. Liu Kai, Mr. Lei Zhengang, Mr. E Meng, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei as independent non-executive directors.*

Unless otherwise specified, the HK dollar amounts shown in this announcement have been translated at an exchange rate of HK\$1.00 = RMB0.813 for reference purposes only.

*\* For identification purposes only*