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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
BEIJING GAS DEVELOPMENT LIMITED
AND
CONNECTED TRANSACTION
ACQUISITION OF BENEFICIAL INTEREST IN
TANGSHAN GAS GROUP CO., LTD.**

SHARE PURCHASE AGREEMENT

The Board is pleased to announce that on 26 November 2014, the Company and the Seller, a wholly-owned subsidiary of the Company, entered into the conditional Share Purchase Agreement with the Purchaser and China Gas, pursuant to which the Seller conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share at the initial consideration of RMB1,632,795,828 (equivalent to approximately HK\$2,063,851,945), which shall be satisfied by China Gas allotting and issuing the Consideration Shares to the Seller (or the Company's designated wholly-owned subsidiary) at or after Completion, which is subject to the following adjustment:

- (a) if the Net Asset Value multiplied by 1.4 is more than RMB1,632,795,828 (equivalent to approximately HK\$2,063,851,945), there shall be added to the Consideration an amount equal to such excess amount, and the Purchaser shall pay such amount in cash to the Seller; and

(b) if the Net Asset Value multiplied by 1.4 is less than RMB1,632,795,828 (equivalent to approximately HK\$2,063,851,945), there shall be deducted from the Consideration an amount equal to such shortfall amount, and the Seller shall receive, instead of the Consideration Shares, the Adjusted Consideration Shares.

Completion of the Share Purchase Agreement is conditional upon the fulfilment of the Conditions, including the completion of the Internal Reorganisation. Please refer to the sections headed “Share Purchase Agreement – Conditions precedent” and “Internal Reorganisation” in this announcement for further information.

INTERNAL REORGANISATION

As at the date of this announcement, the Company holds certain equity interest in each of the PRC Project Companies through its indirect wholly-owned subsidiaries, details of which are set out in the section headed “Information on the Target Company, the PRC Project Companies and the Gas Projects” in this announcement. As one of the conditions precedent to the Share Purchase Agreement, the Seller shall procure the acquisition by the Target Company or its wholly-owned subsidiary of the legal and/or beneficial interest held by Beijing Gas, Beijing Dingxin and Beijing Gas HK in the PRC Project Companies.

ONSHORE TRANSFER AGREEMENT

Pursuant to entrustment investment arrangements entered into between BEGL and Beijing Gas in February 2007 (details of which are set out in the announcement of the Company dated 10 April 2007), Beijing Gas, an indirect wholly-owned subsidiary of the Company, has become the registered shareholder in respect of 49% equity interest in Tangshan Gas (being one of the PRC Project Companies) as nominee on behalf of BEGL.

As part of the Internal Reorganisation, Beijing Gas has on 26 November 2014 entered into the Onshore Transfer Agreement with BEGL, pursuant to which BEGL agreed to transfer and Beijing Gas agreed to accept the transfer of the Tangshan Minority Interest at the consideration of RMB419,800,000 (equivalent to approximately HK\$530,626,691), which is subject to the approval by the relevant government authority for management of state-owned assets with reference to the appraised value of the Tangshan Minority Interest as at 30 June 2014.

Based on information made available to the Company, the Directors estimate that the final amount of the Tangshan Consideration will not exceed RMB419,800,000 (equivalent to approximately HK\$530,626,691).

Upon completion of the Onshore Transfer Agreement, the entrustment investment arrangements between BEGL and Beijing Gas will be released, and Beijing Gas will become the legal and beneficial owner of 49% equity interest in Tangshan Gas.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules, and the disclosure of the Disposal in this announcement is made by the Company on a voluntary basis.

BEGL, by virtue of being the ultimate controlling shareholder of the Company, is a connected person of the Company. As all of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Onshore Transfer Agreement exceed 0.1% but are less than 5%, the entering into of the Onshore Transfer Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As at the date of this announcement, BEGL is deemed to be interested in 776,830,288 Shares, representing approximately 60.48% of the issued shares of the Company.

As none of the Directors has a material interest in the Onshore Transfer Agreement and the transactions contemplated thereunder, none of the Directors are required to abstain from voting on the board resolution approving the Onshore Transfer Agreement and the transactions contemplated thereunder.

Completion is conditional upon, among other things, the satisfaction of the Conditions. Therefore, the Disposal may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 26 November 2014, the Company and the Seller, a wholly-owned subsidiary of the Company, entered into the conditional Share Purchase Agreement with the Purchaser and China Gas, pursuant to which the Seller conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share. The major terms of the Share Purchase Agreement are summarized as follows:

SHARE PURCHASE AGREEMENT

Date

26 November 2014

Parties

- (1) the Seller
- (2) the Company, as guarantor to guarantee the obligations of the Seller under the Share Purchase Agreement
- (3) the Purchaser
- (4) China Gas

As at the date of this announcement, the Company is interested in approximately 22.44% of all the issued China Gas Shares. Save as aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be sold

The Sale Share, representing the entire issued share capital of the Target Company.

Consideration and terms of settlement

Subject to the adjustment set out below, the Consideration payable by the Purchaser is RMB1,632,795,828 (equivalent to approximately HK\$2,063,851,945), which shall be satisfied by China Gas allotting and issuing the Consideration Shares to the Seller (or the Company's designated wholly-owned subsidiary) at or after Completion. The issue price per Consideration Share is HK\$13.84 (the "**Reference Share Price**"), which represents a discount of 1.4% on the closing price of HK\$14.04 per China Gas Share as quoted on the Stock Exchange as of the date of the Share Purchase Agreement.

The Consideration is subject to the following adjustment with reference to the Net Asset Value as multiplied by 1.4:

- (a) if the Net Asset Value multiplied by 1.4 is more than RMB1,632,795,828 (equivalent to approximately HK\$2,063,851,945), there shall be added to the Consideration an amount equal to such excess amount, and the Purchaser shall pay such amount in cash to the Seller at Completion; and
- (b) if the Net Asset Value multiplied by 1.4 is less than RMB1,632,795,828 (equivalent to approximately HK\$2,063,851,945), there shall be deducted from the Consideration an amount equal to such shortfall amount, and the Seller shall receive, instead of the Consideration Shares, such adjusted number of new China Gas Shares (the "**Adjusted Consideration Shares**") at or after Completion, which shall be calculated as follows:

Adjusted Consideration Shares = Consideration Shares – Reduced Shares

$$\text{Reduced Shares} = \frac{\text{HK\$2,063,851,945} - (\text{Net Asset Value in RMB} \times 1.4)/0.79114}{\text{Reference Share Price}}$$

The Consideration is determined with reference to the Net Asset Value as at 30 June 2014. Based on the unaudited financial information of the Target Group as at 30 June 2014, the Directors consider that the adjustment in the Consideration will not be significant.

Conditions precedent

Completion is conditional upon:

- (a) completion of the due diligence in respect of the Target Group by the Purchaser;
- (b) the passing by the independent shareholders of China Gas of a resolution to approve the Share Purchase Agreement and the transactions contemplated thereunder and the allotment and issuance of the Consideration Shares, at a general meeting of China Gas in accordance with the Listing Rules;
- (c) completion of the Internal Reorganisation;
- (d) no obligation for a general offer in respect of the China Gas Shares (other than those held by the Company and any party acting in concert with it, or to be issued to the Seller (or a wholly-owned subsidiary of the Company) pursuant to the Share Purchase Agreement) shall arise for the Company or any party acting in concert with any of them pursuant to Rule 26 of the Takeovers Code as a result of the Completion;
- (e) the Seller shall (to the extent required or applicable to it):
 - (i) file or cause to be filed a notice to the relevant tax authority in the PRC within 30 days after the date of the Share Purchase Agreement to fully disclose the existence of the Share Purchase Agreement and all other information relating to the Share Purchase Agreement otherwise contemplated by Circular 698; and
 - (ii) fully and promptly discharge all tax liabilities in the PRC assessed on it, or levied, charged or required to be withheld by the Purchaser or any member of the Target Group in relation to or otherwise arising from the sale of the Sale Share by it, provided that nothing in that paragraph shall preclude the Seller from filing appeals or objections to any assessment levy or charge in accordance with applicable laws and rules;

- (f) all permits, consents, approvals and clearances (including AML Filings) that are required for the Seller Group, the Purchaser Group or any member of the Target Group in connection with the execution, delivery and performance of the transaction documents entered into pursuant to the Share Purchase Agreement and the consummation of the Disposal having been obtained in accordance with the applicable laws or from any third parties, and such permits, consents, approvals, filings and clearances (including AML Filings) not having been withdrawn;
- (g) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Consideration Shares (or the Adjusted Consideration Shares, as the case may be);
- (h) since the date of the Share Purchase Agreement, there not having been a Material Adverse Change;
- (i) any of the representations and warranties given by the Seller in the Share Purchase Agreement, to the extent a breach would or would reasonably likely to result in a Material Adverse Change, remaining true and accurate and not misleading at Completion by reference to the facts and circumstances at the relevant time; and
- (j) the Seller having materially complied with the pre-Completion obligations pursuant to the Share Purchase Agreement and otherwise performed in all material respects all of the covenants and agreements required to be performed by it under the Share Purchase Agreement.

The Purchaser may at its sole discretion waive, either in whole or in part, the conditions precedent set out in paragraphs (a), (h), (i) and (j) above.

If the Conditions are not satisfied or waived (as the case may be) on or before the date being 30 June 2015 (or such later date as the Seller and the Purchaser may agree in writing), then neither the Purchaser nor the Seller shall be bound to proceed with the purchase and sale of the Sale Share and the Share Purchase Agreement shall terminate immediately upon written notice by either the Purchaser or the Seller to the other party save in respect of claims arising out of any breach prior to the termination of the Share Purchase Agreement.

Completion

Completion will take place within 10 business days after all the Conditions have been satisfied or waived (or such later date as the Seller and the Purchaser may agree in writing).

Upon Completion, the Target Company will cease to be a subsidiary of the Company, and the Company will cease to hold any interest in the member of the Target Group, other than through its shareholding interest in China Gas as detailed below.

Taking into account the Company's interest in 1,126,840,132 China Gas Shares (representing approximately 22.44% of all the issued China Gas Shares as at the date of this announcement), upon the issue and allotment of the Consideration Shares to the Seller (or a wholly-owned subsidiary of the Company) and assuming that there will be no adjustment to the Consideration resulting in the allotment and issue of the Adjusted Consideration Shares instead of the Consideration Shares by China Gas upon Completion, the Company will become interested in 1,275,962,382 China Gas Shares (representing approximately 24.68% of all the issued China Gas Shares) upon Completion.

Post-completion undertakings

Each of the Seller and the Company has undertaken that, following Completion, it will procure the repayment in the ordinary and usual course of business by the Seller Group of all sums owing between any member of the Target Group on the one hand and any member of the Seller Group on the other hand as at Completion.

The Purchaser has undertaken that, within three months following Completion, it will ensure the repayment of the Shareholders Loans by each of certain of members of the Target Group to the Seller Group.

Non-competition

Each of the Company and the Seller undertakes with the Purchaser that, for a period of 3 years from the date of Completion, it will not (and will procure its affiliated companies will not), without prior written consent of the Purchaser, directly or indirectly, among other things, (i) engage or carry on any business which competes with the Target Group in the geographical areas where any Target Group Company has business operations as at the date of Completion; (ii) canvass, solicit or accept any business similar to that of the Target Group from any client or customer, potential client or customer, representative or agent of; (iii) interfere with the continuance of supply of goods or services to; or (iv) solicit or entice away or offer employment to (other than as a result any individual taking initiative to apply for employment without any interference by or on behalf of any member of the Seller Group) any employee in a managerial, supervisory, technical or sales capacity by, or engaged as a consultant to, the Target Group in the manner set out in the Share Purchase Agreement.

The Company's Guarantee

The Company has irrevocably and unconditionally (i) guaranteed to the Purchaser the due and punctual performance by the Seller of all its obligations under the Share Purchase Agreement and the related transaction documents to which the Seller is a party; and (ii) undertaken with the Purchaser that whenever the Seller does not pay any amount when due under or in connection with the Share Purchase Agreement and the related transaction documents, the Company shall immediately on demand and without deduction or withholding pay that amount as if it was the principal obligor.

INTERNAL REORGANISATION

As at the date of this announcement, the Company holds legal and/or beneficial interest in the PRC Project Companies through its indirect wholly-owned subsidiaries, namely Beijing Gas, Beijing Dingxin and Beijing Gas HK. As one of the conditions precedent to the Share Purchase Agreement, the Seller shall procure the acquisition by the Target Company or its wholly-owned subsidiary the legal and/or beneficial interest held by Beijing Gas, Beijing Dingxin and Beijing Gas HK in the PRC Project Companies (i.e. the Internal Reorganisation).

Pursuant to entrustment investment arrangements entered into between BEGL and Beijing Gas in February 2007 (details of which are set out in the announcement of the Company dated 10 April 2007), Beijing Gas, a wholly-owned subsidiary of the Company, is the registered shareholder in respect of 49% equity interest in Tangshan Gas (being one of the PRC Project Companies) as nominee on behalf of BEGL. As part of the Internal Reorganisation, Beijing Gas has on 26 November 2014 entered into the Onshore Transfer Agreement with BEGL, pursuant to which BEGL agreed to transfer and Beijing Gas agreed to accept the transfer of the Tangshan Minority Interest at the consideration of RMB419,800,000 (equivalent to approximately HK\$530,626,691), which is subject to the approval by the relevant government authority for management of state-owned assets with reference to the appraised value of the Tangshan Minority Interest as at 30 June 2014. The major terms of the Onshore Transfer Agreement are summarized as follows:

ONSHORE TRANSFER AGREEMENT

Date

26 November 2014

Parties

- (1) BEGL, as transferor

As at the date of this announcement, BEGL is the ultimate controlling Shareholder.

- (2) Beijing Gas, as transferee

Beijing Gas is an indirect wholly-owned subsidiary of the Company.

Assets to be acquired

Beneficial interest in 49% equity interest in Tangshan Gas (the “**Tangshan Minority Interest**”).

Consideration and terms of settlement

As the appraisal of the Tangshan Minority Interest has not yet completed as at the date of this announcement, BEGL and Beijing Gas have agreed the consideration for the transfer of the Tangshan Minority Interest to be RMB419,800,000 (equivalent to approximately HK\$530,626,691), which is subject to the approval by the relevant government authority for management of state-owned assets with reference to the appraised value of the Tangshan Minority Interest.

The Tangshan Consideration is determined with reference to the estimated appraised value of the Tangshan Minority Interest as at 30 June 2014. Based on information available to the Company, the Directors estimate that the final amount of the Tangshan Consideration will not exceed RMB419,800,000 (equivalent to approximately HK\$530,626,691).

The Tangshan Consideration shall be paid by Beijing Gas by way of cash to BEGL within 10 business days from the signing of and obtaining of all requisite approvals in respect of the Onshore Transfer Agreement.

The Tangshan Consideration will be financed by the internal resources of the Group.

Completion

Completion will take place upon obtaining the approval by the relevant government authority for management of state-owned assets of the transfer of the Tangshan Minority Interest.

Upon completion of the Onshore Transfer Agreement, the entrustment investment arrangements between BEGL and Beijing Gas will be released, and Beijing Gas will become the legal and beneficial owner of 49% equity interest in Tangshan Gas.

INFORMATION ON THE TARGET COMPANY, THE PRC PROJECT COMPANIES AND THE GAS PROJECTS

The Target Company and the PRC Project Companies

The Target Company is incorporated in the British Virgin Islands as an investment holding company to act as the special purpose vehicle for holding interest in the PRC Project Companies after the completion of the Internal Reorganisation.

The PRC Project Companies comprise 12 companies established in the PRC, of which the Group holds majority equity interests in 8 of these companies and minority equity interests in 4 of these companies. Upon completion of the Internal Reorganisation and immediately prior to Completion, the Target Company will hold majority equity interest in 8 of these companies and minority equity interest in the remaining 4 companies.

The principal activities of the PRC Project Companies are holding, managing and operating the Gas Projects.

The Gas Projects

The Gas Projects comprises 12 gas projects in various provinces in the PRC, including Liaoning, Hebei, Heilongjiang, Shandong, Hainan and Anhui provinces, involving (1) operation, sales and distribution of piped natural gas, (2) operation of natural gas, compressed natural gas and liquefied natural gas stations and (3) investment and construction of natural gas pipeline.

Financial information on Tangshan Gas

Set out below is a summary of certain unaudited financial information of Tangshan Gas for the two years ended 31 December 2012 and 31 December 2013:

	2013 (‘000)	2012 (‘000)
Total net profit/(loss) (before taxation and extraordinary items)	RMB45,368 (equivalent to approximately HK\$57,345)	RMB39,200 (equivalent to approximately HK\$49,549)
Total net profit/(loss) (after taxation and extraordinary items)	RMB13,378 (equivalent to approximately HK\$16,910)	RMB21,459 (equivalent to approximately HK\$27,124)

The unaudited total net asset value of Tangshan Gas as at 31 December 2013 was approximately RMB613,825,000 (equivalent to approximately HK\$775,874,000).

The original purchase cost of the Tangshan Minority Interest by BEGL is RMB265,000,000 (equivalent to approximately HK\$334,959,678).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE PURCHASE AGREEMENT AND THE ONSHORE TRANSFER AGREEMENT

As set out in the section headed “Information of the Group” below in this announcement, one of the principal businesses of the Group is the distribution and sale of piped natural gas, the provision of natural gas transmission, gas technology consultation and development services, surveying and plotting of underground construction projects, the construction and installation of gas pipelines and related equipment and the provision of repair and maintenance services in Beijing, the PRC. As the Gas Projects are all located outside Beijing, the Disposal provides an opportunity for the Group to divest all of its interests in gas projects outside Beijing so that it could focus on managing and operating its gas projects in Beijing. In addition, China Gas is currently managing and operating some gas projects in the PRC that are near to the Gas Projects, and therefore the Board believes that the Disposal would create synergy for the gas project portfolios of China Gas through economies of scale, which would be indirectly beneficial to the Group through its approximately 24.68% shareholding interest in China Gas upon Completion (assuming that there will be no adjustment to the Consideration resulting in the allotment and issue of the Adjusted Consideration Shares instead of the Consideration Shares by China Gas upon Completion).

In view of the above, the Directors consider that the Share Purchase Agreement is on normal commercial terms and the terms of the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Onshore Transfer Agreement was entered into by the Group as part of the Internal Reorganisation, being a condition precedent to the Share Purchase Agreement, with a view to facilitate the Completion. As disclosed in the section headed “Onshore Transfer Agreement” of this announcement, the Tangshan Consideration shall be determined with reference to the appraised value of the Tangshan Minority Interest as at 30 June 2014.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Onshore Transfer Agreement are fair and reasonable, the transactions contemplated under the Onshore Transfer Agreement are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Company is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. The principal activities of the Group are natural gas operations, brewery operations, sewage and water treatment operations, and solid waste treatment operations in the PRC.

GENERAL

The Seller is an investment holding company incorporated in the British Virgin Islands wholly-owned by the Company.

The Purchaser is a wholly-owned subsidiary of China Gas and its principal activity is investment holding.

China Gas is a natural gas services operator, principally engaged in the investment, construction and management of city gas pipeline infrastructure, distribution of natural gas and LPG to residential, industrial and commercial users, construction and operation of oil stations and gas stations, and development and application of oil, natural gas and LPG related technologies.

BEGL is a state-owned enterprise established in the PRC and is wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. BEGL's principal activity is acting as an investment and financing platform for infrastructures and utilities in Beijing. BEGL is the ultimate controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules, and the disclosure of the Disposal in this announcement is made by the Company on a voluntary basis.

B EGL, by virtue of being the ultimate controlling shareholder of the Company, is a connected person of the Company. As all of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Onshore Transfer Agreement exceed 0.1% but are less than 5%, the entering into of the Onshore Transfer Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As at the date of this announcement, BEGL is deemed to be interested in 776,830,288 Shares, representing approximately 60.48% of the issued shares of the Company.

As none of the Directors has a material interest in the Onshore Transfer Agreement and the transactions contemplated thereunder, none of the Directors are required to abstain from voting on the board resolution approving the Onshore Transfer Agreement and the transactions contemplated thereunder.

Completion is conditional upon, among other things, the satisfaction of the Conditions. Therefore, the Disposal may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“AML Filings” means all filings required to be made by the Purchaser (with the assistance provided by the Seller) to the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC in relation to the Disposal pursuant to the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法)

“Adjusted Consideration Shares”	has the meaning given to it in the section headed “Share Purchase Agreement – Consideration and terms of settlement” in this announcement
“BEGL”	北京控股集團有限公司 (Beijing Enterprises Group Company Limited*), a company established in the PRC, the ultimate controlling shareholder of the Company
“Beijing Dingxin”	北京市鼎新新技術有限責任公司 (Beijing Dingxin New Technology Co., Ltd.*), a company established in the PRC which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Beijing Gas”	北京市燃氣集團有限責任公司 (Beijing Gas Group Company Limited*), a company established in the PRC which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Beijing Gas HK”	北京燃氣集團有限公司 (Beijing Gas Group Limited), a company established in the Hong Kong, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“China Gas”	China Gas Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 384)
“China Gas Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of China Gas

“Circular 698”	the tax notice issued by the PRC State Administration of Taxation titled “Strengthening of Administration of Corporate Income Tax Liability on Income of Non-Resident Enterprises from Transfer of Equity Interests”, Guo Shui Han [2009] No. 698 as may be amended or supplemented and including any similar or replacement law on the tax treatment of offshore indirect transfer of companies established in the PRC including but not limited to any applicable laws and regulations in the PRC against the avoidance of PRC tax
“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)
“Completion”	completion of the Disposal and the settlement of the Consideration in accordance with the terms of the Share Purchase Agreement
“Conditions”	the conditions precedent to completion of the transactions contemplated under the Share Purchase Agreement, the major terms of which are set out in section headed “Share Purchase Agreement – Conditions Precedent” in this announcement
“connected person”; “controlling shareholder”; “percentage ratio(s)”; and “subsidiary(ies)”	each has the meaning given to it under the Listing Rules
“Consideration”	RMB1,632,795,828 (equivalent to HK\$2,063,851,945) (subject to adjustment), being the consideration payable for the Sale Share under the Share Purchase Agreement

“Consideration Shares”	149,122,250 new China Gas Shares to be issued by China Gas to the Seller (or the Company’s designated wholly-owned subsidiary) pursuant to the Share Purchase Agreement to satisfy the Consideration, subject to adjustment set out in the section headed “Share Purchase Agreement – Consideration and terms of settlement” in this announcement
“Directors”	the directors of the Company
“Disposal”	the sale and purchase of the Sale Share pursuant to the terms of the Share Purchase Agreement
“Gas Projects”	the projects and business relating to natural gas conducted by the PRC Project Companies, further details of which are set out in the section headed “Information of the Target Company, the PRC Project Companies and the Gas Projects” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Internal Reorganisation”	the acquisition by the Target Company or its wholly-owned subsidiary of the equity interests held by Beijing Gas, Beijing Dingxin and Beijing Gas HK in the PRC Project Companies, further details of which are set out in the section headed “Internal Reorganisation” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Material Adverse Change”	means any change, event, circumstance or other matter that has, or would reasonable be expected to have, a material adverse change on the ability of the Seller to perform its obligations under the transaction documents entered into pursuant to the Share Purchase Agreement, or on the business, assets and liabilities, condition (financial or otherwise), results of operations or near prospects of the Target Group as a whole
“Net Asset Value”	the net asset value of the Target Group as at 30 June 2014 as set out in (i) the combined audited pro forma statement of financial position of the Target Group as at 30 June 2014 and (ii) the combined audited pro forma statement of profit or loss of the Target Group for the six months ended 30 June 2014, to be prepared and determined in accordance with the provisions of the Share Purchase Agreement, which is yet to be determined as at the date of this announcement
“Onshore Transfer Agreement”	the equity transfer agreement dated 26 November 2014 entered into between BEGL and Beijing Gas for the transfer of the Tangshan Minority Interest
“PRC Project Companies”	12 companies established in the PRC principally engaged in the holding, management and operations of the Gas Projects, further details of which are set out in the section headed “Information of the Target Company, the PRC Project Companies and the Gas Projects” in this announcement
“Purchaser”	Fresh Goal Limited (志新有限公司), a company incorporated in British Virgin Islands and a wholly-owned subsidiary of China Gas as at the date of this announcement
“Purchaser Group”	means the group of companies comprising the Purchaser and its affiliated companies (including, following Completion, the Target Group Companies)

“Reduced Shares”	the number of China Gas Shares to be deducted from the Consideration Shares, which shall be calculated based on the formula set out in the section headed “Share Purchase Agreement – Consideration and terms of settlement” in this announcement
“Reference Share Price”	has the meaning given to it in the section headed “Share Purchase Agreement – Consideration and terms of settlement” in this announcement
“RMB”	Renminbi, the lawful currency in the PRC
“Sale Share”	1 ordinary share of US\$1.00 each in the share capital of the Target Company, being the entire issued share capital of the Target Company
“Seller”	Beijing Gas Group (BVI) Co., Ltd. (北京燃氣集團(BVI)有限公司), a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
“Seller Group”	means the group of companies comprising the Seller and its affiliated companies (excluding the Target Group)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shareholders Loans”	means the outstanding loans owed by certain PRC Project Companies to the Seller Group as at the date of the Agreement, the total amount of which is RMB276,490,900
“Share Purchase Agreement”	the share purchase agreement dated 26 November 2014 entered into among the Company, the Seller, the Purchaser and China Gas relating to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	the Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong
“Tangshan Consideration”	the consideration payable by Beijing Gas to BEGL under the Onshore Transfer Agreement for the transfer of the Tangshan Minority Interest
“Tangshan Gas”	唐山市燃氣集團有限公司(Tangshan Gas Group Co., Ltd.*), a company established in the PRC and one of the PRC Project Companies
“Tangshan Minority Interest”	has the meaning given to it in the section headed “Onshore Transfer Agreement – Assets to be acquired” in this announcement
“Target Company”	Beijing Gas Development Limited (北燃發展有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	the Target Company and the PRC Project Companies
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	percentage

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB0.79114: HK\$1.00. No representation is made that any amounts in RMB have been or could be converted at the above rates or at any other rates.

By order of the Board
Beijing Enterprises Holdings Limited
Zhou Si
Vice Chairman

Hong Kong, 26 November 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong (Chairman), Mr. Hou Zibo, Mr. Zhou Si, Mr. Li Fucheng, Mr. Li Yongcheng, Mr. E Meng, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Guo Pujin as non-executive director; Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say as independent non-executive directors.

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, 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.

** For identification purposes only*