

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 34% EQUITY INTEREST IN
KEQI COAL-BASED GAS COMPANY***

The Board announces that on 28 August 2015, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, subject to the Conditions Precedent set out therein, the Vendor agreed to dispose of the Sale Interest at a total consideration of RMB1,700,000,000.

Pursuant to Chapter 14 of the Listing Rules, as the relevant applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company.

The Purchaser is wholly-owned by BE Group, the ultimate controlling shareholder of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company. As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal is, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

An EGM will be convened as soon as practicable to consider, and if thought fit, to approve the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Disposal, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the recommendation from the Independent Board Committee and the financial information of the Group together with the notice of the EGM will be despatched to the Shareholders on or before 21 September 2015.

Reference is made to the Company's announcement dated 30 March 2015. The Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, subject to the Conditions Precedent set out therein, the Vendor agreed to dispose of the Sale Interest at a total consideration of RMB1,700,000,000.

THE DISPOSAL AGREEMENT

Date: 28 August 2015

Parties: (1) vendor: the Vendor, an indirect wholly-owned subsidiary of the Company

(2) purchaser: the Purchaser, which is wholly-owned by BE Group, the ultimate controlling shareholder of the Company.

Subject matter: Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interest.

As at the date of this announcement, the registered capital of Keqi Coal-based Gas Company is owned as to 51% by DERC, 34% by the Vendor, 10% by CDC and 5% by TJIC.

Consideration:

The consideration for the Disposal shall be RMB1,700,000,000, which shall be paid in the following manner:

1. 20% of the consideration, being RMB340,000,000 shall be paid within 5 working days of Completion;
2. 40% of the consideration, being RMB680,000,000 shall be paid within 6 months of Completion; and
3. 40% of the consideration, being RMB680,000,000 shall be paid within 12 months of Completion.

The consideration for the Disposal was determined and agreed between the parties after arm's length negotiations based on normal commercial terms, having regard to the net asset value of Keqi Coal-based Gas Company.

Conditions Precedent:

Completion is conditional upon the following Conditions Precedent being satisfied or waived before the expiry of the 6-month period following the date of the Disposal Agreement (or such other date as may be agreed by the parties):–

- (1) the execution of the Disposal Agreement and related documents, the completion of the stipulated matters thereunder, and the compliance of applicable laws and regulations by the parties to the Disposal Agreement as well as all necessary approval by examination and approval authorities, internal approval of the parties and approval by third parties, including (but not limited to):
 - (i) compliance with all requirements under the articles of association of the parties to the Disposal Agreement and of Keqi Coal-based Gas Company, and all requirements under applicable laws and regulations;

- (ii) compliance by the Company of the applicable requirements under Hong Kong laws and the Listing Rules for the implementation of the Disposal Agreement and its provisions (including but not limited to approval by the Independent Shareholders at the EGM);
 - (iii) approval by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality in view that the Sale Interest is state-owned asset; and
 - (iv) completion of legal procedures for transfer of the Sale Interest and completion of transfer procedures and registrations as required by the relevant authorities.
- (2) resolutions by the board of directors (or shareholders, depending on the articles of association) of the parties to the Disposal Agreement approving the transfer of the Sale Interest; and
- (3) no event having a material adverse effect having occurred in respect of Keqi Coal-based Gas Company.

The Purchaser may waive the condition precedent (3) above, whereas the other Conditions Precedent cannot be waived by the parties.

If any of the Conditions Precedent shall have not been satisfied or waived within six months from the date of the Disposal Agreement (or such other date as agreed by the parties), the Disposal Agreement will immediately and automatically terminate and no party shall have any claim whatsoever against another party, save for antecedent breach.

After the completion of the Disposal, Keqi Coal-based Gas Company will cease to be the Company's associated company.

INFORMATION ABOUT THE GROUP AND OTHER PARTIES

The Group

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, and solid waste treatment operations in the PRC.

The Vendor

The Vendor is a company incorporated in the PRC with limited liability. It is principally engaged in supplying and selling piped natural gas and related businesses in Beijing.

The Purchaser

The Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in energy investment.

Keqi Coal-based Gas Company

Keqi Coal-based Gas Company is a company incorporated in the PRC with limited liability which is principally engaged in planning, constructing and operating its coal-based gas project located in Kesheketeng Qi, Chifeng City, Inner Mongolia, the PRC.

As at 31 December 2014, based on its audited report prepared in conformity with PRC accounting standards, the net asset value of Keqi Coal-based Gas Company was approximately RMB5,131,451,000.

The net loss (both before and after taxation and extraordinary items) of Keqi Coal-based Gas Company based on its audited report prepared in conformity with PRC accounting standards, for the financial years ended 31 December 2013 and 31 December 2014 are as follows:–

	Year ended 31 December	
	2014	2013
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net loss before taxation	(296)	(132,588)
Net loss after taxation	(296)	(132,564)

REASONS FOR THE DISPOSAL AND FINANCIAL IMPLICATIONS THEREOF

During the years of development and operation since establishment of Keqi Coal-based Gas Company, the construction of facilities has been lagging behind schedule. After assessing the future investment potential of Keqi Coal-based Gas Company, the Directors consider that the Disposal will enable the Group to focus on other projects, so that more resources can be directed to the development of these projects, and the Directors believe that this will be beneficial to the Group. The Directors consider that the Disposal present a good opportunity for the Group to realise its investment in Keqi Coal-based Gas Company.

Based on the consideration receivable by the Vendor arising from the Disposal, the Group presently does not expect to record a significant gain or loss from the Disposal.

The net proceeds receivable from the Disposal are intended to be used for general working capital of the Group.

In view of the above, the Directors take the view that the Disposal will enable the Group to increase its working capital and future investment potential, and will accordingly improve the liquidity and strengthen the overall financial position of the Group as a whole. Based on the aforesaid, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice to be obtained from an independent financial adviser) consider that the Disposal is fair and reasonable and on normal commercial terms and that the entering into of the Disposal Agreement is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Chapter 14 of the Listing Rules, as the relevant applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company.

The Purchaser is wholly owned by BE Group, the ultimate controlling shareholder of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company. As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal is, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say, has been established to advise the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder.

An EGM will be convened as soon as practicable to consider, and if thought fit, to approve the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Disposal, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the recommendation from the Independent Board Committee and the financial information of the Group together with the notice of the EGM will be despatched to the Shareholders on or before 21 September 2015.

DEFINITIONS

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

“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), the ultimate controlling shareholder of the Company
“Board”	the board of Directors
“CDC”	China Datang Corporation* (中國大唐集團公司), a state-owned enterprise established under the laws of the PRC and a controlling shareholder of Datang Power

“Company”	Beijing Enterprises Holdings Limited (北京控股有限公司), 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 sale and purchase of the Sale Interest pursuant to the terms of the Disposal Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Conditions Precedent”	the conditions precedent set out in the Disposal Agreement which must be satisfied or waived before the expiry of the 6-month period following the date of the Disposal Agreement (or such other date as may be agreed by the parties) in order for Completion to take place
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Datang Power”	Datang International Power Generation Co., Ltd.* (大唐國際發電股份有限公司), a limited company incorporated in the PRC, of which the H Shares are listed on the main board of the Stock Exchange (Stock Code: 991) and London Stock Exchange and the A Shares are listed on Shanghai Stock Exchange
“DERC”	Datang Energy Resources Chemical Limited Company* (大唐能源化工有限責任公司), a wholly-owned subsidiary of Datang Power
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Interest by the Vendor to the Purchaser pursuant to the terms and subject to the conditions of the Disposal Agreement

“Disposal Agreement”	the agreement dated 28 August 2015 entered into between the Vendor and the Purchaser in relation to the Disposal
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of Directors consisting of Mr. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say, being all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the terms of the Disposal
“Independent Shareholders”	Shareholders other than BE Group and its associates and those who are involved in or interested in the relevant resolution to be approved at the EGM
“Keqi Coal-based Gas Company”	Inner Mongolia Datang International Keshiketeng Coal-based Gas Company Limited* (內蒙古大唐國際克什克騰煤制天然氣有限責任公司), which has a registered capital of RMB5,090,974,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Beijing Beikong Energy Investment Limited* (北京北控能源投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of BE Group

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the 34% equity interest in the Keqi Coal-based Gas Company owned by the Vendor as at the date of this announcement
“Shareholders”	shareholders of the Company
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“TJIC”	Tianjin Jinneng Investment Company* (天津市津能投資公司), a substantial shareholder of Datang Power
“Vendor”	Beijing Gas Group Co., Ltd.* (北京市燃氣集團有限責任公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

By order of the Board
Beijing Enterprises Holdings Limited
Jiang Xinhao
Executive Director

Hong Kong, 28 August 2015

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. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say as independent non-executive directors.

* For identification purposes only.