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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)

DISCLOSEABLE TRANSACTION

UNDERWRITING AGREEMENT AND WHITEWASH WAIVER

The Board announces that BE Environmental, a wholly-owned subsidiary of the Company and the controlling shareholder of BE Water, has entered into the Underwriting Agreement with BE Water pursuant to which, BE Environmental has conditionally agreed to underwrite the Offer Shares (excluding the Offer Shares to be taken up by BE Environmental pursuant to the Irrevocable Undertaking) not subscribed for by the other Qualifying BE Water Shareholders, subject to the terms and conditions of the Underwriting Agreement, and the aggregate Subscription Price to be paid by BE Environmental in such event shall amount to a maximum of HK\$1,908,041,203.

As at the date of the Underwriting Agreement, BE Environmental and parties acting in concert with it beneficially hold an aggregate of 1,997,004,000 BE Water Shares, representing approximately 43.73% of the entire issued share capital of BE Water as at the date of this announcement. In the event that upon completion of the Open Offer, no Qualifying BE Water Shareholder (other than BE Environmental) takes up any Offer Shares, BE Environmental or its associate will be required to subscribe for and take up all the Offer Shares, which will result in BE Environmental or its associate taking up 1,284,876,231 Offer Shares, representing approximately 18.76% of the entire issued share capital of BE Water as enlarged by the Open Offer; and the total shareholding of BE Environmental and parties acting in concert with it in BE Water will increase from 1,997,004,000 BE Water Shares, representing approximately 43.73% of the entire issued share capital of BE Water as at the date of this announcement, to 4,280,382,231 BE Water Shares representing approximately 62.49% of the entire issued share capital of BE Water as enlarged by the issue of the Offer Shares.

As the relevant percentage ratios under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the possible acquisition of the Offer Shares by BE Environmental will constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

Further, the underwriting by BE Environmental may trigger an obligation for BE Environmental (together with parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all the BE Water Shares not already owned or agreed to be acquired by them. An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

EXCLUSIVITY AGREEMENT IN RELATION TO THE PROPOSED ASSET INJECTION

The Board is pleased to announce that, the Company has also entered into the Exclusivity Agreement with BE Water in respect of the Proposed Asset Injection pursuant to which, subject to the satisfaction of certain conditions precedent, the Company undertook to enter into further exclusive negotiations with BE Water and allow BE Water to conduct due diligence on the Subject Assets during the Exclusivity Period in order to provide BE Water with information on which negotiations with the Company on the terms of a Formal Agreement can be based. Subject to the Company and BE Water reaching agreement as to other terms of the Formal Agreement, the consideration for the Proposed Asset Injection shall be satisfied by way of the issue of consideration BE Water Shares with an issue price equivalent to a discount of 15% to the theoretical ex-entitlement price per BE Water Share pursuant to the Open Offer with reference to the closing price per BE Water Share as quoted on the Stock Exchange on the date of the entering into of the Exclusivity Agreement which, for the purposes of performing such calculations, shall be the current price per BE Water Share.

Subject to the execution of the Formal Agreement, save for the Exclusivity, Due Diligence Undertakings, the Consideration Settlement Mechanism and certain confidentiality undertakings, the Exclusivity Agreement does not constitute binding obligations of the Company and BE Water regarding the Proposed Asset Injection and the Exclusivity Agreement does not address all of the terms of the Proposed Asset Injection, which will only be addressed after all due diligence has been completed. The continuation of any further negotiation regarding the Proposed Asset Injection shall be at the discretion of each of the Company and BE Water.

UNDERWRITING AGREEMENT

Date: 21 December 2010

Parties: (1) Underwriter: BE Environmental
(2) Issuer: BE Water

As at the date of the Underwriting Agreement, BE Environmental, being a wholly-owned subsidiary of the Company and the controlling shareholder of BE Water, beneficially holds an aggregate of 1,997,004,000 BE Water Shares, representing approximately 43.73% of the entire issued share capital of BE Water as at the date of this announcement.

Basis of the Offer: One (1) Offer Share for every two (2) existing BE Water Shares held at 4:30 p.m. on the Record Date (rounded down to the nearest number).

Number of Offer Shares underwritten by BE Environmental: A maximum of 1,284,876,231 Offer Shares.

Assuming all other Qualifying BE Water Shareholders do not subscribe for their entitled Offer Shares, the aggregate value of the Underwritten Shares amounts to approximately HK\$1,908,041,203 at the Subscription Price, which will be settled by way of cash from the internal resources of the Company.

Subscription Price

The subscription price for the Offer Shares is HK\$1.485 per Offer Share

The Subscription Price represents:

- (i) a discount of approximately 46.0% to the closing price of HK\$2.750 per BE Water Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 46.3% to the average closing price of HK\$2.764 per BE Water Share as quoted on the Stock Exchange for the five consecutive Trading Days up to and including the Last Trading Day;
- (iii) a discount of approximately 36.2% to the theoretical ex-entitlement price of approximately HK\$2.328 based on the closing price of HK\$2.750 per BE Water Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a premium of approximately 86.1% over the unaudited consolidated net assets value per BE Water Share of approximately HK\$0.798 as at 30 June 2010 (based on the unaudited consolidated net assets value of the BE Water Group over the number of issued BE Water Shares as at 30 June 2010).

The Subscription Price was arrived at after arm's length negotiation between BE Environmental and BE Water after taking into account, among other things, the recent price performance of the BE Water Shares prior to the release of this announcement. In view of (i) the recent market prices of the BE Water Shares in comparison with the satisfactory results of BE Water as shown in its latest published financial statements; and (ii) the discounts to the closing prices per BE Water Share as quoted on the Stock Exchange, the Directors consider that the Subscription Price is fair and reasonable and are in the interests of the shareholders of the Company and the Company as a whole.

No underwriting commission will be payable to BE Environmental, but BE Water will reimburse BE Environmental for all out-of-pocket expenses so reasonably incurred in connection with the underwriting under the Underwriting Agreement.

The Underwriting Agreement also contains customary warranties and undertakings given by BE Water in favour of BE Environmental.

Conditions precedent of the Underwriting Agreement

The Underwriting Agreement is conditional upon, among other things, the following conditions precedent being fulfilled:

- i. the despatch of the circular of BE Water in relation to the Open Offer and the Whitewash Waiver to all BE Water Shareholders;
- ii. the obtaining of specific approval of the Independent BE Water Shareholders at the SGM for (a) the Open Offer (in respect of the absence of arrangements for application for the Offer Shares by the Qualifying BE Water Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A(2) of the Listing Rules) and (b) the granting of the Whitewash Waiver;
- iii. the grant by the Executive, and not having withdrawn or revoked such grant, of the Whitewash Waiver, and the fulfilment of all conditions, if any, attached thereto;
- iv. the delivery to the Stock Exchange for authorisation, and the registration with the Registrar of Companies in Hong Kong, respectively, not later than the Prospectus Posting Date, of one copy

of each of the Prospectus Documents for use by the Qualifying BE Water Shareholders to apply for the Offer Shares under their entitlements, duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached to it) and otherwise in compliance with the Listing Rules and the Companies Ordinance;

- v. the despatch of the Prospectus Documents to the Qualifying BE Water Shareholders;
- vi. the grant or the agreement to grant (subject to allotment) by the Listing Committee of the Stock Exchange, and not having withdrawn or revoked such grant, the listing of and permission to deal in all the Offer Shares, either unconditionally or subject to such conditions as are accepted by BE Water, by no later than the first day of their dealings;
- vii. the compliance with and performance of the obligations and undertakings of BE Water under the Underwriting Agreement;
- viii. the compliance with and performance by BE Environmental of all its obligations and undertakings under the Irrevocable Undertaking;
- ix. the permission of the Bermuda Monetary Authority for the issue of the Offer Shares, if necessary, being obtained; and
- x. the Prospectus Documents being filed with the Registrar of Companies in Bermuda on or about the Prospectus Posting Date.

BE Environmental may waive condition precedent (vii) above. Save for condition precedent (vii) which may be waived by BE Environmental, none of the other conditions precedent is waivable by BE Water or BE Environmental pursuant to the terms of the Underwriting Agreement.

In the event that the above conditions precedent are not fulfilled (or, where permitted, waived) on or before 22 February 2011 (or such later time and/or date as BE Water and BE Environmental may agree in writing), all obligations and liabilities of the parties to the Underwriting Agreement shall cease and no party to the Underwriting Agreement shall have any claim against the other, save that all fees and expenses so reasonably incurred in connection with the Open Offer and the underwriting arrangement shall be borne by BE Water pursuant to the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling BE Environmental, by notice in writing, to terminate its obligations thereunder on the occurrence of certain events as follows:

- (1) in the absolute opinion of BE Environmental, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of BE Environmental materially and adversely affect the business or the financial or trading position or prospects of the BE Water Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion

of BE Environmental materially and adversely affect the business or the financial or trading position or prospects of the BE Water Group as a whole; or

- (c) any material adverse change in the business or in the financial or trading position or prospects of the BE Water Group as a whole; or
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of BE Environmental materially and adversely affect the business or the financial or trading position or prospects of the BE Water Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise make it inexpedient or inadvisable to proceed with the Open Offer; or
 - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the BE Water Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (f) any suspension in the trading of BE Water's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of BE Environmental is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom.

BE Environmental shall also be entitled by a notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties contained in the Underwriting Agreement comes to the knowledge of BE Environmental; or
- (2) any Specified Event comes to the knowledge of BE Environmental.

If prior to the Latest Time for Termination any such notice as is referred to above is given by BE Environmental, the obligations of all parties under the Underwriting Agreement (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) shall terminate forthwith and the Open Offer will not proceed.

IRREVOCABLE UNDERTAKING

Pursuant to the Irrevocable Undertaking, BE Environmental has irrevocably undertaken to take up, or to procure subscribers to take up, all its and its associate's entitlements under the Open Offer being an aggregate of 998,502,000 Offer Shares.

REASONS FOR THE UNDERWRITING

BE Water is an investment company and the holding company of the BE Water Group. The BE Water Group is principally engaged in construction of sewage and water treatment plants, sewage treatment, water treatment and distribution, sales of sewage treatment facilities, the provision of technical services and licensing of technical know-how that is related to sewage treatment in the PRC. According to the audited consolidated financial statements of BE Water, the turnover, profit from operating activities and net profit after taxation for the financial year ended 31 December 2009 was approximately HK\$1,730,013,000, HK\$397,950,000 and HK\$228,746,000 respectively. According to the audited consolidated financial statements of BE Water, the turnover, profit from operating activities and net profit after taxation for the financial year ended 31 December 2008 was approximately HK\$337,681,000, HK\$116,220,000 and HK\$42,902,000 respectively. The audited total assets of the BE Water Group as at 31 December 2009 were approximately HK\$7,423,717,000 and the audited net assets of BE Water Group were approximately HK\$3,011,816,000. The audited total assets of the BE Water Group as at 31 December 2008 were approximately HK\$4,816,158,000 and the audited net assets of BE Water Group were approximately HK\$1,997,957,000.

The Company is an investment holding company and the Group is principally engaged in natural gas business, beer business, sewage and water treatment operation, and toll road business in the PRC.

As shown in the latest published financial statements of BE Water, it is expected that the business of BE Water will keep growing. As such, the Company considers that it is in the interests of the Group to invest in BE Water. The Directors believe that the underwriting will increase the flexibility to acquire equity interests in BE Water and provide an opportunity to acquire further equity interests in BE Water.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Underwriting Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under Chapter 14 of the Listing Rules exceed 5% but not 25%, the possible acquisition of the Offer Shares by BE Environmental will constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

WHITEWASH WAIVER

In the event that upon completion of the Open Offer, no Qualifying BE Water Shareholder (other than BE Environmental) takes up any Offer Shares, BE Environmental or its associate will be required to subscribe for and take up all the Offer Shares, which will result in BE Environmental or its associate taking up 1,284,876,231 Offer Shares representing approximately 18.76% of the entire issued share capital of BE Water as enlarged by the Open Offer; and the total shareholding of BE Environmental and parties acting in concert with it in BE Water will increase from 1,997,004,000 BE Water Shares, representing approximately 43.73% of the entire issued share capital of BE Water, as at the date of this announcement, to 4,280,382,231 BE Water Shares representing approximately 62.49% of the entire issued share capital of BE Water as enlarged by the Open Offer.

Accordingly, the underwriting by BE Environmental may trigger an obligation for BE Environmental (together with parties acting in concert with it) to make a mandatory general offer under Rule 26 of the Takeovers Code for all the BE Water Shares not already owned or agreed to be acquired by them. An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent BE Water Shareholders at the SGM by way of poll. BE Environmental and parties acting in concert with it, together with other BE Water Shareholders (if any) who have been involved in or are interested in the Open Offer and the Whitewash Waiver shall abstain from voting at the SGM in respect of the resolution to approve the

Whitewash Waiver. The Open Offer and the Underwriting Agreement are conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent BE Water Shareholders at the SGM. The Open Offer is also conditional upon the Underwriting Agreement become unconditional and not being terminated in accordance with its terms. If the Whitewash Waiver is not granted or is withdrawn or revoked by the Executive or is not approved by the Independent BE Water Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

DEALINGS IN BE WATER SHARES BY BE ENVIRONMENTAL AND PARTIES ACTING IN CONCERT WITH IT AND OTHER MISCELLANEOUS MATTERS

There has been no dealing of BE Water Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in BE Water by BE Environmental and parties acting in concert with it during the six month period immediately prior to the date of this announcement and up to the date of this announcement, except that each of New Profit Investment Limited, a wholly-owned subsidiary of the Company, and a nominee of BE Environmental purchased 2,000 BE Water Shares on 21 June 2010, respectively, both as trustees on behalf of BE Environmental (the "**Acquisitions**"). The Acquisitions were made with the intention of ensuring procedural requirements on quorum and motion secondment for conducting annual or other general meetings of BE Water can be satisfied. It is a general practice of BE Water that motions proposed at annual or other general meetings of BE Water would first be seconded by a BE Water Shareholder physically present at the meeting before such matters are put to the BE Water Shareholders for voting. Furthermore, in accordance with BE Water's Bye-Laws, the quorum of a general meeting shall be 2 members entitled to vote present in person or by separate proxy or representative. Given however that these Acquisitions would constitute disqualifying events for the Whitewash Waiver under paragraph 3(a) of Whitewash Guidance Note set out as Schedule VI to the Takeovers Code, BE Environmental and the Company had applied to the Executive, on behalf of themselves and New Profit Investment Limited, for a grant of dispensation from the provisions of paragraph 3(a) of the Whitewash Guidance Note set out as Schedule VI to the Takeovers Code. The Executive had on 3 December 2010 granted a dispensation from these provisions.

EXCLUSIVITY AGREEMENT IN RELATION TO THE PROPOSED ASSET INJECTION

The Board announces that the Company is currently in discussions with BE Water regarding a possible acquisition of the Subject Assets by BE Water and/or a wholly-owned subsidiary of BE Water and on 21 December 2010, the Company entered into the Exclusivity Agreement with BE Water with details as follows:

Exclusivity and Consideration Settlement Mechanism

In connection with the negotiations between BE Water and the Company in relation to the Proposed Asset Injection, the Company has undertaken to BE Water that during the Exclusivity Period, it shall not, directly or indirectly, enter into any discussion or agreement with any person except BE Water relating to the Proposed Asset Injection (the "**Exclusivity**"). the Company has further undertaken to enter into further exclusive negotiations with BE Water and to allow BE Water to conduct due diligence on the Subject Assets during the Exclusivity Period in order to provide BE Water with information on which negotiations with the Company on the terms of a Formal Agreement can be based. (the "**Due Diligence Undertaking**")

Subject to the Company and BE Water reaching agreement as to other terms of the Formal Agreement, the consideration for the purchase(s) of the Subject Assets shall be by way of the issue of consideration BE Water Shares and the price of such consideration BE Water Shares shall be fixed at a discount of 15% to the theoretical ex-entitlement price per BE Water Share pursuant to the Open Offer with reference to the closing price per BE Water Share as quoted on the Stock Exchange on the date of the entering into of the Exclusivity Agreement which, for the purposes of performing such calculations, shall be the current price per BE Water Share (the "**Consideration Settlement Mechanism**").

Earnest money

In consideration of the Company agreeing to enter into the Exclusivity Agreement, a refundable sum of HK\$900,000 as earnest money will be paid by BE Water to the Company within 5 days from the date of signing of the Exclusivity Agreement. If no definitive agreement relating to the Proposed Asset Injection is concluded with the Company before the expiry of the Exclusivity Period (or such longer period as the parties may agree) or if BE Water indicates to the Company that it no longer wishes to proceed with the negotiation under the Exclusivity Agreement, the earnest money will be refunded to BE Water without interest. If a Formal Agreement is entered into, the earnest money will be treated as deposit for the Proposed Asset Injection and be released, held or returned in accordance with the terms of the Formal Agreement.

Conditions Precedent

The Exclusivity Agreement is conditional upon:

- (1) the Underwriting Agreement having become unconditional in accordance with its terms; and
- (2) the Exclusivity Agreement and its implementation having been approved by the Independent BE Water Shareholders in a general meeting to be convened (the "SGM").

The Company and BE Water may mutually agree to waive any of the above conditions precedent pursuant to the terms of the Exclusivity Agreement. If the above conditions precedent are not fulfilled on or before 22 February 2011 or such later date as the Company and BE Water may mutually agree, the Exclusivity Agreement shall cease and determine and no party shall have any obligations and liabilities under the Exclusivity Agreement except for any antecedent breaches of the terms of the Exclusivity Agreement. The parties to the Exclusivity Agreement may amend its terms from time to time subject to compliance with the Listing Rules.

Subject to the execution of the Formal Agreement, save for, the Exclusivity, the Due Diligence Undertaking and the Consideration Settlement Mechanism (as referred to above) and certain confidentiality undertakings, the Exclusivity Agreement does not constitute binding obligations of the Company and BE Water in respect of the Proposed Asset Injection. The Exclusivity Agreement does not address all of the terms of the Proposed Asset Injection, which will only be fully addressed after all due diligence has been completed to the satisfaction of BE Water. The continuation of any further negotiation regarding the Proposed Asset Injection shall be at the discretion of each of the Company and BE Water.

The Directors confirm that the Proposed Asset Injection will not take place before completion of the Open Offer and that there will be no effect on the shareholdings of the Company and its concert parties including BE Environmental. The Company will comply with the requirements of the Takeovers Code as and when required.

Information about the Subject Assets

Based on the information provided by the Company, the Subject Assets shall comprise sewage treatment and water supply and waste treatment plants currently owned by the Group.

Reasons for and benefits of entering into the Exclusivity Agreement

As the Company considers that it is in the interests of the Group to invest in BE Water, by entering into the Exclusivity Agreement, the Board considers that this will provide BE Water with an exclusive right for analysing the Subject Assets at a specific period of time and enable BE Water to perform analysis solely on the Subject Assets without entering into any competitive situation with any potential bidders of the assets. The Exclusivity Agreement also forms a basic understanding that the acquisition will be

satisfied by way of issuing consideration shares at a pre-determined issue price through the Consideration Settlement Mechanism.

Further announcement(s) will be made by BE Water provided the Formal Agreement is entered into.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associates”	has the meaning ascribed to it in the Listing Rules
"BE Environmental"	Beijing Enterprises Environmental Construction Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by the Company which in turn is directly owned as to 36.16% by Beijing Enterprises Group (BVI) Company Limited, which in turn is wholly-owned by Beijing Enterprises Group Company Limited, company established in the People's Republic of China and is wholly-owned, supervised and controlled by the State-owned Assets Supervision and Administrative Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
“BE Water”	Beijing Enterprises Water Group Limited (Stock code: 371), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
"BE Water Board"	the board of directors of BE Water
“BE Water Group”	BE Water and its subsidiaries
“BE Water Shareholders”	the holders of BE Water Shares
“BE Water Shares”	existing ordinary shares of HK\$0.10 each in the share capital of BE Water
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“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) and the sole shareholder of BE Environmental
“controlling shareholder”	has the meaning ascribed to in the Listing Rules
“Directors”	the directors of the Company for the time being

“Excluded BE Water Shareholders”	those Overseas BE Water Shareholders to whom the BE Water Board (having obtained relevant and necessary legal opinions) considers it necessary or expedient not to offer the Offer Shares on account of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exclusivity Agreement”	the exclusivity agreement dated 21 December 2010 and entered into between BE Water and the Company setting out the exclusivity provision and other basic understanding between the parties thereto in connection with the Proposed Asset Injection
"Exclusivity Period"	the period between the date of fulfilment of all the conditions precedent under the Exclusivity Agreement and on the date that is eighteen months (or such longer period as the parties may agree from time to time) following the date of fulfilment of all the conditions precedent under the Exclusivity Agreement, or such longer period as the parties may agree from time to time
"Executive"	the executive director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
"Formal Agreement"	a legally binding sale and purchase agreement between BE Water (and/or a wholly-owned subsidiary of BE Water) and the Company in relation to the Proposed Asset Injection which may be subsequently entered into
"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
"Independent BE Water Shareholders"	(i) in respect of the ordinary resolution to approve the Open Offer (in respect of the absence of any arrangement to apply for Offer Shares by the Qualifying BE Water Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A(2) of the Listing Rules), BE Water Shareholders other than those who have a material interest in the relevant resolution (i.e., BE Water Shareholders other than BE Environmental); and (ii) in respect of the ordinary resolution to approve the Whitewash Waiver, BE Water Shareholders other than (a) BE Environmental and parties acting in concert with it, and (b) those others who have been involved in or are interested in the Open Offer and the Whitewash Waiver
“Irrevocable Undertaking”	an irrevocable undertaking given by BE Environmental under the Underwriting Agreement in favour of BE Water to, among other things, subscribe for (or procure subscribers to subscribe for), or to procure subscribers to take up, such number of Offer Shares as will be allotted and issued to it and/or its associates as assured entitlements under the Open Offer, being an aggregate of 998,502,000 Offer Shares.
“Last Trading Day”	21 December 2010, being the last Trading Day of the BE Water Shares prior to the publication of this announcement

“Latest Acceptance Time”	being 4:00 p.m. on Friday, 18 February 2011, or such other date as BE Water and BE Environmental may agree in writing, being the latest time for acceptance of the Offer Shares as described in the Prospectus
“Latest Time for Termination”	being 4:00 p.m. on the second Business Day after the Latest Acceptance Time or such later time or date as may be agreed between BE Environmental and BE Water, being the latest time to terminate this Agreement
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Shares”	2,283,378,231 new BE Water Shares to be issued pursuant to the Open Offer
“Open Offer”	the offer of the Offer Shares on the basis of one Offer Share for every two existing BE Water Shares held by the Qualifying BE Water Shareholders at 4:30 p.m. on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Overseas BE Water Shareholders”	BE Water Shareholders with registered addresses (as shown in the register of members of BE Water on the Record Date) which are outside Hong Kong
"PRC"	People’s Republic of China
"Proposed Asset Injection"	the proposed injection of the Subject Assets into BE Water by the Company as contemplated under the Exclusivity Agreement
“Prospectus”	the prospectus to be issued by BE Water relating to the Open Offer to be despatched to the Qualifying BE Water Shareholders and, for information purposes only, to the Excluded BE Water Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Tuesday, 1 February 2011 or such other date as may be agreed between BE Environmental and BE Water for the despatch of the Prospectus Documents
“Qualifying BE Water Shareholders”	the BE Water Shareholders, other than the Excluded BE Water Shareholders, whose names appear on the register of members of BE Water at 4:30 p.m. on the Record Date
“Record Date”	Thursday, 27 January 2011, or such other date as BE Water and BE Environmental may agree in writing, being the record date to determine entitlements to the Open Offer

"SGM"	the special general meeting of BE Water to be held for the purpose of approving, among other things: (i) the Open Offer (in respect of the absence of any arrangement to apply for Offer Shares by the Qualifying BE Water Shareholders in excess of their entitlements under the Open Offer as referred to in Rule 7.26A(2) of the Listing Rules); and (ii) the Whitewash Waiver
"Specified Event"	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subject Assets"	the sewage treatment and water supply and waste treatment plants currently owned by the Group to be injected into BE Water by the Company as contemplated under the Proposed Asset Injection, or any part thereof, as appropriate
"Subscription Price"	the subscription price of HK\$1.485 per Offer Share
"subsidiary"	has the same meaning ascribed thereto in section 2 of the Companies Ordinance and "subsidiaries" shall be construed accordingly
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Trading Day"	a day on which the Stock Exchange is open for trading
"Underwriting Agreement"	the agreement dated 21 December 2010 between BE Water and BE Environmental in relation to the underwriting and other arrangements in respect of the Open Offer
"Underwritten Shares"	1,284,876,231 Offer Shares that BE Environmental has agreed to subscribe or procure subscribers to subscribe for, which are not subscribed by the Qualifying BE Water Shareholders (other than BE Environmental) pursuant to the Underwriting Agreement
"Whitewash Waiver"	a waiver from the obligation of BE Environmental and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Open Offer and the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
"%"	per cent

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

Hong Kong, 22 December 2010

As at the date of this announcement, the Board comprises Mr. Wang Dong, Mr. Zhang Honghai, Mr. Li Fucheng, Mr. Bai Jinrong, Mr. Zhou Si, Mr. E Meng, Mr. Liu Kai, Mr. Guo Pujin, Mr. Lei Zhengang, 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.