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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(website: www.behl.com.hk)
(Stock Code: 392)

CONNECTED TRANSACTION

Acquisition of the entire equity interest in Beijing Luyuanda CNG Company Limited*

The Company announces that on 23 September 2011, the Gas Group entered into the Transfer Agreement with Beiran Enterprises and Design & Supervision Company, pursuant to which, the Gas Group has conditionally agreed to purchase from Beiran Enterprises and Design & Supervision Company their respective equity interests of 98.73% and 1.27% in the Target. The consideration of the Transfer Agreement is RMB235 million (equivalent to approximately HK\$287 million). Upon completion of the transaction under the Transfer Agreement, the Target will become an indirect wholly-owned subsidiary of the Company.

Beiran Enterprises is a wholly-owned subsidiary of the BE Group, the substantial shareholder of the Company. Design & Supervision Company is a wholly-owned subsidiary of Beiran Enterprises. Accordingly, Beiran Enterprises and Design & Supervision Company are connected persons of the Company as defined under the Listing Rules. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the entering into of the Transfer Agreement constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules and is subject to the reporting and announcement requirements.

TRANSFER AGREEMENT

Vendors : Beiran Enterprises and Design & Supervision Company
Purchaser : the Gas Group

Transferred Asset

The Transferred Asset represents the entire equity interest in the Target. The equity interest in the Target is held by Beiran Enterprises and Design & Supervision Company as to 98.73% and 1.27% respectively. The principal businesses of the Target are operation and construction of autogas filling stations (gas-oil mixture); sales of natural gas, natural gas filling station equipments, automobile modification components; provision of technical consultancy, technical training and technical services for natural gas filling stations and automobile modification; and transportation of dangerous goods. Upon completion of the transaction under the Transfer Agreement, the Target will become an indirect wholly-owned subsidiary of the Company.

As at 31 December 2010, the paid-up capital and net book value of the Target were RMB118 million (equivalent to approximately HK\$144 million) and approximately RMB125 million (equivalent to approximately HK\$153 million) respectively. Beijing Zhonghaisheng Asset Valuation Company Limited*, the Independent Valuer which and its ultimate beneficial owner are independent third parties independent of the Company and its connected persons, has conducted an valuation on the market value of the entire shareholders' equity interest in the Target as at 30 April 2011. The valuation based on assets base method is RMB201 million (equivalent to approximately HK\$245 million).

The Target is established in June 1999. Set out below is the key financial information of the Target based on the audited financial statements of the Target for the two financial years ended 31 December 2009 and 31 December 2010 respectively, which were prepared in accordance with PRC Accounting Standard:

	For the year ended 31 December	
	2010	2009
	(Audited)	(Audited)
	<i>RMB' 000</i>	<i>RMB' 000</i>
Revenue	220,320	190,680
Profit before tax	15,660	7,800
Profit after tax	11,110	5,460

The Purchaser is the sole gas supplier of the Target. In 2008, 2009 and 2010, the revenues (excluding tax) of the Purchaser received from the Target for supply of gas were RMB128 million, RMB128 million and RMB138 million respectively.

Guaranteed Profit

The Vendors guaranteed to the Purchaser that the annual net profit of the Target for the year of 2011 and 2012 shall not be less than RMB17.85 million (“Guaranteed Annual Profit”). If the annual net profit of the Target falls below the Guaranteed Annual Profit, the Vendors shall compensate the Purchaser an amount equals to the percentage ratio of the difference in profit (which is the percentage ratio of the difference between Guaranteed Annual Profit and actual profit as to the Guaranteed Annual Profit) multiplied by the Consideration. In any event, the total amount of compensation shall not exceed 50% of the Consideration.

Consideration

The consideration of the Transfer Agreement is RMB235 million (equivalent to approximately HK\$287 million), which is arrived at on an arm’s length commercial basis between the parties of the Transfer Agreement by reference to the existing operating results, earning capacity, future growth prospect, overall financial performance and net asset value of the Target as at 31 December 2010, and the valuation of the Target as at 30 April 2011 by the Independent Valuer. The consideration under the Transfer Agreement will be funded by internal working capital of the Purchaser.

The consideration shall be paid by the Purchaser in cash as to RMB100 million as deposit upon the signing of the Transfer Agreement and the balance of the consideration shall be paid by the Purchaser within 15 business days after the satisfaction of the Condition Precedent. If the Vendors cannot satisfy the Condition Precedent within 6 months after the signing of the Transfer Agreement, the period of time may be extended by consent from both parties. If no consensus is reached, the Transfer Agreement shall be terminated and the Vendors shall return to the Purchaser the deposit of RMB100 million together with an interest based on annual bank savings account interest rate of the corresponding period. In such case, the parties are not liable for breach of contract.

Condition Precedent

Completion of the Transfer Agreement is conditional upon obtaining relevant governmental approvals relating to the transfer of the entire equity interest in the Target.

Completion

Completion is to take place on the day after the condition precedent has been satisfied.

REASON FOR THE TRANSFER AGREEMENT

The Target, which is specialized in compressed natural gas business with strong business expansion capability, has captured 60% market share in public buses in Beijing and certain industrial and civil markets in rural counties. The transaction under the Transfer Agreement will strengthen the Group's investment and operation in gas business in rural areas of Beijing, enable it to step into the autogas market, and further enhance the comprehensiveness of the Group's industry chain in natural gas business. The Directors (including the Independent Non-executive Directors) believe that the terms of the Transfer Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company's shareholders as a whole.

CONNECTED TRANSACTION

Beiran Enterprises is a wholly-owned subsidiary of the BE Group, the substantial shareholder of the Company. Design & Supervision Company is a wholly-owned subsidiary of Beiran Enterprises. Accordingly, Beiran Enterprises and Design & Supervision Company are connected persons of the Company as defined under the Listing Rules. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the entering into of the Transfer Agreement constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules and is subject to the reporting and announcement requirements.

No Directors have material interests in the transactions contemplated under the Transfer Agreement.

GENERAL

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

The principal businesses of the Vendors are supplying and sales of compressed natural gas and LPG; manufacturing, processing and sales of gas equipments and tools; construction of gas pipelines, installation of equipments, municipal gas, planning and design of thermal engineering projects, engineering survey, technical services for gas and heating, production of coke, sales of raw chemical materials; and property management, etc.

The principal businesses of the Purchase are supplying and sale of piped natural gas and related businesses in Beijing.

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 with limited liability and is the substantial shareholder of the Company.
- “Beiran Enterprises” : Beijing Beiran Enterprises Company Limited* 北京北燃實業有限公司, a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the BE Group.
- “Board” : the board of Directors
- “Company” : Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange.
- “Design & Supervision Company” : Beijing Utilities Engineering Design & Supervision Company* 北京市公用工程設計監理公司, a company incorporated in the PRC and is a wholly-owned subsidiary of Beiran Enterprises.
- “Directors” : the directors of the Company
- “Executive Directors” : the executive Directors: Mr. Wang Dong, Mr. Zhang Honghai, Mr. Lin Fusheng, Mr. Li Fucheng, Mr. Zhou Si, Mr. E Meng, Mr. Liu Kai, Mr. Guo Pujin, Mr. Lei Zhengang, Mr. Jiang Xinhao and Mr. Tam Chun Fai
- “Gas Group” : Beijing Gas Group Company Limited* 北京市燃氣集團有限責任公司, a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary 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

“Independent Non-executive Directors”	:	the independent non-executive Directors: Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei.
“Independent Valuer”	:	Beijing Zhonghaisheng Asset Valuation Company Limited* 北京中海盛資產評估有限公司, which and its ultimate beneficial owners are independent third parties independent of the Company and its connected persons
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	:	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchaser”	:	the Gas Group
“RMB”	:	Renminbi, the lawful currency of the PRC
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Target”	:	Beijing Luyuanda CNG Company Limited* 北京綠源達壓縮天然氣有限公司, a company incorporated in the PRC with limited liability and its 98.73% and 1.27% equity interest are held by Beiran Enterprises and Design & Supervision Company respectively.
“Transfer Agreement”	:	an agreement dated 23 September 2011 entered into between the Purchaser and the Vendors, pursuant to which, the Purchaser has agreed to purchase and the Vendors have agreed to sell the Transferred Asset.
“Transferred Asset”	:	the entire equity interest in the Target
“Vendors”	:	Beiran Enterprises and Design & Supervision Company
“%”	:	per cent

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

Hong Kong, 23 September 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong, Mr. Zhang Honghai, Mr. Lin Fusheng, Mr. Li Fucheng, 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.

Unless otherwise specified, the HK dollar amounts shown in this announcement have been translated at an exchange rate of HK\$1.00 = RMB0.8195 for reference purposes only.

** For identification purposes only*