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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)

Provision of Guarantee

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Company announces that on 29 May 2012, the Company entered into the Guarantee in favour of DBS pursuant to which the Company agreed to provide a guarantee in respect of the Loan Facility to be provided by DBS to Tenson under the Loan Agreement for a period of 26 months commencing from 29 May 2012.

On the same date, the Company and Tenson entered into the Share Mortgage whereby Tenson has agreed to charge the Mortgaged Shares beneficially owned by Tenson in favour of the Company as security for the provision of the Guarantee. Pursuant to the Share Mortgage, Tenson shall pay to the Company a non-refundable guarantee fee of HK\$900,000 within 15 days from the date of the Guarantee.

As at the date of this announcement, BE Water is approximately 44.11% owned by the Company and is accounted for as an associate of the Company. Tenson, which beneficially owns approximately 9.91% equity interest of BE Water, is owned as to approximately 52.62% by Mr. Hu Xiaoyong, as to approximately 44.93% by Mr. Zhou Min and as to approximately 2.45% by Mr. Hou Feng, all being executive directors of BE Water.

Mr. Hu Xiaoyong, Mr. Zhou Min, Mr. Hou Feng and Tenson are all connected persons of BE Water, but they are not connected persons of the Company. Under Chapter 14A of the Listing Rules, the Guarantee and the Share Mortgage do not constitute connected transactions of the Company. Under Chapter 14 of the Listing Rules, as the applicable percentage ratios are less than 5%, the Guarantee and the Share Mortgage do not constitute notifiable transactions of the Company. The Board wishes to make a disclosure in this regard to inform the shareholders of the Company of the relevant details.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

GUARANTEE

The Company announces that on 29 May 2012, the Company entered into the Guarantee in favour of DBS pursuant to which the Company agreed to provide a guarantee in respect of the Loan Facility to be provided by DBS to Tenson under the Loan Agreement for a period of 26 months commencing from 29 May 2012.

The scope of the Guarantee encompasses all and any sums (whether principal, interest, fees or otherwise) which may become payable by Tenson under the Loan Agreement and all other monies agreed to be paid under the Guarantee.

SHARE MORTGAGE

On the same date, the Company and Tenson entered into the Share Mortgage whereby Tenson has agreed to charge the Mortgaged Shares beneficially owned by Tenson in favour of the Company as security for the provision of the Guarantee. Pursuant to the Share Mortgage, Tenson shall pay to the Company a non-refundable guarantee fee of HK\$900,000 within 15 days from the date of the Guarantee.

REASONS FOR AND THE BENEFITS OF THE GUARANTEE AND THE SHARE CHARGE AGREEMENT

All the existing shareholders of Tenson, namely Mr. Hu Xiaoyong, Mr. Zhou Min and Mr. Hou Feng, are executives directors and core board members of BE Water. They possess extensive experiences in water supply and sewage treatment services in the PRC and are identified as strategic partners of BE Water. They are indispensable to BE Water's future

business operation. BE Water's future development will rely on their contributions. The Board considers that the provision of the Guarantee (which is properly secured) shall allow Tenson to further obtain bank facilities within a short period and maintain its shareholding in BE Water. Thus, Mr. Hu Xiaoyong, Mr. Zhou Min and Mr. Hou Feng will endeavour to continue their contributions towards BE Water, which will indirectly benefit the Company as it currently owns approximately 44.11% equity interest in BE Water. In addition, the Share Mortgage can safeguard the interests of the Company against the potential obligations of the Company arising from the Guarantee.

The Directors (including the independent non-executive Directors), having considered the terms and conditions of the Guarantee and the Share Mortgage, are of the view that the terms and conditions of the Guarantee and the Share Mortgage are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BE Water is approximately 44.11% owned by the Company and is accounted for as an associate of the Company. Tenson, which beneficially owns approximately 9.91% equity interest of BE Water, is owned as to approximately 52.62% by Mr. Hu Xiaoyong, as to approximately 44.93% by Mr. Zhou Min and as to approximately 2.45% by Mr. Hou Feng, all being executive directors of BE Water.

Mr. Hu Xiaoyong, Mr. Zhou Min, Mr. Hou Feng and Tenson are all connected persons of BE Water, but they are not connected persons of the Company. Under Chapter 14A of the Listing Rules, the Guarantee and the Share Mortgage do not constitute connected transactions of the Company. Under Chapter 14 of the Listing Rules, as the applicable percentage ratios are less than 5%, the Guarantee and the Share Mortgage do not constitute notifiable transactions of the Company. The Board wishes to make a disclosure in this regard to inform the shareholders of the Company of the relevant details.

GENERAL INFORMATION

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

BE Water is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 371). BE Water and its subsidiaries are 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 are related to sewage treatment in the PRC.

Tenson is a company incorporated in the British Virgin Islands with limited liability. Its principal business is investment holding.

DEFINITIONS

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

"BE Water"	:	Beijing Enterprises Water Group 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: 371).
"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 main board of the Stock Exchange (stock code: 392).
"connected person(s)"	:	has the meaning ascribed to it under the Listing Rules
"DBS"	:	DBS Bank Ltd., Hong Kong Branch
"Directors"	:	the directors of the Company
"Group"	:	the Company and its subsidiaries

"Guarantee"	:	the guarantee entered into by the Company on 29 May 2012 in favour of DBS in respect of the Loan Facility
"HK\$"	:	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	:	the Hong Kong Special Administrative Region of the PRC
"Loan Agreement"	:	the loan agreement entered into by Tenson and DBS on 29 May 2012 whereby DBS shall provide the Loan Facility to Tenson for a term of two years on and subject to the terms and conditions therein contained
"Loan Facility"	:	the term loan facility of up to a principal amount of HK\$450 million granted to Tenson by DBS on and subject to the terms and conditions of the Loan Agreement
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"Mortgaged Shares"	:	400 million ordinary shares of BE Water beneficially owned by Tenson, representing approximately 9.91% equity interest of BE Water as at the date of this announcement
"PRC"	:	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Share Mortgage"	:	the share mortgage entered into by Tenson and the Company on 29 May 2012 whereby Tenson agreed to, inter alia, mortgage the Mortgaged Shares to the Company as security for the provision of the Guarantee
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Tenson"	:	Tenson Investment Limited
"%"	:	per cent

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

Hong Kong, 29 May 2012

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