

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 under the Companies Ordinance)
(website: www.behl.com.hk)
(Stock Code: 392)

Connected Transaction

Proposed Establishment of a Finance Company

The Company announces that the Company's indirect wholly-owned subsidiary Beijing Gas, the Company's indirect non wholly-owned subsidiary Yanjing Beer and the Company's ultimate controlling shareholder BE Group have agreed to enter into the Investment Agreement pursuant to which the three parties have proposed to collaborate in establishing BE Group Finance. The proposed registered capital of BE Group Finance is RMB 800 million (equivalent to approximately HK\$979 million), out of which Beijing Gas has undertaken to invest RMB312 million (equivalent to approximately HK\$382 million) (representing 39% of the registered capital of BE Group Finance); Yanjing Beer has undertaken to invest RMB160 million (equivalent to approximately HK\$196 million) (representing 20% of the registered capital of BE Group Finance); and BE Group has undertaken to invest RMB328 million (equivalent to approximately HK\$401 million) (representing 41% of the registered capital of BE Group Finance).

As at the date of this announcement, the Company indirectly holds all equity interest in BE Gas and indirectly holds 80% equity interest in Beijing Yanjing Brewery Investment Co., Ltd.* (北京燕京啤酒投資有限公司), while the latter directly holds approximately 57.48% equity interest in Yanjing Beer. Beijing Gas and Yanjing Beer are both subsidiaries of the Company. BE Group is the ultimate controlling shareholder of the Company and is regarded as a connected person of the Company. Accordingly, the proposed collaboration of Beijing Gas, Yanjing Beer and BE Group in establishing BE Group Finance constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Investment Agreement are more than 0.1% but less than 5%, such transaction is only subject to the reporting and announcement requirements set out in Rules 14A.16(2) of the Listing Rules and is exempt from the independent shareholders' approval requirement. The transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

PROPOSED INVESTMENT AGREEMENT

Date : To be confirmed

Parties : Beijing Gas
Yanjing Beer
BE Group

The finance company proposed to establish: BE Group Finance with a proposed registered capital of RMB 800 million (equivalent to approximately HK\$979 million). Place of incorporation: PRC.

Equity Interest:	<i>Parties</i>	<i>Undertake to Invest</i>	<i>Percentage of the investment contribution and equity interest</i>
	Beijing Gas	RMB312 million	39%
	Yanjing Beer	RMB160 million	20%
	BE Group	RMB328 million	41%
	Total	RMB800 million	100%

Scope of Business

BE Group Finance intends to carry out all or some of the following businesses:

1. arrangement of financial and financing advice, credit authentication and relevant consulting and agency services for member companies;
2. collection and payment of transaction money for member companies;
3. approved insurance agency business;
4. provision of guarantees for member companies;
5. trust loan and trust investment services among member companies;
6. acceptance of bills and discounted notes for member companies;;
7. money transfer and settlement and relevant settlement and clearance arrangement among member companies;
8. acceptance of money deposit from member companies;
9. arrangement of lending and finance lease for member companies;
10. interbank market; and
11. other businesses as approved by CBRC.

The actual business scope of BE Group Finance will be subject to the final approval by CRBC.

Conditions Precedent

As the establishment of BE Group Finance is subject to the approval of CBRC, the Investment Agreement has been make conditional, inter alia, on approval by CRBC for the establishment of BE Group Finance after it is signed.

Completion

Completion is to take place after all the conditions precedent have been satisfied. Beijing Gas and Yanjing Beer will invest by way of cash from their internal resources.

Upon receipt from CBRC the approval for the establishment of BE Group Finance, the Company will make further announcement in accordance with the requirement of the Listing Rules.

REASONS FOR AND THE BENEFITS OF ESTABLISHING A FINANCE COMPANY

As a financial services institute, BE Group Finance can act as a platform for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc. Through adjusting intra-group capital surplus and shortage, deploying funds on investments or re-financing, BE Group Finance will facilitate intra-group transfer of capital in a low risk and legitimate way. The dependence of the Group on external borrowings will diminish in general, its financing cost will decrease, its capital efficiency will be improved and its ability to resist capital risk will be strengthened.

The Directors (including the independent non-executive Directors), having considered the terms and conditions of the Investment Agreement, are of the view that the terms and conditions of the Investment Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the transaction under the Investment Agreement or, is required to abstain from voting on the board resolution for considering and approving such transaction.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company indirectly holds all equity interest in BE Gas and indirectly holds 80% equity interest in Beijing Yanjing Brewery Investment Co., Ltd.* (北京燕京啤酒投資有限公司), while the latter directly holds approximately 57.48% equity interest in Yanjing Beer. Beijing Gas and Yanjing Beer are both subsidiaries of the Company. BE Group is the ultimate controlling shareholder of the Company and is regarded as a connected person of the Company. Accordingly, the proposed collaboration of Beijing Gas, Yanjing Beer and BE Group in establishing BE Group Finance constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Investment Agreement are more than 0.1% but less than 5%, such transaction is only subject to the reporting and announcement requirements set out in Rules 14A.16(2) of the Listing Rules and is exempt from the independent shareholders' approval requirement. The transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

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.

Beijing Gas is a company incorporated in the PRC with limited liability. Beijing Gas is principally engaged in supplying and sale of piped natural gas and related businesses in Beijing.

Yanjing Beer is a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000729). Yanjing Beer is principally engaged in beer brewing and production of beverages including mineral water, etc and sales of related products.

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.
- "BE Group Finance" : Beijing Enterprises Group Finance Co., Ltd., a company proposed to be incorporated in the PRC pursuant to the Investment Agreement. Its establishment has been make conditional, *inter alia*, on approval by CRBC.
- "Beijing Gas" : 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.

"Board"	:	the board of Directors
" CRBC"	:	China Banking Regulatory Commission
"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
"Directors"	:	the directors 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
"Investment Agreement"	:	the Investment Agreement that Beijing Gas, Yanjing Beer and BE Group have agreed to enter into whereby the three parties have conditionally agreed to establish BE Group Finance
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"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

"Stock Exchange" : The Stock Exchange of Hong Kong Limited

"Yanjing Beer" : Beijing Yanjing Brewery Co., Ltd. (北京燕京啤酒股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000729).

"%" : per cent

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

Hong Kong, 9 August 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.

Unless otherwise specified, the HK dollar amounts shown in this announcement have been translated at an exchange rate of HK\$1.00 = RMB0.817 for reference purposes only.

* For identification purposes only