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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or professional adviser.

If you have sold or transferred all your shares in Beijing Enterprises Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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*

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from Gram Capital is set out on pages 15 to 23 of this circular.

A notice convening an EGM of the Company to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 15 January 2016 at 3:00 p.m. is set out on pages 32 and 33 of this circular.

A form of proxy for the EGM is enclosed. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjourned meeting thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or at any adjourned meeting thereof) should you so wish.

28 December 2015

* For identification purposes only

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Announcements”	the announcements of the Company dated 30 March 2015 and 28 August 2015
“associate”	has the meaning ascribed thereto under the Listing Rules
“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
“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 person”	has the meanings ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“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
“Directors”	the directors 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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

DEFINITIONS

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect 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
“Latest Practicable Date”	22 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information set out in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC 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 Keqi Coal-based Gas Company owned by the Vendor as at the Latest Practicable Date

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	shares of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“%”	percentage

* *For identification purposes only*

LETTER FROM THE BOARD



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

Executive Directors:

Mr. Wang Dong (*Chairman*)
Mr. Hou Zibo
Mr. Zhou Si
Mr. Li Fucheng
Mr. Li Yongcheng
Mr. E Meng
Mr. Jiang Xinhao
Mr. Tam Chun Fai

Registered Office:

66th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Independent Non-Executive Directors:

Mr. Wu Jiesi
Mr. Lam Hoi Ham
Mr. Fu Tingmei
Mr. Sze Chi Ching
Mr. Shi Hanmin
Dr. Yu Sun Say

28 December 2015

To the Shareholders,

Dear Sir or Madam,

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

INTRODUCTION

References are made to the Announcements. 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.

* *For identification purposes only*

LETTER FROM THE BOARD

This circular provides you with, among other things, (i) further details of the Disposal; (ii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; (iii) the recommendation from the Independent Board Committee; (iv) a notice for convening the EGM; and (v) other information as required by the Listing Rules.

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 Latest Practicable Date, 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 is 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.

LETTER FROM THE BOARD

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. 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. 34% of the net asset value (reflecting 34% of the Company's equity interest in Keqi Coal-based Gas Company) represents roughly RMB1,745 million, therefore there is no significant discount or deviation from the net asset value.

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.

LETTER FROM THE BOARD

- (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. The Company considers that the substance of the Disposal Agreement would not be affected if condition precedent (3) above is waived. As at the Latest Practicable Date, none of the Conditions Precedent set out above have been satisfied.

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.

LETTER FROM THE BOARD

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 (the “**Project**”) located in Kesheketeng Qi, Chifeng City, Inner Mongolia, the PRC.

The Project involves the production of 4,000,000,000 cubic meters of natural gas and other by-products per annum in Kesheketeng Qi, Inner Mongolia. The Project is divided into three phases, with each phase expected to produce 1,330,000,000 cubic meters per year.

As at the latest practicable date:

- the first phase of the Project (“**Phase I**”) has already entered into production;
- the second phase of the Project (“**Phase II**”) is under construction and is about 90% complete; and
- the third phase of the Project (“**Phase III**”) is at the basic design stage and is preparing for equipment tendering.

In 2015, (i) the construction of the infrastructure of Phase I has been completed and safety, environmental and regulatory improvement modifications have been carried out, and (ii) the developments of the evaporation pond, air separation and gasification facilities in Phase II have been completed, and various equipment in Phase II have been modified in accordance to the actual operation conditions of Phase I.

As at 31 December 2014, capital expenditure of approximately RMB24,730,000,000 has been committed, of which RMB22,517,000,000 has been funded.

Since the commencement of production in July 2012 until July 2015, Phase I has produced approximately 734,000,000 cubic meters of natural gas, achieving a revenue of RMB1,781,600,000.

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.

LETTER FROM THE BOARD

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
	(RMB'000)	(RMB'000)
Net loss before taxation	(296)	(132,588)
Net loss after taxation	(296)	(132,564)

Note: Proceeds from sale of gas produced were not taken up as revenue but offset against costs and expenses and capitalised in the financial statements when the project is still under trial operations.

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 expects to record an insignificant 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 Gram Capital) 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.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

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.

Other than the above, no other Shareholder has material interests in the above transaction and will abstain from voting at the EGM. None of the Directors has a material interest in the transactions in relation to the Disposal, and therefore none of them has abstained from voting on the resolutions approving the Disposal in accordance with the Listing Rules.

EGM

Set out on pages 32 and 33 is a notice convening the EGM to be held at 66/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 15 January 2016 at 3:00 p.m. at which relevant resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

BE Group, will together with its associates, abstain from voting at the EGM to be convened to, among other things, consider the Disposal Agreement and the Disposal. As at the Latest Practicable Date, BE Group is deemed to be interested in 779,967,788 Shares, representing approximately 60.80% of the issued share capital of the Company.

LETTER FROM THE BOARD

BE Group (including its associates) controls or is entitled to control over the entire voting rights in respect of its Shares. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon BE Group (including its associates); and (ii) no obligation or entitlement of BE Group (including its associates) as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders in relation to the Disposal.

Your attention is also drawn to the letter from Gram Capital, for incorporation into this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders as regards the Disposal and the principal factors and reasons considered by it.

The Directors (including the independent non-executive Directors whose views have been set out in the Letter from the Independent Board Committee on pages 13 to 14 of this Circular after taking into account the advice of Gram Capital) consider that the Disposal Agreement is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to support and vote in favour of, any resolution for approving the Disposal Agreement and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional general information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Beijing Enterprises Holdings Limited
Zhou Si
Vice Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

28 December 2015

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 28 December 2015 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Disposal Agreement and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Disposal Agreement and the transactions contemplated thereunder as set out in the Circular. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 12 of this Circular and the text of a letter from Gram Capital, as set out on pages 15 to 23 of this Circular, both of which provide details of the Disposal Agreement and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendix to the Circular.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Disposal Agreement and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and it is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution for approving the Disposal Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,

For and on behalf of

**The Independent Board Committee of
Beijing Enterprises Holdings Limited**

Wu Jiesi

Independent Non-executive Director

Lam Hoi Ham

Independent Non-executive Director

Fu Tingmei

Independent Non-executive Director

Sze Chi Ching

Independent Non-executive Director

Shi Hanmin

Independent Non-executive Director

Yu Sun Say

Independent Non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 December 2015

*To: The independent board committee and the independent shareholders of
Beijing Enterprises Holdings Limited*

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 28 December 2015 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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, the Vendor agreed to dispose of the Sale Interest at a total consideration of RMB1,700,000,000 (the “**Consideration**”). After Completion, Keqi Coal-based Gas Company will cease to be the Company’s associated company.

With reference to the Board Letter, the Disposal constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively. As such, the Disposal is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

* *For identification purposes only*

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the circular dated 23 April 2015 in respect of the very substantial acquisition and connected transaction for Beijing Development (Hong Kong) Limited (Stock code: 154), being a subsidiary of the Company. Notwithstanding the aforesaid past engagement, as the independent financial adviser of Beijing Development (Hong Kong) Limited as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the

LETTER FROM GRAM CAPITAL

opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Disposal. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendor, the Purchaser, Keqi Coal-based Gas Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Disposal

Business overview of the Group

With reference to the Board Letter, the Group is principally engaged in natural gas operations, brewery operations, sewage and water treatment operations, and solid waste treatment operations in the PRC.

Set out below are the consolidated financial results of the Group for the six months ended 30 June 2015 and each of the two years ended 31 December 2014 as extracted from the Company's interim report for the six months ended 30 June 2015 and annual report for the year ended 31 December 2014 (the "Annual Report"):

	For the six months ended 30 June 2015 HK\$'000	For the year ended 31 December 2014 HK\$'000	For the year ended 31 December 2013 HK\$'000	Year on year change %
Revenue	29,308,938	47,935,795	42,360,528	13.16
Profit for the period/year	3,592,057	5,405,647	4,755,455	13.67

The Group recorded an increase in both revenue and profit for the year ended 31 December 2014. With reference to the Annual Report, the increase in revenue for 2014 was mainly driven by the stable growth of Beijing Gas Group Company Limited's revenue.

In respect of natural gas distribution business, Beijing Gas Group Company Limited will continue to actively implement the clean air action plan to expand its development, among other things, (i) to strengthen the coal-to-gas conversion works for boilers; (ii) to tap the potential of original subscribers through various methods; (iii) to coordinate with relevant government departments to implement the relevant policies and subsidies and promote the clean energy reconstruction works for coal-fired boilers in rural areas of sub-urban regions and counties in an all-round manner;

LETTER FROM GRAM CAPITAL

and (iv) to progressively follow up the upgrade work of taxi and public buses by the municipal government in 2015 to ensure meeting the target performance of developing natural gas vehicles during 2015.

In respect of beer business, in the second half of 2015, Beijing Yanjing Brewery Co., Ltd. will seize the golden season of beer production and distribution firmly to strive for the faster growth in sales volume during peak season.

In respect of sewage and water treatment operations, Beijing Enterprises Water Group Limited will continue consolidating the two core businesses of urban traditional water and water environment renovation, actively explore new business model and seek new profit driver in emerging business.

In respect of solid waste treatment business, Beijing Development (Hong Kong) Limited and Beijing Enterprises Holdings Environment Technology Co., Ltd will intensify the cooperation mechanism and innovative business model to build up brand advantages rapidly in regional market competition.

Information on Keqi Coal-based Gas Company

As referred to in the Board Letter, 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 (the “**Project**”) located in Kesheketeng Qi, Chifeng City, Inner Mongolia, the PRC.

The Project was approved by the National Development and Reform Commission (the “**NDRC**”) on 20 August 2009, being the first large-scale coal-based natural gas pilot project approved by the NDRC. The Project would be constructed in three series, which was expected to be completed in 2014, with an annual production capacity of 4 billion cubic meters of natural gas (the “**Planned Production Capacity**”) upon full completion of the construction of the Project. Currently, only Series 1 of the Project was completed and the current annual production output of trial production is less than 0.5 billion cubic meters of natural gas. As confirmed by the Directors, as at the Latest Practicable Date, Keqi Coal-based Gas Company has not commenced its commercial production (only trial production has been commenced since July 2012). Detailed status of construction of the Project is set out under section headed “Information about the Group and other parties” of the Board Letter.

LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial results of Keqi Coal-based Gas Company for each of the two years ended 31 December 2014:

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000
Net loss before taxation	(296)	(132,588)
Net loss after taxation	(296)	(132,564)

Note: Proceeds from sale of gas produced were not taken up as revenue but offset against costs and expenses and capitalised in the financial statements when the project is still under trial operations.

With reference to the Board Letter, as at 31 December 2014, based on Keqi Coal-based Gas Company's 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. As advised by the Directors, Keqi Coal-based Gas Company has not recorded any profit since the commencement of its trial operations in 2012.

Reasons for the Disposal

With reference to the Board Letter and as advised by the Directors, during the years of development and trial 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 downstream distribution projects and liquefied natural gas trading and storage business, 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 expects to record an insignificant loss from the Disposal.

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

LETTER FROM GRAM CAPITAL

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.

As mentioned above, only Series 1 of the Project was completed and the current trial production output is less than 0.5 billion cubic meters of natural gas, which is substantially lower than the Planned Production Capacity. As advised by the Directors, a substantial amount of fund will be required to be contributed from the shareholders of Keqi Coal-based Gas Company for further construction, development and operation of Series 2 and 3 of the Project.

Having considered the following factors:

- (i) the unsatisfactory financial performance of Keqi Coal-based Gas Company;
- (ii) the construction of Keqi Coal-based Gas Company's facilities has been lagging behind schedule;
- (iii) the current trial production output of Keqi Coal-based Gas Company is substantially lower than the Planned Production Capacity;
- (iv) substantial amount of fund will be required to be contributed from the shareholders of Keqi Coal-based Gas Company for further construction, development and operation of Series 2 and 3 of the Project; and
- (v) the Disposal will enable the Group to focus on downstream distribution projects and liquefied natural gas trading and storage business,

we concur with the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAM CAPITAL

2. Principal terms of the Disposal Agreement

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, the Vendor agreed to dispose of the Sale Interest at a total consideration of RMB1,700,000,000.

The Consideration

As confirmed by the Directors, the Consideration 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. We noted that the Consideration represents a slight discount to "34% of the net asset value of Keqi Coal-based Gas Company as at 31 December 2014 (i.e. RMB5,131,451,000 x 34% = RMB1,744,693,340)".

We noted that commonly adopted price assessment analysis in the market include the dividend yield analysis as well as the trading multiples analysis. Nevertheless, the aforesaid analysis are considered to be impracticable in assessing the fairness and reasonableness of the Consideration for the below reasons.

Dividend yield analysis

Since Keqi Coal-based Gas Company had not declared any dividend since its establishment, there is no basis to assess the Consideration based on the historical dividend yield of Keqi Coal-based Gas Company.

Trading multiples analysis

We have searched for (i) listed companies which are engaged in similar line of business as Keqi Coal-based Gas Company, being planning, constructing and operating its coal-based gas project in Hong Kong and the PRC, and derive a majority of their turnover from such business based on their respective latest published financial information; and (ii) acquisition/disposal of company which engages in similar line of business as Keqi Coal-based Gas Company in 2015 by listed companies in Hong Kong ("**Possible Comparable Transaction**"). To the best of our knowledge and endeavour, there is no Hong Kong/PRC listed company which meets the said criteria and we could not identify any Possible Comparable Transaction.

LETTER FROM GRAM CAPITAL

In light of that (i) the Consideration represents a slight discount to “34% of the net asset value of Keqi Coal-based Gas Company as at 31 December 2014”; (ii) based on the Consideration, the Group presently expects to record an insignificant loss from the Disposal; (iii) the financial performance of Keqi Coal-based Gas Company is unsatisfactory; (iv) that the construction of Keqi Coal-based Gas Company’s facilities has been lagging behind schedule; and (v) that the current trial production output of Keqi Coal-based Gas Company is substantially lower than the Planned Production Capacity, we are of the view that the Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible financial effects of the Disposal

As confirmed by the Directors, after the completion of the Disposal, Keqi Coal-based Gas Company will cease to be the Company’s associated company. Based on the consideration receivable by the Vendor arising from the Disposal, the Group presently expects to record an insignificant loss from the Disposal.

Given that the Company intends to apply the net proceeds from the Disposal for general working capital of the Group, the Directors expected that the working capital position of the Group would improve after completion of the Disposal.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal is in the interests of the Company and the Shareholders as a whole even though it is not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Directors and the chief executive of the Company**

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares of the Company:

Name of Director	Number of ordinary shares held	Percentage of the Company's issued share capital
Zhou Si	210,500	0.016
Li Fucheng	12,000	0.001
E Meng	30,000	0.002
Jiang Xinhao	20,000	0.002
Tam Chun Fai	2,000	0.000

(b) Long positions in ordinary shares of associated corporations:

Name of Director	Name of associated corporation	Number of ordinary shares directly beneficially	Percentage of the associated corporations' issued share capital
Li Fucheng	Beijing Yanjing Brewery Company Limited [®]	82,506	0.003
E Meng	Beijing Development (Hong Kong) Limited ("Beijing Development") [®]	601,000	0.040
Tam Chun Fai	Beijing Development [®]	50,000	0.003
Yu Sun Say	Beijing Enterprises Water Group Limited [®]	100,000	0.001

[®] All interests in these associated corporations owned by the Company are indirectly held.

(c) Long positions in underlying shares of associated corporations:

Long positions in share options in Beijing Properties (Holdings) Limited:

Name of Director	Number of share options directly beneficially owned						Total
	Note (a)	Note (b)	Note (c)	Note (d)	Note (e)	Note (f)	
Zhou Si	7,000,000	5,000,000	12,000,000	–	–	–	24,000,000
E Meng	5,000,000	3,600,000	–	–	–	–	8,600,000
Jiang Xinhao	5,000,000	3,300,000	6,000,000	4,000,000	2,000,000	3,000,000	23,300,000

Long positions in share options in Beijing Development[®] (a subsidiary of the Company):

Name of Director	Number of share options directly beneficially owned	
	Note (g)	Total
E Meng	6,770,000	6,770,000

Long positions in share options in China Gas Holdings Limited[®]:

Name of Director	Number of share options directly beneficially owned		Total
	Note (h)	Note (i)	
Zhou Si	4,000,000	–	4,000,000
Jiang Xinhao	–	800,000	800,000

Notes:

- (a) These share options were granted on 28 October 2011 at an exercise price of HK\$0.465 per share. These share options may be exercised at any time commencing on 28 October 2011, and if not otherwise exercised, will lapse on 27 October 2021.
- (b) These share options were granted on 1 June 2012 at an exercise price of HK\$0.41 per share. These share options may be exercised at any time commencing on 1 June 2012, and if not otherwise exercised, will lapse on 31 May 2022.
- (c) These share options were granted on 24 May 2013 at an exercise price of HK\$0.574 per share. These share options may be exercised at any time commencing on 24 May 2013, and if not otherwise exercised, will lapse on 23 May 2023.
- (d) These share options were granted on 31 March 2014 at an exercise price of HK\$0.940 per share. These share options may be exercised at any time commencing on 31 March 2014, and if not otherwise exercised, will lapse on 30 March 2024.

- (e) These share options were granted on 28 August 2014 at an exercise price of HK\$0.750 per share. These share options may be exercised at any time commencing on 28 August 2014, and if not otherwise exercised, will lapse on 27 August 2024.
- (f) These share options were granted on 8 April 2015 at an exercise price of HK\$0.720 per share. These share options may be exercised at any time commencing on 8 April 2015, and if not otherwise exercised, will lapse on 7 April 2025.
- (g) These share options were granted on 21 June 2011 at an exercise price of HK\$1.25 per ordinary share. These share options may be exercised at any time commencing on 21 June 2011, and if not otherwise exercised, will lapse on 20 June 2021.
- (h) These share options were granted on 16 April 2014 at an exercise price of HK\$12.40 per share. These share options may be exercised at any time commencing on 16 April 2017, and if not otherwise exercised, will lapse on 15 April 2019.
- (i) These share options were granted on 25 June 2015 at an exercise price of HK\$13.84 per share. These share options may be exercised at any time commencing on 16 April 2017, and if not otherwise exercised, will lapse on 15 April 2019.

® *All interests in these associated corporations are indirectly held by the Company.*

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions:

Name	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Others	Total	
Modern Orient Limited	100,050,000	–	100,050,000	7.80
Beijing Enterprises Investments Limited (“BEIL”)	163,730,288	100,050,000 (a)	263,780,288	20.56
Beijing Enterprises Group (BVI) Company Limited (“BE Group BVI”)	516,187,500	263,780,288 (b)	779,967,788	60.80
BE Group	–	779,967,788 (c)	779,967,788	60.80

Notes:

- (a) The interest disclosed includes the shares owned by Modern Orient Limited. Modern Orient Limited is a wholly-owned subsidiary of BEIL. Accordingly, BEIL is deemed to be interested in the shares owned by Modern Orient Limited.
- (b) The interest disclosed includes the shares owned by BEIL and Modern Orient Limited. BEIL, the holding company of Modern Orient Limited, is held directly as to 72.72% by BE Group BVI. Accordingly, BE Group BVI is deemed to be interested in the shares owned by BEIL and Modern Orient Limited.
- (c) The interest disclosed includes the interest in shares held by BE Group BVI as detailed in note (b). BE Group BVI is a wholly-owned subsidiary of BE Group. Accordingly, BE Group is deemed to be interested in the shares held by BE Group BVI, BEIL and Modern Orient Limited.

Short Positions:

Name	Number of ordinary shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Others	Total	
Shine Power International Limited ("Shine Power")	40,000,000	–	40,000,000	3.12
BE Group BVI	–	40,000,000*	40,000,000	3.12
BE Group	–	40,000,000*	40,000,000	3.12

* *The interests disclosed include the shares owned by Shine Power. Shine Power is a direct wholly-owned subsidiary of BE Group BVI, and is also an indirect wholly-owned subsidiary of BE Group. Accordingly, each of BE Group BVI and BE Group is deemed to be interested in the shares owned by Shine Power.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or proposed Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' OTHER INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group and would require disclosure under Rule 8.10 of the Listing Rules.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has given opinion or advice which are contained in this in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

Gram Capital has confirmed that, as at the Latest Practicable Date:

- a) it did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- b) it did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to, or which are proposed to be acquired, or disposed of by, or leased to, any member of the Group since 31 December 2014 being the date to which the latest published audited financial statements of the Company were made up.

6. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up).

7. GENERAL

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in case of any inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following document is available for inspection during normal business hours at the registered office of the Company, which is located at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, from the date of this circular up to and including the date of the EGM (except Saturdays and Sundays and public holidays):

- (a) the Disposal Agreement;
- (b) the service contract referred to in the paragraph headed “4. Service Contract” in this appendix (if any);
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (d) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 23 of this circular;
- (e) the written consents referred to in the paragraph headed “Expert and consent” of this appendix; and
- (f) this circular.

NOTICE OF EGM



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Beijing Enterprises Holdings Limited (the “**Company**”) will be held at 66/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 15 January 2016 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) the entering into of the Disposal Agreement (as defined in the circular of the Company dated 28 December 2015), copies of which have been produced to the meeting and marked “A” and initiated by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, approved, authorised and ratified; and
- (B) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him in his absolute discretion to be incidental to, ancillary to or in connection with the matters contemplated in the Disposal Agreement and the transactions contemplated thereunder and the implementation thereof.”

Yours faithfully,

By order of the Board

Beijing Enterprises Holdings Limited

Zhou Si

Vice Chairman

Hong Kong, 28 December 2015

NOTICE OF EGM

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. In order to be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the meeting, from Wednesday, 13 January 2016 to Friday, 15 January 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 12 January 2016.

As at the date of this notice, 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.