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

If you have sold or transferred all your shares in Beijing Enterprises Holdings Limited, you should at once hand this circular to the purchaser or transferee or, to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(website: www.behl.com.hk)

(Stock Code: 392)

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF INNER MONGOLIA DATANG
INTERNATIONAL KEQI COAL-BASED GAS COMPANY LIMITED

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DEFINITIONS

In this circular, the following expressions have the following meaning unless the context requires otherwise:–

“Beijing Gas Group”	Beijing Gas Group Co., Ltd, a limited company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“CDC”	China Datang Corporation, a state-owned enterprise established under the laws of the PRC and a controlling shareholder of Datang Power
“Company”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited. Its principal business activity is utilities conglomerate with urban energy services.
“Datang Power”	Datang International Power Generation Co., Ltd., a sinoforeign joint stock limited company incorporated in the PRC on 13 December 1994, of which the H Shares are listed on The Stock Exchange of Hong Kong Limited and The London Stock Exchange Limited and the A Shares are listed on the Shanghai Stock Exchange
“Directors”	directors of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement entered into on 11 April 2008 by Datang Power, Beijing Gas Group, New Horizon Capital and CDC to establish the Keqi Coal-based Gas Company, for purpose of planning, constructing and operating the Keqi Coal-based Gas Project

DEFINITIONS

“Keqi Coal-based Gas Company”	Inner Mongolia Datang International Keqi Coal-based Gas Company Limited
“Keqi Coal-based Gas Project”	the coal conversion project involving the expected production of 4,000,000,000 cubic meters of natural gas and other by-products per annum in Kesheketeng Qi, Inner Mongolia
“Latest Practicable Date”	28th April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Horizon Capital”	新天域資本顧問有限公司(New Horizon Capital Advisors Limited), a fund company established in Hong Kong
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“%”	per cent

Note: Unless otherwise specified and for reference only, the conversion of Hong Kong dollars into Renminbi is based on the exchange rate of HK\$1 = RMB0.9 in this circular.

LETTER FROM THE BOARD



北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

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Executive Directors:

Mr. Yi Xi Qun (*Chairman*)
Mr. Zhang Hong Hai (*Vice Chairman and CEO*)
Mr. Li Fu Cheng (*Vice Chairman*)
Mr. Bai Jin Rong (*Vice Chairman*)
Mr. Zhou Si (*Vice Chairman*)
Mr. Liu Kai (*Vice President*)
Mr. Guo Pu Jin
Mr. E Meng (*Vice President*)
Mr. Lei Zhen Gang
Mr. Jiang Xin Hao (*Vice President*)
Mr. Tam Chun Fai

Registered Office:

Room 4301, 43rd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Independent Non-executive Directors:

Mr. Wu Jiesi
Mr. Robert A. Theleen
Mr. Lam Hoi Ham

5 May 2008

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF INNER MONGOLIA DATANG
INTERNATIONAL KEQI COAL-BASED GAS COMPANY LIMITED**

INTRODUCTION

Reference is made to the announcements of the Company dated 9 April 2008 and 14 April 2008. The Board announces that on 11 April 2008, Beijing Gas Group entered into the Investment Agreement with Datang Power, CDC and New Horizon Capital to establish the Keqi Coal-based Gas Company, for the purposes of planning, constructing and operating the Keqi Coal-based Gas Project. Datang Power, Beijing Gas Group, CDC and New Horizon Capital agreed to contribute to the establishment of Keqi Coal-based Gas Company in the proportion of 51%, 33%, 6% and 10%, respectively.

LETTER FROM THE BOARD

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the Investment Agreement constitutes a discloseable transaction for the Company for the purpose of Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further details regarding the Investment Agreement and other information as required under the Listing Rules.

INVESTMENT AGREEMENT

Date

11 April 2008

Parties

1. Datang Power,
2. Beijing Gas Group,
3. CDC, and
4. New Horizon Capital.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Datang Power, CDD and New Horizon Capital (and their ultimate beneficial owner) are third parties independent of the Company and connected persons of the Company.

Terms of the Investment Agreement

Pursuant to the Investment Agreement, Datang Power, Beijing Gas Group, CDC and New Horizon Capital agreed to contribute in the establishment of Keqi Coal-based Gas Company in the proportion of 51%, 33%, 6% and 10% respectively, for the purposes of planning, constructing and operating the Keqi Coal-based Gas Project.

Subject to government approval, the total investment of Keqi Coal-based Gas Project is approximately RMB18,780,000,000 (equivalent to approximately HK\$20,867,000,000) which is determined by reference to a feasibility report. The initial registered capital of Keqi Coal-based Gas Company payable in cash is RMB100,000,000 (equivalent to approximately HK\$111,111,111). The ultimate registered capital of Keqi Coal-based Gas Company is approximately 30% of the total investment of the project, which is approximately RMB5,634,000,000 (equivalent to approximately HK\$6,260,000,000).

LETTER FROM THE BOARD

The total capital commitment of Beijing Gas Group will be RMB6,197,400,000 (equivalent to approximately HK\$6,886,000,000) (i.e. 33% of the total investment amount of RMB18,780,000,000) including RMB1,859,220,000 being our proportion of 33% of the ultimate registered capital of Keqi Coal-based Gas Company to be contributed by Beijing Gas Group upon the establishment of Keqi Coal-based Gas Company. Beijing Gas Group's contribution to the registered capital of Keqi Coal-based Gas Company will be funded by internal resources.

As at the Latest Practicable Date, the respective parties have not contributed any registered capital to Keqi Coal-based Gas Company. The parties agree that they will increase the registered capital of Keqi Coal-based Gas Company in stages based on the construction progress of the Keqi Coal-based Gas Project in the same proportion as their respective contributions to the aforesaid initial registered capital of Keqi Coal-based Gas Company.

All funds required for the construction of the Keqi Coal-based Gas Project will be funded by the registered capital of Keqi Coal-based Gas Company and financing resources in the PRC (i.e. loans from banks). The respective parties agree to, if necessary, provide guarantees to Keqi Coal-based Gas Company's financing in proportion to their respective capital contributions. In the event of any further capital injections or other guarantees against borrowings required upon Beijing Gas Group, the Company will comply with the relevant requirements under the Listing Rules if and when necessary.

The term of operation of Keqi Coal-based Gas Company shall be 30 years from the date of issuance of the relevant business license.

Information of Keqi Coal-based Gas Project

Pursuant to the Investment Agreement, Keqi Coal-based Gas Company, upon its establishment, will plan, construct and operate the Keqi Coal-based Gas Project, which is located in Kesheketeng Qi, Chifeng City, Inner Mongolia. Keqi Coal-based Gas Project, will use the brown coal from the Shengli Coalfield which is 5 km from the northwest of Xilinhaote, Inner Mongolia, as raw materials and fuels, and apply developed and reliable gasification technology. Natural gas, the principal product, will be transmitted by a longdistance pipeline covering 440 km in total which runs from the project site (Kesheketeng Qi destination) to the final destination in Miyun, Beijing, the PRC. The final size of the Keqi Coal-based Gas Project is subject to the approval by the relevant government authorities of the PRC. The Keqi Coal-based Gas Project will be constructed in three stages. The whole project is expected to be completed by 2012 and is expected to produce 4,000,000,000 cubic meters of natural gas and other by-products per annum upon commencement of production. Keqi Coal-based Gas Company will become an associate of the Company upon its establishment.

LETTER FROM THE BOARD

Information of the parties

Datang Power is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, and the repair, testing and maintenance of power equipment and power related technical services, with its main service areas in the PRC.

CDC is a state-owned enterprise and its main scope of operations are the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales, power technology development and consultation.

New Horizon Capital is a fund company set up in May 2007 in Hong Kong. The investors of the fund comprise more than 20 internationally-renowned institutions. The fund size is US\$500,000,000. New Horizon Capital is a secondary fund under management by the team, investing largely in various industries such as manufacturing, new energy, consumables, biomedicines and automobile accessories and parts.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The Group has positioned itself as utilities conglomerate with urban energy services as its core business.

Beijing Gas Group's investment in and construction of Keqi Coal-based Gas Project will allow the Beijing Gas Group to diversify the source of gas supply to its distribution business in Beijing. The Keqi Coal-based Gas Project is located in an area with abundant coal resources which provides a reliable source of raw materials and fuels to the Keqi Coal-based Gas Project, and with abundant water resources and convenient transportation facilities which will help to lower the operation costs of the Keqi Coal-based Gas Project.

Moreover, the Keqi Coal-based Gas Project aims to supply gas largely to Beijing and to cities along the gas transmission pipeline upon its completion. The Company believes the Keqi Coal-based Gas Project, upon its completion, will benefit from the growing demand for natural gas as major clean energy source in Beijing and the cities along the gas transmission pipeline.

The Directors believe that entering into the Investment Agreement will further strengthen the midstream gas transmission business of Beijing Gas Group and contribute reasonable return to the Group. The Directors consider that the terms of the Investment Agreement were negotiated on an arm's length basis between Beijing Gas Group and the parties thereto and were determined on normal commercial terms. The Directors believe that the terms of Investment Agreement are fair and reasonable and in the best interest of the Shareholders as a whole.

Since the whole project is expected to be completed by 2012, the Investment Agreement has no material effect on the assets, liabilities and earnings of the Company.

LETTER FROM THE BOARD

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the Investment Agreement constitutes a discloseable transaction for the Company for the purpose of Chapter 14 of the Listing Rules.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Yi Xi Qun
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors and the chief executive of the Company

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

(a) Long positions in ordinary shares of the Company

Name of directors	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Yi Xi Qun	100,000 [#]	0.0009%
Mr. Li Fu Cheng	12,000 [#]	0.0011%
Mr. Bai Jin Rong	46,000 [#]	0.0040%
Mr. Liu Kai	6,000 [#]	0.0005%
Mr. E Meng	50,000 [#]	0.0044%
Mr. Jiang Xin Hao	60,000 [#]	0.0053%
Mr. Tam Chun Fai	10,000 [#]	0.0009%

[#] All interests disclosed are directly beneficially owned by the directors.

(b) Long positions in underlying shares of the Company

Name of directors	Number of share options held	Percentage of the Company's issued share capital
Mr. Yi Xi Qun	250,000	0.0220%
Mr. Bai Jin Rong	90,000	0.0079%
Mr. Zhou Si	300,000	0.0263%
Mr. Guo Pu Jin	60,000	0.0053%
Mr. Lei Zhen Gang	150,000	0.0132%
Mr. Jiang Xin Hao	110,000	0.0097%

Note:

These options were granted on 19 July 2006 at an exercise price of HK\$12.55 per share of the Company. The exercise price was determined based on the average closing price of the previous five trading days before the date of grant. The cash consideration paid by each director and employee for the options granted was HK\$1 per grant of options. The share options are exercisable at any time six months after date of grant. All share options, if not otherwise exercised, will lapse on 19 July 2011.

Each grant of the share options to executive directors has complied with the requirements of Rule 17.04 of the Listing Rules and was approved by the independent non-executive directors of the Company to whom share options have not been granted.

(c) Long positions in ordinary shares of associated corporations

Name of directors	Name of associated corporation	Number of ordinary shares held	Percentage of the associated corporation's issued share capital
Mr. Zhang Hong Hai	Beijing Development (Hong Kong) Limited ("Beijing Development") [@]	600,000 [#]	0.0878%
Mr. Li Fu Cheng	Beijing Yanjing Brewery Company Limited [@]	38,898 [#]	0.0035%
Mr. E Meng	Beijing Development [@]	601,000 [#]	0.0879%

[@] All interests in these associated corporations are indirectly held by the Company

[#] All interests disclosed are directly beneficially owned by the director

(d) Long positions in underlying shares of an associated corporation

Name of director	Name of associated corporation	Number of options
Mr. Zhang Hong Hai	Beijing Development [@]	3,400,000 (a)
Mr. Zhang Hong Hai	Beijing Development [@]	6,800,000 (b)
Mr. E Meng	Beijing Development [@]	4,500,000 (b)
Mr. E Meng	Beijing Development [@]	1,500,000 (c)
Mr. E Meng	China Information Technology Development Limited (“CIT Development”) [@]	32,400,000 (d)

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

Notes:

- (a) These share options were granted on 27 June 2006 at an exercise price of HK\$1.00* per ordinary share of Beijing Development. The share options are exercisable at any time commencing on 27 June 2006 and, if not otherwise exercised, will lapse on 17 June 2011.
- (b) These share options were granted on 30 October 2007 at an exercise price of HK\$4.03* per ordinary share of Beijing Development. The share options may be exercised in two equal portions. The first portion is exercisable at any time commencing on 1 May 2008, and the other portion is exercisable from 1 May 2009 and, if not otherwise exercised, will lapse on 17 June 2011.
- (c) These share options were granted on 4 February 2008 at an exercise price of HK\$3.17* per ordinary share of Beijing Development. The share options are exercisable at any time commencing on 1 May 2008, and, if not otherwise exercised, will lapse on 17 June 2011.
- (d) These share options were granted on 13 September 2007 at an exercise price of HK\$0.79* per ordinary share of CIT Development. The share options are exercisable at any time commencing on 13 March 2008 and, if not otherwise exercised, will lapse on 12 September 2012. The exercise of the options is subject to an annual cap of 25% of the share options granted. Subject to the approval of the share option committee and the remuneration committee of CIT Development, executive directors and independent non-executive directors of CIT Development are entitled to exercise all the share options within three months from the date of termination of their employment with CIT Development.
- * The exercise price of these share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the share capital of Beijing Development and CIT Development.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had or was deemed to have any interests and/or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (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/or short positions

which they were taken or deemed to have under such provisions of the SFO) or which required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

(e) Competing interests

Each of the Directors has confirmed that he/she and their respective associates (as defined under the Listing Rules) do not have any interests in a business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

(ii) Substantial Shareholders and other persons

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest and/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 5% 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, or in any options in respect of such capital:

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	8.78%
Beijing Enterprises Investments Limited ("BEIL")	163,751,109	100,050,000 (a)	263,801,109	23.16%
Beijing Enterprises Group (BVI) Company Limited ("BE Group BVI")	411,250,000	263,801,109 (b)	675,051,109	59.27%
北京控股集團有限公司 (Beijing Enterprises Group Company Limited ("Beijing Enterprises Group"))	–	675,051,109 (c)	675,051,109	59.27%
Deutsche Bank Aktiengesellschaft	61,232,981	71,680,671 (d)	132,913,652	11.67%

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 Beijing Enterprises Group. Accordingly, Beijing Enterprises Group is deemed to be interested in the shares held by BE Group BVI, BEIL and Modern Orient Limited.
- (d) The interest disclosed includes 1,424,000 shares held as an investment manager, 5,256,671 shares held as security interest in the shares and 65,000,000 shares as a trustee.

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	
BEIL	4,801,109	–	4,801,109	0.42%
BE Group BVI	–	4,801,109 (a)	4,801,109	0.42%
Beijing Enterprises Group	–	4,801,109 (b)	4,801,109	0.42%
Deutsche Bank Aktiengesellschaft	1,058,000	2,841,000 (c)	3,899,000	0.34%

Notes:

- (a) The interest disclosed includes the shares owned by BEIL. BE Group BVI, the immediate holding company of BEIL, is deemed to be interested in the shares owned by BEIL.
- (b) The interest disclosed includes the interest in shares held by BE Group BVI as detailed in note (a). BE Group BVI is a wholly-owned subsidiary of Beijing Enterprises Group. Accordingly, Beijing Enterprises Group is deemed to be interested in the shares held by BE Group BVI and BEIL.
- (c) Person having a security interest in the shares.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director, chief executive or any member of the Group) who, as at the Latest Practicable Date, had, or were deemed to have, interests or short position in the Shares and underlying shares of the Company 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 was, directly or indirectly, interested in 5% 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 or had any options in respect of such capital.

3. DIRECTORS' SERVICE CONTRACTS

Mr. Yi Xi Qun, the Chairman of the Company, has a service contract with the Company for a term of five years commencing on 1st June 2003 with an unexpired period of approximately 1 month as at the Latest Practicable Date. This service contract, which was entered into before 1st February 2004, is exempt from the shareholders' approval requirement under Rule 13.68 of the Listing Rules which has taken into effect since 1st February 2004.

Each of Messrs. Zhang Hong Hai (the Vice Chairman and CEO of the Company), Liu Kai and E Meng (both are Executive Directors and Vice Presidents of the Company) has a service contract with the Company for a term of three years commencing on 3rd December 2006, 16th January 2007 and 17th June 2005 respectively, with respective unexpired periods of approximately 19 months, 20 months and 2 months as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no other Directors had any existing or proposed service contracts with any member of the Group excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was a party to any legal proceedings or, claim which are of material importance. The Directors do not know of any legal proceedings or claims pending or threatened against the Company or any other member of the Group.

5. GENERAL

- (a) The registered office of the Company is situated at Room 4301, 43rd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The secretary and qualified accountant of the Company is Mr. Tam Chun Fai who is a member of the Hong Kong Institute of Certified Public Accountants and a regular member of the Chartered Financial Analyst Institute.
- (d) The English text of this circular shall prevail over the Chinese text.