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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](http://www.behl.com.hk))*

**(Stock Code: 392)**

**PLACING OF EXISTING SHARES AND  
SUBSCRIPTION FOR NEW SHARES AND  
RESUMPTION OF TRADING**

**Joint Placing Agents and Joint Bookrunners**

**Macquarie Securities**

**Goldman Sachs**

**Lehman Brothers**

On 20 September 2007, BEIL and the Company entered into the Placing Agreement with the Joint Placing Agents, pursuant to which the Joint Placing Agents have agreed to procure, on an underwritten basis Places to acquire, and BEIL, the substantial Shareholder, has agreed to sell 100,000,000 existing Shares at the Placing Price. On the same day, BEIL entered into a conditional Subscription Agreement with the Company for the subscription of 100,000,000 new Shares at the Subscription Price. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$36.36. Completion of the Subscription is conditional upon, (i) completion of the Placing and (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the new Shares to be issued under the Subscription.

The Placing Price was arrived at after arm's length negotiations between the Company, BEIL and the Joint Placing Agents. The Placing Price represents a discount of approximately 5.6% to the closing price per Share of HK\$39.30 on 19 September 2007 (the last trading day prior to suspension of trading in the Shares pending the release of this announcement); a premium of approximately 6.9% to the average closing price per Share of approximately HK\$34.72 as quoted on the Stock Exchange for the last 5 trading days up to and including 19 September 2007; a premium of approximately 9.5% to the average closing price per Share of approximately HK\$33.88 as quoted on the Stock Exchange for the last 10 trading days up to and including 19 September 2007. The Joint Placing Agents will receive a combined commission of 2%.

As at the date of this announcement, the Placing Shares represent approximately 9.63% of the existing issued share capital of the Company and approximately 8.78% of the issued share capital of the Company as enlarged by the Subscription. The Placing Shares will be placed to at least six Places in board lots of 2,000 Shares.

An application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription. The net proceeds from the Subscription are HK\$3,636 million, of which HK\$1,454 million will be used to fund the Group's natural gas business, HK\$1,455 million will be used to fund the Group's expressway projects and HK\$727 million will be used to fund the Group's water treatment-related projects.

As at the date of this announcement, a total of 100,000,000 existing Shares had been successfully placed out by the Joint Placing Agent at the Placing Price.

At the request of the Company, trading in the Shares has been suspended with effect from 9:33 a.m. on 20 September 2007 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 21 September 2007.

## **1. PLACING AGREEMENT DATED 20 SEPTEMBER 2007**

### **Parties**

- (a) BEIL, the substantial Shareholder;
- (b) the Company; and
- (c) the Joint Placing Agents

The Joint Placing Agents are independent of and not acting in concert with BEIL or any of its directors, the chief executive or the substantial shareholders of BEIL or its subsidiaries and/or their respective associates. Each of the Joint Placing Agents does not own any Shares prior to the completion of the Placing, and is not, and will not become a connected person (as defined in the Listing Rules) of the Company and is independent from and not connected with the directors, the chief executive or the substantial Shareholders of the Company or its subsidiaries and/or their respective associates. The Placing was arranged by the Joint Placing Agents on an underwritten basis.

### **(A) Placing**

#### ***The Placing Shares***

The Placing Shares, being 100,000,000 existing Shares, representing approximately 9.63% of the existing issued share capital of the Company and approximately 8.78% of the issued share capital of the Company as enlarged by the Subscription. As at the date of this announcement, a total of 100,000,000 existing Shares had been successfully placed out by the Joint Placing Agents at the Placing Price.

### ***The Placing Price***

The Placing Price of HK\$37.1 per Share was arrived at after arm's length negotiations between the Company, BEIL and the Joint Placing Agents. The Placing Price a discount of approximately 5.6% to the closing price per Share of HK\$39.30 on 19 September 2007 (the last trading day prior to suspension of trading in the Shares pending the release of this announcement) and a premium of approximately 6.9% to the average closing price per Share of approximately HK\$34.72 as quoted on the Stock Exchange for the last 5 trading days up to and including 19 September 2007; and a discount of approximately 9.5% to the average closing price per Share of approximately HK\$33.88 as quoted on the Stock Exchange for the last 10 trading days up to and including 19 September 2007. The Joint Placing Agents will received a combined commission of 2%. After deducting the costs and expenses in connection with the Placing, the net price per Placing Share will be approximately HK\$36.36.

The Placing Price was determined after arm's length negotiation between the Company and the Joint Placing Agents which have taken into account the recent market price of the Shares and the current market condition and the Directors consider that the Placing Price to be fair and reasonable.

### ***Rights of the Placing Shares***

The Placing Shares are sold free from all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching thereto as at the Placing Completion Date, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares at any time on or after the Placing Completion Date.

### ***Independence of the Placees***

All the Placing Shares are to be placed on an underwritten basis. Placing will be made to at least six Placees, who are not, and whose ultimate beneficial owners are not, connected persons (as defined in the Listing Rules) of the Company and are independent from and not connected with and not acting in concert with BEIL and the directors, the chief executive or the substantial shareholders of the Company or its subsidiaries and/or their respective associates or parties acting in concert with any of them.

### ***Completion of the Placing***

Completion of the Placing is conditional upon:

- (a) the Subscription Agreement having been entered into;
- (b) there being no breach of any of the warranties, representations and/or undertakings given by BEIL and by the Company under the Placing Agreement; and
- (c) there not having been imposed by any moratorium, suspension or material restriction or trading in shares or securities general on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to completion of the Placing.

The parties expect that the Placing will be completed on or about 25 September 2007.

## **2. SUBSCRIPTION AGREEMENT DATED 20 SEPTEMBER 2007**

### **Parties**

- (a) BEIL; and
- (b) the Company

### **The new Shares**

The 100,000,000 new Shares, represents approximately 9.63% of the existing issued share capital of the Company and approximately 8.78% of the issued share capital of the Company as enlarged by the Subscription.

### **The Subscription Price**

The Subscription Price is equivalent to the Placing Price. The Subscription is expected to and will generate a net proceeds of approximately HK\$3,636 million from the Subscription.

### **Mandate to issue new Subscription Shares**

100,000,000 new Shares will be issued pursuant to the General Mandate. The Company has not issued any Shares pursuant to the General Mandate so far. As at the date of this announcement, the General Mandate comprised 207,536,000 Shares. An application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription.

### **Ranking of the new Shares**

The new Shares to be issued pursuant to the Subscription, when issued and fully paid, will rank equally with the existing Shares in issue as at the date of issue of the new Shares.

## **Condition of the Subscription**

Completion of the Subscription is conditional upon:

- (a) completion of the Placing; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription.

## **Completion of the Subscription**

Subject to fulfillment of the above conditions, completion of the Subscription will take place on the date when all the conditions set out above are satisfied or such later date as the Company and BEIL may agree in writing. If the conditions of the Subscription are not fulfilled on or before 4 October 2007 (or such other date or time as may be agreed between the Company and BEIL), then BEIL and the Company shall not be bound to proceed with the subscription and allotment and issue of the new Shares under the Subscription Agreement and such agreement shall cease to be of any effect and save in respect of claims arising out of antecedent breach of the Subscription Agreement.

According to the requirements set out in the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing Agreement, the Subscription would constitute a connected transaction for the Company under the Listing Rules and shareholders' approval will be required for the Subscription and the relevant provisions of the Listing Rules in relation to connected transaction will apply. Further announcement will be made if this occurs.

### 3. EFFECT ON THE SHAREHOLDING FOLLOWING COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The shareholdings in the Company before and after the Placing and Subscription are summarised as follows:

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Shareholder</b>						
BEIL ( <i>Note 1</i> )	182,614,763	17.59	82,614,763	7.96	182,614,763	16.04
Beijing Enterprises Group (BVI) Company Limited ( <i>Note 1</i> )	411,250,000	39.60	411,250,000	39.60	411,250,000	36.13
Modern Orient Limited ( <i>Note 2</i> )	100,050,000	9.64	100,050,000	9.64	100,050,000	8.79
<b>Public Shareholders</b>						
The places	–	–	100,000,000	9.63	100,000,000	8.78
Other public Shareholders	344,475,237	33.17	344,475,237	33.17	344,475,237	30.26
Total	<u>1,038,390,000</u>	<u>100.00</u>	<u>1,038,390,000</u>	<u>100.00</u>	<u>1,138,390,000</u>	<u>100.00</u>

*Note:*

1. Beijing Enterprise Group (BVI) Company Limited directly owns 411,250,000 Shares, representing approximately 39.6% of the issued share capital of the Company, while its subsidiary, BEIL directly and indirectly owns an aggregate of 282,664,763, representing an approximately 27.23% of the issued share capital of the Company. Accordingly, Beijing Enterprise Group (BVI) Company Limited together with BEIL own an aggregate of 693,914,763 Shares, representing approximately 66.83% of the issued share capital of the Company.
2. Modern Orient Limited is a wholly-owned subsidiary of BEIL.



#### **4. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in public utilities, infrastructure projects, investment holding and investment management. The net proceeds from the Subscription are HK\$3,636 million, of which HK\$1,454 million will be used to fund the Group's natural gas business, HK\$1,455 million will be used to fund the Group's expressway projects and HK\$727 million will be used to fund the Group's water treatment-related project. The Directors consider that equity financing has merits over debt financing to fund its capital needs as the former could broaden the shareholder base of the Company without creating any interest cost on the Company.

When comparing the various equity financing methods, the Directors perceive that the Placing would enable the Company to raise funds in a more commercially expedient time-frame and would preserve shareholders' value due to the relatively small dilution effect on shareholdings. Moreover, the Directors consider that the Placing and the Subscription will strengthen the capital base of and the financial position of the Company. Hence, the Directors decided to conduct the Placing and the Subscription to raise fund. In view of the above, the Directors are of the view that the Placing is in the interests of the Company and its shareholders as a whole and the terms are fair and reasonable (including the timing of the Placing and the Placing Price). There is no fund raising activity of the Company in the past 12 months preceding the date of this announcement.

#### **5. SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares has been suspended with effect from 9:33 a.m. on 20 September 2007 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 21 September 2007.

## 6. DEFINITIONS

As used in this announcement, the following words and phrases shall have the following meanings:

“acting in concert”	has the meaning defined in the Takeovers Code
“associate”	has the meaning as defined in the Listing Rules
“BEIL”	Beijing Enterprises Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of directors of the Company
“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
“connected persons”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 21 June 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Placing Agents”	Goldman Sachs (Asia) Limited, Macquarie Securities Limited and Lehman Brothers Asia Limited
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Joint Placing Agents to purchase for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	any professional, institutional or other investor(s) selected and procured by or on behalf of the Joint Placing Agents to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 20 September 2007 between the Company, BEIL and the Joint Placing Agents in respect of the Placing
“Placing Completion Date”	the date of completion of the Placing Agreement
“Placing Price”	HK\$37.1 per Placing Share
“Placing Shares”	100,000,000 existing Shares available for the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by BEIL of 100,000,000 new Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 September 2007 between BEIL and the Company in respect of the Subscription
“Subscription Price”	HK\$37.1 per new Share

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Tam Chun Fai**  
*Executive Director & Company Secretary*

Hong Kong, 20 September 2007

The Directors as at the date of this announcement are as follows:

*Executive Directors:*

Yi Xi Qun, Zhang Hong Hai, Li Fu Cheng, Bai Jin Rong, Zhou Si, Liu Kai, Guo Pu Jin, E Meng, Lei Zhen Gang, Jiang Xin Hao, Tam Chun Fai

*Independent Non-executive Directors:*

Lau Hon Chuen, Ambrose, Lee Tung Hai, Leo, Wang Xian Zhang, Wu Jiesi, Robert A. Theleen