

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(website: www.behl.com.hk)
(Stock Code: 392)

CONNECTED TRANSACTION
Acquisition of 50% equity interest in
Beijing Beiran & HKCG Gas Company Limited

The Company announces that on 21 November 2012, the Purchaser and the Vendor entered into the Share Transfer Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Shares at a consideration of RMB42.14 million (equivalent to approximately HK\$52.02 million).

The Vendor is a subsidiary of BE Group, and BE Group is the ultimate controlling shareholder of the Company. Therefore, the Vendor is regarded as a connected person of the Company, and the Share Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement. The Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

SHARE TRANSFER AGREEMENT

| | | |
|-----------------------|---|---|
| Date | : | 21 November 2012 |
| Vendor | : | Beiran Enterprises |
| Purchaser | : | Beijing Gas |
| Target Company | : | Beiran & HKCG |
| Target Shares | : | 50% equity interest in the Target Company |

Terms of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Shares at a consideration of RMB42.14 million (equivalent to approximately HK\$52.02 million). The Consideration shall be settled by cash on the day after the condition precedent has been satisfied.

The Target Company was established in January 2005 in the PRC and is currently held as to 50%, 49% and 1% by the Vendor, The Hongkong and China Gas Company Limited and Guangzhou City Hengrong Investments Company Limited* (廣州市恒榮投資有限公司) respectively. Its principal businesses are: operations of piped natural gas; supply, maintenance, repair and installation of piped gas facilities for subscribers; and provision of paid services for the sales, installation and repair of gas appliances. As at 31 December 2011, the paid-up capital of the Target Company was RMB44.4 million (equivalent to approximately HK\$54.81 million); its total asset value was RMB75.94 million (equivalent to approximately HK\$93.75 million); and its total liability was RMB59.91 million (equivalent to approximately HK\$73.96 million).

The following are the financial results of the Target Company under PRC accounting standard:

| | <u>For the year ended 31 December</u> | |
|---------------------------------|---------------------------------------|------------|
| | 2011 | 2010 |
| | Audited | Audited |
| | (RMB '000) | (RMB '000) |
| Net asset value | 16,030 | 12,240 |
| Profit / (Loss) before taxation | 3,791 | (2,934) |
| Profit / (Loss) after taxation | 3,791 | (2,934) |

Guaranteed Profit

The Vendor guaranteed to the Purchaser that the annual net profit of the Target Company for the year of 2012 and 2013 shall not be less than RMB6.25 million and RMB 8 million respectively (“*Guaranteed Annual Profit*”). If the annual net profit of the Target Company falls below the Guaranteed Annual Profit, the Vendor shall compensate the Purchaser an amount equals to the percentage ratio of the difference in profit (which is the percentage ratio of the difference between Guaranteed Annual Profit and actual profit as to the Guaranteed Annual Profit) multiplied by the Consideration. In any event, the total amount of compensation shall not exceed 50% of the Consideration.

The Consideration has been arrived at on an arm’s length commercial basis between the parties with reference to the Target Company’s operating results as at 31 December 2011, its earning capacity, future growth prospect and overall financial performance. The Consideration, which is equivalent to approximately 13.5 times and 10.5 times of the Guaranteed Annual Profit for years 2012 and 2013 respectively, will be funded by internal working capital of the Purchaser.

Condition Precedent

Completion of the Transaction is conditional upon obtaining relevant governmental approvals relating to the transfer of the Target Shares.

Completion

Completion is to take place on the day after the condition precedent has been satisfied.

REASON FOR THE SHARE TRANSFER AGREEMENT

The Target Company, which is specialized in piped natural gas business with major operations in the eastern district of Beijing City Yizhuang Economic-technical Development Zone, has relatively strong business expansion capability. The Transaction will strengthen the Group’s investment and operation in natural gas business in rural areas of Beijing, and further enhance the comprehensiveness of the Group’s industry chain in gas business.

Directors (including the independent non-executive Directors), having considered the terms and conditions of the Share Transfer Agreement, are of the view that its terms and conditions are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Transaction and therefore none of them is required to abstain from voting on the Board resolution for considering and approving the Transaction.

The chairman of the Board Mr. Wang Dong and all executive Directors support the Transaction unanimously, showing their long term commitment on the piped gas distribution and sales services in Beijing City.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a subsidiary of BE Group, and BE Group is the ultimate controlling shareholder of the Company. Therefore, the Vendor is regarded as a connected person of the Company, and the Share Transfer Agreement constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement. The Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

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 in the PRC.

The Purchaser is a company incorporated in the PRC. It is principally engaged in supplying and sale of piped natural gas and related businesses in Beijing.

The Vendor is a company incorporated in the PRC. It is principally engaged in supplying and sales of compressed natural gas and LPG; manufacturing, processing and sales of gas equipments and tools; construction of gas pipelines, installation of equipments, municipal gas, planning and design of thermal engineering projects, engineering survey, technical services for gas and heating, production of coke, sales of raw chemical materials; and property management, etc.

DEFINITIONS

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

- "BE Group" : Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company incorporated in the PRC and is wholly owned by Government of Beijing Municipality. It is principally engaged in investment holdings.
- "Beijing Gas" : Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), a company incorporated in the PRC, which is an indirect wholly-owned subsidiary of the Company
- "Beiran & HKCG" : Beijing Beiran & HKCG Gas Company Limited, a company incorporated in the PRC and is held as to 50% by Beiran Enterprises.
- "Board" : the board of Directors
- "Company" : Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 392). Its ultimate controlling shareholder is BE Group.
- "connected person(s)" : has the meaning ascribed to it under the Listing Rules
- "Consideration" : RMB42.14 million (equivalent to approximately HK\$52.02 million), being the consideration of the Transaction
- "Directors" : the directors of the Company

| | | |
|----------------------------|---|---|
| "Group" | : | the Company and its subsidiaries |
| "HK\$" | : | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | : | the Hong Kong Special Administrative Region of the PRC |
| "Listing Rules" | : | the Rules Governing the Listing of Securities on the Stock Exchange |
| "PRC" | : | the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| "Purchaser" | : | Beijing Gas |
| "RMB" | : | Renminbi, the lawful currency of the PRC |
| "Share Transfer Agreement" | : | the share transfer agreement that the Purchaser and the Vendor entered into on 21 November 2012 pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Shares |
| "Stock Exchange" | : | The Stock Exchange of Hong Kong Limited |
| "Target Company" | : | Beiran & HKCG |
| "Target Shares" | : | 50% equity interest of the Target Company |
| "Transaction" | : | the transaction contemplated under the Share Transfer Agreement |
| "Vendor" | : | Beiran Enterprises |

"%" : per cent

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

Hong Kong, 21 November 2012

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

Unless otherwise specified, the HK dollar amounts shown in this announcement have been translated at an exchange rate of HK\$1.00 = RMB0.81 for reference purposes only.

* For identification purposes only