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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
DEPOSIT SERVICES MASTER AGREEMENT**

References are made to the announcements dated 9 August 2012, 22 January 2013 and 14 November 2013 respectively released by the Company. According to the announcements, the Company's indirect wholly-owned subsidiary Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), the Company's indirect non wholly-owned subsidiary Beijing Yanjing Brewery Co., Ltd. and the Company's ultimate controlling shareholder BE Group have collaborated in establishing BE Group Finance.

The Board is pleased to announce that on 29 December 2014, the Company entered into the Deposit Services Master Agreement with BE Group Finance, pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BE Group Finance on normal commercial terms from time to time.

As the Company's ultimate controlling shareholder BE Group owns not less than 30% equity interest in BE Group Finance, BE Group Finance is an associated company of BE Group and is therefore a connected person of the Company. The Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Deposit Services is more than 0.1% but is less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

References are made to the announcements dated 9 August 2012, 22 January 2013 and 14 November 2013 respectively released by the Company. According to the announcements, the Company's indirect wholly-owned subsidiary Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), the Company's indirect non wholly-owned subsidiary Beijing Yanjing Brewery Co., Ltd. and the Company's ultimate controlling shareholder BE Group have collaborated in establishing BE Group Finance.

DEPOSIT SERVICES MASTER AGREEMENT

The Board is pleased to announce that on 29 December 2014, the Company entered into the Deposit Services Master Agreement with BE Group Finance, pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BE Group Finance on normal commercial terms from time to time.

Term

The term of the Deposit Services Master Agreement shall commence on the date of the Deposit Services Master Agreement and shall continue up to and including 31 December 2016. Subject to compliance with the Listing Rules, upon the expiration of such initial term, the Deposit Services Master Agreement may be renewed by the Company and BE Group Finance by agreement in writing.

Deposit interests

The rate at which interest will accrue on any deposit placed by the Group with BE Group Finance under the Deposit Services Master Agreement will not be lower than the following:

- (a) the minimum interest rate prescribed by the People's Bank of China for the same type of deposits;
- (b) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits; and
- (c) the interest rates offered by BE Group Finance to other members of BE Group for the same type of deposits.

Annual caps

The daily aggregate of deposits placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the Deposit Services Master Agreement will not exceed the following caps:

	HK\$ million
For the period from the date of the Deposit Services Master Agreement to 31 December 2014	3,700
For the financial year ending 31 December 2015	3,700
For the financial year ending 31 December 2016	3,700

In determining the above caps, the Directors have taken into account factors including the treasury policy and business needs of the Group and the counterparty limits for BE Group Finance.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group has to maintain deposits and other bank balances with financial institutions in Hong Kong and the PRC from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

The Deposit Services will be conducted on normal commercial terms and the deposit interest rates offered by BE Group Finance to the Group will be equal to or more favourable to the Group than those offered by commercial banks in Hong Kong and the PRC to the Group for comparable deposits. The Deposit Services Master Agreement is therefore expected not only to provide the Group with a new means of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since BE Group Finance is not considered to be exposed to any significant capital risk.

For the avoidance of doubt, the Deposit Services Master Agreement does not preclude the Group from using the services of other financial institutions. The Group still has the freedom to select any major and independent commercial banks in Hong Kong and the PRC as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

None of the Directors has a material interest in the Deposit Services Master Agreement, but Mr. E Meng and Mr. Jiang Xinhao, both being Directors of the Company and directors of BE Group Finance, have voluntarily abstained from voting on the relevant board resolutions of the Company approving the Deposit Services Master Agreement.

The Directors (including the independent non-executive Directors, but other than Directors who have abstained from voting on the relevant board resolutions of the Company approving the Deposit Services Master Agreement as referred to above) consider that the Deposit Services Master Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms and that the terms of the Deposit Services Master Agreement (together with the relevant annual caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND BE GROUP FINANCE

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 392). The principal activities of the Group are natural gas operations, brewery operations, sewage and water treatment operations, and solid waste treatment operations in the PRC.

BE Group Finance is incorporated in the PRC with limited liability. BE Group Finance is owned by the Company's indirect wholly-owned subsidiary Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), the Company's indirect non wholly-owned subsidiary Beijing Yanjing Brewery Co., Ltd. and the Company's ultimate controlling shareholder BE Group as to 39%, 20% and 41% respectively. Its establishment as a non-bank financial institution has been approved by China Banking Regulatory Commission. BE Group Finance acts as a platform for members of BE Group (including the Group) for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

LISTING RULES IMPLICATIONS

As the Company's ultimate controlling shareholder BE Group owns not less than 30% equity interest in BE Group Finance, BE Group Finance is an associated company of BE Group and is therefore a connected person of the Company. The Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Deposit Services is more than 0.1% but is less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

- “associated company”** : has the meaning ascribed to it under the Listing Rules
- “BE Group”** : Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company incorporated in the PRC with limited liability and is the ultimate controlling shareholder of the Company
- “BE Group Finance”** : Beijing Enterprises Group Finance Co., Ltd., a company incorporated in the PRC with limited liability and is an associated company of BE Group
- “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)
- “connected person”** : has the meaning ascribed to it under the Listing Rules
- “Deposit Services”** : the deposit services to be provided by BE Group Finance to the Group under the Deposit Services Master Agreement
- “Deposit Services Master Agreement”** : the deposit services master agreement entered into between the Company and BE Group Finance on 29 December 2014

“ Directors ”	:	the directors of the Company
“ 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
“ 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
“ Shareholder(s) ”	:	the shareholder(s) of the Company
“ Stock Exchange ”	:	The Stock Exchange of Hong Kong Limited
“ subsidiaries ”	:	has the meaning ascribed to it under the Listing Rules
“ % ”	:	per cent

** For identification purposes only*

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

Hong Kong, 29 December 2014

As at the date of this announcement, 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. Guo Pujin as non-executive director; Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say as independent non-executive directors.