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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)

## **CONNECTED TRANSACTION**

### **Acquisition of Natural Gas Pipelines in (Yizhuang) District of Beijing City Economic-technical Development Zone**

The Company announces that on 21 November 2008, Gas Group entered into the Transfer Agreement with Beiran Enterprises Ltd. pursuant to which Gas Group has agreed to purchase and Beiran Enterprises Ltd. has agreed to sell 68,677.25 meters long natural gas pipelines and their related pressure regulation facilities and monitoring and control systems in (Yizhuang) district of the Beijing City Economic-technical Development Zone. The consideration of the Transfer Agreement is RMB120,763,163 (equivalent to approximately HK\$136,609,913).

Beiran Enterprises Ltd. is a wholly owned subsidiary of BE Group, the substantial shareholder of the Company. Beiran Enterprises Ltd. is a connected person of the Company as defined under the Listing Rules. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are more than 0.1% but less than 2.5%, the entering into of the Transfer Agreement constitutes a connected transaction for the Company under Rule 14A.16(2) and is subject to the reporting and announcement requirements.

### **TRANSFER AGREEMENT**

**Vendor : Beiran Enterprises Ltd.**

**Purchaser : Gas Group**

#### **Transferred Assets**

The transferred assets are 68,677.25 meters long natural gas pipelines and their related pressure regulation facilities and monitoring and control systems in (Yizhuang) district of the Beijing City Economic-technical Development Zone. The pipelines are mostly medium pressure pipes built underground during 1992 to 2003 according to construction standard for municipal works. Beijing Xingzhonghai Assets Valuation Limited, an independent valuer which and its ultimate beneficial owners are third parties independent of the Company and its connected persons, has assessed the quantity of the Transferred

Assets based on the asset valuation returns and construction maps of Beiran Enterprises Ltd. The Transferred Assets have never recorded any revenue or profits as they are brand new unused pipelines. On-site inspections have been carried out to ensure the gas pipelines can be put to use and are in normal condition. A consolidated assessment conducted on replacement cost basis revealed that as at 30 April 2008, the original book value of the Transferred Assets was RMB115,582,785 (equivalent to approximately HK\$130,749,757), its net book value was RMB114,381,672 (equivalent to approximately HK\$129,391,032), and its net assessed value was RMB120,763,163 (equivalent to approximately HK\$136,609,913), representing a revaluation surplus rate of 5.58%.

## **CONSIDERATION**

The consideration of RMB120,763,163 (equivalent to approximately HK\$136,609,913) to be settled in cash for the Transfer Agreement is determined with reference to the net assessed value of the Transferred Assets as at 30 April 2008 of RMB120,763,163 conducted by the Independent Valuer. The Executive Directors have discussed with the Independent Valuer and confirmed that since 30 April 2008 there has been no major event that may significantly affect the value of the Transferred Assets. The Directors including the Independent Non-executive Directors consider that as at the date of this announcement, there has been no material change in the value of the Transferred Assets since 30 April 2008.

The consideration shall be paid by the Purchaser within 5 business days after the Condition Precedent have been satisfied. The consideration will be funded by internal working capital of the Purchaser.

## **CONDITION PRECEDENT**

The Vendor shall, within 5 business days after the signing of the Transfer Agreement, hand over to the Purchaser the relevant information on the Transferred Assets, including but not limited to underground pipeline maps, pipeline technical information, ownership documents and other related legal documents. The Condition Precedent is fulfilled after continuing and good operating condition of the Transferred Assets has been proved by the Vendor to the satisfaction of the Purchaser.

## **COMPLETION**

The Vendor shall officially hand over the Transferred Assets to the Purchaser within 3 business days upon receipt of the Consideration. Completion of the Transfer Agreement is to take place after government approval for the transfer documents is obtained.

## **REASON FOR THE TRANSFER AGREEMENT**

The construction of the Transferred Assets was funded by the local government of (Yizhuang) district of the Beijing City Economic-technical Development Zone. SASAC allocated the Transferred Assets to BE Group which subsequently vested the Transferred Assets in its wholly-owned subsidiary Beiran Enterprises Ltd. The transaction under the Transfer Agreement will strengthen the Group's investment and operations in natural gas

business in sub-urban areas and satellite cities, and enable the Group to solicit customers continuously (especially commercial and industrial users) in the areas. The Directors, including the Independent Non-executive Directors, believe that the transaction is on normal commercial terms, the terms of the Transfer Agreement are fair and reasonable and in the interests of the Company's shareholders as a whole.

## **CONNECTED TRANSACTION**

Beiran Enterprises Ltd. is a wholly owned subsidiary of BE Group, the substantial shareholder of the Company. Beiran Enterprises Ltd. is a connected person of the Company as defined under the Listing Rules. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are more than 0.1% but less than 2.5%, the entering into of the Transfer Agreement constitutes a connected transaction for the Company under Rule 14A.16(2) and is subject to the reporting and announcement requirements.

## **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 with limited liability and is the substantial shareholder of the Company. Its principal business activity is investment holding.
- “Beiran Enterprises Ltd.” Beijing Beiran Enterprises Company Limited\* 北京北燃實業有限公司, a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of BE Group. Its principal businesses are supplying and sale of compressed natural gas and LPG, manufacturing, processing and sale of gas equipment and tools, construction of gas pipelines, installation of equipment, planning and design of municipal gas and heating projects, engineering survey, technology services for gas and heating, production of coke, sale of raw chemical materials and property management.
- “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 Stock Exchange. Its principal business activity is utilities conglomerate with urban energy services
- “Director(s)” the director(s) of the Company

“Executive Directors”	the executive Directors: Mr. Yi Xi Qun, Mr. Zhang Hong Hai, Mr. Li Fu Cheng, Mr. Bai Jin Rong, Mr. Zhou Si, Mr. Liu Kai, Mr. Guo Pu Jin, Mr. E Meng, Mr. Lei Zhen Gang, Mr. Jiang Xin Hao and Mr. Tam Chun Fai.
“Gas Group”	Beijing Gas Group Company Limited* 北京市燃氣集團有限責任公司, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. It principally engages in the business of supplying and sale of piped natural gas and related businesses in Beijing.
“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
“Independent Non-executive Directors”	the independent non-executive Directors: Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei
“Independent Valuer”	Beijing Xingzhonghai Assets Valuation Limited, which and its ultimate beneficial owners are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchaser”	Gas Group
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	an agreement dated 21 November 2008 entered into between Gas Group and Beiran Enterprises Ltd. pursuant to which Gas Group has agreed to purchase and Beiran Enterprises Ltd. has agreed to sell the Transferred Assets.

“Transferred Assets”	68,677.25 meters long natural gas pipelines and their related pressure regulation facilities and monitoring and control systems in (Yizhuang) district of the Beijing City Economic-technical Development Zone
“Vendor”	Beiran Enterprises Ltd.
“%”	per cent

By order of the Board  
**Zhang Hong Hai**  
Vice Chairman & CEO  
Hong Kong, 21 November 2008

As at the date of this announcement, the Board of Directors of the Company comprises:

*Executive Directors*

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

*Independent Non-Executive Directors*

Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei.

*Unless otherwise specified, the HK dollar amounts shown in this announcement have been translated at an exchange rate of HK\$1.00 = RMB0.884 for reference purposes only.*

*\* For identification purposes only*