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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
REGARDING DEEMED DISPOSAL OF
BEIJING ENTERPRISES WATER GROUP LIMITED
BY DILUTION**

On 18 August 2010, 827,981,107 Conversion Shares were issued and allotted upon the conversion of Convertible Bonds in the aggregate principal amount of HK\$571,306,964 at the issue price of HK\$0.69 each by the Bondholders. Upon the Allotment, the Company's interest in BE Water was diluted by approximately 9.8% to approximately 43.9%. BE Water ceases to be an indirect non wholly-owned subsidiary of the Company.

The Allotment constituted a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. As one of the relevant ratios exceeds 5% but is less than 25%, the Allotment constituted a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

Reference is made to the circular of BE Water dated 30 June 2008 in relation to, among others, the Acquisition involving the issue of the Conversion Bonds.

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The following table illustrates the dilution effect of the Company's interest in BE Water upon the Allotment:

		Immediately before the Allotment		Number of Conversion Shares issued to the Bondholders upon the Allotment	Immediately after the Allotment	
		BE Water Shares	%	BE Water Shares	BE Water Shares	%
Company	<i>(Note 1)</i>	1,997,000,000	53.7	--	1,997,000,000	43.9
Bondholders						
-	Newton Finance Holdings Limited <i>(Note 2)</i>	125,383,416	3.4	100,000,000	225,383,416	5.0
-	Tenson Investment Limited <i>(Note 3)</i>	--	--	456,526,613	456,526,613	10.0
-	Besto Holdings Limited	135,945,590	3.7	13,200,000	149,145,590	3.3
-	Allyking Holdings Limited	469,194	0.0	126,349,770	126,818,964	2.8
-	Faith Access Holdings Limited	71,623,815	1.9	131,904,724	203,528,539	4.5
Other shareholders		<u>1,386,482,313</u>	<u>37.3</u>	<u>--</u>	<u>1,386,482,313</u>	<u>30.5</u>
		<u>3,716,904,328</u>	<u>100</u>	<u>827,981,107</u>	<u>4,544,885,435</u>	<u>100</u>

Notes:

1. The Company indirectly holds its interest in BE Water through a wholly-owned subsidiary Beijing Enterprises Environmental Construction Limited.
2. The beneficial owner of Newton Finance Holdings Limited, Mr. Wang Taoguang, was a director of BE Water within the preceding 12 months before the Allotment.
3. The beneficial owners of Tenson Investment Limited, Mr. Hu Xiaoyong and Mr. Zhou Min, are both directors of BE Water.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save and except that Newton Finance Holdings Limited and Tenson Investment Limited are connected persons of the Company, the Bondholders and their ultimate beneficial owner are independent third parties and are not connected persons of the Company.

GENERAL

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The Company is an investment holding company and the Group is principally engaged in natural gas business, beer business, sewage and water treatment operation, and toll road business in the PRC. BE Water is an investment holding company and BE Water Group is principally engaged in construction of sewage and water treatment plants, sewage treatment, water treatment and distribution, sales of sewage treatment facilities, the provision of technical services and licensing of technical know-how that are related to sewage treatment in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the transaction conducted by BE Water for the acquisition of the entire issued share capital of Gainstar Limited and Monico Investments Limited as disclosed in the circular of BE Water dated 30 June 2008
“Allotment”	the issue and allotment of 827,981,107 Conversion Shares on 18 August 2010 upon the conversion of Convertible Bonds in the aggregate principal amount of HK\$571,306,964 at the issue price of HK\$0.69 each by the Bondholders
“BE Water”	Beijing Enterprises Water Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 371)
“BE Water Group”	BE Water and its subsidiaries
“BE Water Shares”	ordinary shares of HK\$0.10 each in the issued share capital of BE Water
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds
“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 same meaning ascribed to it under the Listing Rules
“Conversion Shares”	new BE Water Shares issued and allotted upon any conversion of the Convertible Bonds

“Convertible Bonds”	the convertible bonds in the principal amount of HK\$828,000,000 at the issue price of HK\$0.69 each issued by BE Water to Bondholders to satisfy part of the consideration for the Acquisition
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries, and following the Allotment means the Company and its then subsidiaries which exclude BE Water
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Beijing Enterprises Holdings Limited
Tam Chun Fai
Executive Director

Hong Kong, 18 August 2010

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong, Mr. Zhang Honghai, Mr. Li Fucheng, Mr. Bai Jinrong, Mr. Zhou Si, Mr. E Meng, Mr. Liu Kai, Mr. Guo Pujin, Mr. Lei Zhengang, 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.