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北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(website: www.behl.com.hk)

(Stock Code: 392)

STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT WITH CHINA GAS

This is an announcement made under Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2) of the Listing Rules.

The Board is pleased to announce that on 23 August 2013, BE Group and the Company entered into the Strategic Co-operation Framework Agreement with China Gas, pursuant to which BE Group, the Company and China Gas have agreed to implement certain strategic initiatives with the aim of realising the potential synergies between, and further developing the respective businesses of, the Group and China Gas Group.

INTRODUCTION

The Board is pleased to announce that on 23 August 2013, BE Group and the Company entered into the Strategic Co-operation Framework Agreement with China Gas, pursuant to which BE Group, the Company and China Gas have agreed to implement certain strategic initiatives with the aim of realising the potential synergies between, and further developing the respective businesses of, the Group and China Gas Group.

KEY TERMS OF THE STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT

Subject to applicable laws and regulations, the Company and China Gas intend to jointly develop and invest in the gas sector by way of various forms of co-operation and joint ventures, etc, including the following:

1. the two companies will jointly develop valued-added gas services in markets where China Gas has city gas projects, e.g. coal-to-gas conversion and CCHP Services;
2. the two companies are willing to jointly develop compressed natural gas/city natural gas station projects through co-operation or joint ventures;
3. the two companies will actively develop city gas projects through co-operation or joint ventures, and may also jointly tender or apply to city or provincial governments for concessions in respect of city piped gas projects in the PRC; and

4. China Gas will assist the Company to develop urban infrastructure facilities and services such as sewage treatment business, water supply business and solid waste treatment business in the markets where China Gas has city gas projects.

REASONS FOR AND BENEFITS OF THE STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT

The Board believes that the extensive coverage of the regional business of China Gas will provide strategic opportunities for the Group to expand its business nationwide and in turn, increase revenue growth, thus generating more attractive returns to Shareholders. Through the implementation of the Strategic Co-operation Framework Agreement, the Board believes that both the Group and the China Gas Group can leverage and capitalise their respective strengths, such as upstream pipelines, downstream supplies, gas filling stations and CCHP Services to achieve joint development and a win-win outcome for the Group and China Gas Group.

BE Group through BE Group BVI, a wholly-owned subsidiary of BE Group, indirectly owns 675,030,288 Shares, representing approximately 57.86% of the total issued share capital of the Company and 1,054,088,132 shares in China Gas, representing approximately 21.99% of the total issued share capital of China Gas, respectively. As announced by the Company on 29 July 2013, BE Group BVI has agreed to sell its entire stake in China Gas to a wholly-owned subsidiary of the Company conditional upon, among other things, the approval of such Acquisition by the independent shareholders of the Company. The Board believes that the Acquisition and the Strategic Co-operation Framework Agreement, when materialised, will further strengthen the positioning of the Group as the platform of BE Group Companies in natural gas operations.

INFORMATION ABOUT BE GROUP COMPANIES

BE Group Companies

BE Group is incorporated in the PRC as an investment holding company. The Company is an indirect non-wholly owned subsidiary of BE Group.

The Company

The Company is incorporated in Hong Kong as an investment holding company. The principal activity of the Group's subsidiaries is natural gas operations, brewery operations, sewage and water treatment operations in the PRC.

INFORMATION ABOUT CHINA GAS

China Gas is incorporated in Bermuda and is an investment holding company. The principal activity of the subsidiaries of China Gas is the construction and operation of city gas pipelines, and the transmission of natural gas and sale of liquefied petroleum gas to residential, industrial and commercial users in the PRC. Based on the 2013 annual report of China Gas, the China Gas Group owns 184 city gas projects, the largest portfolio in the PRC and invests also in associated infrastructure such as gas terminals, storage and transportation facilities, gas logistics systems and vehicle refilling station and engages in the development and application of technologies relating to petroleum, natural gas and liquefied petroleum gas.

LISTING RULES IMPLICATIONS

This is an announcement made under Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2) of the Listing Rules.

The Company will comply with the relevant requirements of the Listing Rules as required if and when any transactions materialise under the Strategic Co-operation Framework Agreement.

As the projects and matters considered under the Strategic Cooperation Framework Agreement may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of BE Group BVI’s entire stake in China Gas by a wholly-owned subsidiary of the Company as announced by the Company on 29 July 2013;
“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company incorporated in the PRC;
“BE Group Companies”	BE Group and its subsidiaries;
“BE Group BVI”	Beijing Enterprises Group (BVI) Company Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of BE Group;
“Board”	the board of Directors;
“CCHP Services”	combined cooling, heating and power services of natural gas;
“China Gas”	China Gas Holdings 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: 384);
“China Gas Group”	China Gas and its subsidiaries;
“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);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“Shareholders”	holders of Shares in the issued share capital of the Company;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Co-operation Framework Agreement”	the strategic co-operation framework agreement dated 23 August 2013 entered into between BE Group, the Company and China Gas; and
“%”	per cent.

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

Hong Kong, 23 August 2013

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong (Chairman), Mr. Zhou Si, Mr. Zhang Honghai, Mr. Li Fucheng, Mr. Hou Zibo, Mr. Liu Kai, Mr. Lei Zhengang, 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 and Mr. Shi Hanmin as independent non-executive directors.

* *for identification purposes only*