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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**

### **REVISION OF ANNUAL CAPS FOR THE 2024 AGREEMENTS**

Reference is made to the announcement of the Company dated 28 December 2023 in relation to, inter alia, certain continuing connected transactions of the Company carried out between Beijing Gas Group Companies and Beiran Enterprises Group Companies for three years from 1 January 2024 to 31 December 2026.

As the Company has completed and known about the actual statistical amounts for the whole year of 2023 of each category of the Transactions, it is discovered that there are gaps between the actual statistical amounts and the existing annual caps for each of the three years ending 31 December 2024, 2025 and 2026. After analyzing the demand in the next three years by Beijing Gas Group Companies and Beiran Enterprises Group Companies and in order to make the annual caps closer to actual and more effectively implemented, the Board resolved to revise the annual caps for each category of the Transactions for each of the three years ending 31 December 2024, 2025 and 2026 on 22 January 2024 to better reflect the actual business needs of the Group.

As Beiran Enterprises is a wholly-owned subsidiary of BE Group, and BE Group is the ultimate controlling shareholder of the Company, Beiran Enterprises Group Companies are therefore connected persons of the Company under the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

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

## **BACKGROUND**

Reference is made to the announcement of the Company dated 28 December 2023 in relation to, inter alia, certain continuing connected transactions of the Company carried out between Beijing Gas Group Companies and Beiran Enterprises Group Companies for three years from 1 January 2024 to 31 December 2026:

<b>Category</b>	<b>2024 Agreements</b>	<b>Parties to the agreements</b>
(A)	2024 Engineering Services Framework Agreement	Beijing Gas and Beiran Enterprises
(B)	2024 Comprehensive Services Framework Agreement	Beijing Gas and Beiran Enterprises
(C)	2024 Sale and Purchase of Gas Framework Agreement	Beijing Gas and Beiran Enterprises
(D)	2024 Sale and Purchase of Goods Framework Agreement	Beijing Gas and Beiran Enterprises
(E)	2024 Leasing Contract	Beijing Gas and Beiran Enterprises

## **REVISION OF ANNUAL CAPS FOR THE 2024 AGREEMENTS**

As the Company has completed and known about the actual statistical amounts for the whole year of 2023 of each category of the Transactions, it is discovered that there are gaps between the actual statistical amounts and the existing annual caps for each of the three years ending 31 December 2024, 2025 and 2026. After analyzing the demand in the next three years by Beijing Gas Group Companies and Beiran Enterprises Group Companies and in order to make the annual caps closer to actual and more effectively implemented, the Board resolved to revise the annual caps for each category of the Transactions for each of the three years ending 31 December 2024, 2025 and 2026 on 22 January 2024 to better reflect the actual business needs of the Group.

### **Category (A): Engineering services**

#### **(a) The expenditure of Beijing Gas Group Companies for receiving the engineering services provided by Beiran Enterprises Group Companies**

##### ***Historical transaction amounts***

The expenditure of Beijing Gas Group Companies for receiving the engineering services provided by Beiran Enterprises Group Companies amounted to approximately RMB150,997,000, RMB124,341,000 and RMB216,662,000 respectively for the years of 2021, 2022 and 2023.

***Revised annual caps and basis of determination***

The revised annual caps of the expenditure of Beijing Gas Group Companies for receiving the engineering services provided by Beiran Enterprises Group Companies are RMB260,000,000, RMB320,000,000 and RMB380,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts of services fees paid to Beiran Enterprises Group Companies in relation to engineering services;
- (ii) the increase in the investment on the project to eliminate danger of old pipelines and the technical transformation of infrastructure facilities according to the requirements of safety rectification for gas industry in Beijing;
- (iii) the first phase of the liquefied natural gas emergency reserve project in Tianjin Nangang, which has an unloading capacity of nearly 5 million tons/year, has been put into operation and the increase in demand for engineering services after the project is fully put into operation; and
- (iv) the development plan for gas-related fields of Beijing.

**(b) The revenue of Beijing Gas Group Companies for providing engineering services to Beiran Enterprises Group Companies**

***Historical transaction amounts***

The revenue of Beijing Gas Group Companies of providing the engineering services to Beiran Enterprises Group Companies amounted to approximately RMB4,957,000, RMB12,218,000 and RMB56,027,000 respectively for the years of 2021, 2022 and 2023.

***Revised annual caps and basis of determination***

The revised annual caps of the revenue of Beijing Gas Group Companies for providing engineering services to Beiran Enterprises Group Companies are RMB70,000,000, RMB85,000,000 and RMB100,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts of services fees received from Beiran Enterprises Group Companies in relation to engineering services;
- (ii) the collaborative development strategy between Beijing Gas and Beiran Enterprises in the following years; and
- (iii) the future development needs of Beiran Enterprises Group Companies in the heating business field.

## Category (B): Comprehensive services

### (a) The expenditure of Beijing Gas Group Companies for receiving the non-engineering services provided by Beiran Enterprises Group Companies

#### *Historical transaction amounts*

The expenditure of Beijing Gas Group Companies for receiving the non-engineering services provided by Beiran Enterprises Group Companies amounted to approximately RMB99,398,000, RMB81,816,000 and RMB196,878,000 respectively for the years of 2021, 2022 and 2023.

#### *Revised annual caps and basis of determination*

The revised annual caps of the expenditure of Beijing Gas Group Companies for receiving the non-engineering services provided by Beiran Enterprises Group Companies are RMB220,000,000, RMB240,000,000 and RMB260,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts of services fees paid to Beiran Enterprises Group Companies in relation to non-engineering services;
- (ii) the relevant aspects of services to be provided as auxiliary services to Beijing Gas in future;
- (iii) the first phase of the liquefied natural gas emergency reserve project in Tianjin Nangang, which has an unloading capacity of nearly 5 million tons/year, has been put into operation and the increase in demand for non-engineering services after the project is fully put into operation; and
- (iv) the development plan for gas-related fields of Beijing.

### (b) The revenue of Beijing Gas Group Companies for providing non-engineering services to Beiran Enterprises Group Companies

#### *Historical transaction amounts*

The revenue of Beijing Gas Group Companies for providing non-engineering services to Beiran Enterprises Group Companies amounted to approximately RMB2,993,000, RMB2,000 and RMB5,667,000 respectively for the years of 2021, 2022 and 2023.

#### *Revised annual caps and basis of determination*

The revised annual caps of the revenue of Beijing Gas Group Companies for providing non-engineering services to Beiran Enterprises Group Companies are RMB10,000,000, RMB10,000,000 and RMB10,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts of services fees received from Beiran Enterprises Group Companies in relation to non-engineering services;
- (ii) the collaborative development strategy between Beijing Gas and Beiran Enterprises in the following years; and

- (iii) the increase in costs in the coming three years due to policy adjustments, increase in raw materials prices and increase in labour costs.

**Category (C): Sale and purchase of gas**

**The revenue of Beijing Gas Group Companies from selling gas and gas products to Beiran Enterprises Group Companies**

***Historical transaction amounts***

The revenue of Beijing Gas Group Companies from selling gas and gas products to Beiran Enterprises Group Companies amounted to approximately RMB333,368,000, RMB83,973,000 and RMB700,734,000 respectively for the years of 2021, 2022 and 2023.

***Revised annual caps and basis of determination***

The revised annual caps of the revenue of Beijing Gas Group Companies from selling gas and gas products to Beiran Enterprises Group Companies are RMB850,000,000, RMB950,000,000 and RMB1,100,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts for the sales of gas and gas products;
- (ii) the increase in costs in the coming few years; and
- (iii) the future development needs of Beiran Enterprises Group Companies in the heating business field.

**Category (D): Sale and purchase of goods**

**(a) The expenditure of Beijing Gas Group Companies on goods purchased from Beiran Enterprises Group Companies**

***Historical transaction amounts***

The expenditure of Beijing Gas Group Companies on goods purchased from Beiran Enterprises Group Companies amounted to approximately RMB89,154,000, RMB79,151,000 and RMB174,374,000 respectively for the years of 2021, 2022 and 2023.

***Revised annual caps and basis of determination***

The revised annual caps of the expenditure of Beijing Gas Group Companies for purchasing goods from Beiran Enterprises Group Companies are RMB180,000,000, RMB180,000,000 and RMB220,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts for the purchases of non-gas products from Beiran Enterprises Group Companies;

- (ii) the increase in the investment on the project to eliminate danger of old pipelines and the technical transformation of infrastructure facilities according to the requirements of safety rectification for gas industry in Beijing;
- (iii) the first phase of the liquefied natural gas emergency reserve project in Tianjin Nangang, which has an unloading capacity of nearly 5 million tons/year, has been put into operation and the increase in demand on goods after the project is fully put into operation; and
- (iv) the development plan for gas-related fields of Beijing.

**(b) The revenue of Beijing Gas Group Companies from selling goods to Beiran Enterprises Group Companies**

***Historical transaction amounts***

the revenue of Beijing Gas Group Companies from selling goods to Beiran Enterprises Group Companies amounted to approximately RMB78,146,000, RMB61,795,000 and RMB73,208,000 respectively for the years of 2021, 2022 and 2023.

***Revised annual caps and basis of determination***

The revised annual caps of the revenue of Beijing Gas Group Companies from selling goods to Beiran Enterprises Group Companies are RMB100,000,000, RMB100,000,000 and RMB100,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts for the sales of non-gas products to Beiran Enterprises Group Companies;
- (ii) the change of raw materials and the surge of labour costs for manufacturing in future;
- (iii) the collaborative development strategy between Beijing Gas and Beiran Enterprises in the following years; and
- (iv) the operating costs and profit margin in future.

**Category (E): Leases of properties**

**The rent payable by Beijing Gas Group Companies to Beiran Enterprises**

***Historical transaction amounts***

The rental expenses paid by Beijing Gas Group Companies to Beiran Enterprises for the leasing of relevant properties were approximately RMB119,000,000, RMB121,892,000 and RMB146,746,000, respectively for the years of 2021, 2022 and 2023.

***Revised annual caps and basis of determination***

The revised annual caps of the rent payable by Beijing Gas Group Companies to Beiran Enterprises for the leasing of relevant properties under the relevant leasing contract are RMB200,000,000, RMB250,000,000 and RMB250,000,000 respectively for each of the three years ending 31 December 2024, 2025 and 2026.

The above revised annual caps are determined after taking into consideration the followings:

- (i) the historical transaction amounts of the rent paid to Beiran Enterprises;
- (ii) the current level of the agreed amount of rental payments; and
- (iii) the estimated trend for the future market rental value of similar properties.

### **REASONS FOR AND BENEFITS OF THE REVISION OF THE ANNUAL CAPS**

The Company believes that the revised annual caps for each category of the Transactions for the years ending 31 December 2024, 2025 and 2026 will be closer to the actual needs of the Group in the next three years, which can strengthen the independence of the Group's gas business operation and better reflect the actual business needs of the Group and allow the Shareholders to better understand the Company's business philosophy and direction.

### **INTERNAL CONTROL MEASURES**

To ensure that the Transactions are conducted on normal commercial terms or better and based on the pricing principles, the Company has established the following internal control measures to monitor the Transactions:

- (i) the specific agreements entered into under the 2024 Agreements are subject to prior approval by the relevant personnel and management of the Group in accordance with the internal system to ensure that the continuing connected transactions are carried out in compliance with the terms and conditions set out in the 2024 Agreements;
- (ii) the relevant personnel and management of the Group will continuously monitor and review the pricing terms and actual transaction amounts of the Transactions to ensure that the Transactions are conducted in accordance with the terms of the 2024 Agreements and will not exceed the annual caps;
- (iii) the Group will regularly examine prevailing market conditions and practices and make reference to the pricing and terms of similar transactions entered into between the Group and Independent Third Parties to ensure that the pricing and terms of the Transactions are fair and reasonable and no less favourable than those provided to Independent Third Parties; and
- (iv) the independent auditor of the Company and the independent non-executive Directors will conduct annual review on the Transactions in accordance with the Listing Rules.

### **IMPLICATIONS UNDER THE LISTING RULES**

As Beiran Enterprises is a wholly-owned subsidiary of BE Group, and BE Group is the ultimate controlling shareholder of the Company, Beiran Enterprises Group Companies are therefore connected persons of the Company under the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Directors had material interest in the Transactions and abstained from voting on the relevant Board resolutions. The Directors (including the independent non-executive Directors) considers that the revised annual caps are sufficient for the business needs of the Group, the 2024 Agreements is entered into in the ordinary and usual course of business of the Group on normal commercial terms or better and the terms of the 2024 Agreements and the revised annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**INFORMATION ON THE COMPANY AND BEIJING GAS**

The Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The Group is principally engaged in gas operation, water operation, environmental operation as well as brewery operation in the PRC. The ultimate controlling shareholder of the Company is BE Group, which is in turn ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會).

Beijing Gas is a company established in the PRC with limited liability. It is principally engaged in supplying and selling piped natural gas and related businesses in Beijing, and is an indirect wholly-owned subsidiary of the Company.

**INFORMATION ON BEIRAN ENTERPRISES**

Beiran Enterprises is a company established in the PRC with limited liability. The principal businesses of Beiran Enterprises are supplying and selling compressed natural gas and LPG; manufacturing, processing and selling 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. The ultimate controlling shareholder of Beiran Enterprises is BE Group.

**DEFINITIONS**

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

“2024 Agreements”                    the 2024 Engineering Services Framework Agreement; the 2024 Comprehensive Services Framework Agreement; the 2024 Sale and Purchase of Gas Framework Agreement; the 2024 Sale and Purchase of Goods Framework Agreement; and the 2024 Leasing Contract

“2024 Comprehensive Services Framework Agreement”	an agreement dated 28 December 2023 entered into between Beijing Gas and Beiran Enterprises in respect of the provision of comprehensive services, details of which are set out in the announcement of the Company dated 28 December 2023
“2024 Engineering Services Framework Agreement”	an agreement dated 28 December 2023 entered into between Beijing Gas and Beiran Enterprises in respect of the provision of engineering services, details of which are set out in the announcement of the Company dated 28 December 2023
“2024 Leasing Contract”	an agreement dated 28 December 2023 entered into between Beijing Gas as the tenant and Beiran Enterprises as the landlord in respect of the leasing of properties, details of which are set out in the announcement of the Company dated 28 December 2023
“2024 Sale and Purchase of Gas Framework Agreement”	an agreement dated 28 December 2023 entered into between Beijing Gas and Beiran Enterprises in respect of the sale and purchase of gas, details of which are set out in the announcement of the Company dated 28 December 2023
“2024 Sale and Purchase of Goods Framework Agreement”	an agreement dated 28 December 2023 entered into between Beijing Gas and Beiran Enterprises in respect of the sale and purchase of goods, details of which are set out in the announcement of the Company dated 28 December 2023
“associate(s)”	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 established in the PRC with limited liability and is the ultimate controlling shareholder of the Company
“Beijing Gas”	Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Beijing Gas Group Companies”	Beijing Gas and its subsidiaries
“Beiran Enterprises”	Beijing Beiran Enterprises Group Company Limited* (北京北燃實業集團有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of BE Group
“Beiran Enterprises Group Companies”	Beiran Enterprises and its associates
“Board”	the board of Directors of the Company
“Company”	Beijing Enterprises Holdings Limited (北京控股有限公司), 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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region of China
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Transactions”	the transactions contemplated under the 2024 Agreements
“%”	per cent.

*\* For identification purposes only*

By Order of the Board  
**Beijing Enterprises Holdings Limited**  
**YANG Zhichang**  
*Chairman*

Hong Kong, 22 January 2024

*As at the date of this announcement, the board of directors of the Company comprises Mr. YANG Zhichang (Chairman), Mr. JIANG Xinhao (Vice Chairman), Mr. XIONG Bin (Chief Executive Officer), Mr. GENG Chao and Mr. TAM Chun Fai as executive directors; Mr. WU Jiesi, Mr. LAM Hoi Ham, Dr. YU Sun Say and Ms. CHAN Man Ki Maggie as independent non-executive directors.*