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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE SHARES IN EEW HOLDING GMBH AND THE ENTIRE PARTNERSHIP INTERESTS IN M+E HOLDING GMBH & CO. KG

AND

RESUMPTION OF TRADING

Financial advisors to Beijing Enterprises Holdings Limited

LAZARD



The Board is pleased to announce that the Sellers, the Purchasers (being wholly-owned subsidiaries of the Company) and the Company as guarantor entered into the Agreement dated 3 February 2016 pursuant to which (i) Seller 1 shall sell, and Purchaser A shall purchase, the Sale Shares, representing the entire issued shares in Target Entity A; and (ii) Seller 2 and Seller 3 shall sell, and Purchaser B shall purchase, Seller 2 KG Interest and Seller 3 KG Interest, representing a participation of 6% of the limited partnership capital in Target Entity B held by Seller 2 and Seller 3, at the Initial Purchase Price of approximately EUR1,438 million.

The Target Group is a leading energy-from-waste (“Efw”) company in Europe headquartered in Germany, with its principal business in the supply of electricity, steam and heat from waste. As of the date of this announcement, the Target Group operates a portfolio of 18 Efw plants located in Germany and neighbouring countries, which are some of the most developed and stable waste management markets in Europe. With total waste treatment volume of approximately 4.4 million tonnes in 2015, the Target Group is a leading German Efw company with an approximately 17% market share in Germany. As the only independent Efw company in Germany, the Target Group has a focused Efw pure-play strategy.

As certain applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but all are below 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that the Sellers, the Purchasers (being wholly-owned subsidiaries of the Company) and the Company as guarantor entered into the Agreement dated 3 February 2016 in respect of the Acquisition.

The principal terms of the Agreement are summarised below:

THE AGREEMENT

Date

3 February 2016

Parties

Seller 1	Esperanto Infrastructure IV S.à r.l., the sole shareholder of Target Entity A
Seller 2	Esperanto Infrastructure Holding II S.à r.l., a limited partner of Target Entity B
Seller 3	Esperanto Infrastructure I S.A., a limited partner of Target Entity B
Purchaser A	Luxembourg Investment Company 121 S.à r.l., an indirect wholly-owned subsidiary of the Company
Purchaser B	Pure Success International Limited, a direct wholly-owned subsidiary of the Company
Guarantor	Beijing Enterprises Holdings Limited

Seller 2, Seller 3 and Target Entity A are the sole limited partners of Target Entity B. EEW Vermögensverwaltungs-GmbH is the sole general partner of Target Entity B.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Sellers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Agreement and subject to the terms and conditions contained therein, among other things:

- (i) Seller 1 shall sell, and Purchaser A shall purchase, the Sale Shares, representing the entire issued shares in Target Entity A; and
- (ii) Seller 2 and Seller 3 shall sell, and Purchaser B shall purchase, Seller 2 KG Interest and Seller 3 KG Interest, representing a participation of 6% of the limited partnership capital in Target Entity B held by Seller 2 and Seller 3 as at the date of this announcement.

Target Entity A is also holding, among other things, the limited partnership interest in the amount of EUR94 registered with the commercial register as liable capital contribution, corresponding to a participation of 94% in the limited partnership capital of Target Entity B as at the date of this announcement.

The partners of Target Entity B have approved the sale and transfer of the KG Interests under the Agreement.

Purchase Price

Pursuant to the Agreement and subject to the terms and conditions contained therein, the initial Purchase Price is approximately EUR1,438 million (“**Initial Purchase Price**”). The final Purchase Price shall be determined based on the following formula:

$\text{Purchase Price} = \text{Initial Purchase Price} + \text{Agreed Interests} - \text{Break Cost}$

where

$\text{Agreed Interests} = \text{Interests on the Initial Purchase Price at an interest rate of 8\% per annum from 1 January 2016 up to and including the Closing Date}$

$\text{Break Cost} = \text{The break costs payable by the Target Group for refinancing an existing loan of the Target Group by the Purchasers}$

For illustrative purposes only, assuming that Closing takes place at the end of February 2016, it is estimated that the Purchase Price shall be approximately EUR1,450 million.

The Purchase Price is determined based on arm’s length negotiations between the Purchasers and the Sellers with reference to, among other things, the Equity Value of the Target Group.

Payment terms

The Purchase Price shall be settled in cash by the Purchasers in the following manner:

- (i) an amount of EUR200 million has been paid by or on behalf of the Purchasers as deposit to an escrow account of a notary in Germany, which shall be released to the Sellers upon Closing;
- (ii) an amount equivalent to the remaining balance of the Purchase Price shall be paid by or on behalf of the Purchasers to the Sellers upon Closing.

It is expected that the Company shall fund the Purchase Price by the Facility and/or its internal resources.

Condition to Closing

Closing is subject to clearance of the Acquisition in accordance with the German Foreign Trade and Payments Regulation in the form of a certificate of non-objection.

Closing

Closing shall take place on the later of (i) 29 February 2016 and (ii) the eighth (8th) Business Day after the day on which the Condition is either satisfied or waived, or such other day as the Purchasers and the Sellers may agree in writing.

Following Closing, the Target Entities will become wholly-owned by the Company.

Guarantee

The Guarantor shall guarantee to the Sellers by way of an independent guarantee on first demand the full and punctual performance of all obligations of the Purchasers under or in connection with the Agreement.

THE FACILITY AND DISCLOSURE UNDER RULE 13.18 OF THE LISTING RULES

On 1 February 2016, Good Champion (an indirect wholly-owned subsidiary of the Company and the immediate holding company of Purchaser A) as borrower and the Company as guarantor entered into a committed term loan facility letter (the “**Facility Letter**”) with a bank as lender for a term loan facility (the “**Facility**”) up to an extent of EUR2,500 million. Subject to and upon the terms and conditions contained in the Facility Letter, the Facility shall be made available to Good Champion for drawdown from the date of the Facility Letter to the date falling 6 months thereafter provided that the lender may extend such period without prior notice. All amounts outstanding under the Facility (including interest accrued thereon) shall be repaid on the date falling 12 months from the date of first drawdown. Subject to the terms in the Facility Letter, the purpose of the Facility is to finance the payment of the Purchase Price.

Pursuant to the Facility Letter, it shall be an event of default if (among other things):–

- (a) the Company is not or ceased to be at least 50% owned, directly or indirectly, by BE Group which is supervised and controlled by the State-Owned Assets Supervision & Administration Commission of People’s Government of Beijing Municipality, or Good Champion is not or ceased to be at least 50% owned, directly or indirectly, by the Company; or
- (b) BE Group ceases to beneficially own, directly or indirectly, at least 50 per cent of the issued share capital of the Company, or the Company ceases to beneficially own, directly or indirectly, at least 50 per cent of the issued share capital of Good Champion.

As at the date of this announcement, BE Group is deemed to be interested in approximately 60.96% of the total number of shares of the Company in issue.

If an event of default under the Facility Letter occurs, all amounts advanced under the Facility will become immediately due and repayable.

The Company will comply with the continuing disclosure requirements pursuant to Rule 13.21 of the Listing Rules for so long as the circumstances giving rise to the obligation continue to exist.

INFORMATION ON THE TARGET GROUP

The Target Group is a leading energy-from-waste (“EfW”) company in Europe headquartered in Germany, with its principal business in the supply of electricity, steam and heat from waste. As of the date of this announcement, the Target Group operates a portfolio of 18 EfW plants located in Germany and neighbouring countries, which are some of the most developed and stable waste management markets in Europe. With total waste treatment volume of approximately 4.4 million tonnes in 2015, the Target Group is a leading German EfW company with an approximately 17% market share in Germany. As the only independent EfW company in Germany, the Target Group has a focused EfW pure-play strategy.

Based solely on the financial information provided by the Sellers, set out below is a summary of the audited financial information of the Target Group for the year ended 31 December 2014 and the unaudited financial information of the Target Group for the year ended 31 December 2015 as extracted from the unaudited management accounts provided by the Sellers:

	2015	2014
	(unaudited)	(audited)
	<i>EUR</i>	<i>EUR</i>
	<i>million</i>	<i>million</i>
Net profit (before taxation and extraordinary items)	102.3	43.3
Net profit (after taxation and extraordinary items)	65.6	15.1

As at 31 December 2015, the unaudited consolidated net assets of the Target Group were approximately EUR451.9 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition represents an opportunity for the Group to expand its EfW business, and allows the Group to consolidate and enhance its industry position, while introducing advanced management expertise and related EfW technologies to the PRC market, thereby improving management and operational standard in the industry in China. The Directors believe that the Target Group will bring solid revenue and profit contribution to the Group.

The Company has plans to introduce strategic investors to the Target Group. Under the premise that the Group continues to be the single largest shareholder of the Target Group, it is possible that (if Closing takes place) the Company may dispose of over 50% of its interests in the Target Group. As at the date of this announcement, the Group has not entered into any legally binding agreement with any investors in relation to the sale and purchase of the interests of the Target Group. Should this materialise, the Company shall make further announcement in accordance with the Listing Rules as and when appropriate.

The Directors consider that the terms of the Agreement are agreed between the parties after arm's length negotiations and are fair and reasonable, and the Acquisition is on normal commercial terms and is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but all are below 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Company is 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). The Group is principally engaged in natural gas operations, brewery operations, sewage and water treatment operations, and solid waste treatment operations in the PRC.

Each of the Sellers is a special purpose vehicle established by EQT Infrastructure II (“EQT”) for holding the interests in the Target Group. EQT is a EUR 1.925 billion fund investing in medium-sized infrastructure businesses in the Nordic region, parts of Continental Europe, and North America.

Each of the Purchasers is an investment holding company and Purchaser A and Purchaser B are indirect and direct wholly-owned subsidiary of the Company respectively.

RESUMPTION OF TRADING

At the request of the Company, trading on the Stock Exchange in the Company’s shares (stock code: 392) and the Company’s listed debt securities (stock code: 5598) was halted from 9:00 a.m. on 4 February 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Company’s shares and listed debt securities with effect from 9:00 a.m. on 5 February 2016.

Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of all shares in Target Entity A and all partnership interests in Target Entity B
“Agreement”	the agreement dated 3 February 2016 entered into among the Purchasers, the Sellers and the Guarantor in relation to the Acquisition
“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), the ultimate controlling shareholder of the Company
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) on which banks are open for general business in Frankfurt am Main, Germany, Luxembourg, Hong Kong and Beijing, and which is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments in Euro
“Company” or “Guarantor”	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)
“Condition”	the condition to Closing as set out in the paragraph headed “Condition to Closing” in this announcement
“Closing”	closing of the Acquisition in accordance with the terms and conditions of the Agreement
“Closing Date”	the date on which Closing takes place

“Director(s)”	the director(s) of the Company
“Equity Value”	the equity value of the Target Group as of 31 December 2015 taking into account (among other things) the cash, financial debt and working capital of the Target Group as of 31 December 2015 based on the unaudited consolidated balance sheet of the Target Group for the year ended 31 December 2015
“Euro” or “EUR”	the Euro, the lawful currency of the member states of the European Union
“Good Champion”	Good Champion Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	collectively, 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 People’s Republic of China
“KG Interests”	collectively, Seller 2 KG Interest and Seller 3 KG Interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)

“Purchase Price”	the final purchase price for the Sale Shares, Seller 2 KG Interest and Seller 3 KG Interest
“Purchaser A”	Luxembourg Investment Company 121 S.à r.l., a private limited liability company incorporated and existing under the laws of the Grand Duchy of Luxembourg and an indirect wholly-owned subsidiary of the Company
“Purchaser B”	Pure Success International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Purchasers”	collectively, Purchaser A and Purchaser B
“Sale Shares”	the entire issued share capital of Target Entity A owned by Seller 1 as at the date of this announcement
“Seller 1”	Esperanto Infrastructure IV S.à r.l., a limited liability company incorporated and existing under the laws of the Grand Duchy of Luxembourg
“Seller 2”	Esperanto Infrastructure Holding II S.à r.l., a limited liability company incorporated and existing under the laws of the Grand Duchy of Luxembourg
“Seller 2 KG Interest”	the limited partnership interest in the amount of EUR3, registered with the commercial register as liable capital contribution, corresponding to a participation of 3% in the limited partnership capital of Target Entity B held by Seller 2 as at the date of this announcement
“Seller 3”	Esperanto Infrastructure I S.A., a stock corporation incorporated and existing under the laws of the Grand Duchy of Luxembourg

“Seller 3 KG Interest”	the limited partnership interest in the amount of EUR3, registered with the commercial register as liable capital contribution, corresponding to a participation of 3% in the limited partnership capital of Target Entity B held by Seller 3 as at the date of this announcement
“Sellers”	collectively, Seller 1, Seller 2 and Seller 3
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Entity A”	EEW Holding GmbH, a limited liability company incorporated under German law
“Target Entity B”	M+E Holding GmbH & Co. KG, a limited liability partnership under German law
“Target Entities”	collectively, Target Entity A and Target Entity B
“Target Group”	collectively, the Target Entities and their respective subsidiaries
“%”	per cent.

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

Hong Kong, 4 February 2016

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. Wu Jiesi, Mr. Lam Hoi Ham, Mr. Fu Tingmei, Mr. Sze Chi Ching, Mr. Shi Hanmin and Dr. Yu Sun Say as independent non-executive Directors.

* *For identification purpose only*