

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



BEIJING ENTERPRISES WATER GROUP LIMITED

北控水務集團有限公司*

(formerly known as Shang Hua Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock code: 371)

APPOINTMENT OF DIRECTOR AND AUDITORS

The board of directors (the “Board”) of Beijing Enterprises Water Group Limited (the “Company”) announces that:

1. Mr. Jiang Xinhao has been appointed as Executive Director of the Company with effect from 3 June 2008; and
2. Messrs. Ernst & Young has been appointed as Auditors of the Company to fill the casual vacancy arising from the resignation of HLM & Co.

Appointment of Director

Mr. Jiang Xinhao (“Mr. Jiang”), aged 43, has been appointed as Executive Director of the Company with effect from 3 June 2008. Mr. Jiang is Executive Director and Vice President of Beijing Enterprises Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 392). Mr. Jiang graduated from Fudan University in 1987 with a bachelor’s degree in law, and then in 1992 with a master’s degree in law. Mr. Jiang was a lecturer at Peking University between 1992 and 1994. From 1995 to 1997, Mr. Jiang was a Deputy General Manager of Jingtai Finance Company in Hong Kong, and subsequently a Director and Vice President of BHL Industrial Investment Company. From 1997 to February 2005, Mr. Jiang was a Director and the Chief Executive Officer of Tramford International Limited, a public company listed on Nasdaq. Mr. Jiang was a Manager of the investment development department of Beijing Holdings Limited and a General Manager of Beijing BHL Investment Center between May 2000 and February 2005. He served as a Policy Analyst of the Chinese State Commission of Restructuring Economic System from

1987 to 1989. Mr. Jiang has many years of experience in economics, finance and corporate management.

Saved as disclosed above, Mr. Jiang held no other directorships in listed public companies in the last three years.

Saved as disclosed above and as at the date of this announcement, Mr. Jiang does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Jiang has not entered into any service contracts in relation to his directorship with the Company; has no fixed term of service with the Company and is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company. Mr. Jiang will not receive any emoluments from the Company.

The Board is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company and does not have any information which is required to be disclosed under Rules 13.51(2)(h)-(v) of the Listing Rules.

The Board would like to extend a warm welcome to Mr. Jiang for joining the Board.

Appointment of Auditors

Reference is made to the Company's announcement on resignation of Auditors on 4 March 2008. In view of the Company's requirement to align its Auditors with that of its controlling shareholder, the Board hereby announces that Messrs. Ernst & Young ("E&Y") have been appointed as Auditors of the Company to fill the casual vacancy arising from the resignation of HLM & Co., and to hold office until the conclusion of the next annual general meeting. The Board considers that there are no circumstances in respect of the appointment of E&Y which should be brought to the attention of the shareholders of the Company.

On Behalf of the Board
Beijing Enterprises Water Group Limited
Zhang Honghai
Chairman

Hong Kong, 3 June 2008

** For identification purposes only*

As at the date of this announcement, the board of directors of the Company comprises six executive directors, namely, Mr. Zhang Honghai(Chairman), Mr. Liu Kai, Mr. E Meng, Mr. Jiang Xinhao, Ms. Qi Xiaohong and Mr. Ju Yadong and three independent non-executive directors, namely, Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo and Mr. Guo Rui.