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**北控水務集團有限公司**

BEIJING ENTERPRISES WATER GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 371)**

**DISCLOSEABLE TRANSACTION  
SUBSCRIPTION OF SHARES IN  
CHINA INTERNATIONAL CONSTRUCTION INVESTMENT HOLDING  
(HONG KONG) LIMITED  
(捷運國際建設投資控股(香港)有限公司)**

**THE SUBSCRIPTION AGREEMENT**

On 23 April, 2010, the Company entered into the Subscription Agreement with the Target for the subscription of 116,667 Target Shares, representing approximately 70% of the enlarged issued share capital of the Target after Completion at a consideration of US\$116,667.

As the asset ratio for the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**Subscription of shares in the Target representing approximately 70% of the enlarged issued share capital of the Target after Completion**

The Board is pleased to announce that on 23 April 2010, the Company entered into the Subscription Agreement with the Target pursuant to which the Company agreed to subscribe and the Target agreed to issue and allot 116,667 Target Shares, representing approximately 70% of the enlarged issued share capital of the Target after the Completion.

**Summary of the Subscription Agreement:-**

Date of Agreement: 23 April 2010  
Parties: (i) Company  
(ii) Target

The Company is the holding company of the Group and the 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.

The Target is the shareholder of various enterprises in the PRC, including Kunming Environment and Kunming Road and Bridge. Kunming Environment and Kunming City Dianchi Investment Company Limited\* (昆明滇池投資有限責任公司) entered into the transfer of BT contract in relation to the intercepting canal engineering investment technology in the Southbank of the lake of Dianchi, Kunming City pursuant to which Kunming Environment is responsible for investing and constructing the engineering projects for the intercepting canal of Jincheng section, the (rainwater) water treatment plant for sludge and sewage, the (rainwater) water treatment plant for sewage in Baiyu and ancillary facilities for intercepting canal, including the water and settling system and inspection well. The total investment of the projects is initially estimated to be approximately RMB1.6 billion. After completion of the construction, the works will transfer to Kunming City Dianchi Investment Company Limited\* (昆明滇池投資有限責任公司) and Kunming City Dianchi Investment Company Limited\* (昆明滇池投資有限責任公司) will pay the repurchase amount of the projects according to the terms and conditions of the above contract. The Standing Committee of Kunming Municipal People's Congress has approved the repurchase amount of the projects to be included in the funding of the financial budget of Kunming City.

Kunming Road and Bridge and Kunming City Construction Investment Development Company Limited\* (昆明市城建投資開發有限責任公司) entered into the engineering investment and construction of Huanhu South Road, Kunming City - transfer of the BT contract pursuant to which Kunming Road and Bridge is responsible for investing and constructing the main line of Huanhu South Road and the Huanhu South Road landscape road engineering project. The total investment of the project is initially estimated to be approximately RMB2.35 billion (excluding investment on sewage pipes). After completion of the construction, the works will transfer to Kunming City Construction Investment Development Company Limited\* (昆明市城建投資開發有限責任公司) and Kunming City Construction Investment Development Company Limited\* (昆明市城建投資開發有限責任公司) will pay the repurchase amount of the project according to the terms and conditions of the above contract. The Standing Committee of Kunming Municipal People's Congress has approved the repurchase amount of the project to be included in the funding of the financial budget of Kunming City.

The Target is an investment holding limited company. The scope of business of the Target Group includes development, construction and operation of infrastructure construction projects such as highway, municipal works and landscape engineering, development, construction and operation of environmental work, operation and management of environmental facilities as well as disposal of garbage and solid wastes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Target and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **Interest to be subscribed**

Pursuant to the Subscription Agreement, the Company agreed to subscribe for 116,667 Target Shares representing approximately 70% of the enlarged issued share capital of the Target after the Completion.

Based on the unaudited consolidated financial information prepared in accordance with PRC accounting standards, Target had consolidated net liabilities of approximately HK\$3,542,000 as at 31 December 2009, the net loss before and after tax and extraordinary items of HK\$3,977,000 respectively for the year ended 31 December 2009 and the net loss before and after tax and extraordinary items of HK\$900,000 respectively for the year ended 31 December 2008.

### **Consideration**

Consideration for the Subscription is US\$116,667 payable immediately after the Completion. The consideration was arrived at after arm's length negotiation between the Company and Target principally based on the financial position of the Target and its potential development prospect.

The payment of the consideration shall be funded by internal resources. The Company confirmed that the working capital is sufficient to satisfy the consideration of the Subscription and its operational needs.

### **Conditions Precedent**

Completion of the Subscription is conditional upon, among other, the following conditions:-

- (i) execution of all the necessary documents and passing of the necessary resolutions from the directors and shareholders of the Target for the Subscription, including documents for the increase in authorized share capital of the Target and issue and allotment of New Target Shares;
- (ii) shareholders of the Target providing necessary documents confirming that they in aggregate hold the entire issued share capital of the Target;

(iii) satisfactory completion of the legal and financial due diligences on the Target by the Company at the sole discretion of the Company. The Company has the rights at its sole discretion to terminate the Subscription Agreement if the results of such due diligences are not to the satisfaction of the Company.

Completion will take place immediately after the fulfillment of the above conditions. After Completion, the Company will be entitled to nominate four, out of a total of six, persons as the directors of the Target.

### **Reasons for and benefits of the Subscription**

The 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.

The business of the Group will continue to expand across China and the Group will actively participate in the construction of the BT engineering project through this subscription of shares in the Target in order to establish a sound base for the Group to expand into the Southwest development business. In view of the above, the Directors believe that the Subscription is in the interests of the Company and the Shareholders as a whole.

### **Listing Rules' implications**

As the asset ratio under the Listing Rules in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

### **Definitions**

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

“Board”	the board of Directors
“Company”	Beijing Enterprises Water Group Limited (Stock code: 371), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange

“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kunming Environment”	昆明捷運泰富環保工程有限公司 (Kunming Rapid Transit Taifu Environmental Project Co., Ltd.*), a wholly-foreign owned enterprise established in the PRC with limited liability, which is wholly-owned by the Target.
“Kunming Road and Bridge”	昆明捷運路橋發展有限公司 (Kunming Rapid Transit Roads and Bridges Development Co., Ltd.*), a sino-foreign joint venture established in the PRC with limited liability, which is owned as to approximately 80% and 20% by the Target and 珠海創新偉業教育投資管理有限公司 (Zhuhai Chuang Xin Wei Ye Jiao Yu Investment Co., Ltd*) respectively.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Target Shares”	116,667 Target Shares, representing approximately 70% of the enlarged issued shares of the Target
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Company of the New Target Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 23 April 2010 entered into between the Company and the Target for the subscription of the New Target Shares
“Target”	China International Construction Investment Holding (Hong Kong) Limited (捷運國際建設投資控股(香港)有限公司), a company incorporated in the British Virgin Islands on 29 April 2008
“Target Group”	the Target and its subsidiaries
“Target Shares”	ordinary shares of US\$1.00 each in the share capital of the Target
“%”	Per cent

\* *for identification purpose only*

By order of the Board  
**Beijing Enterprises Water Group Limited**  
**Zhang Honghai**  
*Chairman*

Hong Kong, 23 April 2010

*As at the date of this announcement, the board of directors of the Company comprises ten executive directors, namely, Mr. Zhang Honghai (Chairman), Mr. Liu Kai, Mr. E Meng, Mr. Jiang Xinhao, Mr. Hu Xiaoyong (Chief Executive Officer), Mr. Zhou Min, Mr. Li Haifeng, Ms. Qi Xiaohong and Mr. Ju Yadong and Mr. Zhang Tiefu and five independent non-executive directors, namely, Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Ms. Hang Shijun and Mr. Wang Kaijun.*