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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)**

## **EXEMPTED CONNECTED TRANSACTION IN RELATION TO THE DEEMED DISPOSAL OF MIND LIGHT HOLDINGS LIMITED**

### **THE SUBSCRIPTION AGREEMENTS**

On 7 December 2016 (after trading hours of the Stock Exchange), Mind Light, a wholly-owned subsidiary of the Company, entered into the Subscription Agreements with the Company, AID, Benefit Sharp (as the nominee for Shanghai Ziyue), HNW Investment Fund, Maolin, Star Colour and Zhihua Investments, pursuant to which the Company, AID, Benefit Sharp (as the nominee for Shanghai Ziyue), HNW Investment Fund, Maolin, Star Colour and Zhihua Investments conditionally agreed to subscribe for, and Mind Light conditionally agreed to allot and issue, the First Tranche Subscription Shares for an aggregate consideration of HK\$449,999,999.

Following completion of the First Tranche Subscription, Mind Light will be owned as to approximately 35% by the Company and will cease to be a subsidiary of the Company.

Subject to satisfaction of certain conditions set out in the Subscription Agreements (including completion of the First Tranche Subscription), each of the Company, AID, HNW Investment Fund, Benefit Sharp (as the nominee for Shanghai Ziyue), Maolin, Star Colour and Zhihua Investments conditionally agreed to further subscribe for the Second Tranche Subscription Shares for an aggregate consideration of HK\$450,000,000.

### **LISTING RULES IMPLICATIONS**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of AID and HNW Investment Fund and their respective ultimate beneficial shareholders is independent of the Company and connected persons of the Company.

Benefit Sharp will subscribe the Subscription Shares for and on behalf of Shanghai Ziyue. Shanghai Ziyue is owned as to over 30% by the directors of subsidiaries of the Company, and is therefore a connected person of the Company at the subsidiary level under the Listing Rules.

The Subscription by Benefit Sharp (as the nominee for Shanghai Ziyue), which is a connected person at the subsidiary level, is subject to the reporting and announcement requirements but exempted from shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Each of Maolin and Star Colour is respectively wholly-owned by Mr. Li Haifeng and Mr. Zhou Min, who are Directors, and are therefore connected persons of the Company.

Zihua Investments is wholly-owned by Mr. Hu Xiaoyong, a former Director (who resigned on 30 March 2016), and an existing director of subsidiaries of the Company, and is therefore a connected person of the Company under the Listing Rules.

In view of the above, the Subscription by each of Maolin, Star Colour and Zihua Investments constitutes a connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Subscription by Maolin, Star Colour and Zihua Investments are more than 0.1% but less than 5%, the entering into of the Subscription Agreements contemplated hereunder are subject to the reporting and announcement requirements but exempted from shareholders' approval requirements under Chapter 14A of the Listing Rules.

Following completion of the First Tranche Subscription, the total number of issued shares of Mind Light held by the Company will decrease from 100% to approximately 35%. As such, Mind Light will cease to be a subsidiary of the Group and its results will not be consolidated with those of the Group. In view of the above, the Subscription constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are less than 5%, the Subscription does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

## **THE SUBSCRIPTION AGREEMENTS**

On 7 December 2016 (after trading hours of the Stock Exchange), Mind Light, a wholly-owned subsidiary of the Company, entered into the Subscription Agreements with the Company, AID, Benefit Sharp (as the nominee for Shanghai Ziyue), HNW Investment Fund, Maolin, Star Colour and Zihua Investments, pursuant to which the Company, AID, Benefit Sharp (as the nominee for Shanghai Ziyue), HNW Investment Fund, Maolin, Star Colour and Zihua Investments conditionally agreed to subscribe for, and Mind Light conditionally agreed to allot and issue, the First Tranche Subscription Shares for an aggregate consideration of HK\$449,999,999.

The principal terms of the Subscription Agreements are set out below:

**Date**

7 December 2016 (after trading hours of the Stock Exchange)

**Parties**

**(i) *The First Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- the Company, as subscriber.

**(ii) *The Second Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- Benefit Sharp (as the nominee for Shanghai Ziyue), as subscriber.

**(iii) *The Third Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- Maolin, as subscriber.

**(iv) *The Fourth Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- Star Colour, as subscriber.

**(v) *The Fifth Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- Zhihua Investments, as subscriber.

**(vi) *The Sixth Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- AID, as subscriber.

***(vii) The Seventh Subscription Agreement***

- Mind Light, a wholly-owned subsidiary of the Company, as issuer; and
- HNW Investment Fund, as subscriber.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of AID and HNW Investment Fund and their respective ultimate beneficial shareholders are independent of the Company and connected persons of the Company.

**Subject Matter**

***(i) The First Subscription Agreement***

Pursuant to the First Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and the Company conditionally agreed to subscribe for (i) an aggregate of 15,749 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$126,499,999; and (ii) an aggregate of 15,750 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$157,500,000.

***(ii) The Second Subscription Agreement***

Pursuant to the Second Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and Benefit Sharp (as the nominee for Shanghai Ziyue) conditionally agreed to subscribe for (i) an aggregate of 4,805 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$40,957,153; and (ii) an aggregate of 4,805 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$64,295,000.

***(iii) The Third Subscription Agreement***

Pursuant to the Third Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and Maolin conditionally agreed to subscribe for (i) an aggregate of 816 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$12,876,229; and (ii) an aggregate of 816 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$5,000,000.

***(iv) The Fourth Subscription Agreement***

Pursuant to the Fourth Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and Star Colour conditionally agreed to subscribe for (i) an aggregate of 1,747 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$27,568,006; and (ii) an aggregate of 1,747 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$10,705,000.

**(v) *The Fifth Subscription Agreement***

Pursuant to the Fifth Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and Zhihua Investments conditionally agreed to subscribe for (i) an aggregate of 1,632 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$25,752,458; and (ii) an aggregate of 1,632 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$10,000,000.

**(vi) *The Sixth Subscription Agreement***

Pursuant to the Sixth Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and AID conditionally agreed to subscribe for (i) an aggregate of 14,850 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$158,653,846; and (ii) an aggregate of 14,850 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$148,500,000.

**(vii) *The Seventh Subscription Agreement***

Pursuant to the Seventh Subscription Agreement, Mind Light, a wholly-owned subsidiary of the Company, conditionally agreed to allot and issue, and HNW Investment Fund conditionally agreed to subscribe for (i) an aggregate of 5,400 shares on the First Tranche Completion Date at an aggregate subscription price of HK\$57,692,308; and (ii) an aggregate of 5,400 shares on the Second Tranche Completion Date at an aggregate subscription price of HK\$54,000,000.

The subscription price under the Subscription Agreements was determined between the parties after arm's length negotiations taking into consideration, among others, business development and future prospects of the Target Group; and reasons and benefits of the Subscription Agreements as stated under the section headed "Information of the Group and reasons for entering into the Subscription Agreements".

Following completion of the First Tranche Subscription, Mind Light will be owned as to approximately 35% by the Company and will cease to be a subsidiary of the Company.

Subject to satisfaction of certain conditions set out in the Subscription Agreements (including completion of the First Tranche Subscription), each of the Company, AID, Benefit Sharp (as the nominee for Shanghai Ziyue), HNW Investment Fund, Maolin, Star Colour and Zhihua Investments conditionally agreed to further subscribe for the Second Tranche Subscription Shares for an aggregate consideration of HK\$ 450,000,000.

The aggregate subscription price payable by the Company shall be satisfied by internal resources of the Group.

## **Conditions Precedent of the Subscription Agreements**

Completion of the Subscription is conditional on the fulfillment or waiver (as the case may be) of, among others, the following conditions:

### ***First Tranche Subscription***

- (i) the Shareholders having approved the Restructuring and the transactions contemplated under the relevant Subscription Agreements, if required;
- (ii) the Restructuring having been completed;
- (iii) the warranties of the Subscribers under the Subscription Agreements remaining true, accurate and not misleading in each case in accordance with their terms; and
- (iv) the warranties of Mind Light under the Subscription Agreements remaining true, accurate and not misleading in each case in accordance with their terms.

Pursuant to the Subscription Agreements, the Subscribers may, at any time, waive the condition set out in paragraph (iv) above and Mind Light may at any time waive the condition set out in paragraph (iii) above. If any of the above conditions is not satisfied or waived on or before the Long Stop Date, either the Subscribers or Mind Light may terminate the relevant Subscription Agreements.

### ***Second Tranche Subscription***

Completion of the Second Tranche Subscription is conditional on the fulfillment or waiver (as the case may be) of, among others, the following conditions:

- (i) completion of the First Tranche Subscription;
- (ii) the warranties of the Subscribers under the Subscription Agreements remaining true, accurate and not misleading in each case in accordance with their terms; and
- (iii) the warranties of Mind Light under the Subscription Agreements remaining true, accurate and not misleading in each case in accordance with their terms.

The Subscribers may at any time waive the conditions set out in paragraph (iii) above and Mind Light may at any time waive the condition in paragraph (ii) above. If any of the above conditions is not satisfied on or before the Long Stop Date, either the Subscribers or Mind Light may terminate the Subscription Agreements.

## Completion of the Subscription Agreements

### *First Tranche Subscription*

Completion of the First Tranche Subscription shall take place on the First Tranche Completion Date.

### *Second Tranche Subscription*

Completion of Second Tranche Subscription shall take place on the Second Tranche Completion Date.

Neither Mind Light nor the Subscribers are obliged to complete unless the Subscription by all the Subscribers is completed simultaneously.

The following table illustrates the shareholding structure of Mind Light (i) as at the date of this announcement; (ii) immediately after completion of the First Tranche Subscription; and (iii) immediately after completion of the Second Tranche Subscription, assuming that there is no change in the issued share capital of Mind Light since the date of this announcement and up to the completion date of the Second Tranche Subscription.

Subscribers	As at the date of this announcement		Immediately after the First Tranche Subscription		Immediately after the Second Tranche Subscription	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Company	1	100.00	15,750	35.00	31,500	35.00
Benefit Sharp (as the nominee for Shanghai Ziyue)	–	–	4,805	10.68	9,610	10.68
Maolin	–	–	816	1.81	1,632	1.81
Star Colour	–	–	1,747	3.88	3,494	3.88
Zihua Investments	–	–	1,632	3.63	3,264	3.63
AID	–	–	14,850	33.00	29,700	33.00
HNW Investment Fund	–	–	5,400	12.00	10,800	12.00
Total	<u>1</u>	<u>100.00</u>	<u>45,000</u>	<u>100.00</u>	<u>90,000</u>	<u>100.00</u>

### **Undertaking regarding issue of shares**

Pursuant to the Subscription Agreements, each of the Subscribers acknowledges and agrees that save for the subscription of the First Tranche Subscription Shares and the Second Tranche Subscription Shares, the relevant Subscriber shall not have any pre-emptive right with respect to any allotment and issue of any Shares or other securities of the Company.



## **Undertaking regarding transfer of shares**

Pursuant to the Subscription Agreements, each of the Subscribers may sell, transfer or otherwise dispose of, any of the shares of Mind Light, any interest in any of the shares of Mind Light and the benefit of the whole or any part of the relevant Subscription Agreement to any person provided that all of the First Tranche Subscription Shares and the Second Tranche Subscription Shares are sold, transferred or otherwise disposed of in favour of the same person.

## **INFORMATION OF THE SUBSCRIBERS**

As at the date of this announcement, Benefit Sharp is an investment holding company incorporated in the British Virgin Islands and is owned as to 50% by Mr. Zhou Min and as to 50% by Mr. Li Haifeng, who are the Directors. Benefit Sharp, being as the nominee, subscribed for the Subscription Shares for and on behalf of Shanghai Ziyue, which is an investment holding company established in the PRC and is owned as to over 30% by directors of subsidiaries of the Company.

Maolin is an investment holding company incorporated in the British Virgin Islands and is wholly-owned by Mr. Li Haifeng, a Director.

Star Colour is an investment holding company incorporated in the British Virgin Islands and is wholly-owned by Mr. Zhou Min, a Director.

Zhijia Investments is an investment holding company incorporated in the British Virgin Islands and is wholly-owned by Mr. Hu Xiaoyong, a former Director (who resigned on 30 March 2016), and an existing director of the subsidiaries of the Company.

AID is an exempted limited partnership registered in the Cayman Islands, and managed by AID Utilities GP Limited. It is a direct investment under AID Utilities GP Limited.

HNW Investment Fund is a company incorporated in the Cayman Islands with limited liability, and is wholly-owned by CCB International Asset Management Limited. The principle business of CCB International Asset Management Limited is asset management (portfolio management) and direct investment.



## INFORMATION OF THE TARGET GROUP

Mind Light is a company incorporated under the laws of the British Virgin Islands. As at the date of this announcement, Mind Light is a wholly-owned subsidiary of the Company and is principally engaged in investment holding. Mind Light holds the entire equity interest in each of Perfect Ease, Shenzhen Pingfu, Guigang Sanitation and Guigang Medical; and 62% equity interest in Gansu Huayi. The unconsolidated financial information of Mind Light as extracted from its unaudited management accounts is summarised as follows:

	<b>For the year ended 31 December 2015</b> (Unaudited) <i>RMB'000</i> (Note 1)
Net profit/(loss) before taxation	(4)
Net profit/(loss) after taxation	(4)
Total asset	–
Net asset/(liability)	(4)

*Note 1:* Mind Light was incorporated on 16 July 2015. Therefore, no financial information was available for the year ended 31 December 2014.

The unconsolidated financial information of Perfect Ease as extracted from its unaudited management accounts is summarised as follows:

	<b>For the year ended 31 December 2015</b> (Unaudited) <i>RMB'000</i> (Note 1)
Net profit/(loss) before taxation	(29)
Net profit/(loss) after taxation	(29)
Total asset	–
Net asset/(liability)	(29)

*Note 1:* Perfect Ease was incorporated on 15 July 2015. Therefore, no financial information was available for the year ended 31 December 2014.

The unconsolidated financial information of Shenzhen Pingfu as extracted from its unaudited management accounts is summarised as follows:

	<b>For the period from date of incorporation until 30 June 2016 (Unaudited) RMB'000 (Note 1)</b>
Net loss before taxation	–
Net loss after taxation	–
Total asset	10,450
Net asset/(liability)	10,450

*Note 1:* Shenzhen Pingfu was incorporated on 22 January 2016. Therefore, no financial information was available for the year ended 31 December 2014 or 31 December 2015.

The financial information of Guigang Sanitation as extracted from its audited financial statements is summarised as follows:

	<b>For the year ended 31 December 2014 (Audited) RMB'000</b>	<b>For the year ended 31 December 2015 (Audited) RMB'000</b>
Net profit/(loss) before taxation	5,270	5,013
Net profit/(loss) after taxation	5,270	5,013
Total asset	34,523	36,571
Net asset/(liability)	10,269	15,282

The financial information of Guigang Medical as extracted from its audited financial statements is summarised as follows:

	<b>For the year ended 31 December 2014 (Audited) RMB'000</b>	<b>For the year ended 31 December 2015 (Audited) RMB'000</b>
Net profit/(loss) before taxation	(1)	(31)
Net profit/(loss) after taxation	(1)	(31)
Total asset	6,220	9,554
Net asset/(liability)	4,999	4,968

The financial information of Gansu Huayi as extracted from its audited financial statements is summarised as follows:

	<b>For the year ended 31 December 2014 (Audited) RMB'000</b>	<b>For the year ended 31 December 2015 (Audited) RMB'000</b>
Net profit/(loss) before taxation	(815)	31,501
Net profit/(loss) after taxation	(815)	31,501
Total asset	51,932	223,906
Net asset/(liability)	8,257	209,672

Based on the unaudited financial statements on 30 October 2016, the 35% equity interest held by the Company in unaudited adjusted net asset value of the Target Group is approximately HK\$318.8 million and the Company is expected to record a deemed gain of disposal of HK\$17.6 million in its income statement arising from the First Tranche Subscription and Second Tranche Subscription. The expected deemed gain of disposal is calculated from the difference between the unaudited adjusted net asset value of the Target Group as at 30 October 2016 and the expected fair value of 35% interest held by the Company in the Target Group upon the completion of First Tranche Subscription and Second Tranche Subscription. Shareholders should note that the actual gain/loss on the disposal to be recorded by the Company will depend on the net asset value of the Target Group as at the date of completion.

## **INFORMATION OF THE GROUP AND REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENTS**

The Company is an investment holding company. The Group is principally engaged in construction of sewage and reclaimed water treatment and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC and Malaysia and Republic of Singapore; provision of sewage and reclaimed water treatment services in the PRC and Portuguese Republic; distribution and sales of piped water in the PRC and Portuguese Republic; provision of technical and consultancy services that are related to sewage treatment and construction services for comprehensive renovation projects in the PRC; and the licensing of technical know-how that is related to sewage treatment in the PRC.

The main business of the Target Group involves the integration of sanitation and hazardous waste treatment. There is a huge potential development for such business in future. However, the existing core business of the Group in terms of investment, operation, management and risk control is considerable different from such business, so it needs to set up a professional financing platform and professional operating team to monitor such business. The Board considers that the investment in business of this nature will be capital-intensive. Thus, after the Restructuring, Target Group will form a professional and independent financing platform. Benefitting from the synergies with the Company as its parent company, it will not have impact on the Company's focus on its principal business, nor will it cause financial pressure on the Company's original business. Taking into consideration the huge market prospects of the industry, together with formation of an independent professional financing platform and professional executive team amid the fast developing phase in the industry, the Target Group will seize market opportunities, efficiently integrate the external resources of both financing and marketing and occupy a favorable position rapidly in the industry.

In view of the above, the Directors (including the independent non-executive Directors but excluding Mr. Li Haifeng and Mr. Zhou Min) consider that the terms of the Subscription Agreements are normal commercial terms and such terms are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Benefit Sharp, being the nominee, will subscribe the Subscription Shares for and on behalf of Shanghai Ziyue. Shanghai Ziyue is owned as to over 30% by the directors of subsidiaries of the Company, and is therefore a connected person of the Company at the subsidiary level under the Listing Rules.

The Subscription by Benefit Sharp (as the nominee for Shanghai Ziyue), which is a connected person at the subsidiary level, is subject to the reporting and announcement requirements but exempted from shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Each of Maolin and Star Colour is respectively wholly-owned by Mr. Li Haifeng and Mr. Zhou Min, who are Directors, and are therefore connected persons of the Company.

Zhихua Investments is wholly-owned by Mr. Hu Xiaoyong, the former Director (who resigned on 30 March 2016), and an existing director of subsidiaries of the Company, and is therefore a connected person of the Company under the Listing Rules.

In view of the above, the Subscription by each of Maolin, Star Colour and Zhихua Investments constitute a connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Subscription by Maolin, Star Colour and Zhихua Investments are more than 0.1% but less than 5%, the entering into of the Subscription Agreements contemplated hereunder are subject to the reporting and announcement requirements but exempted from shareholders' approval requirements under Chapter 14A of the Listing Rules.

Following completion of the First Tranche Subscription, the total number of issued shares of Mind Light held by the Company will decrease from 100% to approximately 35%. As such, Mind Light will cease to be a subsidiary of the Group and its results will not be consolidated with those of the Group. In view of the above, the Subscription constitutes a deemed disposal for the Company under Rule 14.29 of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are less than 5%, the Subscription does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Company and having made all reasonable enquiries, as at the date of this announcement, none of the Directors (other than Mr. Li Haifeng and Mr. Zhou Min) have any material interests in the Subscription Agreements and transactions contemplated thereunder. As such, Mr. Li Haifeng and Mr. Zhou Min abstained from voting on the relevant board resolutions to approve the Subscription Agreements.

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“AID”	AID Utilities L.P., an exempted limited partnership registered in the Cayman Islands;
“Benefit Sharp”	Benefit Sharp Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is held as to 50% by Mr. Zhou Min and as to 50% by Mr. Li Haifeng (as the nominee for Shanghai Ziyue);
“Board”	the board of the Directors;
“Business Day”	means any day (excluding a Saturday, Sunday, public holiday and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.) on which banks are generally open for business in Hong Kong;
“Company”	Beijing Enterprises Water Group 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: 371);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Fifth Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and Zhihua Investments relating to the Subscription;
“First Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and the Company relating to the Subscription;
“First Tranche Completion Date”	the second Business Day after satisfaction of the conditions precedent relating to the First Tranche Subscription, or such other date as the parties may agree in writing;

“First Tranche Subscription”	the subscription of the First Tranche Subscription Shares;
“First Tranche Subscription Shares”	an aggregate of 44,999 new shares in Mind Light, representing 99.99% of the enlarged total issued share capital of Mind Light upon the issue;
“Fourth Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and Star Colour relating to the Subscription;
“Gansu Huayi”	甘肅華壹環保技術服務有限公司 (Gansu Huayi Environmental Technology Services Company Limited*), a company established in the PRC, and an indirect non-wholly-owned subsidiary of Mind Light;
“Guigang Medical”	廣西貴港北控水務醫療廢物處理有限公司 (Guangxi Guigang Beijing Enterprises Medical Wastes Treatment Company Limited*), a company established in the PRC, and an indirect wholly-owned subsidiary of Mind Light;
“Guigang Sanitation”	廣西貴港北控水務環衛服務有限公司 (Guangxi Guigang Beijing Enterprises Water Sanitation Services Company Limited*), a company established in the PRC, and an indirect wholly-owned subsidiary of Mind Light;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HNW Investment Fund”	HNW Investment Fund Series SPC for and on behalf of PF Fund Segregated Portfolio, a company incorporated in the Cayman Islands with limited liability;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Maolin”	Maolin Investments Limited, a company incorporated in the British Virgin Islands with limited liability;



“Mind Light”	Mind Light Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company as at the date of this announcement;
“Long Stop Date”	with respect to each of the Subscribers, the one hundred and eightieth (180th) day after the execution of the relevant Subscription Agreements or such other day as may be notified to the relevant Subscribers by Mind Light;
“Perfect Ease”	Perfect Ease Holdings Limited 美怡控股有限公司, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Mind Light;
“PRC”	the People’s Republic of China;
“Restructuring”	the internal group restructuring undertaken by Mind Light following which Perfect Ease and Shenzhen Pingfu would be wholly-owned by Mind Light;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and Shanghai Ziyue relating to the Subscription;
“Second Tranche Completion Date”	such date as may be specified by Mind Light in the notice given by Mind Light to the Subscribers in accordance with the Subscription Agreements or such other date as the parties may agree in writing;
“Second Tranche Subscription”	the subscription of the Second Tranche Subscription Shares;
“Second Tranche Subscription Shares”	an aggregate of 45,000 new shares in Mind Light, representing 50% of the enlarged total issued share capital of Mind Light upon the issue;
“Seventh Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and HNW Investment Fund relating to the Subscription;

“Shanghai Ziyue”	上海自閱投資中心（有限合夥）(Shanghai Ziyue Investment Limited Partnership*), a company established in the PRC;
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shenzhen Pingfu”	深圳平福環境投資有限公司 (Shenzhen Pingfu Environmental Investment Company Limited*), a company established in the PRC, and an indirect wholly-owned subsidiary of Mind Light;
“Sixth Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and AID relating to the Subscription;
“Star Colour”	Star Colour Investments Limited, a company incorporated in the British Virgin Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber(s)”	the Company, Shanghai Ziyue, Maolin, Star Colour, Zihua Investments, AID and HNW Investment Fund;
“Subscription”	with respect to each Subscriber, the First Tranche Subscription and the Second Tranche Subscription attributable to the relevant Subscribers;
“Subscription Agreements”	the First Subscription Agreement, the Second Subscription Agreement, the Third Subscription Agreement, the Fourth Subscription Agreement, the Fifth Subscription Agreement, the Sixth Subscription Agreement and the Seventh Subscription Agreement;
“Subscription Shares”	with respect to each Subscriber, the First Tranche Subscription Shares and the Second Tranche Subscription Shares attributable to the relevant Subscriber;
“Target Group”	Mind Light, Perfect Ease, Shenzhen Pingfu, Guigang Sanitation, Guigang Medical and Gansu Huayi;

“Third Subscription Agreement”	the subscription agreement dated 7 December 2016 entered into between Mind Light and Maolin relating to the Subscription;
“Zihua Investments”	Zihua Investments Limited, a company incorporated in the British Virgin Islands with limited liability; and
“%”	per cent.

By order of the Board  
**Beijing Enterprises Water Group Limited**  
**Li Yongcheng**  
*Chairman*

Hong Kong, 7 December 2016

*As at the date of this announcement, the board of Directors comprises ten executive directors, namely Mr. Li Yongcheng (Chairman), Mr. E Meng (Vice Chairman), Mr. Jiang Xinhao, Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Mr. Zhang Tiefu, Ms. Qi Xiaohong, Mr. Ke Jian, Mr. Tung Woon Cheung Eric and Mr. Li Li 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.*

\* *For identification purpose only*