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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 TRANSACTIONS

CAPITAL INJECTIONS INTO SUBSIDIARIES

NEW CAPITAL INJECTION AGREEMENT AND NEW INVESTMENT CO-OPERATION AGREEMENT

On 27 September 2019, BEWG (China) Investment, a wholly-owned subsidiary of the Company, entered into the following New Capital Injection Agreements and New Investment Co-operation Agreements in connection with the Capital Injections.

Qingdao Da Li Capital Injection Agreement and Qingdao Da Li Investment Co-operation Agreement

On 27 September 2019, Qingdao Da Li, BEWG (China) Investment, ABC Financial and Bei Kong Nan Nan entered into the Qingdao Da Li Capital Injection Agreement pursuant to which ABC Financial, as investor, agreed to inject RMB800,000,000 (equivalent to approximately HK\$886,800,000) by way of cash contribution into Qingdao Da Li, which will be contributed to increase its registered capital.

On 27 September 2019, Qingdao Da Li, BEWG (China) Investment and ABC Financial also entered into the Qingdao Da Li Investment Cooperation Agreement, pursuant to which upon Completion of the Qingdao Da Li Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Qingdao Da Li Equity Interest from ABC Financial subject to the terms and conditions under the Qingdao Da Li Investment Co-operation Agreement.

PREVIOUS CAPITAL INJECTION AGREEMENTS AND PREVIOUS INVESTMENT CO-OPERATION AGREEMENTS

Prior to the New Capital Injection, the Company, BEWG (China) Investment and BEWG Environmental, a wholly-owned subsidiary of the Company, had entered into the Previous Capital Injection Agreements and Previous Investment Co-operation Agreements.

Bei Kong Guangxi Capital Injection Agreement and Bei Kong Guangxi Investment Co-operation Agreement

On 28 June 2019, Bei Kong Guangxi, the Company, BEWG Environmental and ABC Financial entered into the Bei Kong Guangxi Capital Injection Agreement pursuant to which ABC Financial, as investor, agreed to inject RMB1,000,000,000 (equivalent to approximately HK\$1,108,500,000) by way of cash contribution into Bei Kong Guangxi, which was contributed to increase its registered capital and capital reserve.

On 28 June 2019, Bei Kong Guangxi, the Company, BEWG (China) Investment and ABC Financial also entered into the Bei Kong Guangxi Investment Co-operation Agreement, pursuant to which upon Completion of the Bei Kong Guangxi Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Bei Kong Guangxi Equity Interest from ABC Financial subject to the terms and conditions under the Bei Kong Guangxi Investment Co-operation Agreement.

Bei Kong Changsha Capital Injection Agreement and Bei Kong Changsha Investment Co-operation Agreement

On 10 July 2019, Bei Kong Changsha, BEWG (China) Investment, ABC Financial and CDB Development Fund entered into the Bei Kong Changsha Capital Injection Agreement pursuant to which ABC Financial, as investor, agreed to inject RMB200,000,000 (equivalent to approximately HK\$221,700,000) by way of cash contribution into Bei Kong Changsha, which was contributed to increase its registered capital and capital reserve.

On 10 July 2019, Bei Kong Changsha, BEWG (China) Investment and ABC Financial also entered into the Bei Kong Changsha Investment Co-operation Agreement, pursuant to which upon Completion of the Bei Kong Changsha Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Bei Kong Changsha Equity Interest from ABC Financial subject to the terms and conditions under the Bei Kong Changsha Investment Co-operation Agreement.

LISTING RULES IMPLICATIONS

Capital Injection Agreements

Upon completion of each of the Capital Injections, the Company's equity interests in the Target Companies will be diluted. The relevant members of the Group are deemed to have made disposals of interests in the Target Companies under Rule 14.29 of the Listing Rules. As the investor to the New Capital Injection Agreement is the same investor to the Previous Capital Injection Agreements, the respective transactions contemplated under the New Capital Injection Agreement and the Previous Capital Injection Agreements shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more applicable

percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of Deemed Disposals, on an aggregate basis, exceed 5% but are less than 25%, the Capital Injection Agreements constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Options to purchase the Equity Interests

The grant of the Options to purchase the Equity Interests by BEWG (China) Investment would be treated as notifiable transactions and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Options to purchase the Equity Interests (the exercise of which is at the discretion of BEWG (China) Investment), only the premium will be taken into consideration for calculating the percentage ratios. As nil premium is payable on the grant of the Options to purchase the Equity Interests, such grant will not constitute notifiable transactions of the Company.

The Company will comply with the applicable Listing Rules on any exercise of the Options to purchase the Equity Interests.

CAPITAL INJECTION AGREEMENTS

On 27 September 2019, BEWG (China) Investment, a wholly-owned subsidiary of the Company, entered into the following New Capital Injection Agreements in connection with the Capital Injections.

NEW CAPITAL INJECTION AGREEMENT

Qingdao Da Li Capital Injection Agreement

Date

27 September 2019

Parties

- (1) Qingdao Da Li
- (2) BEWG (China) Investment
- (3) ABC Financial
- (4) Bei Kong Nan Nan

Pursuant to the New Capital Injection Agreement, ABC Financial will make cash contribution to Qingdao Da Li to increase its registered capital.

The following table illustrates the shareholding structure of the Group in Qingdao Da Li (i) as at the date of this announcement and (ii) immediately following completion of the New Capital Injection.

Target Company	Shareholders	As at the date of this announcement		Immediately following the date of completion of the New Capital Injections	
		Registered capital (RMB)	Approximate %	Registered Capital (RMB)	Approximate %
Qingdao Da Li	BEWG (China) Investment	998,000,000	99.99	998,000,000	55.50
	ABC Financial	-	-	800,000,000	44.49
	Bei Kong Nan Nan	100,000	0.01	100,000	0.01
	Total:	998,100,000	100	1,798,100,000	100

PREVIOUS CAPITAL INJECTION AGREEMENTS

Prior to the New Capital Injection, the Company, BEWG (China) Investment and BEWG Environmental, a wholly-owned subsidiary of the Company, had entered into the Previous Capital Injection Agreements.

Bei Kong Guangxi Capital Injection Agreement

Date

28 June 2019

Parties

- (1) Bei Kong Guangxi
- (2) The Company
- (3) BEWG Environmental
- (4) ABC Financial

Bei Kong Changsha Capital Injection Agreement

Date

10 July 2019

Parties

- (1) Bei Kong Changsha
- (2) BEWG (China) Investment
- (3) ABC Financial
- (4) CDB Development Fund

Pursuant to the Previous Capital Injection Agreements, ABC Financial will make cash contributions to Bei Kong Guangxi and Bei Kong Changsha to increase their registered capital and capital reserve.

The following table illustrates the shareholding structure of the Group in Bei Kong Guangxi and Bei Kong Changsha (i) as at the date of this announcement and (ii) immediately following the completion of Previous Capital Injections.

Target Company	Shareholders	As at the date of this announcement		Immediately following the date of completion of the Previous Capital Injections	
		Registered Capital (HK\$)	Approximate %	Registered capital (HK\$)	Approximate %
Bei Kong Guangxi	The Company	280,000,000	84.85	280,000,000	46.20
	BEWG Environmental	50,000,000	15.15	50,000,000	8.25
	ABC Financial	-	-	276,108,000	45.55
	Total:	330,000,000	100	606,108,000	100

Target Company	Shareholders	As at the date of this announcement		Immediately following the date of completion of the Previous Capital Injections	
		Registered Capital (RMB)	Approximate %	Registered capital (RMB)	Approximate %
Bei Kong Changsha	BEWG (China) Investment	116,360,140	72.11	116,360,140	41.93
	ABC Financial	-	-	116,182,300	41.86
	CDB Development Fund	45,000,000	27.89	45,000,000	16.21
	Total:	161,360,140	100	277,542,440	100

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, ABC Financial and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

TERMS OF EACH OF THE CAPITAL INJECTION AGREEMENTS

The principal terms of each of the Capital Injection Agreements are summarized as follows:

Basis of determining the amount of the Capital Injections

The Consideration for each of the Capital Injection Agreements was determined after arm's length negotiation between the parties with reference to (i) the amount of Capital Injection proposed by ABC Financial, (ii) the operating conditions, financial position and business performance of the Target Companies, (iii) the business prospect of the Target Companies, and (iv) the valuation of the Target Companies or its subsidiaries appraised by the independent valuer as at 31 December 2018.

Conditions Precedent to the Capital Injections

Payment of Consideration by ABC Financial shall be subject to the fulfilment and/or waiver of the following conditions precedent, among others, under each of the Capital Injection Agreements:

- (1) ABC Financial shall be satisfied with the due diligence results of legal, financial and business aspects of the Target Companies.
- (2) All relevant agreements and legal documents for the transactions being executed and no default has occurred since the date of signing, or despite the event of default, ABC Financial shall be satisfied with its settlement or have exempted it.
- (3) All permits, consents and approvals that are required for the Capital Injections having been obtained.
- (4) The Original Shareholders and ABC Financial have reached a written consensus in respect of the revisions made in the articles of association of Target Companies as a result of the Capital Injections and in accordance with the Capital Injection Agreements.
- (5) All representations and warranties given by the Target Companies together with BEWG (China) Investment or the Company and BEWG Environmental or BEWG (China) Investment and Bei Kong Nan Nan (as the case may be) under the Capital Injection Agreements have remained true, complete and accurate from the date of the Capital Injection Agreements to the date of payment of Consideration.
- (6) The financial conditions of the Target Companies together with BEWG (China) Investment or the Company and BEWG Environmental or BEWG (China) Investment and Bei Kong Nan Nan (as the case may be) have remained basically the same and no material adverse change has occurred from the date of the Capital Injection Agreements to the payment date of the Consideration.

Payment of Capital Injections Agreements

The Consideration shall be paid by ABC Financial in cash after all conditions precedent above shall be fulfilled or waived by ABC Financial, in any event within 30 days from the signing of the Capital Injection Agreements or any other dates agreed by the parties to Capital Injection Agreements.

COMPLETION OF THE CAPITAL INJECTIONS

Qingdao Da Li Capital Injection

Within the agreed days after the Consideration was paid or such other agreed date as stipulated in Qingdao Da Li Capital Injection Agreement, Qingdao Da Li shall apply for, and complete, all requisite registration and filing procedures with the State Administration for Industry and Commerce of the PRC.

Bei Kong Guangxi Capital Injection

Within the agreed days after the Consideration was paid or such other agreed date as stipulated in Bei Kong Guangxi Capital Injection Agreement, Bei Kong Guangxi shall apply for, and complete, all requisite registration and filing procedures with the State Administration for Industry and Commerce of the PRC.

Bei Kong Changsha Capital Injection

Within the agreed days after the Consideration was paid or such other agreed date as stipulated in Bei Kong Changsha Capital Injection Agreement, Bei Kong Changsha shall apply for, and complete, all requisite registration and filing procedures with the State Administration for Industry and Commerce of the PRC.

INVESTMENT CO-OPERATION AGREEMENTS

On 27 September 2019, BEWG (China) Investment entered into the following New Investment Co-operation Agreement in connection with the Capital Injections.

NEW INVESTMENT CO-OPERATION AGREEMENT

Qingdao Da Li Investment Co-operation Agreement

Date

27 September 2019

Parties

- (1) Qingdao Da Li
- (2) BEWG (China) Investment
- (3) ABC Financial

On 27 September 2019, Qingdao Da Li, BEWG (China) Investment and ABC Financial also entered into the Qingdao Da Li Investment Co-operation Agreement, pursuant to which upon Completion of the Qingdao Da Li Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Qingdao Da Li Equity Interest from ABC Financial subject to the terms and conditions under the Qingdao Da Li Investment Co-operation Agreement.

PREVIOUS INVESTMENT CO-OPERATION AGREEMENTS

Prior to the entering into of the New Investment Co-operation Agreements, the Company and BEWG (China) Investment, have entered into the Previous Investment Co-operation Agreements.

Bei Kong Guangxi Investment Co-operation Agreement

Date

28 June 2019

Parties

- (1) Bei Kong Guangxi
- (2) The Company
- (3) BEWG (China) Investment
- (4) ABC Financial

On 28 June 2019, Bei Kong Guangxi, the Company, BEWG (China) Investment and ABC Financial also entered into the Bei Kong Guangxi Investment Co-operation Agreement, pursuant to which upon Completion of the Bei Kong Guangxi Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Bei Kong Guangxi Equity Interest from ABC Financial subject to the terms and conditions under the Bei Kong Guangxi Investment Co-operation Agreement.

Bei Kong Changsha Investment Co-operation Agreement

Date

10 July 2019

Parties

- (1) Bei Kong Changsha
- (2) BEWG (China) Investment
- (3) ABC Financial

On 10 July 2019, Bei Kong Changsha, BEWG (China) Investment and ABC Financial also entered into the Bei Kong Changsha Investment Co-operation Agreement, pursuant to which upon Completion of the Bei Kong Changsha Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Bei Kong Changsha Equity Interest from ABC Financial subject to the terms and conditions under the Bei Kong Changsha Investment Co-operation Agreement.

TERMS OF EACH OF INVESTMENT CO-OPERATION AGREEMENTS

The principal terms of each of the Investment Co-operation Agreements are summarized as follows:

Options to Purchase the Equity Interests

In the event of any of the following “specific circumstances”, BEWG (China) Investment or its designated third party shall have the Options to purchase the Equity Interests (at its discretion) from ABC Financial upon the terms of the Investment Co-operation Agreements, including but not limited to:

- (1) Upon expiry of prescribed years after payment of the consideration of each of the respective Qingdao Da Li Capital Injection, Bei Kong Guangxi Capital Injection and Bei Kong Changsha Capital Injection, the Equity Interests have not been purchased by a third party and the parties have not agreed to extend such investment period within 3 months before the expiry of prescribed period in each Investment Co-operation Agreement.
- (2) In any financial year during which ABC Financial is holding the Equity Interests, the annual distributable profits of each Target Company have not met the required percentage of performance requirements as stipulated in each of the Investment Co-operation Agreements and the distributable profit of each Target Company in aggregate has not reached the required percentage as stipulated in the Investment Co-operation Agreement and the Target Companies are unable to properly resolve this within the grace period to be given by ABC Financial, unless waived by ABC Financial.
- (3) Despite the fulfillment of required percentage of performance requirements in clause (2) by each Target Company, the aggregated profits distributed among the Target Companies to ABC Financial have not reached the amount as stipulated in each of the Investment Co-operation Agreements in any financial year, and the Target Companies are unable to properly resolve this within the grace period to be given by ABC Financial, unless waived by ABC Financial.
- (4) The Target Companies or its subsidiaries, the Company or BEWG (China) Investment breached the Capital Injection Agreements, the Investment Co-operation Agreements, the Account Supervisory Agreements and other relevant agreements which will affect the investment purpose of ABC Financial and are unable to properly resolve this within the grace period to be given by ABC Financial, unless waived by ABC Financial.
- (5) The Target Companies are subject to bankruptcy or liquidation, unless waived by ABC Financial.
- (6) The purpose of ABC Financial’s investment cannot be achieved due to force majeure.

Nil premium is payable for the grant of the Options to purchase the Equity Interests.

Upon the occurrence of any of the above “specific circumstances”, BEWG (China) Investment or its designated third party may choose to exercise the Option to purchase the Equity Interests, and the price for exercising the Options to purchase the Equity Interests shall be calculated in accordance with the formula as stipulated in each of the Investment Co-operation Agreements.

Non-Exercise of Options to Purchase the Equity Interests

Upon the occurrence of a “specific circumstance” but BEWG (China) Investment or its designated third party has not exercised the Options to purchase the Equity Interests, ABC Financial shall have the following rights, amongst others:

- (1) To request to adjust the composition of the board of directors of the Target Companies, such that it holds more than 50% of the voting rights in the board of directors of the Target Companies.
- (2) To sell all or part of the Equity Interests to a third party provided that BEWG (China) Investment shall have the right of first refusal to such interests.

Upon request made by ABC Financial as and when ABC Financial exercises its rights, the Target Companies and BEWG (China) Investment or the Company are obliged to use their best endeavours to ensure the other shareholders of the Target Companies (except ABC Financial and BEWG (China) Investment or the Company) will provide all necessary assistance and cooperation including but not limited to completion of the requisite procedures, formalities or matters for internal resolutions, relevant amendments to the relevant agreements or the articles of association of the Target Companies, external approvals, filing or registration in accordance with the Investment Co-operation Agreements.

INFORMATION ON THE TARGET COMPANIES AND EFFECTS OF THE DEEMED DISPOSALS ON THE GROUP

Qingdao Da Li is a limited liability company incorporated under the laws of the PRC on 23 September 2019. It is principally engaged in asset management, investment management, equity investment, equity investment management, venture capital and venture capital management. Qingdao Da Li acquired 99.8% equity interest in Chifeng Bei Kong on 26 September 2019. Before the acquisition by Qingdao Da Li, Chifeng Bei Kong is indirectly held by the Company. Chifeng Bei Kong is principally engaged in water pollution renovation and other pollution renovation and landscape architecture construction in the PRC.

Bei Kong Guangxi is a limited liability company incorporated under the laws of the PRC on 21 November 2008. It is principally engaged in maintenance, management and related information consultation services for urban water supply facilities and urban sewage treatment facilities in the PRC.

Bei Kong Changsha is a limited liability company incorporated under the laws of the PRC on 9 September 2014. It is principally engaged in sewage treatment and reclaimed water recycling in the PRC.

Based on the audited financial statements of the Target Companies or its subsidiaries prepared under the PRC GAAP, the audited net asset value of the Target Companies or its subsidiaries as at 31 December 2018 and unaudited net asset value of Qingdao Da Li (based on unaudited financial statements) as at 26 September 2019 are set out as follows:

	Unaudited net asset value As at 26 September 2019 (RMB'000)
<i>Qingdao Da Li</i>	997,351 (equivalent to approximately HK\$1,105,564)
	Net asset value As at 31 December 2018 (RMB'000)
<i>Chifeng Bei Kong</i>	998,000 (equivalent to approximately HK\$1,106,283)
<i>Bei Kong Guangxi</i>	797,703 (equivalent to approximately HK\$884,254)
<i>Bei Kong Changsha</i>	160,126 (equivalent to approximately HK\$177,500)

Based on the audited financial statements of the Target Companies or its subsidiaries prepared under the PRC GAAP, the audited net profit of the Target Companies or its subsidiaries before and after taxation for the years ended 31 December 2018 and 2017 respectively are set out as follows:

		For the financial year ended 31 December 2017 (RMB'000)	For the financial year ended 31 December 2018 (RMB'000)
<i>Qingdao Da Li</i>	Net profit before taxation	N/A	N/A
	Net profit after taxation	N/A	N/A
<i>Chifeng Bei Kong</i>	Net profit before taxation	0	0
	Net profit after taxation	0	0

		For the financial year ended 31 December 2017 (RMB'000)	For the financial year ended 31 December 2018 (RMB'000)
<i>Bei Kong Guangxi</i>	Net profit before taxation	120,892 (equivalent to approximately HK\$134,009)	107,587 (equivalent to approximately HK\$119,260)
	Net profit after taxation	103,580 (equivalent to approximately HK\$114,818)	92,398 (equivalent to approximately HK\$102,423)
<i>Bei Kong Changsha</i>	Net profit before taxation	14,584 (equivalent to approximately HK\$16,166)	38,304 (equivalent to approximately HK\$42,460)
	Net profit after taxation	10,903 (equivalent to approximately HK\$12,086)	32,862 (equivalent to approximately HK\$36,428)

Based on the valuation report prepared by the independent valuer, the value of total shareholders' equity of Chifeng Bei Kong, Bei Kong Guangxi and Bei Kong Changsha as at 31 December 2018 were approximately RMB998,001,100, RMB1,195,184,600 and RMB277,770,600 respectively.

As the Target Companies will remain as subsidiaries of the Group after the completion of the Capital Injections, the gain or loss arising from the deemed disposal will not be recognised in consolidated income statement. Based on the existing information available to the Company, the expected loss arising from the deemed disposal to be recognised by the Group in its consolidated statement of change in equity are estimated at approximately HK\$4.9 million.

The above calculation and accounting treatment are subject to review by the auditor of the Group. The above financial effect is calculated with reference to the net asset value of the Target Companies as at 31 December 2018 (assuming Qingdao Da Li is consolidated into the Group as at 31 December 2018) The actual financial effect on the Group arising from the partial disposal to be recorded in the Group's consolidated accounts will be recalculated based on the net asset value of the Target Companies as at the date to which completion accounts are drawn up.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION AND THE USE OF PROCEEDS

The Group will use the proceeds from the Capital Injections for repayment of debts. The leverage ratio of the Group will be effectively reduced, their financial expenses and funding costs effectively lessened, which are conducive to upgrading the Group's competitiveness and sustainability for healthy development.

The Capital Injections will bring in more capital to the Group, provide improved asset-liability structure, increase debt capacity for future new projects and subsequently decrease the Group's financial risks.

Following Completion of the Capital Injections, the Target Companies will continue to be subsidiaries of the Group and the Group would remain in control of the future development of the Target Companies. The exit arrangements under the Investment Co-operation Agreements provides BEWG (China) Investment (upon occurrence of certain specific circumstances) with Option(s) to purchase the Equity Interest(s) from ABC Financial, which after all was established for the benefit of the Group. Should the Options to purchase the Equity Interest(s) be exercised, the Group would again maintain greater control over the Target Companies with more flexibility and provide the Group with the opportunities to further explore the business development without sharing potential economic return with other entities.

In consideration of the foregoing factors, the Directors believe the Capital Injections will have positive impact and benefit to future prospects of the Group. The Directors are of the view that the terms of the Capital Injection Agreements and the Investment Co-operation Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Capital Injection Agreements

Upon Completion of each of the Capital Injections, equity interests of the Company in the Target Companies will be diluted. The relevant members of the Group are deemed to have made disposals of interests in the Target Companies under Rule 14.29 of the Listing Rules. As the investor to the New Capital Injection Agreement is the same investor to the Previous Capital Injection Agreements, the respective transactions contemplated under the New Capital Injection Agreements and the Previous Capital Injection Agreements shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of Deemed Disposals, on an aggregate basis, exceed 5% but are less than 25%, the Capital Injection Agreements constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Options to purchase the Equity Interests

The grant of the Options to purchase the Equity Interests by BEWG (China) Investment would be treated as notifiable transactions and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Options to purchase the Equity Interests (the exercise of which is at the discretion of BEWG (China) Investment), only the premium will be taken into consideration for calculating the percentage ratios. As nil premium is payable on the grant of the Options to purchase the Equity Interests, such grant will not constitute notifiable transactions of the Company.

The Company will comply with the applicable Listing Rules on any exercise of the Options to purchase the Equity Interests.

INFORMATION OF THE GROUP

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

BEWG (China) Investment

BEWG (China) Investment is a company incorporated in the PRC with limited liability and an investment holding company wholly owned by the Company.

BEWG Environmental

BEWG Environmental is a company incorporated in the PRC with limited liability and an investment holding company wholly owned by the Company.

ABC Financial

ABC Financial is a limited liability company incorporated under the laws of the PRC on 1 August 2017 and is the first batch of professional implementation organization in banking industry which specialize in market-driven debt-to-equity swaps business approved by the China Banking and Insurance Regulatory Commission. It is principally engaged in market-driven debt-to-equity swap business.

Bei Kong Nan Nan

Bei Kong Nan Nan is a company incorporated in the PRC with limited liability and a company indirectly held as to 42% by the Company. Its principal activities are engaged in investment management.

CDB Development Fund

CDB Development Fund is a company incorporated in accordance with the law by China Development Bank with the support by the central government. It is a policy-oriented organization to provide finance support for projects in key sectors made by the State Council.

DEFINITIONS

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

“ABC Financial”	ABC Financial Asset Investment Co., Ltd* (農銀金融資產投資有限公司), a company incorporated in the PRC with limited liability, being an investor to the Capital Injections
“Account Supervisory Agreements”	the account supervisory agreements in relation to the Capital Injection Agreements, pursuant to which the Target Companies will open designated bank accounts to hold all the funds received from the Capital Injections to ensure that the funds shall be used as permitted by and under the terms and conditions of the account supervisory agreements
“BEWG Environmental”	BEWG Environmental Group Co., Ltd.* (北控中科成環保集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Bei Kong Changsha”	Beijing Bei Kong Changsha Sewage Purification Co., Ltd.* (北京北控昌沙污水淨化有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company as at the date of this announcement
“Bei Kong Changsha Capital Injection”	the capital injection of RMB200,000,000 (equivalent to approximately HK\$221,700,000) in cash by ABC Financial, into Bei Kong Changsha under the terms and conditions of the Bei Kong Changsha Capital Injection Agreement
“Bei Kong Changsha Capital Injection Agreement”	the capital injection agreement dated 10 July 2019 signed between Bei Kong Changsha, BEWG (China) Investment, ABC Financial and CDB Development Fund in relation to Bei Kong Changsha Capital Injection, details of which are set out in the section headed “Previous Capital Injection Agreements”
“Bei Kong Changsha Equity Interest”	41.86% of the equity interest in Bei Kong Changsha, to be held by ABC Financial upon Completion of the Bei Kong Changsha Capital Injection

“Bei Kong Changsha Investment Co-operation Agreement”	the investment co-operation agreement dated 10 July 2019 signed between Bei Kong Changsha, BEWG (China) Investment and ABC Financial, details of which are set out in the section headed “Previous Investment Co-operation Agreements”
“Bei Kong Guangxi”	Beijing Enterprises (Guangxi) Holdings Co., Ltd.* (北控水務(廣西)集團有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement
“Bei Kong Guangxi Capital Injection”	the capital injection of RMB1,000,000,000 (equivalent to approximately HK\$1,108,500,000) in cash by ABC Financial, into Bei Kong Guangxi under the terms and conditions of the Bei Kong Guangxi Capital Injection Agreement
“Bei Kong Guangxi Capital Injection Agreement”	the capital injection agreement dated 28 June 2019 signed between Bei Kong Guangxi, the Company, BEWG Environmental and ABC Financial in relation to Bei Kong Guangxi Capital Injection, details of which are set out in the section headed “Previous Capital Injection Agreements”
“Bei Kong Guangxi Equity Interest”	45.55% of the equity interest in Bei Kong Guangxi, to be held by ABC Financial upon Completion of the Bei Kong Guangxi Capital Injection
“Bei Kong Guangxi Investment Co-operation Agreement”	the investment co-operation agreement dated 28 June 2019 signed between Bei Kong Guangxi, the Company, BEWG (China) Investment and ABC Financial, details of which are set out in the section headed “Previous Investment Co-operation Agreements”
“Bei Kong Nan Nan”	Bei Kong Nan Nan Investment Management Co., Ltd.* (北控南南(天津)投資管理有限公司), a company incorporated in the PRC with limited liability and indirectly held as to 42% by the Company
“BEWG (China) Investment”	Beijing Enterprises Water (China) Investment Co., Ltd.* (北控水務(中國)投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Capital Injections”	Bei Kong Changsha Capital Injection, Bei Kong Guangxi Capital Injection, and Qingdao Da Li Capital Injection, each a “Capital Injection” and together the “Capital Injections”

“Capital Injection Agreements”	Bei Kong Changsha Capital Injection Agreement, Bei Kong Guangxi Capital Injection Agreement, and Qingdao Da Li Capital Injection Agreement, each a “Capital Injection Agreement” and together the “Capital Injection Agreements”
“CDB Development Fund”	CDB Development Fund (國開發展基金有限公司) is incorporated in accordance with the law by China Development Bank with the support by the central government. It is a policy-oriented organization to provide finance support for projects in key sectors made by the State Council
“Chifeng Bei Kong”	Chifeng Bei Kong Water Environment Development Co., Ltd.* (赤峰北控水環境開發有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company as at the date of this announcement
“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)
“Completion of the Bei Kong Changsha Capital Injection”	completion of the Bei Kong Changsha Capital Injection, details of which are set out in the section “Completion of Capital Injections”
“Completion of the Bei Kong Guangxi Capital Injection”	completion of the Bei Kong Guangxi Capital Injection, details of which are set out in the section “Completion of Capital Injections”
“Completion of the Qingdao Da Li Capital Injection”	completion of the Qingdao Da Li Capital Injection, details of which are set out in the section “Completion of Capital Injections”
“Consideration”	being the amount of the Capital Injections payable by ABC Financial pursuant to each of the Capital Injection Agreements
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deemed Disposals”	the deemed disposals through the dilution of Equity Interests as a result of the Capital Injections pursuant to the Capital Injection Agreements
“Directors”	the directors of the Company

“Equity Interests”	Bei Kong Changsha Equity Interest, Bei Kong Guangxi Equity Interest, and Qingdao Da Li Equity Interest, each an “Equity Interest” and together the “Equity Interests”
“Group”	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 PRC
“Investment Co-operation Agreements”	Bei Kong Changsha Investment Co-operation Agreement, Bei Kong Guangxi Investment Co-operation Agreement and Qingdao Da Li Investment Co-operation Agreement, each an “Investment Co-operation Agreement” and together the “Investment Co-operation Agreements”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Capital Injection”	Qingdao Da Li Capital Injection
“New Capital Injection Agreement”	Qingdao Da Li Capital Injection Agreement
“New Investment Co-operation Agreement”	Qingdao Da Li Investment Co-operation Agreement
“Original Shareholder(s)”	in case of Qingdao Da Li, the original shareholders are BEWG (China) Investment and Bei Kong Nan Nan, in case of Bei Kong Guangxi, the original shareholders are the Company and BEWG Environmental, and in case of Bei Kong Changsha, the original shareholders are BEWG (China) Investment and CDB Development Fund
“Options to purchase the Equity Interests”	the rights granted to BEWG (China) Investment to purchase the Equity Interests from ABC Financial at the exercise price pursuant to and subject to the terms and conditions of the Investment Co-operation Agreements under specific circumstances
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Previous Capital Injections”	Bei Kong Guangxi Capital Injection and Bei Kong Changsha Capital Injection, each a “Previous Capital Injection” and together the “Previous Capital Injections”

“Previous Capital Injections Agreements”	Bei Kong Guangxi Capital Injection Agreement and Bei Kong Changsha Capital Injection Agreement
“Previous Investment Co-operation Agreements”	Bei Kong Guangxi Investment Co-operation Agreement and Bei Kong Changsha Investment Co-operation Agreement
“Qingdao Da Li”	Qingdao Bei Kong Nan Nan Da Li Equity Investment Co., Ltd.* (青島北控南南達里股權投資有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company as at the date of this announcement
“Qingdao Da Li Capital Injection”	the capital injection of RMB800,000,000 (equivalent to approximately HK\$886,800,000) in cash by ABC Financial, into Qingdao Da Li under the terms and conditions of the Qingdao Da Li Capital Injection Agreement
“Qingdao Da Li Capital Injection Agreement”	the capital injection agreement dated 27 September 2019 signed between Qingdao Da Li, BEWG (China) Investment, ABC Financial and Bei Kong Nan Nan in relation to Qingdao Da Li Capital Injection, details of which are set out in the section headed “New Capital Injection Agreement”
“Qingdao Da Li Equity Interest”	44.49% of the equity interest in Qingdao Da Li, to be held by ABC Financial upon Completion of the Qingdao Da Li Capital Injection
“Qingdao Da Li Investment Co-operation Agreement”	the investment co-operation agreement dated 27 September 2019 signed between Qingdao Da Li, BEWG (China) Investment and ABC Financial, details of which are set out in the section headed “New Investment Co-operation Agreement”
“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
“Target Companies”	Bei Kong Changsha, Bei Kong Guangxi, and Qingdao Da Li, each a “Target Company” and together the “Target Companies”
“%”	Percentage

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of HK\$1: RMB0.90212. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.

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

Hong Kong, 27 September 2019

As at the date of this announcement, the Board comprises nine 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, 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, Mr. Wang Kaijun and Dr. Lee Man Chun Raymond.

** For identification purpose only*