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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**

### **CAPITAL INJECTION INTO A SUBSIDIARY**

On 31 December 2019, BEWG (China) Investment, a wholly-owned subsidiary of the Company, entered into Qingdao Yangan Capital Injection Agreement and Qingdao Yangan Investment Co-operation Agreement in connection with the Qingdao Yangan Capital Injection.

#### ***Qingdao Yangan Capital Injection Agreement and Qingdao Yangan Investment Co-operation Agreement***

On 31 December 2019, Qingdao Yangan, BEWG (China) Investment and ABC Financial entered into the Qingdao Yangan Capital Injection Agreement pursuant to which ABC Financial, as investor, agreed to inject RMB400,000,000 (equivalent to approximately HK\$445,385,000) by way of cash contribution into Qingdao Yangan, which will be contributed to increase its registered capital.

On 31 December 2019, Qingdao Yangan, BEWG (China) Investment and ABC Financial also entered into the Qingdao Yangan Investment Co-operation Agreement, pursuant to which upon Completion of the Qingdao Yangan Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Qingdao Yangan Equity Interest from ABC Financial subject to the terms and conditions under the Qingdao Yangan Investment Co-operation Agreement.

#### **LISTING RULES IMPLICATIONS**

##### **Qingdao Yangan Capital Injection Agreement**

Upon Completion of the Qingdao Yangan Capital Injection, the equity interest of the Group in Qingdao Yangan will be diluted. The subsidiary of the Company is deemed to have

made a disposal of interest in Qingdao Yangan under Rule 14.29 of the Listing Rules. As the investor to the Qingdao Yangan Capital Injection Agreement is the same investor to the Previous Capital Injections Agreements, the respective transactions contemplated under the Qingdao Yangan Capital Injection Agreement and the Previous Capital Injections 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 the Deemed Disposal when aggregated together with the deemed disposals of the Previous Capital Injections exceed 5% but are less than 25%, the Qingdao Yangan Capital Injection constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **Option to purchase the Equity Interest**

The grant of the Option to purchase the Equity Interest by BEWG (China) Investment would be treated as a notifiable transaction 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 Option to purchase the Equity Interest (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 Option to purchase the Equity Interest, such grant will not constitute a notifiable transaction of the Company.

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

## **QINGDAO YANGAN CAPITAL INJECTION AGREEMENT**

On 31 December 2019, BEWG (China) Investment, a wholly-owned subsidiary of the Company, entered into the Qingdao Yangan Capital Injection Agreement in connection with the Qingdao Yangan Capital Injection.

### **Date**

31 December 2019

### **Parties**

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

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

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

Target Company	Shareholders	As at the date of this announcement		Immediately following the date of Completion of the Qingdao Yangan Capital Injection	
		Registered capital (RMB)	Approximate %	Registered Capital (RMB)	Approximate %
Qingdao Yangan	BEWG (China) Investment	555,660,000	100.00	555,660,000	58.14
	ABC Financial	-	-	400,000,000	41.86
	<b>Total:</b>	<b>555,660,000</b>	<b>100.00</b>	<b>955,660,000</b>	<b>100.00</b>

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 THE QINGDAO YANGAN CAPITAL INJECTION AGREEMENT**

The principal terms of the Qingdao Yangan Capital Injection Agreement are summarized as follows:

##### ***Basis of determining the amount of the Qingdao Yangan Capital Injection***

The Consideration for the Qingdao Yangan Capital Injection Agreement was determined after arm's length negotiation between the parties with reference to (i) the amount of the Qingdao Yangan Capital Injection proposed by ABC Financial, (ii) the operational status, financial position and business performance of Qingdao Yangan and its subsidiary, (iii) the business prospect of Qingdao Yangan and its subsidiary, and (iv) the valuation of Qingdao Yangan's subsidiary as at 31 December 2018 appraised by the independent valuer.

##### ***Conditions Precedent to the Qingdao Yangan Capital Injection***

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

- (1) 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.
- (2) All permits, consents and approvals that are required for the Qingdao Yangan Capital Injection having been obtained.
- (3) The Original Shareholder and ABC Financial have reached a written consensus in respect of the revisions made in the articles of association of Qingdao Yangan as a result of the Qingdao Yangan Capital Injection and in accordance with the Qingdao Yangan Capital Injection Agreement.

- (4) All representations and warranties given by Qingdao Yangan and BEWG (China) Investment under the Qingdao Yangan Capital Injection Agreement have remained true, complete and accurate from the date of the Qingdao Yangan Capital Injection Agreement to the date of payment of Consideration.
- (5) The financial conditions of Qingdao Yangan and BEWG (China) Investment have remained basically the same and no material adverse change has occurred from the date of the Qingdao Yangan Capital Injection Agreement to the payment date of the Consideration.

### ***Payment of the Qingdao Yangan Capital Injection***

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 Qingdao Yangan Capital Injection Agreement or any other dates agreed by the parties to Qingdao Yangan Capital Injection Agreement.

### **COMPLETION OF THE QINGDAO YANGAN CAPITAL INJECTION**

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

## **QINGDAO YANGAN INVESTMENT CO-OPERATION AGREEMENT**

On 31 December 2019, BEWG (China) Investment entered into the following Qingdao Yangan Investment Co-operation Agreement in connection with the Qingdao Yangan Capital Injection.

### **Date**

31 December 2019

### **Parties**

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

On 31 December 2019, Qingdao Yangan, BEWG (China) Investment and ABC Financial also entered into the Qingdao Yangan Investment Co-operation Agreement, pursuant to which upon Completion of the Qingdao Yangan Capital Injection, BEWG (China) Investment is granted certain rights to purchase the Equity Interest from ABC Financial subject to the terms and conditions under the Qingdao Yangan Investment Co-operation Agreement.

## TERMS OF QINGDAO YANGAN INVESTMENT CO-OPERATION AGREEMENT

The principal terms of the Qingdao Yangan Investment Co-operation Agreement are summarized as follows:

### *Option to Purchase the Equity Interest*

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

- (1) Upon expiry of prescribed years after payment of the consideration of Qingdao Yangan Capital Injection, the Equity Interest has not been purchased by a third party and the parties have not agreed to extend such period within 3 months before the expiry of prescribed period in the Qingdao Yangan Investment Co-operation Agreement.
- (2) In any financial year during which ABC Financial is holding the Equity Interest, the annual distributable profit of Qingdao Yangan has not met the required percentage of performance requirements as stipulated in the Qingdao Yangan Investment Co-operation Agreement and the distributable profit of each of Qingdao Yangan and the Previous Target Companies in aggregate has not reached the required percentage as stipulated in the Qingdao Yangan Investment Co-operation Agreement and Previous Investment Co-operation Agreements, and Qingdao Yangan and the Previous 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) above by each of Qingdao Yangan and the Previous Target Companies, the aggregated profit distributed among Qingdao Yangan and the Previous Target Companies to ABC Financial has not reached the agreed total amount as stipulated in the Qingdao Yangan Investment Co-operation Agreement in any financial year, and BEWG (China) Investment is unable to properly resolve this within the grace period to be given by ABC Financial, unless waived by ABC Financial.
- (4) Qingdao Yangan or its subsidiaries or BEWG (China) Investment breached the Qingdao Yangan Capital Injection Agreement, the Qingdao Yangan Investment Co-operation Agreement, the Account Supervisory Agreement 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) Qingdao Yangan is subject to bankruptcy or liquidation, unless waived by ABC Financial.
- (6) The investment purpose of ABC Financial cannot be achieved due to force majeure.

Nil premium is payable for the grant of the Option to purchase the Equity Interest.

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 Interest, and the price for exercising the Option to purchase the Equity Interest shall be calculated in accordance with the formula as stipulated in the Qingdao Yangan Investment Co-operation Agreement.

#### ***Non-Exercise of Option to Purchase the Equity Interest***

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

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

The Company will comply with the applicable Listing Rules before ABC Financial holds more than 50% of the voting rights in the board of directors of Qingdao Yangan.

### **INFORMATION ON QINGDAO YANGAN AND EFFECTS OF THE DEEMED DISPOSAL ON THE GROUP**

Qingdao Yangan 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 Yangan acquired 98% equity interest in Bei Kong Yangan on 30 December 2019. Prior to the acquisition, Bei Kong Yangan is directly held by BEWG (China) Investment. Bei Kong Yangan is principally engaged in water pollution renovation, natural water collection and distribution; sewage treatment and recycling; other processing and distribution of water; flood control waterlogging facilities management; water resources management; municipal infrastructure development, construction and operation and maintenance of municipal infrastructure management in the PRC.

Based on the audited financial statements of Bei Kong Yangan prepared under the PRC GAAP, the audited net asset value of Bei Kong Yangan as at 31 December 2018 and unaudited net asset value of Qingdao Yangan (based on unaudited financial statements as at 30 December 2019) are set out as follows:

	<b>Unaudited net asset value As at 30 December 2019 (RMB'000)</b>
<b><i>Qingdao Yangan</i></b>	555,452 (equivalent to approximately HK\$618,475)
	<b>Audited net asset value As at 31 December 2018 (RMB'000)</b>
<b><i>Bei Kong Yangan</i></b>	551,592 (equivalent to approximately HK\$614,177)

Based on the audited financial statements of Bei Kong Yangan prepared under the PRC GAAP, the audited net loss of Bei Kong Yangan before and after taxation for the years ended 31 December 2018 and 2017 respectively are set out as follows:

		<b>For the financial year ended 31 December 2017 (RMB'000)</b>	<b>For the financial year ended 31 December 2018 (RMB'000)</b>
<b><i>Bei Kong Yangan</i></b>	Net loss before taxation	4,253 (equivalent to approximately HK\$4,736)	9,301 (equivalent to approximately HK\$10,356)
	Net loss after taxation	4,253 (equivalent to approximately HK\$4,736)	9,301 (equivalent to approximately HK\$10,356)

Based on the valuation report prepared by the independent valuer, the value of total shareholders' equity of Bei Kong Yangan as at 31 December 2018 were approximately RMB567,000,000.

Since Qingdao Yangan is incorporated on 23 September 2019, no audited financial statements was prepared for the years ended 31 December 2018 and 2017. Based on the unaudited financial statements, the net loss before and after taxation from date of incorporation to 30 December 2019 is RMB208,000 (equivalent to approximately HK\$232,000).

As Qingdao Yangan will remain as a subsidiary of the Group after the Completion of the Qingdao Yangan Capital Injection, 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 is estimated at approximately HK\$100.9 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 pro forma consolidated net asset value of the Qingdao Yangan as at 31 December 2018 (assuming Qingdao Yangan 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 Qingdao Yangan as at the date to which completion accounts are drawn up.

### **REASONS FOR AND BENEFITS OF THE QINGDAO YANGAN CAPITAL INJECTION AND THE USE OF PROCEEDS**

The Group will use the proceeds from the Qingdao Yangan Capital Injection 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 Qingdao Yangan Capital Injection 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 Qingdao Yangan Capital Injection, Qingdao Yangan will continue to be a subsidiary of the Group and the Group would remain in control of the future development of Qingdao Yangan. The exit arrangement under the Qingdao Yangan Investment Co-operation Agreement provides BEWG (China) Investment (upon occurrence of certain specific circumstances) with Option to purchase the Equity Interest from ABC Financial, which after all was established for the benefit of the Group. Should the Option to purchase the Equity Interest be exercised, the Group would again maintain greater control over the Qingdao Yangan 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 Qingdao Yangan Capital Injection will have positive impact and benefit to future prospects of the Group. The Directors are of the view that the terms of the Qingdao Yangan Capital Injection Agreement and the Qingdao Yangan Investment Co-operation Agreement 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**

### **Qingdao Yangan Capital Injection Agreement**

Upon Completion of the Qingdao Yangan Capital Injection, the equity interest of the Group in Qingdao Yangan will be diluted. The subsidiary of the Company is deemed to have made a disposal of interest in Qingdao Yangan under Rule 14.29 of the Listing Rules. As the investor to the Qingdao Yangan Capital Injection Agreement is the same investor to the Previous Capital Injections Agreements, the respective transactions contemplated under the Qingdao Yangan Capital Injection Agreement and the Previous Capital Injections 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 the Deemed Disposal when aggregated together with the deemed disposals of the Previous Capital Injections exceed 5% but are less than 25%, the Qingdao Yangan Capital Injection constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **Option to purchase the Equity Interest**

The grant of the Option to purchase the Equity Interest by BEWG (China) Investment would be treated as a notifiable transaction 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 Option to purchase the Equity Interest (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 Option to purchase the Equity Interest, such grant will not constitute a notifiable transaction of the Company.

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

## **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.

## **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.

## **DEFINITIONS**

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

<b>“ABC Financial”</b>	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 Qingdao Yangan Capital Injection
<b>“Account Supervisory Agreement”</b>	the account supervisory agreement in relation to the Qingdao Yangan Capital Injection Agreement, pursuant to which Qingdao Yangan will open designated bank accounts to hold all the funds received from the Qingdao Yangan Capital Injection to ensure that the funds shall be used as permitted by and under the terms and conditions of the account supervisory agreement
<b>“BEWG Environmental”</b>	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
<b>“Bei Kong Changsha”</b>	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
<b>“Bei Kong Changsha Capital Injection”</b>	the capital injection in cash by ABC Financial, into Bei Kong Changsha under the terms and conditions of the Bei Kong Changsha Capital Injection Agreement, the details of which was set out in the announcement of the Company dated 27 September 2019
<b>“Bei Kong Changsha Capital Injection Agreement”</b>	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 (as supplemented and amended from time to time)

<b>“Bei Kong Changsha Investment Co-operation Agreement”</b>	the investment co-operation agreement dated 10 July 2019 signed between Bei Kong Changsha, BEWG (China) Investment and ABC Financial (as supplemented and amended from time to time)
<b>“Bei Kong Guangxi”</b>	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 subsidiary of the Company as at the date of this announcement
<b>“Bei Kong Guangxi Capital Injection”</b>	the capital injection in cash by ABC Financial, into Bei Kong Guangxi under the terms and conditions of the Bei Kong Guangxi Capital Injection Agreement, the details of which was set out in the announcement of the Company dated 27 September 2019
<b>“Bei Kong Guangxi Capital Injection Agreement”</b>	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 (as supplemented and amended from time to time)
<b>“Bei Kong Guangxi Investment Co-operation Agreement”</b>	the investment co-operation agreement dated 28 June 2019 signed between Bei Kong Guangxi, the Company, BEWG (China) Investment and ABC Financial (as supplemented and amended from time to time)
<b>“Bei Kong Tianjin”</b>	Bei Kong (Tianjin) Fund Management Co., Ltd.* (北控(天津)基金管理有限責任公司) (formerly known as Bei Kong Nan Nan Investment Management Co., Ltd. (北控南南(天津)投資管理有限責任公司)), a company incorporated in the PRC with limited liability and indirectly held as to 42% by the Company
<b>“Bei Kong Yangan”</b>	Chengdu Bei Kong Yangan Water Environment Renovation Co., Ltd.* (成都北控陽安水環境治理有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company as at the date of this announcement
<b>“BEWG (China) Investment”</b>	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
<b>“Company”</b>	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)

<b>“Completion of the Qingdao Yangan Capital Injection”</b>	Completion of the Qingdao Yangan Capital Injection, details of which are set out in the section “Completion of the Qingdao Yangan Capital Injection”
<b>“Consideration”</b>	being the amount of the Qingdao Yangan Capital Injection payable by ABC Financial pursuant to the Qingdao Yangan Capital Injection Agreement
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Deemed Disposal”</b>	the deemed disposal through the dilution of Equity Interest as a result of the Qingdao Yangan Capital Injection pursuant to the Qingdao Yangan Capital Injection Agreement
<b>“Directors”</b>	the directors of the Company
<b>“Equity Interest”</b>	41.86% of the equity interest in Qingdao Yangan, to be held by ABC Financial upon Completion of the Qingdao Yangan Capital Injection
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Original Shareholder”</b>	BEWG (China) Investment
<b>“Option to purchase the Equity Interest”</b>	the right granted to BEWG (China) Investment to purchase Equity Interest from ABC Financial at the exercise price pursuant to and subject to the terms and conditions of the Qingdao Yangan Investment Co-operation Agreement under specific circumstances
<b>“PRC”</b>	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)
<b>“Previous Capital Injections”</b>	Bei Kong Guangxi Capital Injection, Bei Kong Changsha Capital Injection and Qingdao Da Li Capital Injection

<b>“Previous Capital Injections Agreements”</b>	Bei Kong Guangxi Capital Injection Agreement (as supplemented and amended from time to time), Bei Kong Changsha Capital Injection Agreement (as supplemented and amended from time to time) and Qingdao Da Li Capital Injection Agreement (as supplemented and amended from time to time)
<b>“Previous Investment Co-operation Agreements”</b>	Bei Kong Guangxi Investment Co-operation Agreement (as supplemented and amended from time to time), Bei Kong Changsha Investment Co-operation Agreement (as supplemented and amended from time to time) and Qingdao Da Li Investment Co-operation Agreement (as supplemented and amended from time to time)
<b>“Previous Target Companies”</b>	Bei Kong Changsha, Bei Kong Guangxi and Qingdao Da Li
<b>“Qingdao Da Li”</b>	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
<b>“Qingdao Da Li Capital Injection”</b>	the capital injection in cash by ABC Financial, into Qingdao Da Li under the terms and conditions of the Qingdao Da Li Capital Injection Agreement, the details of which was set out in the announcement of the Company dated 27 September 2019
<b>“Qingdao Da Li Capital Injection Agreement”</b>	the capital injection agreement dated 27 September 2019 signed between Qingdao Da Li, BEWG (China) Investment, ABC Financial and Bei Kong Tianjin in relation to Qingdao Da Li Capital Injection (as supplemented and amended from time to time)
<b>“Qingdao Da Li Investment Co-operation Agreement”</b>	the investment co-operation agreement dated 27 September 2019 signed between Qingdao Da Li, BEWG (China) Investment and ABC Financial (as supplemented and amended from time to time)
<b>“Qingdao Yangan”</b>	Qingdao Bei Kong Nan Nan Yangan Equity Investment Co., Ltd.* (青島北控南南陽安股權投資有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of the Company as at the date of this announcement
<b>“Qingdao Yangan Capital Injection”</b>	the capital injection of RMB400,000,000 (equivalent to approximately HK\$445,385,000) in cash by ABC Financial, into Qingdao Yangan under the terms and conditions of the Qingdao Yangan Capital Injection Agreement

<b>“Qingdao Yangan Capital Injection Agreement”</b>	the capital injection agreement dated 31 December 2019 signed between Qingdao Yangan, BEWG (China) Investment, ABC Financial in relation to Qingdao Yangan Capital Injection (as supplemented and amended from time to time), details of which are set out in the section headed “Qingdao Yangan Capital Injection Agreement”
<b>“Qingdao Yangan Investment Co-operation Agreement”</b>	the investment co-operation agreement dated 31 December 2019 signed between Qingdao Yangan, BEWG (China) Investment and ABC Financial (as supplemented and amended from time to time), details of which are set out in the section headed “Qingdao Yangan Investment Co-operation Agreement”
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“%”</b>	Percentage

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of HK\$1: RMB0.8981. 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, 31 December 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*