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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)**

## **CONNECTED TRANSACTION**

### **LOAN AGREEMENT**

The Board announces that on 24 March 2021, Chifeng Bei Kong (a non-wholly subsidiary of the Company), as borrower, entered into the Chifeng Loan Agreement with ABC, Chifeng sub-branch, as lender, pursuant to which ABC, Chifeng sub-branch has agreed to grant the Loan Facility in a principal amount of RMB25.38 million (equivalent to approximately HK\$30.25 million) to Chifeng Bei Kong. The Loan Facility shall be secured by the pledge of security given by Chifeng Bei Kong and the guarantee given by BEWG Environmental (a non-wholly owned subsidiary of the Company) in favour of ABC, Chifeng sub-branch.

### **IMPLICATIONS UNDER THE LISTING RULES**

ABC Financial Asset is a connected person of the Company under the Listing Rules by virtue of being the substantial shareholders of various subsidiaries of the Company. As ABC beneficially owns 100% equity interest in ABC Financial Asset, ABC is an associate of ABC Financial Asset, therefore, the entering into the Chifeng Loan Agreement constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

As the Chifeng Loan Agreement together with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements were made with ABC, Chifeng sub-branch, its other two sub-branches and ABC Financial Leasing, a subsidiary of ABC, within a 12-month period prior to the date of the Chifeng Loan Agreement, the Chifeng Loan Agreement will be aggregated with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Chifeng Loan Agreement in aggregate with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements exceed 1% but less than 5%, the entering into the Chifeng Loan Agreement constitutes a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **CHIFENG LOAN AGREEMENT**

The Board announces that on 24 March 2021, Chifeng Bei Kong (a non-wholly subsidiary of the Company), as borrower, entered into the Chifeng Loan Agreement with ABC, Chifeng sub-branch, as lender, pursuant to which ABC, Chifeng sub-branch has agreed to grant the Loan Facility in a principal amount of RMB25.38 million (equivalent to approximately HK\$30.25 million) to Chifeng Bei Kong. The Loan Facility shall be secured by the pledge of security given by Chifeng Bei Kong and the guarantee given by BEWG Environmental (a non-wholly owned subsidiary of the Company) in favour of ABC, Chifeng sub-branch.

ABC Financial Asset is a connected person of the Company under the Listing Rules by virtue of being the substantial shareholders of various subsidiaries of the Company. As ABC beneficially owns 100% equity interest in ABC Financial Asset, ABC is an associate of ABC Financial Asset, therefore, the entering into the Chifeng Loan Agreement constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Chifeng Loan Agreement together with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements were made with ABC, Chifeng sub-branch and its other two sub-branches and ABC Financial Leasing, a subsidiary of ABC, within a 12-month period prior to the date of the Chifeng Loan Agreement, the Chifeng Loan Agreement will be aggregated with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

The principal terms and conditions of the Chifeng Loan Agreement are set out as follows:

Date of Chifeng Loan Agreement: 24 March 2021

Parties: (1) ABC, Chifeng sub-branch, as lender  
(2) Chifeng Bei Kong, as borrower

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ABC Financial Asset is a connected person of the Company under the Listing Rules by virtue of being the substantial shareholders of various subsidiaries of the Company. As ABC beneficially owns 100% equity interest in ABC Financial Asset, ABC is an associate of ABC Financial Asset. The ultimate beneficial owner of ABC is the State Council of the PRC\* (中國國務院).

Principal amount of the Loan Facility:	RMB25.38 million (equivalent to approximately HK\$30.25 million)
Term:	twelve (12) years from the date of drawdown
Interest rate:	The applicable interest rate is a floating interest rate equal to the relevant loan prime rate for a period longer than 5 years (currently 4.65% per annum) announced by the National Interbank Funding Centre on the date immediately preceding the drawdown date plus 0.25%. It shall be adjusted for each 12 months with reference to the then latest loan prime rate for a period longer than 5 years.
Interest payment period:	on quarterly basis
Security:	(i) pledge of financial accounts receivable from Chifeng Bei Kong, pursuant to the Chifeng pledge agreement dated 22 November 2019 executed by Chifeng Bei Kong in favour of ABC, Chifeng sub-branch; and  (ii) guarantee given by BEWG Environmental with respect to the payment obligations of Chifeng Bei Kong under Chifeng Loan Agreement, pursuant to Chifeng guarantee agreement dated 22 November 2019 executed by BEWG Environmental in favour of ABC, Chifeng sub-branch
Purpose:	for financing water diversion and water supply engineering PPP project in the center district of water conservancy of Sanzuodian, Chifeng City, the PRC

## **PREVIOUS LOAN AGREEMENTS, PREVIOUS FINANCE LEASE AGREEMENT AND PREVIOUS PLEDGE AGREEMENTS**

References are made to the announcements dated 30 November 2020, 29 January 2021 and 5 February 2021 regarding connected transactions in relation to the entering into Previous Loan Agreements, Previous Finance Lease Agreement and Previous Pledge Agreements therein.

## **REASONS FOR AND THE BENEFITS OF ENTERING INTO CHIFENG LOAN AGREEMENT**

The Group will use the proceeds from the Loan Facility to project construction. The Loan Facility will bring more capital to the Group, enhance the capital capacity of the Group and conductively upgrade the Group's competitiveness and sustainability for healthy development.

The terms of the Chifeng Loan Agreement were determined between the parties after arm's length negotiations having taken account of the prevailing market interest rates and practices.

The Directors (including the independent non-executive Directors) consider that the entering into Chifeng Loan Agreement is in the ordinary and usual course of business of the Group and the terms and conditions of the Chifeng Loan Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Chifeng Loan Agreement and therefore none of them is required to abstain from voting on the Board resolution for considering and approving the Chifeng Loan Agreement.

## **INFORMATION OF THE GROUP**

The Company is a company incorporated in Bermuda with limited liability whose Shares are listed on the main board of the Stock Exchange. The Company is an investment company and the holding company of the Group. The Group is principally engaged in construction of sewage and reclaimed water treatment plants and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia and Australia and Republic of Botswana; provision of sewage and reclaimed water treatment services in the PRC, the Republic of Singapore, Portuguese Republic and Australia; 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.

Chifeng Bei Kong is a company incorporated in the PRC with limited liability and is held as to 95% equity interest by BEWG Environmental and 5% equity interest by Chifeng City Sanzuodian Water Supply Co., Ltd.\* (赤峰市三座店供水有限公司). To the best knowledge of the Directors, and having made all reasonable enquiries, the ultimate beneficial owner of Chifeng City Sanzuodian Water Supply Co., Ltd. is the State-owned Assets Supervision and Administration Commission of People's Government of Chifeng Municipality\* (赤峰市政府國有資產監督管理委員會), a third party independent of the Company and its connected persons and does not have any business relationship or arrangement with the Company and its connected persons other than those by virtue of its interest in Chifeng Bei Kong. The principal activities of Chifeng Bei Kong are water purification production, supply, sales and services; water quality testing; cleaning and disinfection of secondary pressurized water storage facilities; water technology development; technical consultation; water supply engineering construction and equipment installation.

BEWG Environmental is a company incorporated in the PRC with limited liability and is indirectly held as to 85.45% equity interest by the Company and directly held as to 14.55% equity interest by Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Co., Ltd.\* (杭州蕭山平安基石貳號股權投資有限公司) ("Ping An Cornerstone II"). Ping An Cornerstone II is held as to 99.997% equity interest and 0.003% equity interest by Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司) and by Ping An Trendwin Capital Management Co., Ltd. (平安創贏資本管理有限公司) respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owner of Ping An Cornerstone II is Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company incorporated in the PRC and the A shares and H shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601318) and the Stock Exchange (Stock Code: 2318), respectively. The principal activities of BEWG Environmental are consultancy services and investment holding.

## **INFORMATION OF ABC**

ABC is a joint stock limited company incorporated in the PRC and the A shares and H shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601288) and the Stock Exchange (Stock Code: 1288), respectively. The principal activities of ABC and its subsidiaries include RMB and foreign currency deposits, loans, clearing and settlement services, assets custodian services, fund management, financial leasing services, insurance services and other services as approved by relevant regulators, and the provision of related services by its overseas establishments as approved by the respective local regulators. The ultimate beneficial owner of ABC is the State Council of the PRC\* (中國國務院).

## IMPLICATIONS UNDER THE LISTING RULES

ABC Financial Asset is a connected person of the Company under the Listing Rules by virtue of being the substantial shareholders of various subsidiaries of the Company. As ABC beneficially owns 100% equity interest in ABC Financial Asset, ABC is an associate of ABC Financial Asset, therefore, the entering into the Chifeng Loan Agreement constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Chifeng Loan Agreement together with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreement were made with ABC, Chifeng sub-branch, its other two sub-branches and ABC Financial Leasing, a subsidiary of ABC, within a 12-month period prior to the date of the Chifeng Loan Agreement, the Chifeng Loan Agreement will be aggregated with the Previous Loan Agreements, Previous Finance Lease Agreement and Previous Pledge Agreement as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Chifeng Loan Agreement in aggregate with the Previous Loan Agreements, Previous Finance Lease Agreement and Previous Pledge Agreements exceed 1% but less than 5%, the entering into the Chifeng Loan Agreement constitutes a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“ABC”	Agricultural Bank of China Limited, a joint stock limited company incorporated in the PRC and the A shares and H shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601288) and the Stock Exchange (Stock Code: 1288), respectively;
“ABC, Chifeng sub-branch”	Chifeng Songshan sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司赤峰松山支行);
“ABC Financial Asset”	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, is a wholly-owned subsidiary of ABC;

<b>“ABC Financial Leasing”</b>	ABC Financial Leasing Co., Ltd.* (農銀金融租賃有限公司), a company incorporated in the PRC with limited liability, is a wholly-owned subsidiary of ABC;
<b>“associate”</b>	has the meaning ascribed to it under the Listing Rules;
<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 non-wholly owned subsidiary of the Company as at the date of this announcement;
<b>“Board”</b>	the board of directors of the Company;
<b>“Chifeng Bei Kong”</b>	Chifeng Bei Kong Sanzuodian Water Supply Co., Ltd.* (赤峰北控三座店供水有限公司), a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of the Company;
<b>“Chifeng Loan Agreement”</b>	the loan agreement dated 24 March 2021 entered into between Chifeng Bei Kong and ABC, Chifeng sub-branch;
<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>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Directors”</b>	the directors of the Company;

<b>“Fifth Previous Loan Agreement”</b>	the loan agreement dated 30 November 2020 entered into between Linyi Bei Kong Beicheng Water Co., Ltd.* (臨沂北控北城水務有限公司) as borrower and Linyi Lanshan sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司臨沂蘭山支行) as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB150 million (equivalent to approximately HK\$178.78 million);
<b>“First Previous Loan Agreement”</b>	the loan agreement dated 22 June 2020 entered into between Chifeng Bei Kong as borrower and ABC, Chifeng sub-branch, as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB19.5 million (equivalent to approximately HK\$23.24 million);
<b>“First Previous Pledge Agreement”</b>	the equity pledge agreement dated 1 July 2020 entered into between Yutai Bei Kong Sewage Treatment Co., Ltd.* (魚台北控污水處理有限公司) as pledgor and Yutai sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司魚台縣支行) as pledgee, pursuant to which pledgor agreed to pledge the right to charge the sewage treatment fees for phase 1 of the sewage treatment and supporting works in Xicheng district, Yutai province, the PRC to pledgee;
<b>“Fourth Previous Loan Agreement”</b>	the loan agreement dated 28 October 2020 entered into between Chifeng Bei Kong as borrower and ABC, Chifeng sub-branch as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB5.87 million (equivalent to approximately HK\$7 million);
<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>“Loan Facility”</b>	a loan facility in a principal amount of RMB25.38 million (equivalent to approximately HK\$30.25 million) granted by ABC, Chifeng sub-branch to Chifeng Bei Kong pursuant to the Chifeng Loan Agreement;
<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 Finance Lease Agreement”</b>	the finance lease agreement dated 29 January 2021 entered into between Chifeng Beikong Water Purification Co., Ltd.* (赤峰北控水質淨化有限公司), as lessee, and ABC Financial Leasing, as lessor, pursuant to which lessee agreed to transfer and change the registration of the ownership of the facilities for phase I project of Hongmiaozi sewage treatment plant in Chifeng City, the PRC and facilities and equipment for phase II expansion project of Hongmiaozi sewage treatment plant in Chifeng City, the PRC to lessor for a transfer consideration of RMB110 million (equivalent to HK\$131.11 million) and lessor then agreed to lease back to the lessee;
<b>“Previous Loan Agreements”</b>	the First Previous Loan Agreement, the Second Previous Loan Agreement, the Third Previous Loan Agreement, the Fourth Previous Loan Agreement, the Fifth Previous Loan Agreement and the Sixth Previous Loan Agreement;
<b>“Previous Pledge Agreements”</b>	the First Previous Pledge Agreement, the Second Previous Pledge Agreement and the Third Previous Pledge Agreement;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;

<b>“Second Previous Loan Agreement”</b>	the loan agreement dated 1 July 2020 entered into between Yutai Bei Kong Sewage Treatment Co., Ltd.* (魚台北控污水處理有限公司) as borrower and Yutai sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司魚台縣支行) as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB84 million (equivalent to approximately HK\$100.12 million);
<b>“Second Previous Pledge Agreement”</b>	the equity pledge agreement dated 30 November 2020 entered into between Linyi Bei Kong Beicheng Water Co., Ltd.* (臨沂北控北城水務有限公司) as pledgor and Linyi Lanshan sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司臨沂蘭山支行) as pledgee, pursuant to which pledgor agreed to pledge the expected earnings from Linyi Liuqing River No. 2 sewage treatment plant expansion and supporting pipeline network PPP project to pledgee;
<b>“Shares</b>	ordinary shares of HK\$0.10 each in the share capital of the Company;
<b>“Sixth Previous Loan Agreement”</b>	the loan agreement dated 5 February 2021 entered into between Chifeng Bei Kong as borrower and ABC, Chifeng sub-branch as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB60.71 million (equivalent to approximately HK\$72.36 million) ;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“substantial shareholder”</b>	has the meaning ascribed to it under the Listing Rules;

<b>“Third Previous Loan Agreement”</b>	the loan agreement dated 1 September 2020 entered into between Chifeng Bei Kong as borrower and ABC, Chifeng sub-branch as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB19.36 million (equivalent to approximately HK\$23.08 million);
<b>“Third Previous Pledge Agreement”</b>	the pledge agreement dated 29 January 2021 entered into between Chifeng Beikong Water Purification Co., Ltd.* (赤峰北控水質淨化有限公司) as pledgor and ABC Financial Leasing, as pledgee, pursuant to which pledgor agreed to pledge of the right to charge the sewage treatment fees for Hongmiaozi sewage treatment plant in Chifeng City, the PRC to pledgee; and
<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:RMB0.839. 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, 24 March 2021

*As at the date of this announcement, the Board comprises nine executive directors, namely Mr. Li Yongcheng (Chairman), Mr. Jiang Xinhao, Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Mr. Zhang Tiefu, Mr. Ke Jian, Ms. Sha Ning, Mr. Tung Woon Cheung Eric and Mr. Li Li, one non-executive director, namely Mr. Zhao Feng, 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*