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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 25 August 2021, Linyi Bei Kong (a non-wholly owned subsidiary of the Company), as borrower, entered into the Linyi Loan Agreement with ABC, Linyi sub-branch, as lender, pursuant to which ABC, Linyi sub-branch has agreed to grant the Loan Facility in a principal amount of RMB150,000,000 (equivalent to approximately HK\$180,364,000) to Linyi Bei Kong. The Loan Facility shall be secured by the pledge of security given by Linyi Bei Kong under the Linyi Pledge Agreement and the guarantee will be given by BEWG (China) Investment (a wholly-owned subsidiary of the Company) in favour of ABC, Linyi 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 Linyi Loan Agreement and the Linyi Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Linyi Loan Agreement and the Linyi Pledge Agreement together with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements were made with ABC, Linyi sub-branch and its another sub-branch and ABC Financial Leasing, a subsidiary of ABC, within a 12-month period prior to the date of the Linyi Loan Agreement, the Linyi Loan Agreement and the Linyi Pledge 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 Linyi Loan Agreement and the Linyi Pledge 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 Linyi Loan Agreement and the Linyi Pledge Agreement constitute connected transactions 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.

## **LINYI LOAN AGREEMENT**

The Board announces that on 25 August 2021, Linyi Bei Kong (a non-wholly owned subsidiary of the Company), as borrower, entered into the Linyi Loan Agreement with ABC, Linyi sub-branch, as lender, pursuant to which ABC, Linyi sub-branch has agreed to grant the Loan Facility in a principal amount of RMB150,000,000 (equivalent to approximately HK\$180,364,000) to Linyi Bei Kong. The Loan Facility shall be secured by the pledge of security given by Linyi Bei Kong under the Linyi Pledge Agreement and the guarantee given by BEWG (China) Investment (a wholly-owned subsidiary of the Company) in favour of ABC, Linyi 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 Linyi Loan Agreement and the Linyi Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Linyi Loan Agreement and the Linyi Pledge Agreement together with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements were made with ABC, Linyi sub-branch and its another sub-branch and ABC Financial Leasing, a subsidiary of ABC, within a 12-month period prior to the date of the Linyi Loan Agreement, the Linyi Loan Agreement and the Linyi Pledge 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 Linyi Loan Agreement are set out as follows:

Date of the Linyi Loan Agreement: 25 August 2021

Parties: (1) ABC, Linyi sub-branch, as lender  
(2) Linyi 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: RMB150,000,000 (equivalent to approximately HK\$180,364,000)

Term: fifteen (15) 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 minus 0.6%. 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 account receivables from Linyi Liuqing River No. 2 sewage treatment plant expansion and supporting PPP project, pursuant to the Linyi Pledge Agreement dated 25 August 2021. Based on the book value of the assets is estimated to be RMB343,564,000 (equivalent to approximately HK\$413,111,000); and  
(ii) guarantee will be given by BEWG (China) Investment with respect to the payment obligations of Linyi Bei Kong under the Linyi Loan Agreement, pursuant to a Linyi Guarantee Agreement to be executed by BEWG (China) Investment in favour Linyi sub-branch of ABC

Purpose: for Linyi Liuqing River No. 2 sewage treatment plant expansion and supporting pipeline network PPP project

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

References are made to the announcements dated 30 November 2020, 29 January 2021, 5 February 2021, 24 March 2021 and 27 July 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 LINYI LOAN AGREEMENT**

The Group will use the proceeds from financing for the construction expenditure of the Linyi Liuqing River No. 2 sewage treatment plant expansion and supporting pipeline network PPP project. This financing will optimize the asset-liability structure of the project and improve the return level of its own capital from the project.

The terms of the Linyi Loan Agreement and the Linyi Pledge 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 the Linyi Loan Agreement and the Linyi Pledge Agreement are in the ordinary and usual course of business of the Group and the terms and conditions of the Linyi Loan Agreement and the Linyi Pledge 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 Linyi Loan Agreement and the Linyi Pledge Agreement and therefore none of them is required to abstain from voting on the Board resolution for considering and approving the Linyi Loan Agreement and the Linyi Pledge 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.

Linyi Bei Kong is a company incorporated in the PRC with limited liability and is held as to 99% equity interest by Beijing Enterprises Water Qingdao Environmental Investment Company Limited, 0.99% equity interest by BEWG (China) Investment and 0.01% equity interest by Linyi Municipal Group Co., Ltd.\* (臨沂市政集團有限公司). To the best knowledge of the Director, and having made all reasonable enquiries, the single largest ultimate beneficial owner of Linyi Municipal Group Co., Ltd. is Mr. Pang Yu Kun (龐玉坤), 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 his indirect interest in Linyi Bei Kong. Beijing Enterprises Water Qingdao Environmental Investment Company Limited, a company incorporated in Hong Kong with limited liability, which is an investment holding company and indirectly wholly-owned by the Company. The principal activities of Linyi Bei Kong are sewage purification treatment and recycling.

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

## **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 Linyi Loan Agreement and the Linyi Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Linyi Loan Agreement and the Linyi Pledge Agreement together with the Previous Loan Agreements, Previous Finance Lease Agreement and the Previous Pledge Agreements were made with ABC, Linyi sub-branch and its another sub-branch and ABC Financial Leasing, a subsidiary of ABC, within a 12-month period prior to the date of the Linyi Loan Agreement, the Linyi Loan Agreement and the Linyi Pledge 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 Linyi Loan Agreement and the Linyi Pledge 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 Linyi Loan Agreement and the Linyi Pledge Agreement constitute connected transactions 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:

<b>“ABC”</b>	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;
<b>“ABC, Chifeng sub-branch”</b>	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);

<b>“ABC, Linyi sub-branch”</b>	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);
<b>“ABC Financial Asset”</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, 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 (China) Investment”</b>	Beijing Enterprises Water Group (China) Investment Limited* 北控水務（中國）投資有限公司, a limited liability company incorporated under the laws of the PRC and is an indirectly wholly-owned subsidiary of the Company;
<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>“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 24 March 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 RMB25,380,000 (equivalent to approximately HK\$30,518,000);

<b>“First 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 RMB19,360,000 (equivalent to approximately HK\$23,279,000);
<b>“First Previous Pledge Agreement”</b>	the equity pledge agreement dated 30 November 2020 entered into between Linyi Bei Kong as pledgor and ABC, Linyi sub-branch 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>“Fourth 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 RMB60,710,000 (equivalent to approximately HK\$72,999,000);
<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>“Linyi Bei Kong”</b>	Linyi Bei Kong Beicheng Water Co., Ltd.* (臨沂北控北城水務有限公司), a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of the Company;
<b>“Linyi Guarantee Agreement”</b>	the guarantee agreement to be entered into between BEWG (China) Investment and ABC, Linyi sub-branch;
<b>“Linyi Loan Agreement”</b>	the loan agreement dated 25 August 2021 entered into between Linyi Bei Kong and ABC, Linyi sub-branch;
<b>“Linyi Pledge Agreement”</b>	the equity pledge agreement dated 25 August 2021 entered into between Linyi Bei Kong and ABC, Linyi sub-branch;



<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 RMB150,000,000 (equivalent to approximately HK\$180,364,000) granted by ABC, Linyi sub-branch to Linyi Bei Kong pursuant to the Linyi 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 RMB110,000,000 (equivalent to approximately HK\$132,267,000) 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 Sixth Previous Loan Agreement;
<b>“Previous Pledge Agreements”</b>	the First Previous Pledge Agreement and the Second Previous Pledge Agreement;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Second 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 RMB5,870,000 (equivalent to approximately HK\$7,058,000) ;

<b>“Second 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;
<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 27 July 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 RMB4,180,000 (equivalent to approximately HK\$5,026,000);
<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 30 November 2020 entered into between Linyi Bei Kong as borrower and ABC, Linyi sub-branch as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB150,000,000 (equivalent to approximately HK\$180,364,000); 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:RMB0.83165. 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, 25 August 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 Mr. Chau On Ta Yuen.*

*\* For identification purpose only*