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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 371)**

**CONNECTED TRANSACTIONS**

**FINANCE LEASE AGREEMENTS**

**AND**

**LOAN AGREEMENT**

**FINANCE LEASE AGREEMENTS**

On 26 August 2022, Jinan Beikong (a wholly-owned subsidiary of the Company), as the Lessee, entered into the Jinan Beikong Finance Lease Agreement with BG Finance, as Lessor, pursuant to which Jinan Beikong has agreed to transfer and change the registration of the ownership of the Jinan Beikong Leased Assets under the name of BG Finance from Jinan Beikong for a transfer consideration of RMB23,000,000 (equivalent to approximately HK\$26,390,000), and BG Finance has then agreed to lease to Jinan Beikong with the lease principal of RMB23,000,000 (equivalent to approximately HK\$26,390,000), the lease interest of approximately RMB5,609,418.80 (equivalent to approximately HK\$6,436,000) and the total rent (lease principal plus lease interest) of approximately RMB28,609,418.80 (equivalent to approximately HK\$32,826,000).

On 26 August 2022, Pucheng Gerui (a wholly-owned subsidiary of the Company), as the Lessee, entered into the Pucheng Gerui Finance Lease Agreement with BG Finance, as Lessor, pursuant to which Pucheng Gerui has agreed to transfer and change the registration of the ownership of the Pucheng Gerui Leased Assets under the name of BG Finance from Pucheng Gerui for a transfer consideration of RMB49,000,000 (equivalent to approximately HK\$56,223,000), and BG Finance has then agreed to lease to Pucheng Gerui with the lease principal of RMB49,000,000 (equivalent to approximately HK\$56,223,000), the lease interest of approximately RMB11,950,501 (equivalent to approximately HK\$13,712,000) and the total rent (lease principal plus lease interest) of approximately RMB60,950,501 (equivalent to approximately HK\$69,935,000).

## **FOSHAN BEIKONG LOAN AGREEMENT**

On 26 August 2022, Foshan Beikong (a non-wholly owned subsidiary of the Company), as borrower, entered into Foshan Beikong Loan Agreement with BG Finance, as lender, pursuant to which BG Finance has agreed to grant the Foshan Beikong Loan Facility in a principal amount of RMB240,000,000 (equivalent to approximately HK\$275,378,000) to Foshan Beikong. The Foshan Beikong Loan Facility shall be secured by the pledge of security given by Foshan Beikong under Foshan Beikong Pledge Agreement in favour of BG Finance and the guarantee given by BEWG (China) Investment (a wholly-owned subsidiary of the Company) in proportion to 80% shareholding in Foshan Beikong in favour of BG Finance.

## **IMPLICATIONS UNDER LISTING RULES**

Each of BEGCL and BEHL is a connected person of the Company under the Listing Rules by virtue of each being a controlling shareholder of the Company. As each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL, therefore, the entering into of the Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement dated 31 December 2021 regarding connected transaction in relation to the entering into Previous Capital Increase Agreement therein.

As each of Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement together with Previous Capital Increase Agreement were made with BG Finance within a 12-month period prior to the date of aforesaid agreements, Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement will be aggregated with Previous Capital Increase 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 Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement on a stand-alone basis, and with reference to Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement, Foshan Beikong Pledge Agreement and the Previous Capital Increase Agreement on an aggregated basis, exceed 0.1% but less than 5%, the entering into the Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement and Foshan Beikong Loan Agreement constitute connected transactions of the Company subject to the announcement and reporting requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE FINANCE LEASE AGREEMENTS**

### **Jinan Beikong Finance Lease Agreement**

On 26 August 2022, Jinan Beikong (a wholly-owned subsidiary of the Company), as the Lessee, entered into the Jinan Beikong Finance Lease Agreement with BG Finance, as Lessor, pursuant to which Jinan Beikong has agreed to transfer and change the registration of the ownership of the Jinan Beikong Leased Assets under the name of BG Finance from Jinan Beikong for a transfer consideration of RMB23,000,000 (equivalent to approximately HK\$26,390,000), and BG Finance has then agreed to lease to Jinan Beikong with the lease principal of RMB23,000,000 (equivalent to approximately HK\$26,390,000), the lease interest of approximately RMB5,609,418.80 (equivalent to approximately HK\$6,436,000) and the total rent (lease principal plus lease interest) of approximately RMB28,609,418.80 (equivalent to approximately HK\$32,826,000).

### **Date**

26 August 2022

### **Parties**

Lessor : BG Finance

Lessee : Jinan Beikong (a wholly owned subsidiary of the Company)

### **Jinan Beikong Leased Assets**

Jinan Beikong Leased Assets are the procurement and installation of ultrafiltration and reverse osmosis membrane process and pre-treatment equipment as stipulated in the Jinan Beikong Finance Lease Agreement.

The net book value of the Jinan Beikong Leased Assets as at 31 July 2022 amounted to RMB29,988,000 (equivalent to approximately HK\$34,408,000). The original cost for Jinan Beikong Leased Assets is RMB29,988,000 (equivalent to approximately HK\$34,408,000).

### **Lease Period**

Ten years

### **Rent and Method of Payment**

Pursuant to the Jinan Beikong Finance Lease Agreement, BG Finance has agreed to lease back the Jinan Beikong Leased Assets to Jinan Beikong for a term of 10 years. The lease principal, which is consistent with the transfer consideration amounts to RMB23,000,000

(equivalent to approximately HK\$26,390,000), lease interest and other expenses of approximately RMB5,609,418.80 (equivalent to approximately HK\$6,436,000) and the total rent (lease principal plus lease interest) of approximately RMB28,609,418.80 (equivalent to approximately HK\$32,826,000). The rent is calculated and payable in RMB, which shall be payable in 20 consecutive instalments semi-annually. The commencement date of the finance lease period shall be notified by BG Finance in writing.

The terms of the Jinan Beikong Finance Lease Agreement, including the consideration for the Jinan Beikong Leased Assets, lease principal and lease interest under the Jinan Beikong Finance Lease Agreement were determined upon arm's length negotiation between Jinan Beikong and BG Finance with reference to net book value as at 31 July 2022 of Jinan Beikong Leased Assets.

### **Jinan Beikong Leased Assets and their Ownership**

Jinan Beikong has agreed to transfer the registration of the ownership of the Jinan Beikong Leased Assets under the name of BG Finance during the lease period for a transfer consideration of RMB23,000,000 (equivalent to approximately HK\$26,390,000). At the same time, BG Finance has agreed to lease back the Jinan Beikong Leased Assets to Jinan Beikong. Jinan Beikong is entitled to the possession, usage and benefits of the Jinan Beikong Leased Assets. Upon the expiration of the lease period, Jinan Beikong may purchase back the Jinan Beikong Leased Assets from BG Finance at the consideration of nominal price of RMB1 (equivalent to approximately HK\$1).

### **Guarantee**

BEWG (China) Investment (a wholly-owned subsidiary of the Company), as the Guarantor, has agreed to provide guarantee for debts arising under the Jinan Beikong Financial Lease Agreement in favour of BG Finance.

### **Pucheng Gerui Finance Lease Agreement**

On 26 August 2022, Pucheng Gerui (a wholly-owned subsidiary of the Company), as the Lessee, entered into the Pucheng Gerui Finance Lease Agreement with BG Finance, as Lessor, pursuant to which Pucheng Gerui has agreed to transfer and change the registration of the ownership of the Pucheng Gerui Leased Assets under the name of BG Finance from Pucheng Gerui for a transfer consideration of RMB49,000,000 (equivalent to approximately HK\$56,223,000), and BG Finance has then agreed to lease to Pucheng Gerui with the lease principal of RMB49,000,000 (equivalent to approximately HK\$56,223,000), the lease interest of approximately RMB11,950,501 (equivalent to approximately HK\$13,712,000) and the total rent (lease principal plus lease interest) of approximately RMB60,950,501 (equivalent to approximately HK\$69,935,000).

**Date**

26 August 2022

**Parties**

Lessor : BG Finance

Lessee : Pucheng Gerui (a wholly owned subsidiary of the Company)

**Pucheng Gerui Leased Assets**

Pucheng Gerui Leased Assets are Pucheng sewage treatment plant facilities as stipulated in the Pucheng Gerui Finance Lease Agreement.

The net book value of the Pucheng Gerui Leased Assets as at 31 July 2022 amounted to RMB72,020,602.79 (equivalent to approximately HK\$82,637,000). The original cost for the Pucheng Gerui Leased Assets is RMB72,020,602.79 (equivalent to approximately HK\$82,637,000).

**Lease Period**

Ten years

**Rent and Method of Payment**

Pursuant to the Pucheng Gerui Finance Lease Agreement, BG Finance has agreed to lease back the Pucheng Gerui Leased Assets to Pucheng Gerui for a term of 10 years. The lease principal, which is consistent with the transfer consideration amounts to RMB49,000,000 (equivalent to approximately HK\$56,223,000), the lease interest of approximately RMB11,950,501 (equivalent to approximately HK\$13,712,000) and the total rent (lease principal plus lease interest) of approximately RMB60,950,501 (equivalent to approximately HK\$69,935,000). The rent is calculated and payable in RMB, which shall be payable in 20 consecutive instalments semi-annually. The commencement date of the finance lease period shall be notified by BG Finance in writing.

The terms of the Pucheng Gerui Finance Lease Agreement, including the consideration for the Pucheng Gerui Leased Assets, lease principal and lease interest under the Pucheng Gerui Finance Lease Agreement were determined upon arm's length negotiation between Pucheng Gerui and BG Finance with reference to net book value as at 31 July 2022 of Pucheng Gerui Leased Assets.

## **Pucheng Gerui Leased Assets and their Ownership**

Pucheng Gerui has agreed to transfer the registration of the ownership of the Pucheng Gerui Leased Assets under the name of BG Finance during the lease period for a transfer consideration of RMB49,000,000 (equivalent to approximately HK\$56,223,000). At the same time, BG Finance has agreed to lease back the Pucheng Gerui Leased Assets to Pucheng Gerui. Pucheng Gerui is entitled to the possession, usage and benefits of the Pucheng Gerui Leased Assets. Upon the expiration of the lease period, Pucheng Gerui may purchase back the Pucheng Gerui Leased Assets from BG Finance at the consideration of nominal price of RMB1 (equivalent to approximately HK\$1).

## **Guarantee**

BEWG (China) Investment (a wholly-owned subsidiary of the Company), as the Guarantor, has agreed to provide guarantee for debts arising under the Pucheng Gerui Finance Lease Agreement in favour of BG Finance.

## **EFFECT OF THE JINAN BEIKONG LEASED ASSETS AND PUCHENG GERUI LEASED ASSETS**

It is expected that according to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Jinan Beikong Finance Lease Agreement and Pucheng Gerui Finance Lease Agreement shall be accounted for as financing arrangements and therefore would not give rise to any gain or loss.

## **FOSHAN BEIKONG LOAN AGREEMENT**

On 26 August 2022, Foshan Beikong (a non-wholly owned subsidiary of the Company), as borrower, entered into Foshan Beikong Loan Agreement with BG Finance, as lender, pursuant to which BG Finance has agreed to grant the Foshan Beikong Loan Facility in a principal amount of RMB240,000,000 (equivalent to approximately HK\$275,378,000) to Foshan Beikong. The Foshan Beikong Loan Facility shall be secured by the pledge of security given by Foshan Beikong under Foshan Beikong Pledge Agreement in favour of BG Finance and the guarantee given by BEWG (China) Investment (a wholly-owned subsidiary of the Company) in proportion to 80% shareholding in Foshan Beikong in favour of BG Finance.

The principal terms and conditions of Foshan Beikong Loan Agreement are set out as follows:

Date of Foshan Beikong Loan Agreement: 26 August 2022

Parties: (1) BG Finance, as lender  
(2) Foshan Beikong, as borrower

Principal amount of the Foshan Beikong Loan Facility:	RMB240,000,000 (equivalent to approximately HK\$275,378,000)
Term:	Eleven 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 4.30%) announced by the National Interbank Funding Centre on the date immediately preceding the drawdown date minus 0.5%. 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:	Pledge of expected earnings right from Nanbian sewage treatment plant supporting pipeline network project, Fanhu sewage treatment plant and supporting pipeline network project and Leping Yong sewage interception project under “Three Old” redevelopment infrastructure construction, pursuant to Foshan Beikong Pledge Agreement dated 26 August 2022. The maximum value of such right to be guaranteed by the expected earnings of the aforesaid projects is approximately RMB240,000,000 (equivalent to approximately HK\$275,378,000).
Purpose:	for repayment of bank loan and financing projects construction

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

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of BEGCL and BEHL is a connected person of the Company under the Listing Rules by virtue of each being a controlling shareholder of the Company. As each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL. The ultimate controlling shareholder of BG Finance is BEGCL and ultimate beneficial owner of BEGCL is the People’s Government of Beijing Municipality.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE AGREEMENTS AND FOSHAN BEIKONG LOAN AGREEMENT**

The Group will use the proceeds from finance lease and loan facility to replace the previous borrowings, finance projects construction and supplement the daily working capital. Finance lease and 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 Directors (including the independent non-executive Directors), having considered the terms and conditions of Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement, are on normal commercial terms in the ordinary and usual course of business of the Company, 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 Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement, no Directors are required to abstain from voting on the relevant Board resolutions for approving the aforesaid agreements.

## **INFORMATION OF THE PARTIES**

### **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, 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 is a company incorporated in the PRC with limited liability and an investment holding company wholly-owned by the Company.

### **Information of the Lessee**

Jinan Beikong is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. The principal activities of Jinan Beikong are mainly engaged in sewage treatment and its recycling.



Pucheng Gerui is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. The principal activities of Pucheng Gerui are mainly engaged in sewage treatment and its recycling.

### **Information of the Borrower**

Foshan Beikong is a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of the Company. Foshan Beikong is held as to 80% by the Company and held as to 20% by Foshan Sanshui Haijiang Construction Investment Co., Ltd.\* (佛山市三水海江建設投資有限公司). To the best knowledge of the Director, and having made all reasonable enquiries, the ultimate beneficial owner of Foshan Sanshui Haijiang Construction Investment Co., Ltd.\* (佛山市三水海江建設投資有限公司) is Foshan Shisan District Leping Town Public Assets Management Office (佛山市三水區樂平鎮公有資產管理辦公室), 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 interest in Foshan Beikong. The principal activities of Foshan Beikong are mainly engaged in sewage treatment and its recycling.

### **Information of the BG Finance**

BG Finance is incorporated in the PRC with limited liability. To the best of directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the announcement, BG Finance is held by BEGCL, BEHL, the Company, Beijing Gas Group Company Limited\* (北京市燃氣集團有限責任公司), Beijing Yanjing Brewery Co., Ltd.\* (北京燕京啤酒股份有限公司), Beijing Holdings Jingtai Investment Management Co., Ltd.\* (北京北控京泰投資管理有限公司) and Beijing General Municipal Engineering Design & Research Institute Co., Ltd.\* (北京市市政工程設計研究總院有限公司) as to approximately 35.14%, 8.91%, 6.69%, 24.80%, 11.08%, 6.69% and 6.69% equity interests respectively.

BG Finance is held as to 44.79% equity interests in aggregate by BEHL and its subsidiaries and as to 48.52% equity interests in aggregate by BEGCL and its subsidiaries excluding BEHL and its subsidiaries and the Company. According, each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL. The ultimate beneficial owner of BG Finance is the People's Government of Beijing Municipality\* (北京市人民政府).

The establishment of BG Finance as a non-bank financial services institute has been approved by China Banking and Insurance Regulatory Commission. BG Finance acts as a platform of BEGCL for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

## **IMPLICATIONS UNDER THE LISTING RULES**

Each of BEGCL and BEHL is a connected person of the Company under the Listing Rules by virtue of each being a controlling shareholder of the Company. As each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL, therefore, the entering into of the Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement dated 31 December 2021 regarding connected transaction in relation to the entering into Previous Capital Increase Agreement therein.

As each of Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement together with Previous Capital Increase Agreement were made with BG Finance within a 12-month period prior to the date of aforesaid agreements, Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement will be aggregated with Previous Capital Increase 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 Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement and Foshan Beikong Pledge Agreement on a stand-alone basis, and with reference to Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement, Foshan Beikong Loan Agreement, Foshan Beikong Pledge Agreement and the Previous Capital Increase Agreement on an aggregated basis, exceed 0.1% but less than 5%, the entering into the Jinan Beikong Finance Lease Agreement, Pucheng Gerui Finance Lease Agreement and Foshan Beikong Loan Agreement constitute connected transactions of the Company subject to the announcement and reporting 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:

- “associates”** has the meaning ascribed to it under the Listing Rules;
- “BEGCL”** Beijing Enterprises Group Company Limited\* (北京控股集團有限公司), a company incorporated in the PRC with limited liability and is a controlling shareholder of the Company;

<b>“BEHL”</b>	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 392) and is a controlling shareholder of the Company;
<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 company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
<b>“BG Finance”</b>	Beijing Enterprises Group Finance Co., Ltd.* (北京控股集團財務有限公司), a company incorporated in the PRC with limited liability. BG Finance is held by BEGCL, Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), BEHL, the Company, Beijing Holdings Jingtai Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司), Beijing General Municipal Engineering Design & Research Institute Co., Ltd.* (北京市市政工程設計研究總院有限公司) as to approximately 35.14%, 24.80%, 11.08%, 8.91%, 6.69%, 6.69% and 6.69% equity interests respectively;
<b>“Board”</b>	the board of directors 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>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Directors”</b>	the directors of the Company;
<b>“Foshan Beikong”</b>	Foshan Beikong Water Quality Treatment Co., Ltd.* (佛山北控水質處理有限公司), a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of the Company;

<b>“Foshan Beikong Loan Agreement”</b>	the loan agreement dated 26 August 2022 entered into between Foshan Beikong and BG Finance;
<b>“Foshan Beikong Loan Facility”</b>	a loan facility in principal of RMB240,000,00 (equivalent to HKD275,378,000) granted by BG Finance to Foshan Beikong pursuant to Foshan Beikong Loan Agreement;
<b>“Foshan Beikong Pledge Agreement”</b>	the maximum amount of accounts receivable (expected earnings right) pledge agreement dated 26 August 2022 entered into between Foshan Beikong as pledger and BG Finance as pledgee pursuant to which the pledger agreed to pledge expected earnings right from Nanbian sewage treatment plant supporting pipeline network project, Fanhu sewage treatment plant and supporting pipeline network project and Leping Yong sewage interception project under “Three Old” redevelopment infrastructure construction to pledgee;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Jinan Beikong”</b>	Jinan Beikong Water Development Co., Ltd.* (濟南北控水務發展有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
<b>“Jinan Beikong Finance Lease Agreement”</b>	the finance lease agreement dated 26 August 2022 entered into between Jinan Beikong, as lessee, and BG Finance, as lessor, for the Jinan Beikong Leased Assets for a transfer consideration of RMB23,000,000 (equivalent to HK\$26,390,000), details of which are set out in the section headed “THE FINANCE LEASE AGREEMENTS” of this announcement;
<b>“Jinan Beikong Leased Assets”</b>	pre-treatment equipment including the procurement and installation of ultrafiltration and reverse osmosis membrane process as stipulated in the Jinan Beikong Finance Lease Agreement;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange of the Stock Exchange;

<b>“Previous Capital Increase Agreement”</b>	the agreement dated 31 December 2021 entered into by BG Finance, BEGCL, Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), BEHL, the Company, Beijing Holdings Jingtai Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司), Beijing General Municipal Engineering Design & Research Institute Co., Ltd.* (北京市市政工程設計研究總院有限公司) in relation to the capital increase of BG Finance, the details of which were set out in the announcement of the Company dated 31 December 2021;
<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>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Pucheng Gerui”</b>	Pucheng Gerui Water Purification Co., Ltd.* (蒲城格瑞水質淨化有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
<b>“Pucheng Gerui Finance Lease Agreement”</b>	the finance lease agreement dated 26 August 2022 entered into between Pucheng Gerui, as lessee, and BG Finance, as lessor, for the Pucheng Gerui Leased Assets for a transfer consideration of RMB49,000,000 (equivalent to HK\$56,223,000), details of which are set out in the section headed “THE FINANCE LEASE AGREEMENTS” of this announcement;
<b>“Pucheng Gerui Leased Assets”</b>	Pucheng sewage treatment plant as stipulated in the Pucheng Gerui Finance Lease Agreement;
<b>“Shareholder(s)”</b>	holder(s) of the Shares;
<b>“Shares”</b>	ordinary shares of HK\$0.10 each in the share capital of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited; 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:RMB0.87153. 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**  
**Xiong Bin**  
Chairman

Hong Kong, 26 August 2022

*As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Xiong Bin (chairman), Mr. Jiang Xinhao, Mr. Zhou Min (chief executive officer), Mr. Li Haifeng, Mr. Ke Jian, Ms. Sha Ning, Mr. Tung Woon Cheung Eric and Mr. Li Li, one non-executive director, namely, Mr. Wang Dianchang 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*