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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 371)**

## **CONNECTED TRANSACTION**

### **IN RELATION TO THE FORMATION OF JOINT VENTURE IN YINGTAN CITY OF JIANGXI PROVINCE**

#### **FORMATION OF THE JOINT VENTURE**

The Board is pleased to announce that on 7 December 2022, BEWG (China) Investment (a wholly-owned subsidiary of the Company), Beijing Municipal Institute, China Tiegong Investment, China Railway Municipal Environmental, Yingtan Highway entered into the Shareholders Agreement with Yingtan Xinda in relation to, among others, establishment of the Joint Venture for the purpose of design, investment, construction, operation and maintenance of PPP project of sponge city construction integrating plant networks, river and lake in Xinjiang New District, Yingtan City, Jiangxi Province, the PRC.

Pursuant to the Shareholders Agreement, the registered capital of the Joint Venture shall be RMB278,874,200 (equivalent to approximately HK\$310,087,000). BEWG (China) Investment will inject RMB13,943,700 (equivalent to approximately HK\$15,504,000) in cash, representing 5% of the registered capital of the Joint Venture. The other parties to the Shareholders Agreement namely, China Tiegong Investment, Yingtan Xinda, Yingtan Highway, Beijing Municipal Institute and China Railway Municipal Environmental, each will inject RMB152,823,100 (equivalent to approximately HK\$169,928,000), RMB108,760,900 (equivalent to approximately HK\$120,934,000), RMB2,788,700 (equivalent to approximately HK\$3,101,000), RMB278,900 (equivalent to approximately HK\$310,000) and RMB278,900 (equivalent to approximately HK\$310,000) in cash respectively, representing 54.8%, 39%, 1%, 0.1% and 0.1% of the registered capital of the Joint Venture respectively. Upon establishment, the Joint Venture will be accounted as an equity investment designated at fair value through other comprehensive income of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, BEGCL is a connected person of the Company under the Listing Rules by virtue of BEGCL being a controlling shareholder of the Company. As BEGCL beneficially owns not less than 30% equity interest in Beijing Municipal Institute, therefore, Beijing Municipal Institute is an associate of BEGCL under the Listing Rules. Thus, the entering into of the Shareholders Agreement and the transactions contemplated thereunder constitute connected transaction for the Company under Chapter 14A of the Listing Rules.

References are made to the connected transactions as stipulated in the Previous Announcements. Capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements unless stated otherwise herein.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and related as if they were one transaction if they were all completed within a 12-month period or were all otherwise related. The entering into of the Shareholders Agreement together with the connected transactions as stipulated in the Previous Announcements are related and to be completed within a 12-month period. Accordingly, these transactions shall be aggregated and treated as if they were one transaction, and the aggregate figures of the Aggregate Transactions shall be used for calculating the applicable percentage ratios. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the aggregated amounts exceeds 0.1% but all are less than 5%, the entering into of the Shareholders Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 7 December 2022, BEWG (China) Investment (a wholly-owned subsidiary of the Company), Beijing Municipal Institute, China Tiegong Investment, China Railway Municipal Environmental, Yingtan Highway entered into the Shareholders Agreement with Yingtan Xinda in relation to, among others, establishment of the Joint Venture for the purpose of design, investment, construction, operation and maintenance of PPP project of sponge city construction integrating plant network, river and lake in Xinjiang New District, Yingtan City, Jiangxi Province, the PRC.

## **THE SHAREHOLDERS AGREEMENT**

### **Date**

7 December 2022

### **Parties to the Shareholders Agreement**

- (1) China Tiegong Investment (in the capacity of holder of 54.8% equity interest in the Joint Venture)
- (2) Yingtan Xinda (in the capacity of holder of 39% equity interest in the Joint Venture)
- (3) BEWG (China) Investment (in the capacity of holder of 5% equity interest in the Joint Venture)
- (4) Yingtan Highway (in the capacity of holder of 1% equity interest in the Joint Venture)
- (5) Beijing Municipal Institute (in the capacity of holder of 0.1% equity interest in the Joint Venture)
- (6) China Railway Municipal Environmental (in the capacity of holder of 0.1% equity interest in the Joint Venture)

As at the date of this announcement, BEGCL is a connected person of the Company under the Listing Rules by virtue of BEGCL being a controlling shareholder of the Company. As BEGCL beneficially owns not less than 30% equity interest in Beijing Municipal Institute, therefore, Beijing Municipal Institute is an associate of BEGCL under the Listing Rules. The ultimate controlling shareholder of Beijing Municipal Institute is BEGCL and ultimate beneficial owner of BEGCL is the People's Government of Beijing Municipality. Thus, the entering into of the Shareholders Agreement and the transactions contemplated thereunder constitute connected transaction for the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, China Tiegong Investment, China Railway Municipal Environmental, Yingtan Highway, Yingtan Xinda and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The principal terms of the Shareholders Agreement are as follows:

**(a) Capital contribution**

Pursuant to the Shareholders Agreement, the capital contribution from each party of the Shareholders Agreement and the structure of the registered capital of the Joint Venture are as follows:

<b>Parties to the Shareholders Agreement</b>	<b>Registered Capital Contribution (RMB)</b>	<b>Shareholding Percentage</b>
China Tiegong Investment	152,823,100	54.8%
Yingtian Xinda	108,760,900	39.0%
BEWG (China) Investment	13,943,700	5.0%
Yingtian Highway	2,788,700	1.0%
Beijing Municipal Institute	278,900	0.1%
China Railway Municipal Environmental	278,900	0.1%
	<b>278,874,200</b>	<b>100.0%</b>

The registered capital of the Joint Venture shall be paid in time according to the project construction progress and funding requirements. Each party to the Shareholders Agreement shall pay in proportion to its equity interests.

The respective contribution to the registered capital of the Joint Venture is determined after arm's length negotiations between the parties to the Shareholders Agreement with reference to the proposed capital requirements of the Joint Venture and their interests in the Joint Venture. The capital contribution of BEWG (China) Investment in the Joint Venture will be paid in cash and funded by internal resources.

Upon establishment, the Joint Venture will be accounted as an equity investment designated at fair value through other comprehensive income of the Company.

**(b) Operative term**

Unless and until any early termination as agreed by the party to the Shareholders Agreement, the operative term of the Joint Venture is permanent existence.

**(c) Projects**

The Joint Venture will mainly be engaged in design, investment, construction, operation and maintenance of PPP project of sponge city construction integrating plant network, river and lake in Xinjiang New District, Yingtian City, Jiangxi Province, the PRC.

#### **(d) Board of directors**

The board of directors of the Joint Venture comprises five directors in which Yingtan Xinda shall be entitled to appoint 1 director, China Tiegong Investment shall be entitled to appoint three directors and the employees union of the Joint Venture shall be entitled to appoint one director. The chairman of the board of directors of the Joint Venture shall be appointed by China Tiegong Investment.

#### **(e) Profit sharing**

Yingtan Xinda is not entitled to share profits. However, the other parties to the Shareholders Agreement will be entitled to share the profits in proportion to the conversion ratio of their respective capital contribution in the Joint Venture.

#### **(f) Restriction on transfer of equity interests in the Joint Venture**

During the construction period of the PPP project, each party to the Shareholders Agreement shall not have the right to transfer of its equity interests of the Joint Venture to other independent third parties unless and until obtaining consent from the People's Government of Yingtan Municipality. During the operation period of the PPP Project and with the approval of relevant government authorities, the parties to the Shareholders Agreement shall have the right to transfer their equity interests of the Joint Venture to the other independent third parties.

Parties to the Shareholders Agreement may agree to modify, vary, amend and supplement to the respective agreement when and where necessary.

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

## **INFORMATION OF BEIJING MUNICIPAL INSTITUTE**

Beijing Municipal Institute is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of BEGCL and the ultimate beneficial owner of BEGCL is the People's Government of Beijing Municipality. Beijing Municipal Institute is principally engaged in the businesses such as comprehensive urban public utilities projects and urban planning design in the PRC.

## **INFORMATION OF OTHER PARTIES TO THE SHAREHOLDERS AGREEMENT**

China Tiegong Investment is a company incorporated in the PRC with limited liability. China Tiegong Investment is wholly-owned by China Railway Group Limited. The principal activity of China Tiegong Investment is infrastructure investment and construction.

China Railway Municipal Environmental is a company incorporated in the PRC with limited liability. China Railway Municipal Environmental is wholly-owned by China Tiegong Investment which is in turn wholly-owned by China Railway Group Limited. The principal activities of China Railway Municipal Environmental are construction engineering construction; professional construction operations; import and export of goods; technology import and export, water pollution control, soil pollution control and restoration services, building decoration engineering, technology development, technology consultation, technology transfer, technology services provision in the professional field of building technology, property management, sales of building materials and mechanical equipment, lease of own equipment, installation of mechanical and electrical equipment, maintenance of mechanical equipment; sales of building materials; manufacturing of cement products and sales of cement products.

China Tiegong Investment and China Railway Municipal Environmental are wholly-owned subsidiaries of China Railway Group 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: 601390) and the main board of the Stock Exchange (Stock Code: 390), respectively. China Railway Group Limited is owned as to approximately 46.98% by China Railway Engineering Group Company Limited, which is in turn owned as to 100% equity interests by 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council\*).

Yingtian Xinda is a company incorporated in the PRC with limited liability and is a wholly-owned by Yingtian City Construction Investment Development Co., Ltd.\* (鷹潭市城市建設投資發展有限公司). The ultimate beneficial owner of Yingtian Xinda is State-owned Assets Supervision and Administration Commission of Yingtian City\* (鷹潭市國有資產監督管理委員會). The principal activities of Yingtian Xinda are engineering management services, engineering management consulting, engineering cost, engineering supervision, bidding agency and construction engineering.

Yingtian Highway is a company incorporated in the PRC with limited liability and is a wholly-owned by Yingtian Transportation Construction Investment Group Co., Ltd.\* (鷹潭市交通建設投資集團有限公司). The ultimate beneficial owner of Yingtian Highway is State-owned Assets Supervision and Administration Commission of Yingtian City\* (鷹潭市國有資產監督管理委員會). The principal activities of Yingtian Highway are highway engineering, bridge and tunnel engineering, property construction engineering, property development and operation, property leasing, transportation facility installation engineering, municipal public works, landscaping engineering, environmental protection engineering, engineering management services, sales of building materials, mining and sales of mineral resources and provision of road maintenance service.

## **REASONS FOR AND THE BENEFITS OF FORMATION OF THE JOINT VENTURE**

Yingtian City is one of the first sponge city construction demonstration cities in the PRC. The PPP project is the "No. 1 Project" focused by Yingtian Municipal Government and also a key construction project in Jiangxi Province during the "14th Five Year Plan" period. The establishment of the Joint Venture is conducive to the Group's realization of the integrated operation of plant network, river and lake in Yingtian Xinjiang New District, further expanding the Group's market share in Yingtian City, giving full play to the Group's resource collaboration in Yingtian district, and laying a solid foundation for further expanding the Jiangxi market.

The terms of the Shareholders Agreement were determined after arm's length negotiation between the parties to the Shareholders Agreement. The Directors (including the independent non-executive Directors) having considered the terms and conditions of the Shareholders Agreement, are of the views that the terms and conditions are on normal commercial terms and are in the ordinary and usual course of business of the Group, 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 Shareholders Agreement and therefore none of them is required to abstain from voting on the Board resolution for considering and approving the Shareholders Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, BEGCL is a connected person of the Company under the Listing Rules by virtue of BEGCL being a controlling shareholder of the Company. As BEGCL beneficially owns not less than 30% equity interest in Beijing Municipal Institute, therefore, Beijing Municipal Institute is an associate of BEGCL under the Listing Rules. Thus, the entering into of the Shareholders Agreement and the transactions contemplated thereunder constitute connected transaction for the Company under Chapter 14A of the Listing Rules.

References are made to the connected transactions as stipulated in the Previous Announcements. Capitalised terms used herein shall have the same meanings as those defined in the Previous Announcements unless stated otherwise herein.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and related as if they were one transaction if they were all completed within a 12-month period or were all otherwise related. The entering into of the Shareholders Agreement together with the connected transactions as stipulated in the Previous Announcements are related and to be completed within a 12-month period. Accordingly, these transactions shall be aggregated and treated as if they were one transaction, and the aggregate figures of the Aggregate Transactions shall be used for calculating the applicable percentage ratios. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the aggregated amounts exceeds 0.1% but all are less than 5%, the entering into of the Shareholders Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the 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>“Aggregate Transactions”</b>	the formation of the Joint Venture together with the connected transaction as stipulated in the Previous Announcements;
<b>“associate”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“BEGCL”</b>	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>“Beijing Municipal Institute”</b>	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), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of BEGCL;
<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>“Board”</b>	the board of directors of the Company;



<b>“China Railway Municipal Environmental”</b>	China Railway Municipal Environmental Construction Co., Ltd.* (中鐵市政環境建設有限公司), a company incorporated in the PRC with limited liability;
<b>“China Tiegong Investment”</b>	China Tiegong Investment and Construction Co., Ltd.* (中國鐵工投資建設集團有限公司), a company incorporated in the PRC with limited liability;
<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>“First Previous Announcement”</b>	the announcement of the Company dated 31 December 2021 in relation to the subscription of the registered capital of Beijing Enterprises Group Finance Co., Ltd.* (北京控股集團財務有限公司);
<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>“Joint Venture”</b>	the joint venture enterprise to be named as Yingtan Tiegong Environmental Construction Investment Co., Ltd.* (鷹潭鐵工環境建設投資有限公司) subject to the approval of the local authorities, and set up between China Tiegong Investment, Yingtan Xinda, BEWG (China) Investment, Yingtan Highway, Beijing Municipal Institute and China Railway Municipal Environmental pursuant to the Shareholders Agreement;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“PPP”</b>	Public-private-partnership;

<b>“PPP Project”</b>	PPP project of sponge city construction integrating plant network, river and lake in Xinjiang New District, Yingtan City, Jiangxi Province, the PRC;
<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 Announcements”</b>	the First Previous Announcement and the Second Previous Announcement;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Second Previous Announcement”</b>	the announcement of the Company dated 26 August 2022 in relation to, among others, the finance lease agreements and loan agreement entered into between the Group and Beijing Enterprises Group Finance Co., Ltd.* (北京控股集團財務有限公司);
<b>“Shareholders Agreement”</b>	the shareholders agreement dated 7 December 2022 entered into among China Tiegong Investment, Yingtan Xinda, BEWG (China) Investment, Yingtan Highway, Beijing Municipal Institute and China Railway Municipal Environmental for the formation of the Joint Venture;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Yingtan Highway”</b>	Yingtan Highway Engineering Co., Ltd.* (鷹潭公路工程有限公 司), a company incorporated in the PRC with limited liability;
<b>“Yingtan Xinda”</b>	Yingtan Xinda Engineering Management Co., Ltd.* (鷹潭市信 達工程管理有限公 司), a company incorporated in the PRC with limited liability; 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:RMB0.89934. 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, 7 December 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. Chau On Ta Yuen and Mr. Dai Xiaohu.*

*\* For identification purpose only*