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(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

CONNECTED TRANSACTION

LOAN AGREEMENT

The Board announces that on 17 May 2023, Juye Beikong (a non-wholly owned subsidiary of the Company), as borrower, entered into Juye Beikong Loan Agreement with ABC, Juye sub-branch, as lender, pursuant to which ABC, Juye sub-branch has agreed to grant the Loan Facility in a principal amount of RMB258,000,000 (equivalent to approximately HK\$290,898,000) to Juye Beikong. The Loan Facility shall be secured by the pledge of security given by Juye Beikong under Juye Beikong Pledge Agreement in favour of ABC, Juye 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 each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

References are made to the announcements dated 25 August 2021, 19 August 2022 and 22 March 2023 regarding connected transactions in relation to the entering into Previous Loan Agreements and Previous Pledge Agreements therein.

As each of Juye Beikong Loan Agreement together with Previous Loan Agreements and Juye Beikong Pledge Agreement together with Previous Pledge Agreements were made or incompleting with ABC, Juye sub-branch or its other branch or sub-branches within a 12-month period prior to the date of each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement, each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement will be aggregated with Previous Loan Agreements and Previous Pledge Agreements, respectively 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 with reference to each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement on a stand-alone basis, exceed 1% but less than 5%, and with reference to each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement in aggregate with Previous Loan Agreements and Previous Pledge Agreements respectively, exceed 5%, the entering into Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement together constitute connected transactions of the Company. Since (i) ABC is a connected person of the Company at the subsidiary level and (ii) the Board (including the independent non-executive Directors) has considered, confirmed and approved that the terms of Juye Beikong Loan Agreement and Juye Beikong 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, pursuant to Rule 14A.101 of the Listing Rules, the entering into Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement are only subject to the announcement and reporting requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

JUYE BEIKONG LOAN AGREEMENT

The Board announces that on 17 May 2023, Juye Beikong (a non-wholly owned subsidiary of the Company), as borrower, entered into Juye Beikong Loan Agreement with ABC, Juye sub-branch, as lender, pursuant to which ABC, Juye sub-branch has agreed to grant the Loan Facility in a principal amount of RMB258,000,000 (equivalent to approximately HK\$290,898,000) to Juye Beikong. The Loan Facility shall be secured by the pledge of security given by Juye Beikong under Juye Beikong Pledge Agreement in favour of ABC, Juye 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 each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of Juye Beikong Loan Agreement together with Previous Loan Agreements and Juye Beikong Pledge Agreement together with Previous Pledge Agreements were made or incompleted with ABC, Juye sub-branch and its other branch or sub-branches within a 12-month period prior to the date of each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement, each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement will be aggregated with Previous Loan Agreements and Previous Pledge Agreements, respectively as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

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

Date of Juye Beikong Loan Agreement: 17 May 2023

Parties: (1) ABC, Juye sub-branch, as lender
(2) Juye Beikong, 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 single largest shareholder of ABC is Central Huijin Investment Ltd. (中央匯金投資有限責任公司) and the ultimate beneficial owner of Central Huijin Investment Ltd. is the State Council of the PRC* (中國國務院).

Principal amount of the Loan Facility: RMB258,000,000 (equivalent to approximately HK\$290,898,000)

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 4.30%) announced by the National Interbank Funding Centre on the date immediately preceding the drawdown date minus 0.75%. 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 accounts receivable from Juye Province sewage treatment construction project (Chengbei) PPP project, pursuant to Juye Beikong Pledge Agreement dated 17 May 2023. The estimated value to be guaranteed by the accounts receivable of the aforesaid project is approximately RMB537,605,000 (equivalent to approximately HK\$606,156,000)
Purpose:	For financing Juye Province sewage treatment construction project (Chengbei) PPP project

REASONS FOR AND THE BENEFITS OF ENTERING INTO JUYE BEIKONG LOAN AGREEMENT AND JUYE BEIKONG PLEDGE AGREEMENT

The Group will use the proceeds from financing Juye Province sewage treatment construction project (Chengbei) 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 Juye Beikong Loan Agreement and Juye Beikong 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 Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement together are in the ordinary and usual course of business of the Group and the terms of Juye Beikong Loan Agreement and Juye Beikong 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 Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement and therefore none of them is required to abstain from voting on the Board resolution for considering and approving Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement.

INFORMATION OF THE GROUP

The Company is a company incorporated in Bermuda with limited liability and the Shares of which 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 and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia, Australia and Republic of Botswana; provision of sewage and reclaimed water treatment services in the PRC, the Republic of Singapore, the Portuguese Republic, Australia and New Zealand; distribution and sale of piped water in the PRC, the 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; the licensing of technical know-how related to sewage treatment in the PRC; and provision of environmental hygiene services and hazardous waste treatment services in the PRC.

Juye Beikong is a company incorporated in the PRC with limited liability and is held as to 90.0001% equity interest by Beijing Enterprises Water Group (China) Investment Limited* 北控水務（中國）投資有限公司, a wholly-owned subsidiary of the Company, and 9.9999% equity interest by Jyue Liwei Investment Co. Ltd.* (巨野利偉投資有限責任公司). To the best knowledge of the Director, and having made all reasonable enquiries, the ultimate beneficial owner of Jyue Liwei Investment Co. Ltd.* (巨野利偉投資有限責任公司) is Ministry of Finance of Juye Province* (巨野縣財政局), 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 Juye Beikong. The principal activities of Juye Beikong are sewage treatment and its reuse.

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 single largest shareholder of ABC is Central Huijin Investment Ltd. (中央匯金投資有限責任公司) and the ultimate beneficial owner of Central Huijin Investment Ltd. 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 each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

References are made to the announcements dated 25 August 2021, 19 August 2022 and 22 March 2023 regarding connected transactions in relation to the entering into Previous Loan Agreements and Previous Pledge Agreements therein.

As each of Juye Beikong Loan Agreement together with Previous Loan Agreements and Juye Beikong Pledge Agreement together with Previous Pledge Agreements were made or incompleting with ABC, Juye sub-branch or its other branch or sub-branches within a 12-month period prior to the date of each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement, each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement will be aggregated with Previous Loan Agreements and Previous Pledge Agreements, respectively 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 with reference to each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement on a stand-alone basis, exceed 1% but less than 5%, and with reference to each of Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement in aggregate with Previous Loan Agreements and Previous Pledge Agreements respectively, exceed 5%, the entering into Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement together constitute connected transactions of the Company. Since (i) ABC is a connected person of the Company at the subsidiary level and (ii) the Board (including the independent non-executive Directors) has considered, confirmed and approved that the terms of Juye Beikong Loan Agreement and Juye Beikong 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, pursuant to Rule 14A.101 of the Listing Rules, the entering into Juye Beikong Loan Agreement and Juye Beikong Pledge Agreement are only subject to the announcement and reporting requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements 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, Anshan Tiedong sub-branch”	Anshan Tiedong sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司鞍山鐵東支行);
“ABC, Beijing branch”	Beijing pilot free trade zone branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司北京自貿試驗區分行);
“ABC, Juye sub-branch”	Juye Province sub-branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司巨野縣支行);
“ABC, Linyi sub-branch”	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);
“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;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Beishui Anda”	Anshan City Beishui Anda Water Development Co., Ltd. (鞍山市北水鞍達水務發展有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
“Board”	the board of directors of the Company;
“Company”	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);

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Daoxiang”	Beijing Daoxiang Water Resources Technology Co., Ltd.* (北京稻香水資源科技有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
“Directors”	the directors of the Company;
“First Previous Loan Agreement”	the loan agreement dated 25 August 2021 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\$169,127,000), the details of which was set out in the announcement of the Company dated 25 August 2021;
“First Previous Pledge Agreement”	the equity pledge agreement dated 25 August 2021 entered into between Linyi Bei Kong as pledgor and ABC, Linyi sub-branch as pledgee, pursuant to which pledgor agreed to pledge the account receivables from Linyi Liuqing River No. 2 sewage treatment plant expansion and supporting PPP project to pledgee;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Juye Beikong”	Juye Beikong Chengbei Beishui Water Co., Ltd. (巨野北控城北水務有限公司), a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of the Company;
“Juye Beikong Loan Agreement”	the loan agreement dated 17 May 2023 entered into between Juye Beikong and ABC, Juye sub-branch;
“Juye Beikong Pledge Agreement”	the equity pledge agreement dated 17 May 2023 entered into between Juye Beikong and ABC, Juye sub-branch;

“Linyi Bei Kong”	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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Facility”	a loan facility in a principal amount of RMB258,000,000 (equivalent to approximately HK\$290,898,000) granted by ABC, Juye sub-branch to Juye Beikong pursuant to Juye Beikong Loan Agreement;
“PPP”	Public-Private-Partnership;
“PRC”	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);
“Previous Loan Agreements”	First Previous Loan Agreement, Second Previous Loan Agreement and Third Previous Loan Agreement;
“Previous Pledge Agreements”	First Previous Pledge Agreement, Second Previous Pledge Agreement and Third Previous Pledge Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Previous Loan Agreement”	the loan agreement dated 19 August 2022 entered into between Daoxiang as borrower and ABC, Beijing branch as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB503,685,200 (equivalent to approximately HK\$567,910,000), the details of which was set out in the announcement of the Company dated 19 August 2022;
“Second Previous Pledge Agreement”	the equity pledge agreement dated 19 August 2022 entered into between Daoxiang as pledgor and ABC, Beijing branch as pledgee, pursuant to which pledgor agreed to pledge the expected earnings right from Beijing Haidian Daoxiang Lake reclaimed water plant phase II project to pledgee;

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Third Previous Loan Agreement”	the loan agreement dated 22 March 2023 entered into between Beishui Anda as borrower and ABC, Anshan Tiedong sub-branch as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB363,880,000 (equivalent to approximately HK\$410,278,000), the details of which was set out in the announcement of the Company dated 22 March 2023;
“Third Previous Pledge Agreement”	the equity pledge agreement dated 22 March 2023 entered into between Beishui Anda as pledgor and ABC, Anshan Tiedong as pledgee, pursuant to which pledgor agreed to pledge earnings right under concession agreement of Anshan City urban sewage treatment phase I project to pledgee; and
“%”	percentage.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of HK\$1:RMB0.88691. 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, 17 May 2023

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*