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北京控股環境集團有限公司
BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 154)

**COMPLETION OF DISCLOSEABLE TRANSACTION AND
CONNECTED TRANSACTION
THROUGH PUBLIC TENDER**

Reference is made to the announcement of the Company dated 22 March 2024 (the “**Announcement**”) relating to the proposed transfer of the 51% equity interests in the Target Company held by the Group through Public Tender. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company announces that no Interested Transferees were solicited on CBEX during the initial information disclosure period from 25 March 2024 to 22 April 2024, and according to the trading rules of CBEX, the Transferor has progressively lowered the base price in phases for the transfer of the Target Interests. Hainan Gerun Investment Company Limited (海南格潤投資有限公司) (“**Hainan Gerun**”), the sole Interested Transferee to take up the transfer at the base price of RMB41,488,110 on 7 June 2024, was confirmed as the Transferee by CBEX on 11 June 2024. It entered into the Asset Transaction Agreement with the Transferor as of the date of this announcement and completed the payment of the Transaction Price of RMB41,488,110 (equivalent to approximately HK\$45,637,000) to CBEX (the “**Disposal**”).

Hainan Gerun is a company established in the PRC with limited liability. It is principally engaged in commercial services and is beneficially owned as to 36% by Du Jun (杜鈞), 24% by Zhang Rui (張蕊), 20% by Zhang Wei (張偉) and 20% by Yang Lanyun (楊蘭雲), all being PRC residents. Du Jun and Yang Lanyun are family members of Ms. Yang. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Zhang Rui and Zhang Wei are third parties independent of the Company and its connected persons. Accordingly, Hainan Gerun is regarded as an associate of Ms. Yang, and is also regarded as a connected person of the Company at the subsidiary level.

The Transaction Price is equivalent to a 10% discount of the appraisal value of RMB46,097,900 (the “**Appraisal Value**”) of the equity interest in the Target Interests. The Transaction Price and the discount percentage comply with the relevant provisions of the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality on transactions in state-owned assets. The Transaction Price has been adjusted downward by RMB11,335,290 from the initial Tender Price of RMB52,823,400, representing a cumulative downward adjustment of approximately 21.5%; and a discount of approximately RMB4,955,000 (the “**Discount Amount**”) to the 51% equity interest in the Target Company with an unaudited net book value (prepared according to the Hong Kong generally accepted accounting standards) of RMB91,065,000 as at 31 December 2023, being a discount of approximately 10.7%.

The Appraisal Value is an asset valuation of the Target Company dated 20 February 2024 issued by Zhong Ming (Beijing) Assets Appraisal International Co., Ltd. (中銘國際資產評估(北京)有限責任公司) (“**Zhong Ming**”, an asset appraisal institution with legal qualifications in the PRC to engage in the business of securities services) and signed by two PRC asset appraisers, Jia Wenzheng (賈文政) and Kang Junpeng (康俊彭), using 30 June 2023 as the valuation base date. Zhong Ming adopted the asset-based approach and the income approach to assess the market value of the Target Interests in accordance with the PRC laws, administrative regulations and asset valuation standards respectively. The asset-based approach is to replace historical cost with market value for all individual assets and liabilities on the balance sheet of the Target Company from the perspective of the replacement cost of the assets. The income approach is based on the present value of future earnings discounted for risk as the appraisal value from the perspective of future earnings and reflects the future profitability of the assets. After a full and comprehensive analysis based on the actual situation, taking into account the relatively greater uncertainty of the income approach in considering the specific future investment and operating strategies and implementation of the Target Company, whereas in comparison with the assets of the Target Company that has clear property rights and complete financial information where various assets and liabilities can be identified, the appraisal conclusions can enable stakeholders to have a very intuitive understanding of the value composition of the existing assets of the Target Company. Hence, the appraisal results of the asset-based approach are more reliable than the income approach in respect of the appraisal value of the equity interest in the Target Company. Based on the above factors, Zhong Ming has selected the results of the asset-based approach as the determinable conclusion of the valuation, i.e. the Appraisal Value of RMB46,097,900, which is not significantly different from the 51% equity interest in the Target Company with an unaudited net book asset value (prepared according to the Hong Kong generally accepted accounting standards) of RMB91,111,000 as at the valuation base date, only with an impairment of approximately RMB369,000.

The Company will record an estimated loss of approximately RMB6,245,000 from the Disposal, which is calculated based on the Discount Amount and the income tax and transaction costs payable of approximately RMB1,290,000 in total. The exact amount is subject to the net book value of the Target Company upon completion of the equity disposal. The net proceeds of approximately RMB40,198,000 from the Disposal will be used as the general working capital of the Group.

By order of the Board
Beijing Enterprises Environment Group Limited
Chen Xinguo
Chairman and Chief Executive Officer

Hong Kong, 13 June 2024

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. Chen Xinguo, Ms. Sha Ning, Mr. Yu Jie, Mr. Li Ai and Mr. Ng Kong Fat, Brian, and six independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng, Mr. Cheung Ming and Ms. Miao Li.