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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)

Continuing Connected Transactions

and

Waiver in relation to Non-exempt Continuing Connected Transactions

References is made to the announcement of the Company dated 23 December 2022 in relation to, inter alia, the CCT in respect of the deposit services, settlement and other financial services entered into between the Group and ABC Group and the annual caps for the CCT in respect of the maximum daily balance of deposit services (including accrued interests) for the three financial years ended 31 December 2023, 2024 and 2025.

The Board announces that the annual caps for the CCT will expire on 31 December 2025 and in order to provide the annual caps for the CCT that continue to take place after 31 December 2025, the Board resolved to renew and set the annual caps for the CCT for the three financial years ending 31 December 2026, 2027 and 2028.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the written agreement requirement under Rules 14A.34 and 14A.51 of the Listing Rules, which would apply to non-exempt CCT in respect of deposit services, settlement and other financial services, on the basis that the Company will set annual caps for the CCT in respect of deposit services in accordance with Rule 14A.53 of the Listing Rules.

PROPOSED ANNUAL CAPS

The proposed annual caps for the CCT in respect of the maximum daily balance of deposit services (including accrued interests) for the three financial years ending 31 December 2026, 2027 and 2028 are RMB3,000,000,000 respectively.

LISTING RULES IMPLICATIONS

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 transactions with members of ABC Group relating to the provisions of deposit services, settlement and other financial services by ABC Group to the Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the CCT in respect of the deposit services, since such CCT involving connected persons at the subsidiary level of the Company, will be entered into on normal commercial terms or better, approved by the Board and confirmed by the independent non-executive Directors that the terms of such transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole, they will be exempted from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rules 14A.101(1) and (2) of the Listing Rules, but are subject to annual review and relevant disclosure requirements.

For the CCT in respect of each of the settlement and other financial services, which will be entered into on normal commercial terms or better, the Company expects that each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules of the total fees payable by the Group to ABC Group will fall within the *de minimis* threshold with reference to the relevant historical transactions and will be exempted from all reporting, announcement and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

INTRODUCTION

References is made to the announcement of the Company dated 23 December 2022 in relation to, inter alia, the CCT in respect of the deposit services, settlement and other financial services entered into between the Group and ABC Group and the annual caps for the CCT in respect of the maximum daily balance of deposit services (including accrued interests) for the three financial years ended 31 December 2023, 2024 and 2025.

The Board announces that the annual caps for the CCT will expire on 31 December 2025 and in order to provide the annual caps for the CCT that continue to take place after 31 December 2025, the Board resolved to renew and set the annual caps for the CCT for the three financial years ending 31 December 2026, 2027 and 2028.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As ABC Group is one of the Group's principal banking partners, the Group continues to engage the aforesaid financial services with members of ABC Group in respect of deposit services, settlement and other financial services on a continuing and recurring basis. Those transactions will constitute continuing connected transactions of the Group under Rule 14A.31 of the Listing Rules.

NON-EXEMPT CCT

Parties

(i) The Company and/or any member(s) of the Group; and

(ii) any member(s) of ABC Group.

Services

(i) **Deposit Services:** the bank accounts of the Group maintain with ABC Group and deposit funds into such accounts. Deposits can be in the form of current deposits and structured deposits.

(ii) **Settlement and other financial services:** the provision of settlement or other financial services by ABC Group to the Group, including but not limited to settlement and letter of guarantee.

Pricing Principles

(i) **Deposit Services:** When determining the deposit services provided by ABC Group, the interest rates for deposit placed by the Group with ABC Group are negotiated on arm's length terms and by reference to (a) the interest rate offered by People's Bank of China (if applicable) and/or (b) the interest rates offered by other commercial banks for the same type of deposit during the same period provided to the Group.

(ii) **Settlement and other financial services:** When determining the settlement and other financial services provided by ABC Group, the service fees will be by reference to the fees charged by other commercial banks for the same type of services provided to the Group during the same period. The service fees charged by ABC Group will be close to or lower than the fees charged by other commercial banks for the same type of services during the same period.

Outstanding amounts

As of 30 November 2025, the Group's highest daily account balance with ABC Group in relation to the deposit services (including accrued interests) is as follows:

Services	**Balance as at 30 November 2025** *(Note)*
	(RMB'000)
Deposit balance (including accrued interests)	733,000

Note: Unaudited actual transaction amount as at 30 November 2025

WAIVER IN RELATION TO NON-EXEMPT CCT

Pursuant to Rules 14A.34 and 14A.51 of the Listing Rules, the Company is required to enter into a written agreement for continuing connected transactions. However, despite the Company's efforts to reach a written master agreement with ABC Group in respect of the CCT, no such written agreement has been or is expected to be entered into for the difficulties and reasons below:

(i) ABC Group is amongst the four State-owned commercial banks (四大國有商業銀行) directly controlled by 中央匯金投資有限責任公司 (the State through Central Huijin Investment Limited*) and has branches covering all the provinces in the PRC. ABC Group is unable to conclude a single written master agreement between the Company and ABC applicable to its entire banking network with terms limiting to 3-year or less or setting an annual cap for its normal business.

(ii) ABC is a licensed commercial bank operating under the rules and regulations of 中國銀行保險監督管理委員會 (China Banking and Insurance Regulation Commission*), and any changes or updates to those rules and regulations from time to time are open and accessible to the public. It must operate under the external rules and regulations applicable to its own banking industry and to follow its own stringent internal policies, as such, it is unlikely for it to provide any kind of services to any single commercial client that deviate from their market practices.

(iii) Given that there will be specific financial service agreements in place for different type of banking services, shall it be deposit or other types of services, and that the relevant interest rates and other terms of commercial services are wholly market driven, after negotiations between the Company and members of ABC Group, the parties have not been able to reach an agreement for a written master agreement in respect of the CCT.

(iv) The financial services provided by ABC Group satisfy the operating cash flow and necessary funding sources to the Group, and are especially crucial to the Group in respect of its business expansion in water projects in the coming years. As the Company anticipates that the Group will enter into the CCT frequently in its usual and ordinary course of business, on a continuing and recurring basis and over a period of time, it will be unduly burdensome for the Company and impracticable to comply with the announcement requirement under Chapter 14A of the Listing Rules each and every time it enters into a CCT due to the inability to enter into a written master agreement with ABC Group.

(v) Given that the material terms and the framework of the CCT have been disclosed in this announcement, the information in the required announcement for each such transaction as and when it is entered into is of minor importance only and will not influence the assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group and the impact of the subject transaction. The omission of the required announcement for each such transaction as and when it is entered into will not mislead or result in undue risks to shareholders and investors of the Company.

(vi) ABC Group is one of the Group's principal banking partners and has competitive advantages in terms of the amount of capital, number of service outlets and pricing of services. In practice, the Group cannot simply suspend its dealings with ABC Group solely because of the fact that a written master agreement could not be concluded, as the cessation of the CCT will cause insufferable inconvenience and certainly limit the financing flexibility of the Group, and will be detrimental to the interests of the Company and its shareholders as a whole.

The Group has limited or no bargaining power to force ABC Group to comply with the Listing Rules as the Group is only one of their countless customers. In face of the difficulties in entering into a written master agreement with ABC, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the written agreement requirement under Rules 14A.34 and 14A.51 of the Listing Rules, which would apply to non-exempt CCT in respect of deposit services, settlement and other financial services, on the basis that the Company will set annual caps for the CCT in respect of deposit services in accordance with Rule 14A.53 of the Listing Rules.

PROPOSED ANNUAL CAPS FOR THE CCT

The historical transaction records of the financial services provided by ABC Group in respect of the highest daily balance of deposit services (including accrued interests) for the financial years ended 31 December 2023 and 2024 are set out as follows:

Services	**Year 2023**	**Year 2024**
	(RMB'000)	
Deposit balance (including accrued interests)	581,000	604,000

In determining the proposed annual caps for the deposit services to be provided by ABC Group to the Group for the three financial years ending 31 December 2026, 2027 and 2028, the Board considered the following factors:

(i) the current business co-operation between the Group and ABC Group and the trend of an increase of fund into expanded business in future;

(ii) the maximum balance of funds to be deposited to those accounts with ABC Group for investment purpose;

(iii) an increase of the total assets of the Group for the past three financial years;

(iv) the balances of working capital to be required to maintain the daily operations of all the subsidiaries of the Company that have operating accounts with ABC Group for the next three financial years; and

(v) the expected growth of the Group.

The proposed annual caps for the CCT in respect of the maximum daily balance of deposit services (including accrued interests) for the three financial years ending 31 December 2026, 2027 and 2028 are as follows:

	(RMB)
For the financial year ending 31 December 2026	3,000,000,000
For the financial year ending 31 December 2027	3,000,000,000
For the financial year ending 31 December 2028	3,000,000,000

INTERNAL CONTROL POLICIES AND PROCEDURES

In order to ensure that the pricing mechanism and terms of the CCT are fair and reasonable and no less favourable than the terms provided by any independent third parties to the Group, the Group has established a series of internal control procedures as follows:-

(i) The relevant personnel of the Company will conduct regular checks to review and assess whether the transactions contemplated under the CCT are conducted in accordance with the terms of their respective agreements and will also regularly update the market prices for the purpose of considering if the prices charged for specific transactions are fair and reasonable and in accordance with the aforesaid pricing principles.

(ii) The external auditors of the Group will issue a letter to the Board in relation to the CCT for each financial year in accordance with Rule 14A.56 of the Listing Rules confirming whether anything has come to their attention that causes them to believe that the CCT (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the relevant cap.

(iii) According to Rules 14A.55 and 14A.71 of the Listing Rules, the independent non-executive Directors of the Company will conduct an annual review with respect to the CCT throughout the preceding financial year, and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group.

(iv) The Company confirms that for the purposes of Rules 14A.55, 14A.56 and 14A.71(6) of the Listing Rules, the relevant underlying contracts in respect of each of the CCT during the relevant years will be made available for independent non-executive Directors' and the Company's auditors' review to ensure the relevant CCT have been entered into in accordance with the terms, pricing policies and internal control procedures set out in this announcement. The details of the CCT will be disclosed in the Group's future annual reports accordingly.

(v) The Company also confirms that it will comply with the connected transaction rules requirements under Chapter 14A of the Listing Rules for any transactions with ABC Group outside the scope of the above financial services related transactions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CCT

The Board considers that the provisions of deposit services, settlement and other financial services by ABC Group is essential to the Group in terms of facilitating the daily operating cash flows and securing stable and reliable financing support to the Group, and therefore maintaining the financial health and assisting the business expansion of the Group in the coming years.

The Directors (including the independent non-executive Directors) have approved the waiver granted by the Stock Exchange to the Company from strict compliance with the written agreement requirement under Rules 14A.34 and 14A.51 of the Listing Rules in respect of deposit services, settlement and other financial services, and they are of the view that the CCT are conducted on normal commercial terms or better and in the ordinary course of business of the Group, and the proposed annual caps for the CCT for the three financial years ended 31 December 2026, 2027 and 2028 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the CCT set out above or is required to abstain from voting on the related Board resolutions.

LISTING RULES IMPLICATIONS

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 transactions with members of ABC Group relating to the provision of deposit services, settlement and other financial services by ABC Group to the Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the CCT in respect of the deposit services, since such CCT involving connected persons at the subsidiary level of the Company, will be entered into on normal commercial terms or better, approved by the Board and confirmed by the independent non-executive Directors that the terms of such transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole, they will be exempted from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rules 14A.101(1) and (2) of the Listing Rules, but are subject to annual review and relevant disclosure requirements.

For the CCT in respect of each of the settlement and other financial services, which will be entered into on normal commercial terms or better, the Company expects that each of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules of the total fees payable by the Group to ABC Group will fall within the *de minimis* threshold with reference to the relevant historical transactions and will be exempted from all reporting, announcement and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

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 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 and seawater desalination in the PRC, the Republic of Singapore, Portuguese Republic, Australia, New Zealand and Saudi Arabia; distribution and sale of piped water in the PRC, Portuguese Republic, Australia and Saudi Arabia; 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 urban services and hazardous waste treatment services in the PRC and Hong Kong.

INFORMATION OF ABC GROUP

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).

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 Financial Asset"	農銀金融資產投資有限公司 (ABC Financial Asset Investment Co., Ltd*), a company incorporated in the PRC with limited liability, whose ultimate controlling shareholder is ABC
"ABC Group"	中國農業銀行股份有限公司 (Agricultural Bank of China Limited*) and its subsidiaries from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company

"CCT"	continuing connected transactions in respect of deposit services, settlement and other financial services between members of the Group on one hand, and members of ABC Group on the other hand
"Company"	Beijing Enterprises Water Group Limited 北控水務集團有限公司, 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
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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)
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board
Beijing Enterprises Water Group Limited
Xiong Bin
Chairman

Hong Kong, 15 December 2025

As at the date of this announcement, the board of directors of the Company comprises eight executive directors, namely Mr. Xiong Bin (Chairman), Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Ms. Sha Ning, Mr. Zhang Wenjiang, Ms. Zhou Xueyan, Mr. Tung Woon Cheung Eric and Mr. Li Li, one non-executive director, namely Mr. Yuan Jianwei and five independent non-executive directors, namely Mr. Shea Chun Lok Quadrant, Mr. Guo Rui, Mr. Chau On Ta Yuen, Mr. Dai Xiaohu and Ms. Chan Siu Chee Sophia.

** For identification purpose only*