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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 371)**

## **PROFIT WARNING**

This announcement is made by Beijing Enterprises Water Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the Board’s preliminary review of the latest unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 (the “**Period**”) and the information currently available to the Board, it is expected that the profit attributable to shareholders of the Company for the six months ended 30 June 2022 will record a decrease of approximately 70% as compared with the same period over last year. Based on the information currently available, the expected decrease was mainly due to:

- (1) Shandong Hi-Speed New Energy Group Limited (“SDHS New Energy”) (formerly known as “Beijing Enterprises Clean Energy Group Limited”) issued and allotted 48,804,039,247 new shares to Profit Plan Global Investment Limited. Accordingly, the Company’s indirect shareholding percentage in SDHS New Energy was diluted from 31.88% to approximately 18.03%. Under the *Hong Kong Accounting Standard 28 - Investments in Associates and Joint Ventures*, the Group recognized a deemed disposal loss of around HK\$1 billion as a result of such dilution. The deemed disposal loss is one-off and non-cash in nature. It does not have any impact on the cash flow of the Group.
- (2) During the first half of 2022, the Novel Coronavirus outbreak in Chinese mainland remained volatile, construction works in several construction sites and the related business could only maintain limited operation, forced to suspend or delay the commencement. As such, there is a decrease in net profit from construction services for the water environmental renovation.

The Board believes despite the fact that the aforesaid passive factors due to force majeure, the core water treatment business of the Company grew steadily during the Period, the cash flow remained stable, the production and operation were normal and smooth, and various risk management and control were in place. The Group has a healthy balance sheet and each of its fundamental elements remained solid and continued to strive to maximize profits for shareholders and create value for shareholders in a long-term and sustainable manner.

As at the date of this announcement, the Company is still in the course of finalising its unaudited consolidated management accounts for the Period. The information contained in this announcement is only based on the Board's preliminary review of the Group's latest unaudited consolidated management accounts for the Period and the information currently available to the Board, and is not based on any figures or information reviewed or audited by the auditors of the Company or the audit committee of the Company and may be subject to adjustments arising from further review. Shareholders and potential investors are advised to read carefully the interim results of the Company for the Period, which is expected to be published by the end of August 2022.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 22 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.*