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(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

CONNECTED TRANSACTION

LOAN AGREEMENT

ZAOZHUANG BEIKONG LOAN AGREEMENT

On 26 June 2024, Zaozhuang Beikong (a wholly-owned subsidiary of the Company), as borrower, entered into Zaozhuang Beikong Loan Agreement with BG Finance, as lender, pursuant to which BG Finance has agreed to grant the Loan Facility in a principal amount of RMB48,000,000 to Zaozhuang Beikong. The Loan Facility shall be secured by the pledge of security given by Zaozhuang Beikong under Zaozhuang Beikong Pledge Agreement in favour of BG Finance.

IMPLICATIONS UNDER LISTING RULES

Each of BEGCL and BEHL is a connected person of the Company under the Listing Rules by virtue of each being a controlling shareholder of the Company. As each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL, therefore, the entering into of the Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

References are made to the announcements dated 18 May 2023 regarding connected transactions in relation to the entering into Previous Loan Agreement and Previous Pledge Agreement as stipulated therein.

As each of Zaozhuang Beikong Loan Agreement together with Previous Loan Agreement, and Zaozhuang Beikong Pledge Agreement together with Previous Pledge Agreement were made or incompleting with BG Finance within a 12-month period prior to the date of each of Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement, each of Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement will be aggregated with Previous Loan Agreement and Previous Pledge Agreement, 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 Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement on a stand-alone basis, and with reference to Zaozhuang Beikong Loan Agreement together with Previous Loan Agreement and Zaozhuang Beikong Pledge Agreement together with Previous Pledge Agreement on an aggregated basis, exceed 0.1% but less than 5%, the entering into Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement constitute connected transactions of the Company 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.

ZAOZHUANG BEIKONG LOAN AGREEMENT

On 26 June 2024, Zaozhuang Beikong (a wholly-owned subsidiary of the Company), as borrower, entered into Zaozhuang Beikong Loan Agreement with BG Finance, as lender, pursuant to which BG Finance has agreed to grant the Loan Facility in a principal amount of RMB48,000,000 to Zaozhuang Beikong. The Loan Facility shall be secured by the pledge of security given by Zaozhuang Beikong under Zaozhuang Beikong Pledge Agreement in favour of BG Finance.

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

Date of Zaozhuang Beikong Loan Agreement: 26 June 2024

Parties: (1) BG Finance, as lender
(2) Zaozhuang Beikong, as borrower

Principal amount of the Loan Facility: RMB48,000,000

Term: Seventeen (17) years from the date of drawdown

Interest rate:	The applicable interest rate is a floating interest rate equivalent to the relevant loan prime rate for a period longer than 5 years (currently 3.95%) announced by the National Interbank Funding Centre on the date immediately preceding the drawdown date minus 0.45%. 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 charging right for Transfer-Operate-Transfer (TOT) project of Taierzhuang District Sewage Treatment Plant in Zaozhuang City, pursuant to Zaozhuang Beikong Pledge Agreement dated 26 June 2024. The maximum liability of such right to be guaranteed by the earning right of the aforesaid project is approximately RMB48,000,000.
Purpose:	for repayment of loan from BEWG (China) Investment

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of BEGCL and BEHL is a connected person of the Company under the Listing Rules by virtue of each being a controlling shareholder of the Company. As each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL. The ultimate controlling shareholder of BG Finance is BEGCL and the ultimate beneficial owner of BEGCL is the People's Government of Beijing Municipality* (北京市人民政府) while The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會) has been performing ownership and control functions in respect of BEGCL with the authorisation of the People's Government of Beijing Municipality* (北京市人民政府).

REASONS FOR AND BENEFITS OF ZAOZHUANG BEIKONG LOAN AGREEMENT AND ZAOZHUANG BEIKONG PLEDGE AGREEMENT

The Group will use the proceeds from Loan Facility to repay the loan from BEWG (China) Investment. The Loan Facility will bring more capital to the Group, enhance the capital capacity of the Group and conductively upgrade the Group's competitiveness and sustainability for healthy development.

The terms of Zaozhuang Beikong Loan Agreement and Zaozhuang 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), having considered the terms and conditions of Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement, are on normal commercial terms in the ordinary and usual course of business of the Company, 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 Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement, no Directors are required to abstain from voting on the relevant Board resolutions for approving Zaozhuang Beikong Loan Agreement and Zaozhuang 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 urban services and hazardous waste treatment services in the PRC.

Zaozhuang Beikong is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company. The principal activities of Zaozhuang Beikong are sewage treatment and reclaimed water reuse.

INFORMATION OF THE BG FINANCE

BG Finance is incorporated in the PRC with limited liability. To the best of directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the announcement, BG Finance is held by BEGCL, Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), BEHL, the Company, Beijing Holdings Jingtai Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司) and 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) as to approximately 35.14%, 24.80%, 11.08%, 8.91%, 6.69%, 6.69% and 6.69% equity interests respectively.

BG Finance is held as to 44.79% equity interests in aggregate by BEHL and its subsidiaries and as to 48.52% equity interests in aggregate by BEGCL and its subsidiaries excluding BEHL and its subsidiaries and the Company. According, each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL. The ultimate controlling shareholder of BG Finance is BEGCL and the ultimate beneficial owner of BEGCL is the People's Government of Beijing Municipality* (北京市人民政府) while The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會) has been performing ownership and control functions in respect of BEGCL with the authorisation of the People's Government of Beijing Municipality* (北京市人民政府).

The establishment of BG Finance as a non-bank financial services institute has been approved by China Banking and Insurance Regulatory Commission. BG Finance acts as a platform of BEGCL for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

IMPLICATIONS UNDER THE LISTING RULES

Each of BEGCL and BEHL is a connected person of the Company under the Listing Rules by virtue of each being a controlling shareholder of the Company. As each of BEGCL and BEHL beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of each of BEGCL and BEHL, therefore, the entering into of the, Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

References are made to the announcements dated 18 May 2023 regarding connected transactions in relation to the entering into Previous Loan Agreement and Previous Pledge Agreement as stipulated therein.

As each of Zaozhuang Beikong Loan Agreement together with Previous Loan Agreement, and Zaozhuang Beikong Pledge Agreement together with Previous Pledge Agreement were made or incompleting with BG Finance within a 12-month period prior to the date of each of Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement, each of Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement will be aggregated with Previous Loan Agreement and Previous Pledge Agreement, 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 Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement on a stand-alone basis, and with reference to Zaozhuang Beikong Loan Agreement together with Previous Loan Agreement and Zaozhuang Beikong Pledge Agreement together with Previous Pledge Agreement on an aggregated basis, exceed 0.1% but less than 5%, the entering into Zaozhuang Beikong Loan Agreement and Zaozhuang Beikong Pledge Agreement constitute connected transactions of the Company 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:

“associates”	has the meaning ascribed to it under the Listing Rules;
“BEGCL”	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;
“BEHL”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 392) and is a controlling shareholder of the Company;
“BEWG (China) Investment”	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;
“BG Finance”	Beijing Enterprises Group Finance Co., Ltd.* (北京控股集團財務有限公司), a company incorporated in the PRC with limited liability. BG Finance is held by BEGCL, Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), BEHL, the Company, Beijing Holdings Jingtai Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司) and 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) as to approximately 35.14%, 24.80%, 11.08%, 8.91%, 6.69%, 6.69% and 6.69% equity interests respectively;
“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;

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Beikong Hangzhou”	Beikong (Hangzhou) Environmental Engineering Co. Ltd.* (北控（杭州）環境工程有限公司), a company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary 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 of the Stock Exchange;
“Loan Facility”	a loan facility in principal of RMB48,000,000 granted by BG Finance to Zaozhuang Beikong pursuant to Zaozhuang Beikong Loan Agreement;
“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 Agreement”	the fixed asset loan agreement dated 18 May 2023 entered into between Beikong Hangzhou as borrower and BG Finance as lender, pursuant to which lender agreed to provide a loan to borrower in the principal amount of RMB140,000,000, the details of which was set out in the announcement of the Company dated 18 May 2023;
“Previous Pledge Agreement”	the maximum amount of accounts receivable (earnings right) pledge agreement dated 18 May 2023 entered into between Beikong Hangzhou as pledger and BG Finance as pledgee, pursuant to which the pledger agreed to pledge the earning right for equipment installation projects based on a scale of 75,000 tons per day for the construction of the second stage of the fourth phase of Yuhang project to pledgee;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;

“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ Zaozhuang Beikong ”	Zaozhuang Taierzhuang District Beikong Water Co., Ltd.* (棗莊台兒莊區北控水務有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company; and
“ % ”	Percentage.

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

Hong Kong, 26 June 2024

As at the date of this announcement, the board of directors of the Company comprises eight executive directors, namely Mr. Xiong Bin (Chairman), Mr. Jiang Xinhao, Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Ms. Sha Ning, Mr. Zhang Wenjiang, 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. Guo Rui, Mr. Chau On Ta Yuen, Mr. Dai Xiaohu and Ms. Chan Siu Chee Sophia.

** For identification purpose only*