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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)

SUBSCRIPTION FOR NEW SHARES UNDER THE EXISTING GENERAL MANDATE

On 26 September 2013 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue the Subscription Shares at a price of HK\$2.95 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 5.1% to the closing price of HK\$3.11 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 5.1% to the average closing price of approximately HK\$3.11 per Share as quoted on Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 5.8% to the average closing price of approximately HK\$3.13 per Share as quoted on Stock Exchange for the last ten trading days immediately prior to and including the date of the Subscription Agreement.

The Subscription Shares represent approximately 5.2% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.9% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The gross proceeds from the Subscription are estimated to be approximately HK\$1.18 billion and the net proceeds are estimated to be approximately HK\$1.18 billion. The Company intends to apply the net proceeds from the Subscription as general working capital of the Group.

INTRODUCTION

On 26 September 2013 (after trading hours), the Company entered into the Subscription Agreement with Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue the Subscription Shares at a price of HK\$2.95 per Subscription Share.

PLACING AND SUBSCRIPTION

Subscription Agreement

Date

26 September 2013 (after trading hours of the Stock Exchange)

Parties

- (1) The Company; and
- (2) The Subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Subscriber is an Independent Third Party.

Subscription Shares

The Subscription Shares represent approximately 5.2% of the existing issued share capital of the Company as at the date of this announcement and approximately 4.9% of the issued share capital of the Company as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$40,000,000.

Ranking of Subscription Shares

The allotment and issue of the Subscription Shares shall be conducted on an ex-dividend basis and the Subscriber or its/his nominee(s) shall not be entitled to any rights and benefits attached to and in connection with the Interim Dividend in respect of the Subscription Shares.

Other than the above, the Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue on the date of issue and allotment of the Subscription Shares.

Condition of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

In the event that the above condition is not fulfilled on or before 14 business days after the date of the Subscription Agreement (or such other date as the Company and the Subscriber may agree), the rights and obligations of the Subscriber and the Company in respect of the Subscription shall forthwith terminate and cease to have any effect.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of and permission to deal in the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place at a time to be fixed between the Company and the Subscriber after the condition stated above shall have been satisfied and in any event no later than 10 business days after satisfaction of the above condition (or such other date as the Company and the Subscriber may agree).

Subscription Price

The Subscription Price is HK\$2.95 per Subscription Share, which represents:

- (i) a discount of approximately 5.1% to the closing price of HK\$3.11 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.1% to the average closing price of HK\$3.11 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 5.8% to the average closing price of HK\$3.13 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and including the date of the Subscription Agreement.

The total Subscription Price of approximately HK\$1.18 billion is payable in cash by the Subscriber upon the Completion.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market price of the Shares. The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 21 May 2013. Under the General Mandate, the Company is authorised to allot and otherwise deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the aforesaid annual general meeting, which amounts to 1,513,505,646 new Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate and the Subscription Shares to be allotted and issued will utilize as to approximately 26.4% of the General Mandate.

EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the changes in the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion:

Name of Shareholders	(i) As at the date of this announcement		(ii) Immediately after Completion	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Beijing Enterprises Environmental Construction Limited (“BE Environmental”) (Note 1)	3,824,367,831	49.76	3,824,367,831	47.30
Tenson Investment Limited (“Tenson”) (Note 2)	682,193,919	8.88	682,193,919	8.44
Subscriber	-	-	400,000,000	4.95
Existing public Shareholders	<u>3,179,419,574</u>	<u>41.36</u>	<u>3,179,419,574</u>	<u>39.31</u>
Total	<u>7,685,981,324</u>	<u>100.00</u>	<u>8,085,981,324</u>	<u>100.00</u>

Notes:

- As at the date of this announcement, Beijing Enterprises Group Company Limited (“BE Group”) is deemed to be interested in 3,824,367,831 Shares as a result of its indirect holding of such Shares through the following entities including its wholly-owned subsidiaries:

Name	Long position in Shares
BE Environmental	3,824,367,831
Beijing Enterprises Holdings Limited (“BEHL”)	3,824,367,831
Beijing Enterprises Group (BVI) Company Limited (“BE Group BVI”)	3,824,367,831
BE Group	3,824,367,831

As at the date of this announcement, BEHL is deemed to be interested in the 3,824,367,831 Shares directly held by BE Environmental (as to 3,824,361,831 Shares), New Profit Investment Limited (as to 3,000 Shares) (both are wholly-owned subsidiaries of BEHL) and Ms. Kwok Kar Wai, as the other nominee of BE Environmental (as to 3,000 Shares) (“Nominee”), who is an Independent Third Party. Each of New Profit Investment Limited and the Nominee is holding the Shares as trustee on behalf of BE Environmental. BEHL is held directly as to approximately 35.25% by BE Group BVI while BE Group BVI’s 72.72%-owned subsidiary, Beijing Enterprises Investments Limited, a company incorporated in the BVI with limited liability, directly and indirectly owns an aggregate of approximately 22.61% of the issued share capital of BEHL. Accordingly, BE Group BVI together with Beijing Enterprises Investments Limited effectively own an aggregate of approximately 51.69% of the issued share capital of BEHL. BE Group BVI is therefore deemed to be interested in the Shares owned by BEHL. BE Group BVI is held directly as to 100% by BE Group, a company established in the PRC and is wholly-owned, supervised and controlled by the State-owned Assets Supervision and Administrative Commission of People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). Accordingly, BE Group is deemed to be interested in the Shares held by BE Group BVI.

2. Messrs. Hu Xiaoyong and Zhou Min, both being executive Directors, are interested in Tenson as to 52.62% and 44.93% respectively. Tenson holds 682,193,919 Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Board considers that the Subscription will further strengthen the capital base and financial position of the Company for the Group's future business developments. The gross proceeds from the Subscription are estimated to be approximately HK\$1.18 billion and the net proceeds are estimated to be approximately HK\$1.18 billion (representing a net Subscription Price of approximately HK\$2.95 per Subscription Share). The Company intends to apply the net proceeds from the Subscription as general working capital of the Group.

The Board is of the view that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement is fair and reasonable and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

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 and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC and Malaysia; provision of sewage and reclaimed water treatment services in the PRC and Portugal; distribution and sales of piped water in the PRC and Portugal; the provision of technical and consultancy services that are related to sewage treatment and construction comprehensive renovation projects in the PRC; and the licensing of technical know-how that is related to sewage treatment in the PRC.

FUND RAISING EXERCISES UNDERTAKEN BY THE COMPANY WITHIN THE PAST 12-MONTH PERIOD

The Company has not undertaken the fund raising activities on any issue of equity securities in the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“Bye-laws”	the bye-laws from time to time adopted by the Company;
“business day”	any day (other than a Saturday) on which banks are generally open in Hong Kong, Kuala Lumpur and Labuan for normal business;
“Company”	Beijing Enterprises Water Group Limited (Stock code: 371), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;

“Completion”	completion of the Subscription;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general unconditional mandate granted to the Directors to allot or otherwise deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the resolution approving the grant at the annual general meeting of the Company held on 21 May 2013;
“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;
“Independent Third Party(ies)”	Third party(ies) and their ultimate beneficial owner(s), if applicable, which are independent of the Company and its connected persons
“Interim Dividend”	the interim distribution to the Shareholders resolved by the Board for the six months ended 30 June 2013
“Last Trading Day”	26 September 2013, being the last trading day for the Shares prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclusively refer to Mainland China;
“Shares”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company ;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mount Reskit Investments Limited, a company incorporated in Malaysia, which is beneficially owned by Khazanah Nasional Berhad, a strategic investment fund of the Government of Malaysia;
“Subscription”	the subscription for the Subscription Shares pursuant to the terms of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 26 September 2013 entered into between the Company and the Subscriber in relation to the subscription for the Subscription Shares
“Subscription Price”	HK\$2.95 per Subscription Share;
“Subscription Shares”	400,000,000 new Share(s) to be subscribed for by the Subscriber pursuant to

the Subscription Agreement

"%"

per cent.

By Order of the Board
Beijing Enterprises Water Group Limited
Zhang Honghai
Chairman

Hong Kong, 26 September 2013

As at the date of this announcement, the Board comprises ten executive Directors, namely Mr. Zhang Honghai (Chairman), Mr. E Meng (Vice Chairman), Mr. Jiang Xinhao, Mr. Hu Xiaoyong (Chief Executive Officer), Mr. Zhou Min, Mr. Li Haifeng, Mr. Zhang Tiefu, Ms. Qi Xiaohong, Mr. Ke Jian and Mr. Tung Woon Cheung Eric and six independent non-executive Directors, namely Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Ms. Hang Shijun, Mr. Wang Kaijun and Mr. Yu Ning.