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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)**

**PLACING OF NEW SHARES UNDER GENERAL MANDATE  
AND  
CONNECTED TRANSACTION  
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE  
INVOLVING CONNECTED PERSON**

**Joint Global Coordinators and Joint Bookrunners**

*(in alphabetical order)*



**CICC**  
**中金香港証券**

**Deutsche Bank**  
德意志銀行



**UBS**

**Placing Agents**



**CICC**  
**中金香港証券**

**Deutsche Bank**  
德意志銀行



**UBS**

**Daiwa**  
Capital Markets



**海通國際**  
**HAITONG**

**PLACING OF NEW PLACING SHARES**

On 24 January 2018, the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing of Placing Shares. Pursuant to the Placing Agreement, the Placing Agents have conditionally agreed with the Company to place, through the Placing Agents, on a fully underwritten basis, 450,000,000 new Shares to not less than six Places at the Placing Price of HK\$5.9 per new Share.

The Placing Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 1 June 2017.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the Placing Shares represent (i) approximately 5.1% of the existing issued share capital of the Company; (ii) approximately 4.9% of the issued share capital of the Company as enlarged by the issue of the Placing Shares; and (iii) approximately 4.8% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares.

The proceeds of the Placing will be HK\$2,655 million. It is proposed that the proceeds from the Placing will be used for general working capital of the Group.

The Placing is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

#### **SUBSCRIPTION OF NEW SUBSCRIPTION SHARES**

On 24 January 2018, the Company entered into the Subscription Agreement with the Subscriber. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 169,491,525 new Shares. The Subscription Shares will be issued at the Subscription Price which is equal to the Placing Price.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing other than as a result of the Subscription, the Subscription Shares to be allotted and issued under the Subscription represents (i) approximately 1.9% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 1.9% of the issued share capital of the Company as enlarged by the Subscription Shares; and (iii) approximately 1.8% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the SGM.

The proceeds of the Subscription will be approximately HK\$1,000 million. It is proposed that the proceeds from the Subscription will be used for general working capital of the Group.

The Subscription is conditional upon, among others, (i) the Independent Shareholders at the SGM granting approval of the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Subscriber is the controlling shareholder of the Company and therefore a connected person under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval from the Independent Shareholders at the SGM for the Subscription Agreement and the transactions contemplated thereunder. Save for the Subscriber and its associates, no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder. As such, save for the Subscriber and its associates, no other Shareholder is required to abstain from voting on the resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. The Company will appoint the Independent Financial Adviser as soon as practicable to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, further details of the Subscription Agreement and the transactions contemplated thereunder, a letter of advice from the Independent Board Committee to the Independent Shareholders and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder is expected to be despatched by the Company to the Shareholders on or before 15 February 2018.

## **GENERAL**

**The Placing and the Subscription are not inter-conditional on each other.**

**Shareholders and potential investors should note that the Placing and Subscription are subject to the fulfilment of the conditions under the Placing Agreement and Subscription Agreement respectively. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 24 January 2018, the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing of Placing Shares. Pursuant to the Placing Agreement, the Placing Agents have conditionally agreed with the Company to place, through the Placing Agents, on a fully underwritten basis, 450,000,000 new Shares to not less than six Placees at the Placing Price of HK\$5.9 per new Share.

### **The Placing Agreement**

**Date:** 24 January 2018

### **Parties**

**Issuer:** the Company

**Placing Agents:** the Placing Agents

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons, and are not parties acting in concert with the Subscriber or its associates.

### **Independence of Placees**

It is expected that the Placing Shares will be placed by the Placing Agents on a fully underwritten basis to not less than six Placees.

To the best knowledge of the Directors:

- (a) each of the Placees and their respective beneficial owners is not a connected person of the Company and is independent of and not connected with the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates;
- (b) none of the Placees will become substantial shareholders of the Company immediately following the Placing; and
- (c) each of the Placees and their respective beneficial owners is not a party acting in concert with (i) one another; (ii) the Company, the directors, chief executive or substantial shareholders of the Company or its subsidiaries; (iii) the Subscriber or any party acting or presumed to be acting in concert with it; or any of their respective associates.

### **Placing Shares**

The Placing Agents have conditionally agreed with the Company to place, either by itself or through its sub-placing agents, on a fully underwritten basis, to not less than six independent Placees 450,000,000 new Shares in total. It is expected that neither the Placing Agents nor any Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing save for the issue of the Placing Shares, the Placing Shares represent (i) approximately 5.1% of the existing issued share capital of the Company; (ii) approximately 4.9% of the issued share capital of the Company as enlarged by the issue of the Placing Shares; and (iii) approximately 4.8% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares. Based on the closing price of the Shares of HK\$6.26 per Share on 24 January 2018, the Placing Shares have a market value of approximately HK\$2,817 million. The aggregate nominal value of the Placing Shares is HK\$45,000,000.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price represents:

- (i) a discount of approximately 5.8% to the closing price of HK\$6.26 per Share as quoted on the Stock Exchange on 24 January 2018, being the date on which the terms of the Placing was fixed;
- (ii) a discount of approximately 1.5% to the closing price of HK\$5.99 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 2.2% to the average closing price of HK\$6.03 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 2.0% to the average closing price of HK\$6.02 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agents and was determined with regard to the current trading price of the Shares and the business prospects of the Group.

The Directors consider that the Placing Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole under the current market conditions.

## **Conditions of the Placing**

Completion of the Placing is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Placing Shares (and such listing and permission not subsequently revoked prior to the delivery of the definite share certificate(s) representing allotment of the Placing Shares);
- (b) receipt by the Placing Agents of the certified board resolutions of the Company approving the Placing and the entering into of the Placing Agreement; and
- (c) the Placing Agents not having terminated the Placing Agreement.

If any of the above conditions is not fulfilled (or, in the case of conditions (b) or (c) above, waived by the Placing Agents) on or before the Closing Date, the Placing Agreement shall lapse and all the rights and obligations under the Placing Agreement shall cease, save for any rights or obligations which may accrue prior to the date of such lapse.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

### **Completion of the Placing**

Completion of the Placing is expected to take place on the Closing Date or such other date as the Company and the Placing Agents may agree in writing.

### **Undertakings by the Company**

The Company undertakes to the Placing Agents that for a period of 90 days following the Closing Date, the Company will not offer, issue, allot or repurchase any other Shares or any securities convertible into or exchangeable or carrying rights to acquire other shares of the Company, or enter into any derivative transaction that has the economic effect of such offer, issue, allotment or repurchase, whether settled in cash or otherwise, without the prior written consent of the Placing Agents, except for the issue of the Placing Shares and the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company which is in place as at the date of the Placing Agreement or (2) any outstanding subscription warrants in issue prior to the date of the Placing Agreement or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its Bye-laws of association or (4) conversion of outstanding convertible bonds in issue prior to the date of the Placing Agreement or (5) any new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement.

### **General Mandate**

The Placing Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the Annual General Meeting. Pursuant to the General Mandate, the Directors were granted authority to issue up to 1,751,357,839 Shares, representing 20% of the 8,756,789,196 Shares of the Company in issue as at the date of the passing of the resolution at the Annual General Meeting.

As at the date of this announcement, no Shares have been issued pursuant to such General Mandate, and the Company has not repurchased any Shares in the 30 days immediately preceding the date of the Placing Agreement.

The issue of the Placing Shares is not subject to Shareholders' approval.

Upon the completion of the Placing, the Company will have an unused General Mandate to issue 1,301,357,839 Shares.

## **SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

On 24 January 2018, the Company entered into the Subscription Agreement with the Subscriber. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 169,491,525 new Shares. The Subscription Shares will be issued at the Subscription Price which is equal to the Placing Price.

### **The Subscription Agreement**

**Date:** 24 January 2018

### **Parties**

(A) the Company; and

(B) the Subscriber.

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 169,491,525 new Shares at the Subscription Price.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Closing Date other than as a result of the Subscription, the Subscription Shares to be allotted and issued under the Subscription represents (i) approximately 1.9% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 1.9% of the issued share capital of the Company as enlarged by the Subscription Shares; and (iii) approximately 1.8% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and Subscription Shares.

Based on the closing price of the Shares of HK\$6.26 per Share on 24 January 2018, the Subscription Shares have a market value of approximately HK\$1,061 million. The aggregate nominal value of the Subscription Shares is approximately HK\$16.9 million.



## **Subscription Price**

The Subscription Price is the same as the Placing Price and represents:

- (a) a discount of approximately 1.5% over the closing price of HK\$5.99 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 2.2% over the average closing price per Share of HK\$6.03 for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 2.0% over the average closing price per Share of HK\$6.02 for the last 10 consecutive trading days up to and including the Last Trading Day.

The Subscription Price was set by reference to the Placing Price, which was the subject of arm's length negotiations between the Company and the Placing Agents with regard to the recent trading performance of the Shares and the business prospects of the Group. The Directors (excluding the Independent Board Committee who will give their view on the Subscription Agreement and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Lock-up undertakings**

The Subscriber undertakes to and covenants with the Company that, unless in compliance with the requirements of the Listing Rules, the Subscriber shall not, in the period commencing on the completion date of the Subscription and ending on the date which is 90 days following the completion date of the Subscription, dispose of, or enter into any agreement to dispose of or otherwise create any encumbrances in respect of, any of the Subscription Shares.

## **Conditions to Subscription**

Completion of the Subscription is conditional upon:

- (a) the passing of the resolution(s) at the SGM by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate to the Directors to allot and issue the Subscription Shares;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definite share certificate(s) representing allotment of the Subscription Shares to the Subscriber or its nominee(s)); and
- (c) in addition to condition (b) above, the Company having obtained each necessary consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver (including but not limited to those provided by the Hong Kong Securities and Futures Commission, the Stock Exchange or any other third party (if applicable)) in relation to the Subscription Agreement and/or the transactions contemplated hereunder, and such consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver not having been revoked or withdrawn.

If any of the above conditions is not fulfilled on or before the long stop date of 30 April 2018, the Subscription Agreement shall lapse and all the rights and obligations under the Subscription Agreement shall cease, save for any rights or obligations which may accrue prior to the date of such lapse.

## **Completion of the Subscription**

Completion of the Subscription is expected to take place on or before 5 May 2018 or such other later date as may be agreed by the Company and the Subscriber in writing.

On the date of completion of the Subscription, the Subscriber shall pay to the Company the total consideration of HK\$1,000 million in cash for the subscription of the Subscription Shares and the Subscription Shares shall be allotted and issued to the Subscriber free from all encumbrances and ranking *pari passu* among themselves (and shall rank in full for dividends and other distributions declared or paid thereafter) and with the Shares then in issue, and the Placing Shares.

## **Specific mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the SGM.

## **BACKGROUND OF THE COMPANY AND THE SUBSCRIBER**

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, the Republic of Singapore and Portuguese Republic; distribution and sale of piped water in the PRC and Portuguese Republic; 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 the licensing of technical know-how related to sewage treatment in the PRC.

The Subscriber is an investment company, the controlling shareholder of the Company and is wholly-owned by BEHL. BEHL is principally engaged in natural gas operations, brewery operations, water and environmental operations, as well as solid waste treatment operations in the PRC.

As at the date of this announcement, the Subscriber and parties acting in concert with it were interested in 3,824,367,831 Shares, representing 43.48% of the issued capital of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Subscriber is a controlling shareholder of the Company and therefore a connected person under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval from the Independent Shareholders at the SGM for the Subscription Agreement and the transactions contemplated thereunder. Save for the Subscriber and its associates, no Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder. As such, save for the Subscriber and its associates, no Shareholder is required to abstain from voting for the resolution to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. The Company will appoint the Independent Financial Adviser as soon as practicable to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, further details of the Subscription Agreement and the transactions contemplated thereunder, a letter of advice from the Independent Board Committee to the Independent Shareholders and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder is expected to be despatched by the Company to the Shareholders on or before 15 February 2018.

### **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Placing Shares on the main board of the Stock Exchange.

### **EFFECT ON THE SHAREHOLDING OF THE COMPANY**

As at the date of this announcement, the Company has 8,795,197,196 Shares in issue.

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following the completion of the Placing (assuming no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing and that the Subscription does not proceed); (iii) immediately following the completion of the Subscription (assuming no change in the issued share capital of the Company since the date of this announcement and the completion of the Subscription and that the Placing does not proceed); and (iv) immediately following the completion of both the Placing and the Subscription (assuming no change in the issued share capital of the Company since the date of this announcement other than the completion of the Placing and the Subscription):

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Placing (assuming the Subscription does not proceed)		Shareholding upon completion of the Subscription (assuming the Placing does not proceed)		Shareholding upon completion of both the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Subscriber and parties acting in concert with it (Note)	3,824,367,831	43.48	3,824,367,831	41.37	3,993,859,356	44.55	3,993,859,356	42.42
Placees	-	-	450,000,000	4.87	-	-	450,000,000	4.78
Public shareholders	<u>4,970,829,365</u>	<u>56.52</u>	<u>4,970,829,365</u>	<u>53.76</u>	<u>4,970,829,365</u>	<u>55.45</u>	<u>4,970,829,365</u>	<u>52.80</u>
Total	<u>8,795,197,196</u>	<u>100.00</u>	<u>9,245,197,196</u>	<u>100.00</u>	<u>8,964,688,721</u>	<u>100.00</u>	<u>9,414,688,721</u>	<u>100.00</u>

*Note:*

*As at the date of this announcement, Beijing Enterprises Group Company Limited (“BEGCL”) was 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:*

<i>Name</i>	<i>Long positions in Shares</i>
<i>Subscriber</i>	<i>3,824,367,831</i>
<i>BEHL</i>	<i>3,824,367,831</i>
<i>Beijing Enterprises Group (BVI) Company Limited (“BE Group (BVI)”)</i>	<i>3,824,367,831</i>
<i>BEGCL</i>	<i>3,824,367,831</i>

*As at the date of this announcement, the Subscriber beneficially held 3,824,367,831 Shares. The Subscriber is a wholly-owned subsidiary of BEHL, which is in turn directly held as to approximately 41.06% by BE Group (BVI), which in turn held as to 100% by BEGCL.*

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has not carried out any other capital raising activities during the 12 months immediately preceding the date of this announcement.

## **USE OF PROCEEDS**

The proceeds of the Placing will be HK\$2,655 million, and the net placing price per Share will be approximately HK\$5.81. It is proposed that the proceeds from the Placing will be used for general working capital of the Group.

The proceeds of the Subscription will be approximately HK\$1,000 million and the net subscription price per Share is estimated to be approximately HK\$5.90. It is proposed that the proceeds from the Subscription will be used for general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE PLACING**

The Directors consider that the Placing is in line with the Company's development need and investment strategy. Apart from further strengthening the capital base and financial position of the Company, the Placing is also advantageous to the future business development of the Group. The Placing will also increase the public float of the Company, which will in turn broaden the shareholder base of the Company and improve the liquidity of the Shares. The Company's last equity placing was conducted in 2013, which has provided the Company with the funding to accelerate the Company's growth.

The Directors consider that the terms of the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Subscription reflected the confidence and support for the development of the Company by BEHL, the controlling shareholder of the Company. The Subscription will accelerate the Company's growth by further strengthening the capital base and financial position of the Company and laying down a more solid foundation for the future business development, mergers and acquisitions.

None of the Directors has a material interest in the Subscription Agreement and the transactions contemplated thereunder and hence no Director has abstained from voting on the relevant board resolutions of the Company.

The Directors (excluding the Independent Board Committee who will give their view on the Subscription and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder, though not in the ordinary and usual course of business of the Company, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**The Placing and the Subscription are not inter-conditional on each other.**

**Shareholders and potential investors should note that the Placing and Subscription are subject to the fulfilment of the conditions under the Placing Agreement and Subscription Agreement respectively. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Annual General Meeting”	the annual general meeting of the Company held on 1 June 2017
“associate(s)”	has the meaning ascribed thereto it under the Listing Rules
“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), is a controlling shareholder of the Company
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which commercial banks generally are open for business in Hong Kong
“Closing Date”	1 February 2018 or such other time and/or date as the Placing Agents and the Company will agree on which completion of the Placing will take place
“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
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting held on 1 June 2017 to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 8,756,789,196 Shares) as at the date of passing such resolution, which is equivalent to 1,751,357,839 Shares

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Subscription Agreement and transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription
“Independent Shareholder(s)”	Shareholders other than (1) the Subscriber and its associates; and (2) those who have a material interest in the Subscription or are required by the Listing Rules to abstain from voting on the resolution approving the Subscription, the allotment and issue of the Subscription Shares and other transactions contemplated under the Subscription Agreement
“Last Trading Day”	23 January 2018, being the last trading day for the Shares before the date of the Placing Agreement
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agents as contemplated by the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement



“Placing Agents”	China International Capital Corporation Hong Kong Securities Limited, Daiwa Capital Markets Hong Kong Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited and UBS AG, Hong Kong Branch
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agents dated 24 January 2018 in relation to the Placing
“Placing Price”	HK\$5.9 per Placing Share
“Placing Share(s)”	450,000,000 Share(s) to be placed pursuant to the terms of the Placing Agreement
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares, which is subject to approval by the Independent Shareholders voting by way of poll at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beijing Enterprises Environmental Construction Limited, a controlling shareholder of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	a conditional subscription agreement entered into between the Subscriber and the Company dated 24 January 2018 in relation to the Subscription	
“Subscription Price”	HK\$5.9 per Subscription Share, which is the same as the Placing Price	
“Subscription Shares”	169,491,525 Shares to be subscribed and allotted pursuant to the terms of the Subscription Agreement	13.28(2)
“%”	per cent	

On Behalf of the Board  
**Beijing Enterprises Water Group Limited**  
**Li Yongcheng**  
*Chairman*

Hong Kong, 24 January 2018

*As at the date of this announcement, the board of directors of the Company comprises ten executive directors, namely Mr. Li Yongcheng (Chairman), Mr. E Meng (Vice Chairman), Mr. Jiang Xinhao, Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Mr. Zhang Tiefu, Ms. Qi Xiaohong, Mr. Ke Jian, Mr. Tung Woon Cheung Eric and Mr. Li Li and five independent non-executive directors, namely Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Mr. Wang Kaijun and Dr. Lee Man Chun Raymond.*