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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)**

**TERMINATION OF SHARE TRANSACTION AND  
CONNECTED TRANSACTION RELATING TO  
ACQUISITION OF ENTIRE INTEREST IN GSWG  
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

This announcement is made pursuant to Rules 14.36 and 14A.35 of the Listing Rules.

The Board announces that on 29 July 2016, the Company entered into a termination agreement with BEHL, pursuant to which the Company and BEHL have unconditionally and irrevocably agreed that, among other things, the Sale and Purchase Agreement shall be fully terminated.

This announcement is made pursuant to Rules 14.36 and 14A.35 of the Listing Rules.

Reference is made to the announcement (the “**Announcement**”) of Beijing Enterprises Water Group Limited (the “**Company**”) dated 9 December 2015 in relation to the acquisition of the entire equity interests of Golden State Water Group Corporation. Capitalised terms used in this announcement, unless the context requires otherwise, shall have the same meanings as those defined in the Announcement.

On 9 December 2015, the Company and BEHL entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire, and BEHL has conditionally agreed to procure GSEI to sell, the Sale Interests at an aggregate consideration of RMB1,508,000,000 (equivalent to approximately HK\$1,824,009,676), which will be satisfied by the issue of the Consideration Shares. The Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and a share transaction of the Company under Chapter 14 of the Listing Rules.

After careful consideration of all the circumstances such as the volatility of the capital market, the Company and BEHL decided not to proceed with the Acquisition. As such, on 29 July 2016, the Company entered into a termination agreement with BEHL, pursuant to which the Company and BEHL have unconditionally and irrevocably agreed that (i) the Sale and Purchase Agreement shall be fully terminated; (ii) neither the Company nor BEHL shall have any right, claim or interest in any manner against the other party under or arising from the Sale and Purchase Agreement; and (iii) with respect to any right, claim or interest that either the Company or BEHL already has or might have in any manner against the other party under or arising from the Sale and Purchase Agreement, such right, claim or interest shall be fully, irrevocably, unconditionally and completely waived, surrendered and released.

As disclosed in the announcement of the Company dated 30 June 2016, a circular containing, among other things, detailed information about the Acquisition will be despatched to the Shareholders no later than 29 July 2016. Following the termination of the Sale and Purchase Agreement, no circular will be issued and despatched to the Shareholders, nor will a special general meeting of the Company be convened and held in relation thereto.

The Board considers that the termination of the Sale and Purchase Agreement will not have any material adverse impact on the financial position and operations of the Group.

By order of the Board  
**Beijing Enterprises Water Group Limited**  
**Li Yongcheng**  
*Chairman*

Hong Kong, 29 July 2016

*As at the date of this announcement, the board of Directors 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, Ms. Hang Shijun and Mr. Wang Kaijun.*