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(Incorporated in Bermuda with limited liability)
(Stock Code: 371)



**Beijing Enterprises Urban Resources
Group Limited**

北控城市資源集團有限公司
*(Incorporated in the Cayman Islands with
limited liability)*
(Stock Code: 3718)

JOINT ANNOUNCEMENT

**(1) MANDATORY CONDITIONAL CASH OFFER BY
DBS ASIA CAPITAL LIMITED AND CHINA TONGHAI CAPITAL LIMITED
FOR AND ON BEHALF OF
BEIJING ENTERPRISES WATER GROUP LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY BEIJING ENTERPRISES WATER GROUP LIMITED)**

**(2) DISCLOSEABLE TRANSACTION FOR
BEIJING ENTERPRISES WATER GROUP LIMITED
IN RELATION TO THE ACQUISITIONS AND
THE MANDATORY CONDITIONAL CASH OFFER
(3) RESUMPTION OF TRADING IN THE SHARES OF
BEIJING ENTERPRISES WATER GROUP LIMITED**

AND

**(4) RESUMPTION OF TRADING IN THE SHARES OF
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED**

Joint financial advisers to Beijing Enterprises Water Group Limited



**Independent financial adviser to the Independent Board Committee of
Beijing Enterprises Urban Resources Group Limited**



(1) THE ACQUISITIONS

During the period from 30 March 2022 to 25 April 2022, the Offeror acquired a total of 114,684,000 BEURG Shares and on 25 April 2022, the Offeror acquired an additional 45,448,000 BEURG Shares. All the Acquisitions were conducted on the open market. The total consideration (excluding stamp duty and transaction levies) paid by the Offeror for the 114,684,000 BEURG Shares acquired from 30 March 2022 to 25 April 2022 amounted to HK\$84,360,126.80 (with the consideration paid per BEURG Share in the range of HK\$0.61 to HK\$0.78). Following the Acquisition on 25 April 2022, the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the date of this joint announcement.

(2) MANDATORY CONDITIONAL CASH OFFER

Following the Acquisition on 25 April 2022, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the date of this joint announcement; and (ii) the shareholding of the Offeror and parties acting in concert with it in BEURG increased from approximately 37.38% to 38.64% of the issued share capital of BEURG as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued BEURG Shares (other than those already owned or agreed to be acquired by the Offeror).

DBSAC and China Tonghai will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.78 in cash

As at the date of this joint announcement, 3,600,000,000 BEURG Shares are in issue and BEURG does not have any outstanding options, warrants or derivatives or securities convertible into BEURG Shares.

Condition to the Offer

The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of BEURG Shares which, together with BEURG Shares acquired before or during the Offer, will result in the Offeror and parties acting in concert with it (including the Concert Parties) holding more than 50% of the voting rights of BEURG.

Total consideration and financial resources

Assuming that there is no change in the issued share capital of BEURG and based on the offer price of HK\$0.78 per Offer Share, the entire issued share capital of BEURG (comprising 3,600,000,000 BEURG Shares) would be valued at HK\$2,808,000,000. The Offeror is interested in 1,124,284,000 BEURG Shares as at the date of this joint announcement and such BEURG Shares would not be subject to the Offer. Accordingly, 2,475,716,000 BEURG Shares will be subject to the Offer and the Offer will be made to the Offer Shareholders. Based on the offer price of HK\$0.78 per Offer Share, the total consideration for the Offer would be HK\$1,931,058,480.

The Offeror intends to finance the consideration payable under the Offer through the Facility. DBSAC and China Tonghai, the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

Listing status of BEURG

The Offeror intends to maintain the listing of the BEURG Shares on the Stock Exchange following the close of the Offer.

COMPOSITE DOCUMENT

It is the intention of the Offeror and BEURG to combine the offer document and the offeree board circular in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, a composite document containing, among other things, further details of the Offer, together with the acceptance and transfer form, should be posted to the BEURG Shareholders within 21 days from the date of this joint announcement or such later date as the Executive may approve. Further announcement(s) will be made when the Composite Document is despatched.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising the independent non-executive directors of BEURG who have no direct or indirect interest in the Offer, namely Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng, has been established to advise the Offer Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

As each of Mr. Zhou Min, Mr. Li Haifeng and Mr. Li Li, each being a non-executive director of BEURG, is an executive director of the Offeror and therefore, party acting in concert or presumed to be acting in concert with the Offeror, they are not and will not be members of the Independent Board Committee.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of Lego Corporate Finance Limited has been approved by the Independent Board Committee.

(3) DISCLOSEABLE TRANSACTION FOR BEWG

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisitions and the Offer, in aggregate, are 5% or more and all of them are less than 25%. The Acquisitions and the Offer together constitute a disclosable transaction for BEWG and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisitions are below 5%, the Acquisitions do not constitute a notifiable transaction for BEWG under Chapter 14 of the Listing Rules.

(4) RESUMPTION OF TRADING IN THE SHARES OF BEWG

At the request of BEWG, trading in the shares and debt securities of BEWG on the Stock Exchange was halted with effect from 9:13 a.m. on 26 April 2022 pending the release of this joint announcement. Application has been made by BEWG for resumption of trading in the shares and debt securities of BEWG on the Stock Exchange with effect from 9:00 a.m. on 29 April 2022.

(5) RESUMPTION OF TRADING IN THE BEURG SHARES

At the request of BEURG, trading in the BEURG Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 April 2022 pending the release of this joint announcement. Application has been made by BEURG for resumption of trading in the BEURG Shares on the Stock Exchange with effect from 9:00 a.m. on 29 April 2022.

WARNING

Shareholders and/or potential investors of BEURG and BEWG should note that the Offer is subject to the satisfaction of the Condition. The Offer may or may not become unconditional.

The directors of BEURG make no recommendation as to the fairness or reasonableness of the terms of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Offer Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser in respect of the Offer.

The shareholders and potential investors of BEURG and BEWG are reminded to exercise caution when dealing in the securities of BEURG and BEWG respectively. Persons who are in doubt as to the action they shall take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

(1) THE ACQUISITIONS

During the period from 30 March 2022 to 25 April 2022, the Offeror acquired a total of 114,684,000 BEURG Shares and on 25 April 2022, the Offeror acquired an additional 45,448,000 BEURG Shares. All the Acquisitions were conducted on the open market. The total consideration (excluding stamp duty and transaction levies) paid by the Offeror for the 114,684,000 BEURG Shares acquired from 30 March 2022 to 25 April 2022 amounted to HK\$84,360,126.80 (with the consideration paid per BEURG Share being HK\$0.61 to HK\$0.78). Following the Acquisition on 25 April 2022, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the date of this joint announcement; and (ii) the shareholding of the Offeror and parties acting in concert with it in BEURG increased from approximately 37.38% to 38.64% of the issued share capital of BEURG as at the date of this joint announcement.

In view that the Acquisitions were conducted on the open market, the Offeror as buyer was not aware of the identities of the vendors of the 114,684,000 BEURG Shares. The vendors of the 114,684,000 BEURG Shares under the Acquisitions and where applicable, their respective ultimate beneficial owners were parties independent of the Offeror and connected persons of the Offeror.

(2) MANDATORY CONDITIONAL CASH OFFER

The Offer

Following the Acquisition on 25 April 2022, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the date of this joint announcement; and (ii) the shareholding of the Offeror and parties acting in concert with it in BEURG increased from approximately 37.38% to 38.64% of the issued share capital of BEURG as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued BEURG Shares (other than those already owned or agreed to be acquired by the Offeror).

DBSAC and China Tonghai will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.78 in cash

As at the date of this joint announcement, 3,600,000,000 BEURG Shares are in issue and BEURG does not have any outstanding options, warrants or derivatives or securities convertible into BEURG Shares.

Value of the Offer

Assuming that there is no change in the issued share capital of BEURG and based on the offer price of HK\$0.78 per Offer Share, the entire issued share capital of BEURG (comprising 3,600,000,000 BEURG Shares) would be valued at HK\$2,808,000,000. The Offeror is interested in 1,124,284,000 BEURG Shares as at the date of this joint announcement and such BEURG Shares will not be subject to the Offer. Accordingly, 2,475,716,000 BEURG Shares will be subject to the Offer and the Offer will be made to the Offer Shareholders. Based on the offer price of HK\$0.78 per Offer Share, the total consideration for the Offer would be HK\$1,931,058,480.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights and benefits attached thereto, including the rights to receive all dividends and other distribution declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document.

Save for the final dividend of HK\$0.03 per BEURG Share recommended by the board of directors of BEURG, details of which are set out in the announcement of BEURG dated 29 March 2022, BEURG does not intend to declare any dividend during the offer period (as defined in the Takeovers Code) of the Offer. The Offer Price will not be adjusted for the final dividend.

Offer price

The offer price of the Offer of HK\$0.78 per Offer Share represents:

- a. equivalent to the closing price of HK\$0.78 per BEURG Share as quoted on the Stock Exchange on the Last Trading Day;
- b. a premium of approximately 20.0% over the average closing price of approximately HK\$0.65 per BEURG Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- c. a premium of approximately 23.5% over the average closing price of approximately HK\$0.63 per BEURG Share as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- d. a premium of approximately 27.8% over the average closing price of approximately HK\$0.61 per BEURG Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- e. a discount of approximately 19.73% to the BEURG Group's audited consolidated net asset value attributable to the BEURG Shareholders per BEURG Share of approximately HK\$0.97 as at 31 December 2021 (based on a total of 3,600,000,000 BEURG Shares as at the date of this joint announcement and the BEURG Group's audited consolidated net asset value attributable to the BEURG Shareholders of approximately HK\$3,498,237,000 as at 31 December 2021).

Highest and lowest BEURG Share Prices

During the six-month period immediately preceding and including the Last Trading Day:

- (a) the highest closing price of the BEURG Shares quoted on the Stock Exchange was HK\$0.81 per BEURG Share on 26 October 2021; and
- (b) the lowest closing price of the BEURG Shares quoted on the Stock Exchange was HK\$0.475 per BEURG Share on 30 November 2021.

Confirmation of financial resources

The maximum amount of cash payable by the Offeror in respect of full acceptance of the Offer is HK\$1,931,058,480, assuming there is no change in the issued share capital of BEURG from the date of this joint announcement up to the close of the Offer. The Offeror intends to finance the consideration payable under the Offer through the Facility.

DBSAC and China Tonghai, as the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person that all the BEURG Shares sold by such person under the Offer are free from all encumbrances and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and other distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document.

Save for the final dividend of HK\$0.03 per BEURG Share recommended by the board of directors of BEURG, details of which are set out in the announcement of BEURG dated 29 March 2022, BEURG does not intend to declare any dividend during the offer period (as defined in the Takeovers Code) of the Offer. The Offer Price will not be adjusted for the final dividend.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Provided that the Offer has become, or has been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the later of (i) the date of receipt of duly completed and valid acceptances in respect of the Offer and (ii) the date on which the Offer becomes or is declared unconditional in all respects. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

Condition to the Offer

The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of BEURG Shares which, together with BEURG Shares acquired before or during the Offer, will result in the Offeror and parties acting in concert with it (including the Concert Parties) holding more than 50% of the voting rights of BEURG.

Close of the Offer

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

WARNING

Shareholders and/or potential investors of BEURG and BEWG should note that the Offer is subject to the satisfaction of the Condition. The Offer may or may not become unconditional.

The directors of BEURG make no recommendation as to the fairness or reasonableness of the terms of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Offer Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser in respect of the Offer.

The shareholders and potential investors of BEURG and BEWG are reminded to exercise caution when dealing in the securities of BEURG and BEWG respectively. Persons who are in doubt as to the action they shall take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty at a rate of 0.13% of the market value of the BEURG Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant BEURG Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of the accepting BEURG Shareholders and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

BEURG Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, BEURG Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the BEURG Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from such BEURG Overseas Shareholders in respect of such jurisdictions).

Any acceptance of the Offer by such BEURG Overseas Shareholders will be deemed to constitute a representation and warranty from such BEURG Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The BEURG Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror (including the Concert Parties), BEURG and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Interests in securities of BEURG

The Offeror confirms that as at the date of this joint announcement:

- (a) the Offeror and its concert parties (including the Concert Parties) are interested in 1,391,044,000 BEURG Shares, representing approximately 38.64% of the issued share capital of BEURG as at the date of this joint announcement, and save as aforesaid, none of the Offeror nor any person acting in concert with it owns or has control or direction over any voting rights or rights over the BEURG Shares or convertible securities, warrants, options of BEURG; and
- (b) save for the 114,684,000 BEURG Shares acquired by the Offeror during the period from 30 March 2022 to 25 April 2022 under the Acquisitions, none of the Offeror nor any person acting in concert with it had dealt for value in any BEURG Shares, convertible securities, warrants or options of BEURG or any derivatives in respect of such securities in the 6 months prior to 28 April 2022, being the date of this joint announcement and the commencement date of the offer period under the Takeovers Code.

Other Arrangements

The Offeror confirms that as at the date of this joint announcement:

- (a) save for the Facility, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the BEURG Shares and which might be material to the Offer;
- (b) there is no agreement or arrangement to which the Offeror, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (c) none of the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in BEURG;
- (d) none of the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or not to accept the Offer;
- (e) there is no agreement or arrangement in relation to outstanding derivative in respect of the securities in BEURG which has been entered into by the Offeror, nor any person acting in concert with it;
- (f) apart from the consideration for the Acquisition Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the vendors of the Acquisition Shares or any party acting in concert with such vendors in connection with the sale and purchase of the Acquisition Shares;
- (g) there is no understanding, arrangement, agreement or special deal between the Offeror or any parties acting in concert with it on the one hand, and the vendors of the Acquisition Shares and any party acting in concert with such vendors on the other hand; and
- (h) there is no understanding, arrangement or agreement or special deal between (1) any BEURG Shareholder (other than the Offeror and any parties acting in concert with it) and (2)(a) the Offeror and any parties acting in concert with it, or (b) BEURG, its subsidiaries or associated companies (within the meaning of the Takeovers Code).

(3) SHAREHOLDING STRUCTURE OF BEURG

As at the date of this joint announcement, 3,600,000,000 BEURG Shares are in issue. BEURG does not have any outstanding options, warrants or derivatives or convertible rights convertible into BEURG Shares. As at the date of this joint announcement, the directors of BEURG, apart from those included in the Concert Parties, do not hold any BEURG Shares.

The shareholding structure of BEURG (i) immediately prior to the Acquisitions and (ii) immediately after the Acquisitions and as at the date of this joint announcement is set out below:

	Immediately prior to the Acquisitions		Immediately after the Acquisitions and as at the date of this joint announcement	
	<i>Number of BEURG Shares</i>	<i>%</i>	<i>Number of BEURG Shares</i>	<i>%</i>
Offeror and parties acting in concert with it				
Offeror	1,009,600,000	28.04	1,124,284,000	31.23
Concert Parties				
Star Colour Investments Limited	104,820,000	2.91	104,820,000	2.91
Zhou Chen	71,140,000	1.98	71,140,000	1.98
Maolin Investments Limited	48,960,000	1.36	48,960,000	1.36
Beijing Holdings Limited	40,000,000	1.11	40,000,000	1.11
Li Haifeng	1,840,000	0.05	1,840,000	0.05
Sub-total of Concert Parties	<u>266,760,000</u>	<u>7.41</u>	<u>266,760,000</u>	<u>7.41</u>
Sub-total of Offeror and parties acting in concert with it	1,276,360,000	35.45	1,391,044,000	38.64
Zhao Kexi ^{Note 4}	39,920,000	1.11	39,920,000	1.11
Public BEURG Shareholders	<u>2,283,720,000</u>	<u>63.44</u>	<u>2,169,036,000</u>	<u>60.25</u>
	<u>3,600,000,000</u>	<u>100.00</u>	<u>3,600,000,000</u>	<u>100.00</u>

Notes:

1. DBSAC and China Tonghai are the joint financial advisers to the Offeror in respect of the Offer. Accordingly, DBSAC, relevant members of the DBS Group, China Tonghai and relevant members of China Tonghai Group are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code (except in respect of the BEURG Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding the BEURG Shares held on behalf of non-discretionary investment clients of the DBS Group and China Tonghai Group). Details of holdings, borrowings or lendings of, and dealings in, the BEURG Shares (or options, rights over the BEURG Shares, warrants or derivatives in respect of them) held by or entered into by other members of the DBS Group and China Tonghai Group will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Offeror if the holdings, borrowings, lendings, or dealings of the other members of the DBS Group and China Tonghai Group are significant and in any event, such information will be disclosed in the Composite Document. The statements in this joint announcement as to the holdings, borrowings or lendings of, or their dealings in, or voting of the BEURG Shares (or options, rights over the BEURG Shares, warrants or derivatives in respect of them) by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the DBS Group and China Tonghai Group. Any dealings in the BEURG Shares during the six months prior to the date of this joint announcement by the DBS Group or China Tonghai Group will be disclosed in the Composite Document.
2. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
3. Details of the Concert Parties are set out in the section headed “Information on the Concert Parties” below.
4. 39,920,000 Shares were held by Long March Holdings Limited, a company wholly-owned by Mr. Zhao Kexi, who is an executive director and the chief executive officer of BEURG.

(4) INFORMATION ON THE BEURG GROUP

The BEURG Group is principally engaged in the provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services.

Set out below is a summary of the audited consolidated financial results of the BEURG Group for the two financial years ended 31 December 2020 and 2021 prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Reporting Standards:

	For the financial year ended	
	31 December	31 December
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	3,520,047	4,450,165
Profit before tax	703,777	719,058
Profit for the year (after tax)	540,412	582,165
	As at	As at
	31 December	31 December
	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Net assets	3,667,065	4,220,695

(5) INFORMATION ON THE OFFEROR

The Offeror, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 371). The Offeror is an investment holding company. The Offeror, through its subsidiaries, is principally engaged in construction of sewage and reclaimed water treatment plants 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, Portuguese Republic, Australia and New Zealand; distribution and sale of piped water in the PRC, 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; and the licensing of technical know-how related to sewage treatment in the PRC.

As at the date of this joint announcement, information of the controlling shareholders of the Offeror is set out below:

Name	Number of ordinary shares in the Offeror			Percentage of the Offeror's total number of issued shares (Note 1)
	Beneficially owned	Through controlled corporation	Total	
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	4,121,607,070	–	4,121,607,070	40.66%
Beijing Enterprises Holdings Limited ("BEHL") (Note 2)	–	4,121,607,070	4,121,607,070	40.66%
Modern Orient Limited ("MOL") (Note 3)	–	4,121,607,070	4,121,607,070	40.66%
Beijing Enterprises Investments Limited ("BEIL") (Note 3)	–	4,121,607,070	4,121,607,070	40.66%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)") (Note 4)	–	4,121,607,070	4,121,607,070	40.66%
Beijing Enterprises Group Company Limited ("BEGCL") (Note 5)	–	4,153,717,070	4,153,717,070	40.98%

Notes:

1. The percentage represents the number of shares over the total issued shares of the Offeror as at the date of this joint announcement of 10,135,821,871 shares.
2. The interest disclosed comprises the shares of the Offeror owned by BE Environmental. BE Environmental is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the shares of the Offeror owned by BE Environmental for the purpose of Part XV of the SFO.
3. The interest disclosed comprises the shares of the Offeror owned by BE Environmental and such shares are deemed to be interested by BEHL as detailed in Note 2 above. MOL, a wholly-owned subsidiary of BEIL, and BEIL are the immediate shareholders of BEHL and collectively hold approximately 20.90% of the issued share capital of BEHL. Each of MOL and BEIL is deemed to be interested in the shares of the Offeror owned by BE Environmental (through BEHL) for the purpose of Part XV of the SFO.

4. The interest disclosed comprises the shares of the Offeror owned by BE Environmental and such shares are deemed to be interested by BEHL, BEIL and MOL as detailed in Notes 2 and 3 above. BEHL is held directly as to approximately 41.06% by BE Group (BVI). MOL is a wholly owned subsidiary of BEIL, which is in turn directly held as to approximately 72.72% by BE Group (BVI). Accordingly, BE Group (BVI) is deemed to be interested in the shares of the Offeror owned by BE Environmental (through BEIL, MOL and BEHL) for the purpose of Part XV of the SFO.
5. The interest disclosed comprises the shares of the Offeror owned by BE Environmental and such shares are deemed to be interested by BE Group (BVI) as detailed in Note 4 above and 32,110,000 shares of the Offeror owned by Beijing Holdings Limited (“**BHL**”). Both BE Group (BVI) and BHL are wholly-owned subsidiaries of the BEGCL, which is in turn ultimately beneficially owned by the People’s Government of Beijing Municipality. Accordingly, BEGCL is deemed to be interested in the shares of the Offeror owned by BE Environmental (through BE Group (BVI) and BHL for the purpose of Part XV of the SFO.

As at the date of this joint announcement, apart from (i) an aggregate of 4,153,717,070 shares of the Offeror (representing approximately 40.98% of the issued share capital of the Offeror) held by the controlling shareholders of the Offeror as set out in the table above; (ii) an aggregate of 1,588,495,436 shares of the Offeror (representing approximately 15.67% of the issued share capital of the Offeror) which are owned or deemed to be interested by Three Gorges Capital Holdings (HK) Co., Limited, Three Gorges Capital Holding Co., Ltd, Yangtze Ecology and Environment (HK) Investment Limited, Yangtze Ecology and Environment Co., Ltd. and China Three Gorges Corporation each being a substantial shareholder of the Offeror; and (iii) an aggregate of 389,611,208 shares of the Offeror (representing approximately 3.84% of the issued share capital of the Offeror) which are owned or deemed to be interested by certain directors of the Offeror, the remaining 4,003,998,157 shares of the Offeror (representing approximately 39.50% of the issued share capital of the Offeror) are held by public shareholders.

(6) INFORMATION ON THE CONCERT PARTIES

Star Colour Investments Limited

Star Colour Investments Limited is a company incorporated in the BVI with limited liability, holding 104,820,000 BEURG Shares, representing approximately 2.91% of the issued shares of BEURG as at the date of this joint announcement. Star Colour Investments Limited is principally engaged in investment holding. Star Colour Investments Limited is wholly owned by Mr. Zhou Min, a non-executive director and the chairman of BEURG and an executive director and the chief executive officer of BEWG.

Maolin Investments Limited

Maolin Investments Limited is a company incorporated in the BVI with limited liability, holding 48,960,000 BEURG Shares, representing approximately 1.36% of the issued shares of BEURG as at the date of this joint announcement. Maolin Investments Limited is principally engaged in investment holding. Maolin Investments Limited is wholly-owned by Mr. Li Haifeng, a non-executive director of BEURG and an executive director of BEWG.

Mr. Zhou Chen

Mr. Zhou Chen, an executive director of BEURG and a son of Mr. Zhou Min, holds 71,140,000 BEURG Shares, representing approximately 1.98% of the issued shares of BEURG as at the date of this joint announcement.

Mr. Li Haifeng

Mr. Li Haifeng, a non-executive director of BEURG and an executive director of BEWG, holds 1,840,000 BEURG Shares, representing approximately 0.05% of the issued shares of BEURG as at the date of this joint announcement.

Beijing Holdings Limited

Beijing Holdings Limited is a company incorporated in Hong Kong with limited liability, holding 40,000,000 BEURG Shares, representing approximately 1.11% of the issued shares of BEURG as at the date of this joint announcement. Beijing Holdings Limited is principally engaged in investment holding. The ultimate beneficial owner of Beijing Holdings Limited is the People's Government of Beijing Municipality.

(7) REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND THE OFFER

The BEURG Group is principally engaged in the provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services, while BEWG, through its subsidiaries, is principally engaged in the construction of sewage and reclaimed water treatment plants and seawater desalination plants, and provision of construction services for comprehensive renovation projects; provision of sewage and reclaimed water treatment services; distribution and sale of piped water; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects; and the licensing of technical know-how related to sewage treatment, in each case in the relevant territories of the world.

The management of BEWG believes that if BEURG becomes a subsidiary of BEWG, there would be a synergy effect which could in turn help the overall image and business of BEURG and BEWG. BEWG will also be able to better utilize BEURG as one of its platforms in the overall strategic development of the businesses of BEWG in the environmental protection industry, specialising in the treatment of household and industrial waste, thereby reinforcing BEWG's market leading position in the industry. In addition, the financial position of BEWG will be enhanced if the financial results of BEURG can be consolidated into the consolidated financial statements of BEWG.

The directors of BEWG (excluding Mr. Zhou Min (chief executive officer), Mr. Li Haifeng and Mr. Li Li who are also directors of BEURG and deemed interested in and have abstained from voting on the resolutions approving the Acquisitions and the Offer, but including the independent non-executive directors of BEWG) consider that the Acquisitions and the terms of the Offer are fair and reasonable, and in the interests of BEWG and its shareholders as a whole.

(8) FUTURE INTENTIONS OF THE OFFEROR REGARDING THE BEURG GROUP

It is the intention of the Offeror to continue with the BEURG Group's existing principal business following the close of the Offer. The Offeror does not intend to introduce any major changes to the existing business and operation of the BEURG Group following the close of the Offer. As at the date of this joint announcement, the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the material assets of the BEURG Group. The Offeror will continue to ensure good corporate governance, monitor and review the BEURG Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the BEURG Group.

Proposed change of board composition of BEURG

It is intended that there will be no change to the composition of the board of directors of BEURG following the close of the Offer.

Public float and maintaining the listing status of BEURG

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to BEURG, being 25% of the issued BEURG Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the BEURG Shares; or
- (b) that there are insufficient BEURG Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the BEURG Shares.

Therefore, it should be noted that upon the close of the Offer, there may be insufficient public float of the BEURG Shares and the trading in the BEURG Shares may be suspended until sufficient public float exists for the BEURG Shares.

The directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps within a reasonable time following the close of the Offer to ensure that at least 25% of the issued BEURG Shares will be held by the public.

The Offeror intends to maintain the listing status of the BEURG Shares on the Stock Exchange after the close of the Offer.

(9) GENERAL

Independent Board Committee and Independent Financial Adviser

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising the independent non-executive directors of BEURG who have no direct or indirect interest in the Offer, namely Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng, has been established to advise the Offer Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

As each of Mr. Zhou Min, Mr. Li Haifeng and Mr. Li Li, each being a non-executive director of BEURG, is an executive director of the Offeror and therefore, party acting in concert or presumed to be acting in concert with the Offeror, they are not and will not be members of the Independent Board Committee.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of Lego Corporate Finance Limited has been approved by the Independent Board Committee.

Despatch of the Composite Document

It is the intention of the Offeror and BEURG to combine the offer document and the offeree board circular in the Composite Document to be posted.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among other things, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer; and (iv) the relevant form(s) of acceptance and transfer, should be despatched to the BEURG Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. Further announcement(s) will be made when the Composite Document is despatched.

The Offer Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Offer Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

(10) DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of BEURG or the Offeror (including persons holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of BEURG or the Offeror) are reminded to disclose their dealings in the relevant securities of BEURG pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

(11) DISCLOSEABLE TRANSACTION FOR BEWG

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisitions and the Offer, in aggregate, are 5% or more and all of them are less than 25%, the Acquisitions and the Offer together constitute a disclosable transaction for BEWG and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisitions are below 5%, the Acquisitions do not constitute a notifiable transaction for BEWG under Chapter 14 of the Listing Rules.

(12) RESUMPTION OF TRADING IN THE SHARES OF BEWG

At the request of BEWG, trading in the shares and debt securities of BEWG on the Stock Exchange was halted with effect from 9:13 a.m. on 26 April 2022 pending the release of this joint announcement. Application has been made by BEWG for resumption of trading in the shares and debt securities of BEWG on the Stock Exchange with effect from 9:00 a.m. on 29 April 2022.

(13) RESUMPTION OF TRADING IN THE BEURG SHARES

At the request of BEURG, trading in the BEURG Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 April 2022 pending the release of this joint announcement. Application has been made by BEURG for resumption of trading in the BEURG Shares on the Stock Exchange with effect from 9:00 a.m. on 29 April 2022.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisitions”	the series of acquisitions of an aggregate of 114,684,000 BEURG Shares, representing approximately 3.19% of the issued share capital of BEURG as at the date of this joint announcement, during the period from 30 March 2022 to 25 April 2022 by the Offeror on the open market, and “Acquisition” means any of them
“Acquisition Shares”	the aggregate of 114,684,000 BEURG Shares acquired by the Offeror during the Acquisitions
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“BEURG”	Beijing Enterprises Urban Resources Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 3718)
“BEURG Group”	BEURG and its subsidiaries
“BEURG Overseas Shareholder(s)”	the Offer Shareholder(s) whose address(es), as shown on the register of members of BEURG, is/are outside Hong Kong
“BEURG Shareholders”	shareholders of BEURG
“BEURG Shares”	ordinary shares in the share capital of BEURG
“BEWG” or “Offeror”	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)

“Business Day(s)”	has the meaning ascribed to it under the Takeovers Code
“BVI”	the British Virgin Islands
“China Tonghai”	China Tonghai Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, a joint financial adviser to the Offeror in respect of the Offer
“China Tonghai Group”	China Tonghai International Financial Limited (a company whose shares are listed on the Stock Exchange) and its subsidiaries from time to time, including but not limited to China Tonghai
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and BEURG to the BEURG Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the forms of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Concert Parties”	collectively, Star Colour Investments Limited, Maolin Investments Limited, Beijing Holdings Limited, Mr. Zhou Chen, and Mr. Li Haifeng, each being a party presumed to be acting in concert with the Offeror pursuant to the Takeovers Code
“Condition”	the condition to the Offer, as set out in the section headed “Condition to the Offer” in this joint announcement

“connected persons”	has the meaning ascribed thereto under the Listing Rules
“DBS Bank”	DBS Bank Ltd., a company incorporated in Singapore and recognised by the Executive as an exempt principal trader for the purposes of the Takeovers Code, the operations of which are carried out independently of any takeover activities carried on by DBSAC with appropriate Chinese walls and compliance procedures in place
“DBSAC”	DBS Asia Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, a joint financial adviser to the Offeror in respect of the Offer. DBSAC is wholly owned by DBS Bank
“DBS Group”	DBS Group Holdings Limited (a company whose shares are listed on the Singapore Stock Exchange) and its subsidiaries from time to time, including but not limited to DBS Bank and DBSAC
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	a loan facility of up to HK\$1,950,000,000 granted by DBS Bank, Hong Kong Branch to the Offeror
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the board of directors of BEURG, comprising the independent non-executive directors of BEURG who have no direct or indirect interest in the Offer, namely Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng, established for the purpose of advising the Offer Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer

“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activities, the independent financial adviser appointed for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Last Trading Day”	25 April 2022, being the last trading day of the BEURG Shares immediately prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory conditional cash offer to be made by DBSAC and China Tonghai, on behalf of the Offeror, to acquire all the issued BEURG Shares (other than those already owned or agreed to be acquired by the Offeror) in accordance with the Takeovers Code
“Offer Shareholder(s)”	holder(s) of BEURG Share(s), other than the Offeror
“Offer Shares”	all the issued BEURG Share(s), other than those already owned by the Offeror
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”

the Hong Kong Code on Takeovers and Mergers

“%”

per cent.

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

By order of the board of directors of
**Beijing Enterprises Urban Resources
Group Limited**
Zhao Kexi
*Executive Director and
Chief Executive Officer*

Hong Kong, 28 April 2022

As at the date of this joint announcement, the executive directors of BEWG are Mr. Li Yongcheng (chairman), Mr. Jiang Xinhao, Mr. Zhou Min (chief executive officer), Mr. Li Haifeng, Mr. Zhang Tiefu, Mr. Ke Jian, Ms. Sha Ning, Mr. Tung Woon Cheung Eric and Mr. Li Li; the non-executive director of BEWG is Mr. Wang Dianchang, and the independent non-executive directors of BEWG are Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Mr. Wang Kaijun and Mr. Chau On Ta Yuen.

The directors of BEWG jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the BEURG Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of BEURG) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the executive directors of BEURG are Mr. Zhao Kexi (chief executive officer) and Mr. Zhou Chen; the non-executive directors of BEURG are Mr. Zhou Min (chairman), Mr. Li Haifeng and Mr. Li Li; and the independent non-executive directors of BEURG are Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng.

The directors of BEURG jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the BEURG Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the directors of BEURG have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.