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北京控股環境集團有限公司
BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 154)

DISCLOSEABLE TRANSACTION

SHARE PURCHASE AGREEMENT

The Board is pleased to announce that on 8 March 2018, the Company entered into the Share Purchase Agreement with the Sellers, pursuant to which the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, 51% equity interest of the Target Company for a consideration of RMB29,000,000 (equivalent to approximately HK\$35,891,000).

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated with the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition and the transactions (including the full exercise of the Call Option) contemplated thereunder constitute discloseable transaction for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 March 2018, the Company entered into the Share Purchase Agreement with the Sellers, pursuant to which the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, 51% equity interest of the Target Company at a consideration of RMB29,000,000 (equivalent to approximately HK\$35,891,000).

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated with the consolidated financial statements of the Group.

THE SHARE PURCHASE AGREEMENT

Major terms of the Share Purchase Agreement are set out below:

Date

8 March 2018

Parties

(1) the Sellers: Mr. Du Qingjiang

Ms. Yang Lanhua

(2) the Purchaser: the Company

(the Company may nominate one of its subsidiaries to acquire the 51% equity interest in the Target Company)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Sellers and their respective associates are third parties independent of the Group and connected persons of the Group as at the date of the Share Purchase Agreement.

Assets to be acquired

Pursuant to the terms and conditions of the Share Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, 51% equity interest in the Target Company.

Consideration

The Consideration of RMB29,000,000 (equivalent to approximately HK\$35,891,000) shall be paid by the Purchaser to the Sellers or its nominee by way of bank transfer on the Completion Date. The Sellers agree to pay to the Purchaser a performance deposit of RMB23,200,000 (the “**Deposit**”) on the Completion Date.

The Consideration has been determined after arm’s length negotiations between the Purchaser and the Sellers and on normal commercial terms, with reference to, among others, all the Profit Guarantee (as defined below) and the business prospect of the Target Company.

Payment of the Consideration will be funded by the internal resources of the Group. The Directors are of the view that the Consideration is fair and reasonable and was determined after arm’s length negotiations between the parties to the Share Purchase Agreement.

Profit Guarantee

Under the Share Purchase Agreement, the Sellers guaranteed to the Purchaser that the audited consolidated adjusted net profit of the Target Company for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 shall not be less than RMB20,000,000, RMB25,000,000 and RMB30,000,000 respectively (each a “**Profit Guarantee**”).

The Deposit

The Sellers undertake to pay to the Purchaser the Deposit on the Completion Date, by way of bank transfer to the bank account designated by the Purchaser. At the end of each of the financial years 2018 to 2020 of the Target Company, upon the Purchaser having received its share of the dividends distributed by the Target Company on a pro rata basis, an amount equivalent to the dividends received by the Purchaser shall be released from the Deposit by the Purchaser.

Provided that if and when, during the financial years 2018, 2019 and 2020, the aggregated dividend received by the Purchaser exceeds the Consideration, the Purchaser shall release the balance of the Deposit to the Sellers.

Conditions Precedent of the Share Purchase Agreement

Completion and/or payment of the Consideration is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (a) all necessary consents and approvals in relation to the Acquisition having been obtained;
- (b) there having been no material adverse change of the Target Company or on its business at any time from the date of the Share Purchase Agreement up to the Completion Date;
- (c) all warranties given by the Sellers remain true, accurate and not misleading;
- (d) all obligations of the Sellers under the Share Purchase Agreement before the Completion having been fulfilled by the Sellers;

- (e) the Reorganization having been completed and the Purchaser being satisfied with the Reorganization; and
- (f) the Purchaser or its nominee having been registered with SAIC as the shareholder of the 51% equity interest of the Target Company.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions set out above (except for condition (a) above). If the conditions have not been satisfied or waived (as the case may be) on or before 3 months after the date of the Share Purchase Agreement, or such date as the Sellers and the Purchaser may agree in writing, the Share Purchase Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Put Option and Call Option

Pursuant to the terms of the Share Purchase Agreement, the Sellers will grant a put option to the Purchaser on the Completion Date such that, if any of the guarantee or other warranties made by the Sellers fails to be fulfilled during the period commencing from the Completion Date and ending 5 years after the Completion Date, the Purchaser is entitled to require each of the Sellers to repurchase part or all of the indirect equity interests in the Target Company held by the Group, for a purchase price of, upon full exercise of the put option, 1.35 times the Consideration plus the Purchaser's share of the Reserve Fund, calculated on a pro rata basis where the put option is partially exercised (the "**Put Option**").

Pursuant to the terms of the Share Purchase Agreement, Purchaser will grant a call option to the Sellers on the Completion Date such that each of the Sellers is entitled, during the period commencing 5 years after the Completion Date and ending 10 years after the Completion Date, to require the Purchaser to sell part or all of the indirect equity interests in the Target Company held by the Group, for a purchase price of, upon full exercise of the call option, 1.7 times the Consideration plus the Purchaser's share of the Reserve Fund, calculated on a pro rata basis where the call option is partially exercised (the "**Call Option**").

No premium is required to be paid by the parties for the Put Option and Call Option. The exercise of the Put Option and Call Option will be subject to compliance with the Listing Rules at time of exercise. Assuming the Sellers become and continue to be connected persons of the Company following the Completion, the exercise of the Put Option at the discretion of the Company may at that time be regarded as a connected transaction for the purposes of Chapter 14A of the Listing Rules.

Completion

Completion shall take place on the Completion Date at such place as the Sellers and the Purchase may agree.

INFORMATION OF THE PARTIES

The Company is a company incorporated in Hong Kong with limited liability, the Shares are listed on the main board of the Stock Exchange (stock code: 154). The Company is an investment holding company and its subsidiaries are principally engaged in environmental protection and solid waste treatment in the PRC.

Mr. Du Qingjiang is a PRC resident, holding approximately 40.6% of the registered capital of the Target Company.

Ms. Yang Lanhua is a PRC resident, holding approximately 32.7% of the registered capital of the Target Company.

The Target Company is a limited liability company established in the PRC in 2001 and is principally engaged in landscaping construction, landscaping design, project survey and design and construction project management.

The unaudited net profit (both before and after taxation) of the Target Company for the two financial years ended 31 December 2017 were as follows:

	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)
Net profit (before taxation)	27,811	16,170
Net profit (after taxation)	20,835	12,131

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Sellers together hold 100% of the registered capital of the Target Company and the Sellers and their respect associates are third parties independent of the Group and connected persons of the Group as at the date of the Share Purchase Agreement. None of the Directors has any material interest in relation to the Share Purchase Agreement and the Acquisition, and therefore, none of them abstained from voting on the Board resolution(s) which approved the Share Purchase Agreement and the Acquisition. Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated in the consolidated financial statements of the Group.

REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in environmental protection and solid waste treatment in the PRC.

The Directors are of the view that the Acquisition provides the Group with a good investment opportunity to expand its business and believe that the Acquisition may yield satisfactory economic return.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Purchase Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Since Completion is subject to the fulfilment and/or waiver (as the case may be) of the conditions under the Share Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition and the transactions (including the full exercise of the Call Option) contemplated thereunder constitute discloseable transaction for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisition”	the acquisition of 51% equity interest in the Target Company pursuant to the terms and conditions of the Share Purchase Agreement
“associate(s)”, “connected person(s)”, or “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules
“Board”	the board of Directors
“Company”	Beijing Enterprises Environment Group Limited, a company incorporated in Hong Kong with limited liability, the Shares are listed on the main board of the Stock Exchange (stock code: 154)
“Completion”	the completion of the Acquisition
“Completion Date”	the fifth business day after the fulfilment of the conditions precedent of the Share Purchase Agreement
“Consideration”	RMB 29,000,000 (equivalent to approximately HK\$35,891,000)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Du Qingjiang”	Mr. Du Qingjiang (杜清江), a PRC resident, holding approximately 40.6% of the registered capital of the Target Company
“Ms. Yang Lanhua”	Ms. Yang Lanhua (楊蘭華), a PRC resident, holding approximately 32.7% of the registered capital of the Target Company
“Reorganization”	the disposal of non-core assets and the restructure of the shareholding of the Target Company prior to Completion
“Reserve Fund”	the amount of retained profits in the Target Company after deducting all statutory reserves and profit distribution in the yearly financial statements of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards after the investment of the Purchaser
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China
“Purchaser”	the Company
“SAIC”	State Administration for Industry and Commerce of the PRC or its relevant subordinate bureau
“Sellers”	Mr. Du Qingjiang and Ms. Yang Lanhua

“Share(s)”	the ordinary share(s) in the share capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 8 March 2018 entered into between the Purchaser and the Sellers
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Xindi Garden Group Limited* (北京鑫地園林集團有限公司), a company established in the PRC with limited liability
“%”	per cent.

For the purpose of this announcement and for illustrative purpose only, HK\$ is converted into RMB at the rate of RMB0.808 = HK\$1 and vice versa. No representation is made as to whether any amounts in RMB has been or could be converted at the above rate or of any other rates.

By order of the Board
Beijing Enterprises Environment Group Limited
Ke Jian
Vice Chairman and CEO

Hong Kong, 8 March 2018

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. E Meng, Mr. Ke Jian, Ms. Sha Ning, Ms. Qin Xuemin and Mr. Ng Kong Fat, Brian, and five independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng and Mr. Cheung Ming.

* *for identification purposes only*