

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

RELOCATION COMPENSATION AGREEMENT

The Board is pleased to announce that on 31 May 2018, BD Property, a 85.5% indirectly owned subsidiary of the Company, entered into the Relocation Compensation Agreement with Beijing CBD Committee, pursuant to which BD Property agreed with Beijing CBD Committee in respect of the relocation of the Property for a relocation compensation of RMB111,475,345.50 (equivalent to approximately HK\$136,355,000).

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

The Board is pleased to announce that on 31 May 2018, BD Property, a 85.5% indirectly owned subsidiary of the Company, entered into the Relocation Compensation Agreement with Beijing CBD Committee, pursuant to which BD Property agreed with Beijing CBD Committee in respect of the relocation of the Property for a relocation compensation of RMB111,475,345.50 (equivalent to approximately HK\$136,355,000).

RELOCATION COMPENSATION AGREEMENT

Date

31 May 2018

Parties

BD Property: Beijing Development Property Investment and Management Co., Ltd.* (北京發展物業投資管理有限公司), a limited liability company established in the PRC and a 85.5% indirectly owned subsidiary of the Company

Beijing CBD Committee: Beijing Central Business District Administration Committee* (北京商務中心區管理委員會), an administrative organisation established by the approval of the Beijing Municipal Government

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing CBD Committee and its respective associates are third parties independent of the Group and its connected persons.

Relocation Compensation

The Relocation Compensation is RMB111,475,345.50 (equivalent to approximately HK\$136,355,000), which shall be paid by Beijing CBD Committee to BD Property in cash within 2 working days after signing the Relocation Compensation Agreement and the presentation of an official invoice.

The Relocation Compensation was arrived at after negotiations between Beijing CBD Committee and BD Property by reference to the prevailing market value of similar properties at the relevant district and the demolition compensation policy in the PRC.

Information of the Property

The Property comprises office premises located at part of the second floor and the whole of the third floor of Golden Bridge Building, A. No. 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, the PRC (中國北京市朝陽區建國門外大街甲一號金之橋大廈三樓部份及四樓全層), with gross floor area of 3,183.1 square metres. The Property is wholly owned by BD Property, free from encumbrances and was leased to third parties during prior years.

As the Property is situated in a location under a redevelopment plan of the Beijing Municipal Government and is subject to relocation, the Property was vacant since the second quarter of 2010 and was demolished in August 2017.

No revenue was generated from the Property since 2011. The audited net loss both before and after taxation (prepared in accordance with the PRC generally accepted accounting principles) of BD Property for the years ended 31 December 2016 and 2017 were approximately HK\$88,000 and HK\$193,000, respectively.

The historical cost of the Property was approximately RMB81,958,000 (equivalent to approximately HK\$100,250,000). As the Property was demolished in August 2017, an estimated compensation receivable of approximately HK\$132,709,000 (the “**Receivable**”) has been recorded in the financial statements of Group as at 31 December 2017.

INFORMATION OF THE PARTIES

Information of the Group

The Company is a company incorporated in Hong Kong with limited liability, the shares of which 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.

Information of BD Property

BD Property is a limited liability company established in the PRC and its sole investment and activity is the holding of the Property for investment purposes.

Information of Beijing CBD Committee

Beijing CBD Committee is an administrative organisation established by the approval of the Beijing Municipal Government in 2001 and is managed by the Chaoyang District People’s Government. Beijing CBD Committee is collectively in charged the functions of development, construction and management of Beijing central business district on behalf of the Beijing Municipal Government.

REASONS FOR THE RELOCATION

The Property is situated in a location under a redevelopment plan of the Beijing Municipal Government and is subject to relocation. Taking into account that the Property has been demolished, the Directors considered that the Relocation represented a good opportunity for the Group to realise the Property at a reasonable price and to increase the general working capital of the Group.

None of the Directors has any material interest in relation to the Relocation, and therefore, none of them abstained from voting on the Board resolution(s) which approved the Relocation.

The Directors (including the independent non-executive Directors) considered that the terms of the Relocation Compensation Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

FINANCIAL EFFECT OF THE RELOCATION

After taking into account the Relocation Compensation and the carrying value of the Receivable as at 31 December 2017, the Group expects that, other than exchange differences, there was no material financial effect of the Relocation.

The Group is in negotiating with relevant local government authorities in respect of the tax implication of the Relocation. Tax payable of approximately HK\$29,505,000 has been provided for in conservative approach in the financial statements of the Group as at 31 December 2017.

USE OF PROCEEDS

The Company intends to apply the proceeds from the Relocation as general working capital 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 Relocation are more than 5% but all are less than 25%, the transactions contemplated under the Relocation 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:

“associate(s)”, “connected person(s)” or “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules
“BD Property”	Beijing Development Property Investment and Management Co., Ltd.* (北京發展物業投資管理有限公司), a limited liability company established in the PRC and a 85.5% indirectly owned subsidiary of the Company
“Beijing CBD Committee”	Beijing Central Business District Administration Committee* (北京商務中心區管理委員會), an administrative organisation established by the approval of the Beijing Municipal Government
“Board”	the board of Directors of the Company
“Company”	Beijing Enterprises Environment Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 154)
“Directors”	the directors 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 the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	Part of the second floor and the whole of the third floor of Golden Bridge Building, A. No. 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, the PRC (中國北京市朝陽區建國門外大街甲一號金之橋大廈三樓部份及四樓全層)
“Relocation”	the relocation of the Property pursuant to the Relocation Compensation Agreement
“Relocation Compensation”	the aggregate relocation compensation of RMB111,475,345.50 as stipulated in the Relocation Compensation Agreement
“Relocation Compensation Agreement”	the relocation compensation agreement (搬遷補償協議) dated 31 May 2018 entered into between BD Property and Beijing CBD Committee in relation to the Relocation
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HKD at the rate of RMB0.81754 to 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.

** For identification purposes only*

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

Hong Kong, 31 May 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.