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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)**

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE SECOND RENEWAL OF  
THE DEPOSIT SERVICES MASTER AGREEMENT**

Reference is made to the announcements of the Company dated 29 June 2015 and 27 December 2017 in relation to the 2015 Deposit Services Master Agreement and 2018 Deposit Services Master Agreement, respectively, entered into between the Company and BG Finance and pursuant to which, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time during the period from 29 June 2015 to 31 December 2020.

The Board announces that the 2018 Deposit Services Master Agreement will expire on 31 December 2020. In order to regulate such transactions that will continue to take place, the Company and BG Finance entered into the 2021 Deposit Services Master Agreement on 23 December 2020 whereby the Company and BG Finance will continue to carry out the transactions under the 2018 Deposit Services Master Agreement for three years from 1 January 2021 to 31 December 2023, and save as the Renewed Caps, with the terms and conditions substantially the same as those under the 2018 Deposit Services Master Agreement.

As BEGCL, the ultimate controlling Shareholder, beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of BEGCL and is therefore a connected person of the Company. The utilisation of the Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) for the utilisation of the Deposit Services are more than 0.1% but less than 5%, the utilisation of the Deposit Services is subject to the announcement, reporting and annual review requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcements of the Company dated 29 June 2015 and 27 December 2017 in relation to the 2015 Deposit Services Master Agreement and 2018 Deposit Services Master Agreement, respectively, entered into between the Company and BG Finance and pursuant to which, the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time during the period from 29 June 2015 to 31 December 2020.

## **2021 DEPOSIT SERVICES MASTER AGREEMENT**

The Board announces that the 2018 Deposit Services Master Agreement will expire on 31 December 2020. In order to regulate such transactions that will continue to take place, the Company and BG Finance entered into the 2021 Deposit Services Master Agreement on 23 December 2020 whereby the Company and BG Finance will continue to carry out the transactions under the 2018 Deposit Services Master Agreement for three years from 1 January 2021 to 31 December 2023, and save as the Renewed Caps, with the terms and conditions substantially the same as those under the 2018 Deposit Services Master Agreement.

### **Term**

The term of the 2021 Deposit Services Master Agreement shall commence on 1 January 2021 and shall continue up to and including 31 December 2023. Subject to the compliance with the Listing Rules and/or upon the expiration of 2021 Deposit Services Master Agreement, it may be renewed, varied or modified by the Company and BG Finance by agreement in writing.

### **Deposit interests**

The rates at which interest will accrue on any deposit placed by the Group with BG Finance under the 2021 Deposit Services Master Agreement will not be lower than (i) the benchmark interest rate prescribed by the People's Bank of China; (ii) the interest rates offered by commercial banks in Hong Kong and mainland China to the Group; and (iii) the interest rates offered by BG Finance to other members of BEGCL for the same type of deposits at the same period.

## **Renewed Caps**

The cumulative daily outstanding deposits balance (in HK\$ equivalent) placed by the Group with BG Finance (including any interest accrued thereon) on any given day during the term of the 2021 Deposit Services Master Agreement will not exceed the following Renewed Caps:

HK\$

For each of the financial years ending 31 December 2021, 2022 and 2023	40,000,000
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In determining the Renewed Caps, the Company has taken into account factors including the treasury policy and the capital expenditure of the Group, the historical deposit balances placed by the Group with BG Finance and the Group's total cash and cash equivalents.

The Company has been closely monitoring the daily outstanding deposit balances placed by the Group with BG Finance. Up to the date of this announcement, the Existing Caps of HK\$73.8 million has not been exceeded during the term of the 2018 Deposit Services Master Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 DEPOSIT SERVICES MASTER AGREEMENT**

The Group has to maintain deposits and other bank balances with financial institutions in Hong Kong and mainland China from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

The 2021 Deposit Services will be conducted on normal commercial terms and the deposit interest rates offered by BG Finance to the Group will be equal to or more favourable to the Group than those offered by commercial banks in Hong Kong and mainland China to the Group for comparable deposits. The 2021 Deposit Services Master Agreement is therefore expected not only to provide the Group with a new mean of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since BG Finance is not considered to be exposed to any significant capital risk.

For the avoidance of doubt, the 2021 Deposit Services Master Agreement does not preclude the Group from using the services of other financial institutions. The Group still has the freedom to select any major and independent commercial banks in Hong Kong and mainland China as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

None of the Directors has material interest in the 2021 Deposit Services Master Agreement. Ms. Sha Ning, an executive Director and a director of BG Finance, has voluntarily abstained from voting on the relevant Board resolution approving the 2021 Deposit Services Master Agreement.

The Directors (including the independent non-executive Directors but other than Ms. Sha Ning who has abstained from voting on the relevant Board resolution approving the 2021 Deposit Services Master Agreement as referred to above) consider that the terms of the 2021 Deposit Services Master Agreement and the transactions contemplated thereunder (including the Renewed Caps) 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.

## **INFORMATION OF THE COMPANY AND BG FINANCE**

### **The Company**

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.

### **BG Finance**

BG Finance is a company established under the laws of the PRC with limited liability, a non-banking financial institution established and commenced business in October 2013 with the approval of China Banking Regulatory Commission. It is also the only financial institution in the members of BEGCL and will provide members of BEGCL with intra-group facilities through financial products including deposit-taking, money-lending and custodian services.

As at the date of this announcement, the equity interest of BG Finance is owned as to (i) 35.14% by BEGCL, (ii) 24.8% by Beijing Gas Group Company Limited\* (北京市燃氣集團有限責任公司), a wholly-owned subsidiary of BEHL, (iii) 11.08% by Beijing Yanjing Brewery Co., Ltd.\* (北京燕京啤酒股份有限公司), a non wholly-owned subsidiary of BEHL, (iv) 8.91% by BEHL, (v) 6.69% by Beijing Holdings Investment Management Co., Ltd.\* (北京京泰投資管理中心), a wholly-owned subsidiary of BEGCL, (vi) 6.69% by Beijing Enterprises Water Group Limited, an associate of BEHL, and (vii) 6.69% by Beijing General Municipal Engineering Design & Research Institute Co., Ltd.\* (北京市市政工程設計研究總院有限公司), a wholly-owned subsidiary of BEGCL.

## IMPLICATIONS OF THE LISTING RULES

As BEGCL, the ultimate controlling Shareholder, beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of BEGCL and is therefore a connected person of the Company. The utilisation of the Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) for the utilisation of the Deposit Services are more than 0.1% but less than 5%, the utilisation of the Deposit Services is subject to the announcement, reporting and annual review requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“2015 Deposit Services Master Agreement”	the deposit services master agreement entered into between the Company and BG Finance on 29 June 2015;
“2018 Deposit Services Master Agreement”	the deposit services master agreement entered into between the Company and BG Finance on 27 December 2017;
“2021 Deposit Services Master Agreement”	the deposit services master agreement entered into between the Company and BG Finance on 23 December 2020;
“associate(s)”, “connected person(s)”, “controlling shareholder(s)” or “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules;
“BEGCL”	Beijing Enterprises Group Company Limited* (北京北控集團有限公司), a company established under the laws of the PRC with limited liability and the controlling shareholder of BEHL;
“BEHL”	Beijing Enterprises Holding Limited, a company incorporated in Hong Kong with limited liability and the controlling Shareholder, the shares of which are listed on the main board of the Stock Exchange (stock code: 392);

“BG Finance”	Beijing Enterprises Group Finance Co., Ltd., a company established under the laws of the PRC with limited liability and an associate of BEGCL;
“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);
“Deposit Services”	the deposit services to be provided by BG Finance to the Group under the 2021 Deposit Services Master Agreement;
“Director(s)”	the director(s) of the Company;
“Existing Cap(s)”	the maximum daily outstanding deposits balance placed by the Group with BG Finance (including any interest accrued thereon) on any given day during the term of the 2018 Deposit Services Master Agreement;
“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” or “China”	the People’s Republic of China;
“Renewed Cap(s)”	the maximum daily outstanding deposits balance placed by the Group with BG Finance (including any interest accrued thereon) during the term of the 2021 Deposit Services Master Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

*\* for identification purposes only*

By order of the Board  
**Beijing Enterprises Environment Group Limited**  
**Ke Jian**  
*Chairman and Chief Executive Officer*

Hong Kong, 23 December 2020

*As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Ke Jian, Ms. Sha Ning 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.*