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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 THIRD RENEWAL OF
THE DEPOSIT SERVICES MASTER AGREEMENT**

Reference is made to the announcements published by the Company dated 29 June 2015, 27 December 2017 and 23 December 2020 in relation to the 2015 Deposit Services Master Agreement, the 2018 Deposit Services Master Agreement and the 2021 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 2023.

The Board announces that the 2021 Deposit Services Master Agreement will expire on 31 December 2023. In order to regulate such transactions that will continue to take place, the Company and BG Finance entered into the 2024 Deposit Services Master Agreement on 20 December 2023 whereby the Company and BG Finance will continue to carry out the transactions under the 2021 Deposit Services Master Agreement for three years from 1 January 2024 to 31 December 2026, and save as the Renewed Caps, with the terms and conditions substantially the same as those under the 2021 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 published by the Company dated 29 June 2015, 27 December 2017 and 23 December 2020 in relation to the 2015 Deposit Services Master Agreement, the 2018 Deposit Services Master Agreement and the 2021 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 2023.

2024 DEPOSIT SERVICES MASTER AGREEMENT

The Board announces that the 2021 Deposit Services Master Agreement will expire on 31 December 2023. In order to regulate such transactions that will continue to take place, the Company and BG Finance entered into the 2024 Deposit Services Master Agreement on 20 December 2023 whereby the Company and BG Finance will continue to carry out the transactions under the 2021 Deposit Services Master Agreement for three years from 1 January 2024 to 31 December 2026, and save as the Renewed Caps, with the terms and conditions substantially the same as those under the 2021 Deposit Services Master Agreement.

Term

The term of the 2024 Deposit Services Master Agreement shall commence on 1 January 2024 and shall continue up to and including 31 December 2026. Subject to the compliance with the Listing Rules and/or upon the expiration of the 2024 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 2024 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 (Included any accrued interests) placed by the Group with BG Finance (including any interest accrued thereon) on any given day during the term of the 2024 Deposit Services Master Agreement will not exceed the following Renewed Caps:

For each of the financial years ending	RMB21,800,000
31 December 2024, 2025 and 2026	(equivalent to approximately HK\$23,956,000)

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.

As disclosed in the 2023 interim report of the Company, as of 30 June 2023, the Group had cash and cash equivalents of approximately HK\$1.959 billion, of which approximately HK\$29.32 million was deposited at BG Finance, representing approximately 1.5% of the total amount of cash and cash equivalents.

The Company regularly monitors the daily outstanding deposit balances placed by the Group with BG Finance. Up to the date of this announcement, the Existing Caps of HK\$40 million has not been exceeded during the term of the 2021 Deposit Services Master Agreement. The Company has appointed the auditor of the Company to issue audit reports for the above continuing connected transaction annually, to ensure the related transactions are performed according to the 2021 Deposit Services Master Agreement and the daily outstanding deposit balances had not been exceeded the Existing Caps.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 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 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 2024 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 2024 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 2024 Deposit Services Master Agreement or is required to abstain from voting on the relevant Board resolutions for considering and approving the 2024 Deposit Services Master Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the 2024 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 in the PRC with limited liability. Its establishment as a non-bank financial institution established with the approval of the National Administration of Financial Regulation* (國家金融監督管理總局). BG Finance acts as a platform for members of BEGCL (include the Group) for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

As at the date of this announcement, the equity interest of BG Finance is owned as to (i) approximately 35.14% by BEGCL, (ii) approximately 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) approximately 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) approximately 8.91% by BEHL, (v) approximately 6.69% by Beijing Holdings Jingtai Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司), a wholly-owned subsidiary of BEGCL, (vi) approximately 6.69% by Beijing Enterprises Water Group Limited, an associate of BEHL, and (vii) approximately 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. The ultimate controlling shareholder of BG Finance is BEGCL, which is in turn ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會).

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;
“2024 Deposit Services Master Agreement”	the deposit services master agreement entered into between the Company and BG Finance on 20 December 2023;
“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* (北京控股集團有限公司), a company established in the PRC with limited liability and the ultimate controlling shareholder of the Company;
“BEHL”	Beijing Enterprises Holding Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company, 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.* (北京控股集團財務有限公司), a company established in 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 2024 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 2021 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 2024 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.

The English name of any PRC entity marked with an asterisk () is a translation of its Chinese name, and is included herein for identification purposes only.*

For the purposes of this announcement and for illustration only, figures in Renminbi are converted into Hong Kong dollars at the approximate exchange rate of RMB0.91 to HK\$1.00.

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

Hong Kong, 20 December 2023

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. Ke Jian, Ms. Sha Ning, Mr. Chen Xinguo, Mr. Yu Jie 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.