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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 392)

REVISION OF ANNUAL CAPS CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE DEPOSIT SERVICES

REVISION OF ANNUAL CAPS UNDER THE 2020 DEPOSIT AGREEMENT

Reference is made to the announcement of the Company dated 20 December 2019 in respect of the continuing connected transactions in relation to, among other things, the 2020 Deposit Agreement (the “**Previous Announcement**”). Unless otherwise defined, capitalized terms used herein have the same meanings as ascribed to them in the Previous Announcement.

The Board is pleased to announce that on 1 September 2021, the Company entered into the 2021 Supplemental Agreement with BE Group Finance, pursuant to which the parties to the 2020 Deposit Agreement agreed to revise the annual caps in relation to the provision of the Deposit Services for the remaining term of the 2020 Deposit Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As the Company's ultimate controlling shareholder, BE Group, beneficially owns not less than 30% equity interest in BE Group Finance, BE Group Finance is an associated company of BE Group and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2021 Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable ratios (except for the profits ratio which is not applicable) in respect of the Revised Annual Caps under the 2021 Supplemental Agreement exceeds 5%, the transactions contemplated thereunder constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders (i) as to whether the terms of the 2021 Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; and (ii) on how to vote at the EGM. Euto Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the 2021 Supplemental Agreement and the transactions contemplated thereunder, including the Revised Annual Caps.

As BE Group is considered to have a material interest in the 2021 Supplemental Agreement and the transactions contemplated thereunder, BE Group (together with its associates) shall abstain from voting at the EGM on the proposed resolutions to approve, among other things, the 2021 Supplemental Agreement and the transactions contemplated thereunder. Save for the aforesaid and to the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further information of the 2021 Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the aforesaid; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the aforesaid; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 23 September 2021.

REVISION OF ANNUAL CAPS UNDER THE 2020 DEPOSIT AGREEMENT

Background

Reference is made to the announcement of the Company dated 20 December 2019 in respect of the continuing connected transactions in relation to, among other things, the 2020 Deposit Agreement (the “**Previous Announcement**”). Unless otherwise defined, capitalized terms used herein have the same meanings as ascribed to them in the Previous Announcement.

On 20 December 2019, the Company entered into the 2020 Deposit Agreement with BE Group Finance, pursuant to which, among others, (i) the term of the Deposit Services commenced from 1 January 2020 to 31 December 2022; and (ii) the annual caps under the 2020 Deposit Agreement were fixed at HK\$2.23 billion for the financial year ending 31 December 2020, 2021 and 2022, respectively. Save as the aforesaid, all other terms and conditions as set out in the 2020 Deposit Agreement were substantially the same as those under the 2017 Deposit Agreement and its Supplementary Agreement.

Pursuant to the 2020 Deposit Agreement, the cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) for each of the three financial years ending 31 December 2022 (the “**Existing Annual Caps**”) shall not exceed the following caps:

<i>For the financial year ending</i>	<i>Annual caps</i>
31 December 2020	HK\$2.23 billion
31 December 2021	HK\$2.23 billion
31 December 2022	HK\$2.23 billion

The 2021 Supplemental Agreement

On 1 September 2021, the Company entered into the 2021 Supplemental Agreement with BE Group Finance, pursuant to which the parties to the 2020 Deposit Agreement agreed to revise the annual caps in relation to the provision of the Deposit Services for the remaining term of the 2020 Deposit Agreement. Save as the aforesaid, all other terms and conditions as set out in the 2021 Supplemental Agreement were substantially the same as those under the 2020 Deposit Agreement.

A summary of the key terms of the 2021 Supplemental Agreement are set out below.

<i>Date</i>	:	1 September 2021
<i>Parties</i>	:	(i) the Company; and (ii) BE Group Finance.

Effective Date

The 2021 Supplemental Agreement shall be effective from the date of obtaining the Independent Shareholders’ approval at the EGM.

Revised Annual Caps

Pursuant to the 2021 Supplemental Agreement, the Existing Annual Caps for the remaining term of the 2020 Deposit Agreement are revised (the “**Revised Annual Caps**”) as follows:

<i>For the financial year ending</i>	<i>Annual caps</i>
31 December 2021	HK\$8.15 billion
31 December 2022	HK\$8.15 billion

The Revised Annual Caps were determined taking into account (i) the historical maximum daily balance of deposit the Company placed with BE Group Finance, and (ii) the reference to the latest Group’s cash and cash equivalents available. As at 30 June 2021, the amount of cash and bank balances of the Group was approximately HK\$32.5 billion.

REASONS FOR AND BENEFITS OF THE 2021 SUPPLEMENTAL AGREEMENT AND THE REVISED ANNUAL CAPS

The Board noticed that, as of 30 June 2021, the transaction amount of the Deposit Services under the 2020 Deposit Agreement had reached approximately HK\$2.227 billion, representing approximately 99.87% of the Existing Annual Caps. In addition, in view of the continuous development of the Group’s business and operational scale, it is expected that the Group will continue and deploy more Deposit Services. Hence, the transaction amount of the Deposit Services may exceed the previous estimation. The Board decided to adopt the Revised Annual Caps for the remaining terms of the 2020 Deposit Agreement so as to provide a better cash resources management of the Group.

As disclosed in the Previous Announcement, the Deposit Services are conducted on normal commercial terms and the deposit interest rates offered by BE Group Finance to the Group will be equal to or more favourable to the Group than those offered by commercial banks in Hong Kong and the PRC to the Group for comparable deposits. Also, the Group expects to be in a better position to manage the security of its funds since BE Group Finance is not considered to be exposed to any significant capital risk.

Having considered the above, the Directors (excluding the independent non-executive Directors who will express their views after taking into account the advice of the Independent Financial Adviser) are of the opinion that, the terms of the 2021 Supplemental Agreement and the Revised Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is an integrated public utilities operator with principal activities focusing on gas, water and environment, solid waste treatment and beer business.

The Company's ultimate controlling shareholder, BE Group, is ultimately and beneficially owned by the People's Government of Beijing Municipality (北京市人民政府).

INFORMATION ON BE GROUP FINANCE

BE Group Finance is a company established in the PRC with limited liability and a non-bank financial institution established and commenced business in 2013 with the approval granted by China Banking and Insurance Regulatory Commission. BE Group Finance acts as a platform for members of BE Group (including the Group) for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

BE Group Finance is held as to approximately 44.79% in aggregate by the Group, 6.69% by Beijing Enterprises Water Group Limited (an associated company of the Company) and 48.52% in aggregate by BE Group (the ultimate controlling shareholder of the Company) and its subsidiaries excluding the Group and Beijing Enterprises Water Group Limited. BE Group Finance's ultimate controlling shareholder, BE Group, is ultimately and beneficially owned by the People's Government of Beijing Municipality (北京市人民政府).

IMPLICATIONS UNDER THE LISTING RULES

As the Company's ultimate controlling shareholder, BE Group, beneficially owns not less than 30% equity interest in BE Group Finance, BE Group Finance is an associated company of BE Group and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2021 Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable ratios (except for the profits ratio which is not applicable) in respect of the Revised Annual Caps under the 2021 Supplemental Agreement exceeds 5%, the transactions contemplated thereunder constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders (i) as to whether the terms of the 2021 Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole and (ii) on how to vote at the EGM. Euto Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the 2021 Supplemental Agreement and the transactions contemplated thereunder, including the Revised Annual Caps.

As BE Group is considered to have a material interest in the 2021 Supplemental Agreement and the transactions contemplated thereunder, BE Group (together with its associates) shall abstain from voting at the EGM on the proposed resolutions to approve, among other things, the 2021 Supplemental Agreement and the transactions contemplated thereunder. Save for the aforesaid and to the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further information of the 2021 Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the aforesaid; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the aforesaid; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 23 September 2021.

DEFINITIONS

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

“EGM”	the extraordinary general meeting of the Company to be convened to consider, if thought fit, approve the 2021 Supplemental Agreement and the transactions contemplated thereunder and the Revised Annual Caps, including any adjournment thereof
“Existing Annual Caps”	the maximum amounts of daily outstanding deposits balance placed by the Group with BE Group Finance (including the corresponding interest accrued thereon) on any given day during the term of the 2020 Deposit Agreement
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the 2021 Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps)
“Independent Financial Adviser”	Euto Capital Partners Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the reasonableness and fairness of the terms of the 2021 Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps)
“Independent Shareholder(s)”	the Shareholders who do not have a material interest in the 2021 Supplemental Agreement and the transactions contemplated thereunder

“Previous Announcement”	the announcement of the Company dated 20 December 2019 in respect of the continuing connected transactions in relation to, among other things, the 2020 Deposit Agreement
“Revised Annual Caps”	has the meaning ascribed to it under the paragraph headed “Revised Annual Caps” of this announcement
“2021 Supplemental Agreement”	the supplemental agreement dated 1 September 2021 entered into between the Company and the BE Group Finance to amend and supplement the 2020 Deposit Agreement

By order of the Board
Beijing Enterprises Holdings Limited
XIONG Bin
Executive Director & CEO

Hong Kong, 1 September 2021

As at the date of this announcement, the Board comprises Mr. Li Yongcheng (Chairman), Mr. Jiang Xinhao (Vice Chairman), Mr. Zhao Xiaodong (Vice Chairman), Mr. Dai Xiaofeng, Mr. Xiong Bin (Chief Executive Officer) and Mr. Tam Chun Fai as executive Directors; Mr. Wu Jiesi, Mr. Lam Hoi Ham and Dr. Yu Sun Say as independent non-executive Directors.