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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)**

**CONNECTED TRANSACTION  
CAPITAL INCREASE IN  
BEIJING ENTERPRISES GROUP FINANCE CO., LTD.**

The Board is pleased to announce that on 31 December 2021, BE Group Finance and its shareholders (comprising BE Group, Beijing Gas, Yanjing Beer, the Company, BH Investment, BE Water and BMEDI) entered into the Capital Increase Agreement, pursuant to which, the shareholders of BE Group Finance have agreed to increase the capital of BE Group Finance by an aggregate amount of RMB2,250,000,000 (the “**Capital Contribution**”) in proportion to their shareholdings in BE Group Finance.

As at the date of this announcement, (i) the Company indirectly holds all the equity interest in Beijing Gas and indirectly holds approximately 57.40% equity interest in Yanjing Beer; Beijing Gas and Yanjing Beer are both subsidiaries of the Company; and (ii) BE Group is deemed to be interested in 62.31% equity interest in the Company and is the ultimate controlling shareholder of the Company, while BH Investment and BMEDI are both subsidiaries of BE Group, and BE Group Finance is an associate of BE Group. Accordingly, BE Group, BH Investment, BMEDI and BE Group Finance are all connected persons of the Company.

The transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Increase are more than 0.1% but less than 5%, the Capital Increase is subject to the reporting and announcement requirements, but is exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Upon completion of the Capital Increase, the shareholding percentage of Beijing Gas and Yanjing Beer (both being the Company's subsidiaries) and the Company in BE Group Finance will remain unchanged as 24.80%, 11.08% and 8.91%, respectively.

## **CAPITAL INCREASE AGREEMENT**

The Board is pleased to announce that on 31 December 2021, BE Group Finance and its shareholders (comprising BE Group, Beijing Gas, Yanjing Beer, the Company, BH Investment, BE Water and BMEDI) entered into the Capital Increase Agreement, pursuant to which, the shareholders of BE Group Finance have agreed to increase the capital of BE Group Finance by an aggregate amount of RMB2,250,000,000 (the "**Capital Contribution**") in proportion to their shareholdings in BE Group Finance.

### **Date**

31 December 2021

### **Parties**

- (1) BE Group Finance; and
- (2) shareholders of BE Group Finance (comprising BE Group, Beijing Gas, Yanjing Beer, the Company, BH Investment, BE Water and BMEDI).

## Shareholding Structure of BE Group Finance

The shareholding structure of BE Group Finance (i) as at the date of this announcement; and (ii) immediately after the completion of the Capital Increase is set out below:

Shareholder	As at the date of this announcement		The Capital Increase			Immediately after the completion of the Capital Increase	
	Registered capital (RMB)	Shareholding percentage	Capital Contribution (RMB)	Vested in capital reserve (RMB)	Vested in registered capital (RMB)	Registered capital (RMB)	Shareholding percentage
BE Group	705,920,000	35.14%	790,650,000	201,703,600	588,946,400	1,294,866,400	35.14%
Beijing Gas	498,270,000	24.80%	558,000,000	142,352,000	415,648,000	913,918,000	24.80%
Yanjing Beer	222,690,000	11.08%	249,300,000	63,599,200	185,700,800	408,390,800	11.08%
The Company	179,110,000	8.91%	200,475,000	51,143,400	149,331,600	328,441,600	8.91%
BH Investment	134,330,000	6.69%	150,525,000	38,400,600	112,124,400	246,454,400	6.69%
BE Water	134,330,000	6.69%	150,525,000	38,400,600	112,124,400	246,454,400	6.69%
BMEDI	134,330,000	6.69%	150,525,000	38,400,600	112,124,400	246,454,400	6.69%
<b>Total :</b>	<b>2,008,980,000</b>	<b>100%</b>	<b>2,250,000,000</b>	<b>574,000,000</b>	<b>1,676,000,000</b>	<b>3,684,980,000</b>	<b>100%</b>

Upon completion of Capital Increase, the shareholding percentage of Beijing Gas and Yanjing Beer (both are the Company's subsidiaries) and the Company in BE Group Finance will remain unchanged as 24.80%, 11.08% and 8.91%, respectively.

## Consideration

The terms of the Capital Increase Agreement are determined by arm's length negotiation between the parties after taking into account of the capital needs of BE Group Finance in future and in accordance with normal commercial terms. The shareholders of BE Group Finance shall pay their Capital Contribution in proportion to their shareholdings in BE Group Finance in full within 10 business days from the day that BE Group Finance submits a written payment request notice stating that all Conditions Precedent are satisfied. The Company shall pay to BE Group Finance RMB200,475,000 in cash in accordance with the Capital Increase Agreement; all of which will be financed by the internal resources of the Company.

## Conditions Precedent

BE Group Finance has agreed to use its best endeavours to satisfy the Conditions Precedent as stated in the Capital Increase Agreement as soon as possible, including but not limited to: as required for completion of the Capital Increase, the obtaining of approval from authority bodies, and the obtaining of all authorizations, check, approval, consent and/or filing (if any). The shareholders of BE Group Finance are obliged to pay their Capital Contributions in proportion to their shareholdings in BE Group Finance only when all the Conditions Precedent are fulfilled or waived by the shareholders of BE Group Finance.

The aforesaid Conditions Precedent shall be fulfilled or waived in any event not later than the six months after the signing of the Capital Increase Agreement or such other date as agreed by the parties.

## 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 CBIRC. 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 BE Water (an associate 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 BE Water. 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).

The summary of the financial information of BE Group Finance prepared in accordance with "Enterprise Accounting Standards" in the PRC are as follows:

	For the year ended 31 December	
	2020	2019
	Audited	Audited
	<i>RMB '000</i>	<i>RMB '000</i>
Net assets	2,666,693	2,595,835
Profit before tax	194,953	271,651
Profit after tax	152,523	207,775

## INFORMATION ON SHAREHOLDERS OF BE GROUP FINANCE

**BE Group** is a state-owned enterprise established in the PRC and is principally engaged in investments and investment management, etc. As at the date of this announcement, BE Group is deemed to be interested in 62.31% equity interest of the Company and is the ultimate controlling shareholder of the Company. The ultimate beneficial owner of BE Group is the People's Government of Beijing Municipality (北京市人民政府).

**Beijing Gas** is a company incorporated in the PRC with limited liability and is principally engaged in supplying and selling piped natural gas and related businesses in Beijing, PRC. Beijing Gas is an indirect wholly-owned subsidiary of the Company.

**Yanjing Beer** is a company incorporated in the PRC with limited liability, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000729). Yanjing Beer is principally engaged in beer brewing and production of beverages including mineral water etc. and sales of related products in the PRC. As at the date of this announcement, the Company indirectly holds approximately 79.77% equity interest of Beijing Yanjing Brewery Investment Co., Ltd.\* (北京燕京啤酒投资有限公司, a company incorporated in the PRC with limited liability), which directly holds approximately 57.40% equity interest of Yanjing Beer. Yanjing Beer is an indirect non-wholly owned subsidiary of the Company.

**The Company** is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 392). The Group is an integrated public utilities operator with principal activities focusing on gas, water and environment, solid waste treatment and beer business. BE Group is deemed to be interested in 62.31% equity interest of the Company. BE Group is the ultimate controlling shareholder of the Company.

**BH Investment** is a company incorporated in the PRC with limited liability and is principally engaged in investments and assets management in the PRC. BH Investment is a wholly-owned subsidiary of BE Group. Since the ultimate beneficial owner of BE Group is the People's Government of Beijing Municipality, the ultimate beneficial owner of BE Investment is also the People's Government of Beijing Municipality.

**BE Water** is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 371). BE Water and its subsidiaries are principally engaged in water and environmental businesses in the PRC and other countries and regions. As at the date of this announcement, BE Water is indirectly held as to 40.66% equity interest by the Company. BE Water is an associate of the Company.

**BMEDI** is a company incorporated in the PRC with limited liability and is principally engaged in the businesses such as comprehensive urban public utilities projects and urban planning design in the PRC. BMEDI is a wholly-owned subsidiary of BE Group. Since the ultimate beneficial owner of BE Group is the People's Government of Beijing Municipality, the ultimate beneficial owner of BMEDI is also the People's Government of Beijing Municipality.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE**

BE Group Finance (as a financial service institution) acts as a platform to provide member companies of BE Group with intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc. After the Capital Increase, the capital strength and risk resistance capability as well as the financial service capability of BE Group Finance will be further improved. By accepting the financial services provided by BE Group Finance, the Group will broaden its financing pipeline, lower financing costs, improve funding efficiency and strengthen capital risk resistance ability in a better way. In addition, as a shareholder of BE Group Finance which has high capital adequacy ratio and relatively stable industrial revenue, the Group will achieve a comparatively stable return on investment.

As executive Director Mr. Dai Xiaofeng also acts as a director of BE Group Finance, he has abstained from voting on the relevant board resolutions of the Company for good corporate governance. Save as disclosed above (i.e. except Mr. Dai Xiaofeng), none of the Directors has material interest in the Capital Increase Agreement and has abstained from voting on the relevant board resolutions of the Company.

The Directors (including independent non-executive Directors) consider that the Capital Increase 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 interest of the Company and its Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) the Company indirectly holds all the equity interest in Beijing Gas and indirectly holds approximately 57.40% equity interest in Yanjing Beer; Beijing Gas and Yanjing Beer are both subsidiaries of the Company; and (ii) BE Group is deemed to be interested in 62.31% equity interest in the Company and is the ultimate controlling shareholder of the Company, while BH Investment and BMEDI are both subsidiaries of BE Group, and BE Group Finance is an associate of BE Group. Accordingly, BE Group, BH Investment, BMEDI and BE Group Finance are all connected persons of the Company.

The transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Increase are more than 0.1% but less than 5%, the Capital Increase is subject to the reporting and announcement requirements, but is exempted from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), a company incorporated in the PRC with limited liability and is the ultimate controlling shareholder of the Company
“BE Group Finance”	Beijing Enterprises Group Finance Co., Ltd. (北京控股集團財務有限公司), a company incorporated in the PRC with limited liability and is an associate of BE Group.
“BE Water”	Beijing Enterprises Water Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 371) and is an associate of the Company
“Beijing Gas”	Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company

“BH Investment”	Beijing Holdings Jingtai Investment Management Co., Ltd.* (北京北控京泰投資管理有限公司), a company incorporated in the PRC with limited liability and is a subsidiary of BE Group
“BMEDI”	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 company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of BE Group
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“Capital Increase”	the proposed capital increase of BE Group Finance by an aggregate amount of RMB2,250,000,000 by shareholders of BE Group Finance pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 31 December 2021 entered into by BE Group Finance and its shareholders in relation to Capital Increase
“Company”	Beijing Enterprises Holdings Limited (北京控股有限公司), 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: 392)
“Conditions Precedent”	The conditions precedent set out in the Capital Increase Agreement as described in the paragraph titled “Conditions Precedent” of this announcement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKD”	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, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Yanjing Beer”	Beijing Yanjing Brewery Co., Ltd. (北京燕京啤酒股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000729) and is an indirect non-wholly owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 31 December 2021

*As at the date of this announcement, the board of directors of the Company 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.*

*\* For identification purposes only*