

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.



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

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

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO DEPOSIT SERVICES

Reference is made to the announcement of the Company dated 20 December 2019 in relation to the 2020 Deposit Agreement entered into between the Company and BE Group Finance, pursuant to which, the Group may, in its ordinary and usual course of business, place and maintain deposits with BE Group Finance on normal commercial terms from time to time for three years from 1 January 2020 to 31 December 2022.

The 2020 Deposit Agreement will expire on 31 December 2022, to regulate such transactions that will continue to take place, on 28 December 2022, the Company and BE Group Finance entered into the 2023 Deposit Agreement whereby the Company and BE Group Finance will continue to carry out the transactions under the 2020 Deposit Agreement for three years from 1 January 2023 to 31 December 2025, with the terms and conditions substantially the same as those under the 2020 Deposit Agreement.

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

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Deposit Services is more than 0.1% but is less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 20 December 2019 in relation to the 2020 Deposit Agreement entered into between the Company and BE Group Finance, pursuant to which, the Group may, in its ordinary and usual course of business, place and maintain deposits with BE Group Finance on normal commercial terms from time to time for three years from 1 January 2020 to 31 December 2022.

THE 2023 DEPOSIT AGREEMENT

The 2020 Deposit Agreement will expire on 31 December 2022, to regulate such transactions that will continue to take place, on 28 December 2022, the Company and BE Group Finance entered into the 2023 Deposit Agreement whereby the Company and BE Group Finance will continue to carry out the transactions under the 2020 Deposit Agreement for three years from 1 January 2023 to 31 December 2025, with the terms and conditions substantially the same as those under the 2020 Deposit Agreement.

Term

The term of the 2023 Deposit Agreement shall commence on 1 January 2023 and shall continue up to 31 December 2025 (both days inclusive). Upon the expiration of the 2023 Deposit Agreement, it may be renewed by the Company and BE Group Finance by agreement in writing.

Deposit interests

The rate at which interest will accrue on any deposit placed by the Group with BE Group Finance under the 2023 Deposit Agreement will not be lower than the following:

- (i) the benchmark interest rate prescribed by the People's Bank of China for the same type of deposits of the same period;
- (ii) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits of the same period; and
- (iii) the interest rates offered by BE Group Finance to other members of BE Group for the same type of deposits of the same period.

Historical amounts of cumulative daily outstanding deposits balance

The maximum amounts of cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) for the two financial years ended 31 December 2021 and for the nine months period ended 30 September 2022 and the approved annual caps for each of the corresponding periods were as follows:

	Maximum amounts of cumulative daily outstanding deposits balance HK\$ (million)	Approved annual caps HK\$ (million)
For the financial year ended 31 December 2020	approximately 2,229.64	2,230.00
For the financial year ended 31 December 2021	approximately 2,229.99	2,230.00
For the nine months ended 30 September 2022	approximately 2,228.72	2,230.00

Annual caps

The cumulative daily outstanding deposits balance placed by the Group with BE Group Finance (including any interest accrued thereon) during the term of the 2023 Deposit Agreement will not exceed the following caps:

	HK\$ (million)
For the financial year ending 31 December 2023	1,538.00
For the financial year ending 31 December 2024	1,538.00
For the financial year ending 31 December 2025	1,538.00

In determining the above caps, the Directors have taken into account factors including the maximum historical amounts of the amounts of cumulative daily outstanding deposits balance placed by the Group with BE Group Finance, the treasury policy and business needs of the Group and the counterparty limits for BE Group Finance.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group has to maintain deposits and other bank balances with financial institutions in Hong Kong and the PRC 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 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 types of deposits. The 2023 Deposit Agreement is therefore expected not only to provide the Group with a new means 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 BE Group Finance is not considered to be exposed to any significant capital risk.

For the avoidance of doubt, the 2023 Deposit 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 the PRC as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

None of the Directors has a material interest in the 2023 Deposit Agreement and none of them has abstained from voting on the relevant board resolutions of the Company approving the 2023 Deposit Agreement.

The Directors (including the independent non-executive Directors) consider that the 2023 Deposit Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms or better and that the terms of the 2023 Deposit Agreement (together with the relevant annual caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND BE GROUP FINANCE

The Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The Group is principally engaged in gas operation, water operation, environmental operation as well as brewery operation in the PRC. The ultimate controlling shareholder of the Company is BE Group, which is in turn ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會).

BE Group Finance is incorporated in the PRC with limited liability. Its establishment as a non-bank financial institution has been approved 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. As at the date of this announcement, BE Group Finance is held as to 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. The ultimate controlling shareholder of BE Group Finance is BE Group, which is in turn ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會).

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Deposit Services is more than 0.1% but is less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but are exempt from the 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;
“Board”	The board of Directors of the Company;
“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);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Deposit Services”	the deposit services to be provided by BE Group Finance to the Group under the 2023 Deposit Agreement;
“Director(s)”	the director(s) 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, as amended from time to time;
“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 region of China;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“2020 Deposit Agreement”	the deposit services agreement entered into between the Company and BE Group Finance on 20 December 2019 for three years from 1 January 2020 to 31 December 2022;
“2023 Deposit Agreement”	the deposit services agreement entered into between the Company and BE Group Finance on 28 December 2022 for three years from 1 January 2023 to 31 December 2025; and
“%”	per cent.

** For identification purposes only*

By order of the Board
Beijing Enterprises Holdings Limited
DAI Xiaofeng
Chairman

Hong Kong, 28 December 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Dai Xiaofeng (Chairman), Mr. JIANG Xinhao (Vice Chairman), Mr. XIONG Bin (Chief Executive Officer) and Mr. TAM Chun Fai as executive directors; Mr. WU Jiesi, Mr. LAM Hoi Ham, Dr. YU Sun Say and Ms. Chan Man Ki Maggie as independent non-executive directors.