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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)

## CONNECTED TRANSACTION CANCELLATION OF THE PROPERTY TRANSFER AGREEMENT

On 31 December 2021, the Company entered into the Cancellation Agreement with the Vendor to cancel the Property Transfer Agreement.

The Vendor is an indirectly wholly-owned subsidiary of BEHL and BEHL is the controlling shareholder of the Company. Accordingly, the Vendor is a connected person of the Company under the Listing Rules. The transaction contemplated under the Cancellation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Cancellation Agreement is more than 0.1% but less than 5%, the Cancellation Agreement and the transaction contemplated thereunder are subject only to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### INTRODUCTION

Reference is made to the announcement of the Company dated 14 February 2012 in relation to the the Property Transfer Agreement. Pursuant to the Property Transfer Agreement, the Company acquired the Property from the Vendor at a cash consideration of RMB32,000,460 (equivalent to approximately HK\$38,554,771). 80% of the consideration, being RMB25,600,368 (equivalent to approximately HK\$30,843,817, the “**Down Payment**”) has been paid by the Company within 7 days upon the signing of the Property Transfer Agreement and the remaining 20% of the consideration, being RMB6,400,092 (equivalent to approximately HK\$7,710,954, the “**Balance Payment**”) will be payable within 7 days upon completion of transfer of real estate title and all the relating certificates.

Up to the date of this announcement, the real estate title of the Property has not yet transferred to the Company and the Property Transfer Agreement has not yet been completed.

## **CANCELLATION AGREEMENT**

The Board announces that on 31 December 2021, the Company entered into the Cancellation Agreement with the Vendor, pursuant to which the Company and the Vendor agreed to cancel the Property Transfer Agreement and both parties will have no claim for damages against the counter party. The Vendor agreed to refund in full the Down Payment to the Company by cash within 10 days from the date of the Cancellation Agreement.

The terms of the Cancellation Agreement were determined between the parties after arm's length negotiations.

## **INFORMATION OF THE PROPERTY**

The Property is situated at 北控宏創科技園 (Beikong Hong Chuang Technology Park\*), Chao Qian Road, Chang Ping District, Beijing, the PRC. According to the books and records of the Company on 30 June 2021, the Property was accounted for as an investment property with book carrying value of HK\$38,554,771 and the Balance Payment of HK\$7,710,954 was accounted for as other payable due to a fellow subsidiary.

During the period from 1 September 2015 to 31 August 2021, the Property was let to the Vendor under the property escrow agreements. Details of the property escrow agreements have been disclosed in the announcements of the Company dated 1 September 2015 and 25 October 2018. For each of the years ended 31 December 2019 and 2020, the gross rental income and net profit before taxation attributable to the Property were HK\$2,927,258 and HK\$2,894,367, respectively and the net profit after taxation attributable to the Property were HK\$2,634,532 and HK\$2,604,930, respectively.

## **INFORMATION OF THE PARTIES**

### **The Company**

The Company is 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: 154). The Company is an investment holding company and its subsidiaries are principally engaged in environmental protection and solid waste treatment in mainland China.

### **The Vendor**

The Vendor is a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of BEHL. The Vendor is the property developer of 北控宏創科技園 (Beikong Hong Chuang Technology Park\*) and is principally engaged in property development, investment and management.

## **BEHL**

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

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CANCELLATION AGREEMENT**

The Company and the Vendor have taken steps to apply for the transfer of real estate title of the Property, however, due to the change of regulations and policies in the PRC, the transfer of real estate title of the Property cannot be proceeded. In view that the Property Transfer Agreement cannot be proceeded, the Company and the Vendor agreed that it is necessary to enter into the Cancellation Agreement.

The entering into of the Cancellation Agreement by the Company will be accounted for as disposal of an investment property. By reference to the carrying value of the Property as disclosed in the published interim report of the Company for the six months ended 30 June 2021, no additional gain or loss is expected to accrue to the Company. The proceeds from the refund of the Down Payment will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the entering into of the Cancellation Agreement is in the ordinary and usual course of business of the Company and the terms and conditions of the Cancellation Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Cancellation Agreement and therefore none of them is required to abstain from voting on the Board resolution for considering and approval of the Cancellation Agreement.

## **IMPLICATIONS OF THE LISTING RULES**

The Vendor is an indirectly wholly-owned subsidiary of BEHL and BEHL is the controlling shareholder of the Company. Accordingly, the Vendor is a connected person of the Company under the Listing Rules. The transaction contemplated under the Cancellation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Cancellation Agreement is more than 0.1% but less than 5%, the Cancellation Agreement and the transaction contemplated thereunder are only subject to the reporting and announcement requirements and are exempted 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:

“BEHL”	Beijing Enterprises Holdings 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);
“Board”	the board of Directors;
“Cancellation Agreement”	the cancellation of property transfer agreement dated 31 December 2021 entered into between the Company and the Vendor in relation to the cancellation of the Property Transfer Agreement;
“Company”	Beijing Enterprises Environment Group Limited, 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: 154);
“connected person(s)”, “controlling shareholder(s)” or “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules;
“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;
“PRC”	the People’s Republic of China;
“Property”	北控宏創科技園5號樓 (Block No. 5 (formerly named as Block No. 9), Beikong Hong Chuang Technology Park*), situates at Chao Qian Road, Chang Ping District, Beijing, the PRC;

“Property Transfer Agreement”	the property transfer agreement dated 14 February 2012 entered into between the Company and the Vendor in relation to the purchase of the Property;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	北京北控宏創科技有限公司 (Beijing Beikong Hong Chuang Technology Co., Ltd.*), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of BEHL; and
“%”	per cent.

*\* For identification purpose only*

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

Hong Kong, 31 December 2021

*For illustration purpose only, the amounts in RMB are translated to HK\$ at the exchange rate of HK\$1 to RMB0.83.*

*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.*