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**北控水務集團有限公司**

BEIJING ENTERPRISES WATER GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 371)**

## **PROPOSED REDUCTION OF SHARE PREMIUM**

The Board intends to put forward a proposal to the Shareholders at the SGM for the Reduction of Share Premium.

The Reduction of Share Premium is conditional upon (i) the approval of the Shareholders at the SGM by way of a special resolution; and (ii) compliance with the relevant requirements under the Companies Act.

A circular containing, amongst others, further details of the Reduction of Share Premium together with the notice of SGM and the related proxy form, will be sent to the Shareholders in due course.

## **PROPOSED REDUCTION OF SHARE PREMIUM**

The Board intends to put forward a proposal to the Shareholders at the SGM for the Reduction of Share Premium.

As at 30 June 2018, based on the unaudited financial statements of the Company as at that date, the total amount standing to the credit of the Share Premium Account was approximately HK\$8,652,067,000. It is proposed that the entire amount standing to the credit of the Share Premium Account as at the Effective Date be reduced to nil and the credit arising therefrom be transferred to the contributed surplus account of the Company and the Board be authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the Bye-laws and all applicable laws. The exact amount in the Share Premium Account to be reduced on the Effective Date may be different from the above stated as at 30 June 2018.

## **Reasons for the Reduction of Share Premium**

The Company is an investment holding company incorporated in Bermuda. The principal activities of the Group specializes in water services and environmental protection industries with sewage treatment as its core business segment.

The Board considers that the Reduction of Share Premium will give the Company more flexibility in relation to its dividend policy and distributions in the future. The contributed surplus account is a distributable reserve which may be applied by the Company in a more general manner as the Board may think fit, including but not limited to, the payment of dividends to Shareholders. The Board believes that the Reduction of Share Premium is in the interests of the Company and the Shareholders as a whole.

## **Effect of the Reduction of Share Premium**

The Reduction of Share Premium does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

Implementation of the Reduction of Share Premium will not, of itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole or the share capital of the Company other than related expenses incurred.

## **Conditions of the Reduction of Share Premium**

The Reduction of Share Premium is conditional upon, inter alia, the following being fulfilled:

- (i) the passing of a special resolution by the Shareholders to approve the Reduction of Share Premium at the SGM; and
- (ii) compliance with section 46(2) of the Companies Act, including (a) the publication of a notice of the Reduction of Share Premium in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and (b) the Board being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Reduction of Share Premium would be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the above conditions, it is expected that the Reduction of Share Premium shall become effective on the business day immediately following the date of passing of the special resolution to approve the Reduction of Share Premium at the SGM.

## **GENERAL**

A circular containing, amongst others, further details of the Reduction of Share Premium together with the notice of SGM and the related proxy form, will be sent to the Shareholders in due course.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Bye-laws”	the bye-laws from time to time adopted by the Company
“Company”	Beijing Enterprises Water Group Limited (Stock Code: 371), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Directors”	the directors of the Company
“Effective Date”	the date on which the Reduction of Share Premium shall become effective, being (subject to the compliance with Section 46(2) of the Companies Act) the business day immediately following the date of passing of the special resolution to approve the Reduction of Share Premium at the SGM
“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 People’s Republic of China
“Reduction of Share Premium”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account as at the Effective Date to nil and the transfer of the credit arising therefrom to the contributed surplus account of the Company to be considered and, if thought fit, approved by the Shareholders at the SGM by way of a special resolution
“Share Premium Account”	the share premium account of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Reduction of Share Premium
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Beijing Enterprises Water Group Limited**  
**Li Yongcheng**  
*Chairman*

Hong Kong, 9 November 2018

*As at the date of this announcement, the board of directors of the Company comprises ten executive directors, namely Mr. Li Yongcheng (Chairman), Mr. E Meng (Vice Chairman), Mr. Jiang Xinhao, Mr. Zhou Min (Chief Executive Officer), Mr. Li Haifeng, Mr. Zhang Tiefu, Ms. Qi Xiaohong, Mr. Ke Jian, Mr. Tung Woon Cheung Eric and Mr. Li Li and five independent non-executive directors, namely Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Mr. Wang Kaijun and Dr. Lee Man Chun Raymond.*