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If you have sold or transferred all your shares in Beijing Enterprises Water Group Limited, you should at once hand this circular and the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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 AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the board of directors of Beijing Enterprises Water Group Limited containing its recommendation is set out from pages 3 to 6 of this circular.

A notice convening the special general meeting of Beijing Enterprises Water Group Limited to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 10 December 2018 at 4:30 p.m. is set out from pages 7 to 8 of this circular. A form of proxy for use at the special general meeting of the Company is also enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Whether or not you are able to attend the special general meeting, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment if they so wish.

15 November 2018

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 9 November 2018 in relation to the Reduction of Share Premium
“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
“Latest Practicable Date”	12 November 2018, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice dated 15 November 2018 convening the SGM as set out on pages 7 to 8 of this circular
“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

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 10 December 2018 at 4:30 p.m., the notice of which is set out on pages 7 to 8 of this circular
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



北控水務集團有限公司

BEIJING ENTERPRISES WATER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

Executive Directors:

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
Mr. Li Li

Independent non-executive Directors:

Mr. Shea Chun Lok Quadrant
Mr. Zhang Gaobo
Mr. Guo Rui
Mr. Wang Kaijun
Dr. Lee Man Chun Raymond

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place
of business:*

Rooms 6706-07, 67th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

15 November 2018

To the Shareholders

Dear Sir or Madam,

PROPOSED REDUCTION OF SHARE PREMIUM AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information on, and to seek your approval for, the Reduction of Share Premium. The Notice containing the special resolution to be proposed at the SGM is set out on pages 7 to 8 of this circular.

LETTER FROM THE BOARD

PROPOSED REDUCTION OF SHARE PREMIUM

Reference is made to the Announcement.

The Board intends to put forward a proposal to the Shareholders at the SGM for the Reduction of Share Premium. As at the Latest Practicable Date, the total amount standing to the credit of the Share Premium Account was approximately HK\$8,616,142,000. 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 the Latest Practicable Date and 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.

LETTER FROM THE BOARD

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 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.

THE SPECIAL GENERAL MEETING

The Notice is set out on pages 7 to 8 of this circular. At the SGM, a special resolution will be proposed to approve the Reduction of Share Premium.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

VOTING AT THE SPECIAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the SGM must be taken by poll and the Company will then announce the results of the poll in the manner as prescribed under Rule 13.39(5) of the Listing Rules after the SGM.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders is required to abstain from voting at the SGM in respect of the special resolution for approving the Reduction of Share Premium.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the Reduction of Share Premium is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all the Shareholders to vote in favour of the resolution set out in the Notice.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

GENERAL INFORMATION

Your attention is drawn to the information set out in the Notice to this circular. The English text shall prevail over the Chinese text in this circular.

Yours faithfully,
By Order of the Board
Beijing Enterprises Water Group Limited
Li Yongcheng
Chairman

NOTICE OF THE SPECIAL GENERAL MEETING



北控水務集團有限公司
BEIJING ENTERPRISES WATER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

NOTICE OF SPEICAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**Meeting**”) of the shareholders of Beijing Enterprises Water Group Limited (the “**Company**”) will be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 10 December 2018 at 4:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:-

SPECIAL RESOLUTION

“**THAT** conditional upon compliance by the Company with section 46(2) of the Companies Act 1981 of Bermuda (as amended), and with effect from the business day immediately following the date of passing of this resolution (“**Effective Date**”):

- (a) the entire amount standing to the credit of the share premium account of the Company as at the Effective Date be reduced to nil (“**Reduction of Share Premium**”) and the credit arising therefrom be transferred to the contributed surplus account of the Company;
- (b) the directors of the Company be and are hereby authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the bye-laws of the Company and all applicable laws; and
- (c) the directors of the Company be and are hereby authorised generally to do and carry out all acts and things which they may consider appropriate, necessary or desirable to give effect to or to implement the Reduction of Share Premium and the application of the credit which will be arising therefrom.”

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

Hong Kong, 15 November 2018

NOTICE OF THE SPECIAL GENERAL MEETING

Notes:

- (i) The register of members will be closed from Tuesday, 4 December 2018 to Monday, 10 December 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Meeting to be held on Monday, 10 December 2018, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 December 2018.
- (ii) Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him/her. A member who is the holder of two or more shares entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote instead of him/her. In case of a recognised clearing house, it may authorise such person(s) as it thinks fit to act as its representative(s) and/or proxy(ies) at the Meeting and vote in its stead. A proxy need not be a member of the Company.
- (iii) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- (iv) Completion and return of the proxy form in respect of the proposed special resolution for the Meeting will not preclude a member from attending and voting in person at the Meeting (or any adjournment thereof) should he/she so wishes and in such event, the proxy form for the Meeting will be deemed to have been revoked.
- (v) The translation into Chinese language of this notice of the Meeting is for reference only. In case of any inconsistency, the English version shall prevail.
- (vi) As at the date of this notice of the Meeting, the board of Directors 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.