THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Enterprises Holdings Limited, you should at once hand this circular together with the enclosed proxy form, to the purchaser(s) or transferee(s) or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO THE FINANCIAL SERVICES AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

道勤資本 DILIGENT CAPITAL

Capitalised terms used on this cover page shall have the same meanings as those defined in this circular unless the context otherwise stated.

A notice convening the EGM of the Company to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 26 August 2026 at 3:00 p.m. is set out on pages 57 to 58 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.behl.com.hk).

Whether or not you are able to attend the EGM, please complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

4 August 2026

* *for identification purpose only*

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BOARD OF DIRECTORS AND CORPORATION INFORMATION

DIRECTORS
Executive Directors
Mr. YANG Zhichang *(Chairman)*
Mr. XIONG Bin
(Chief Executive Officer)
Mr. XU Tong
Mr. GENG Chao
Mr. TUNG Woon Cheung Eric

Non-executive Directors
Mr. YU Xijian
Mr. SU Junjie

Independent Non-executive Directors
Mr. WU Jiesi
Mr. LAM Hoi Ham
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

AUDIT COMMITTEE
Mr. WU Jiesi
Mr. LAM Hoi Ham
(Committee Chairman)
Dr. YU Sun Say

REMUNERATION COMMITTEE
Mr. XIONG Bin
Mr. WU Jiesi *(Committee Chairman)*
Mr. LAM Hoi Ham

NOMINATION AND GOVERNANCE COMMITTEE
Mr. YANG Zhichang
(Committee Chairman)
Dr. YU Sun Say
Ms. CHAN Man Ki Maggie

STRATEGY AND INVESTMENT COMMITTEE
Mr. XIONG Bin *(Committee Chairman)*
Mr. XU Tong
Mr. TUNG Woon Cheung Eric
Mr. LAM Hoi Ham
Ms. CHAN Man Ki Maggie

RULE OF LAW AND COMPLIANCE COMMITTEE
Mr. XIONG Bin *(Committee Chairman)*
Mr. GENG Chao
Mr. TUNG Woon Cheung Eric
Mr. SU Junjie
Ms. CHAN Man Ki Maggie

SUSTAINABILITY COMMITTEE
Mr. XIONG Bin *(Committee Chairman)*
Mr. TUNG Woon Cheung Eric
Mr. YU Xijian
Mr. SU Junjie
Mr. WU Jiesi

COMPANY SECRETARY
Mr. TUNG Woon Cheung Eric

STOCK CODE
0392.HK

SHARE REGISTRAR
Tricor Investor Services Limited
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16 Harcourt Road,
Hong Kong

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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)

4 August 2026

Dear Sir/Madam,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO THE FINANCIAL SERVICES AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. BACKGROUND

(I) Background of the Parties to the Transaction

The Company is a limited company incorporated in Hong Kong, with its shares listed on the Main Board of the Stock Exchange. The Company is an integrated urban public utility company underpinned by gas, water and environmental sectors as well as the related upstream and downstream investment as the principal businesses, with the beer business as a complementary, forming a collaborative development layout. Member enterprises are all taking leading position of the industry or the region, and have a strong influence on the market, ecology and development of related industries.

The Finance Company is incorporated in the PRC with limited liability. It is licensed to conduct financial business and is subject to the supervision of NFRA. Its substantial shareholders comprise BE Group (approximately 35.14%), Beijing Gas (approximately 24.80%), Yanjing Brewery (approximately 11.08%), the Company (approximately 8.91%), Beijing Holdings Jingtai Investment Management Co., Ltd.*（北京北控京泰投資管理有限公司）(approximately 6.69%), BE Water (approximately 6.69%), and 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）(approximately 6.69%). The Finance Company provides financial services to members of the BE Group through a range of financial products, including deposits and loans.

The ultimate controlling shareholder of the Finance Company is BE Group. The ultimate beneficial owner of the BE Group is the People's Government of Beijing Municipality（北京市人民政府）, which has authorised the SASAC of Beijing Municipality to exercise ownership rights and control over BE Group.

(II) Background of the Connected Transactions

The Company published an announcement on 2 June 2023 and a circular on 8 August 2023 in relation to the currently effective financial services agreement entered into between the Company and the Finance Company for a term of three years from 28 August 2023 to 27 August 2026. In order to continue and improve the quality of financial services provided by the Finance Company, the Company entered into new Financial Services Agreement with the Finance Company on 14 July 2026 for a term of three years from 28 August 2026 to 27 August 2029. According to the agreement, the Finance Company will provide the Deposit Services, the Loan Services and the Other Financial Services to the Group.

II. INFORMATION ABOUT THE FINANCIAL SERVICES AGREEMENT

(I) Scope of services

As the currently effective Financial Services Agreement will expire on 27 August 2026, the Group plans to continue using the financial services provided by the Finance Company and to further enhance its service quality. To this end, the Company entered into a new Financial Services Agreement with the Finance Company on 14 July 2026 for a term of three years. According to the agreement, the Finance Company will continue to provide the Group with deposit, loan and other financial services during such period.

In the ordinary course of the Group's production and operation management, the Finance Company will provide the relevant services on normal commercial terms (or on better terms) on an equitable basis. If there is a lack of sufficient comparable transactions to determine whether the foregoing standards have been met, the relevant transaction conditions should be no less favourable to the Group than terms available from independent third parties (as the case may be). Such conditions shall be fair and reasonable to all Shareholders of the Company.

When the Finance Company provides financial services on a specific basis, the parties will enter into separate agreements or contracts, and make detailed provisions on the specific transaction conditions on a case-by-case basis in accordance with the principles and terms determined in the Financial Services Agreement and relevant legal provisions.

The Group has absolute discretion in selecting financial services and is not restricted by the Financial Services Agreement, and may, based on the interests of the Shareholders and the Company as a whole, independently choose the services provided by other financial institutions.

Pursuant to the agreement, the financial services to be provided by the Finance Company to the Group are set out below:

1. Deposit Services

Following the principle of free decision-making in deposit and withdrawal arrangements, the Group opens deposit accounts with the Finance Company and independently deposits funds into such accounts. The Finance Company provides the Group with various types of deposit business services, including demand deposits, call deposits, time deposits and agreement deposits. The applicable deposit interest rate is based on the deposit rate standard set by the People's Bank of China, which should be no lower than the comparable deposit interest rates offered by independent third parties.

The Finance Company has always been committed to providing more competitive deposit services. Taking the end of May 2026 as an example, on a comprehensive weighted average basis, the deposit interest rate obtained by the Group through the Finance Company was 60 basis points higher than that offered by independent third-party commercial banks. Based on this estimate, for every RMB1 billion of deposits placed by the Group with the Finance Company, the Group could increase its annual income by approximately RMB6 million, thereby effectively enhancing capital utilisation efficiency and overall return on funds.

2. Loan Services

The Group may, based on its business development needs and to the extent as permitted by laws, regulations and policies in China, apply to the Finance Company for loan support. The Finance Company shall, in accordance with the requirements of the regulatory authority and in conjunction with its own operating principles and credit policies, structure scientific and reasonable financing solutions and provide loan services for the Group.

For business applications that meet the conditions for loans from the Finance Company, the Group will be given priority under the same conditions. At the same time, the level of loan services provided by the Finance Company to the Group is superior to that of independent third-party lenders. The relevant loans shall be at rates based on the loan prime rate (LPR) published by the National Interbank Funding Center authorised by the People's Bank of China, which should be no less favourable than the terms offered by independent third-party lenders.

In addition, the Group has the right to independently decide whether to apply for loans from the Finance Company, and may, on the premise of safeguarding the interests of the Group and the Shareholders of the Company, choose loan products from other financial institutions at any time. The Finance Company shall not in any way restrict or interfere with the Group's financing options.

3. Other Financial Services

The Group may, based on its business development needs and to the extent as permitted by laws, regulations and policies in China, apply to the Finance Company for support of other financial services. The Finance Company shall, in accordance with the requirements of the regulatory authority and in conjunction with its own operating principles and policies for other financial services, provide the Group with efficient fund settlement and cross-border services of funds, as well as diversified financial products such as non-financing guarantee letter services, financial advisory and consulting services.

Among others: the Finance Company provides the Group with free fund payment and settlement services in all currencies, which helps the Group reduce financial expenses. For other financial services, the service fees charged by the Finance Company shall be in compliance with the relevant standard service fee scales as prescribed by the People's Bank of China or the NFRA, and the terms of such service fees should be no less favourable than the terms offered by independent third parties for comparable products.

(II) Annual Caps for Deposit Amounts

1. Usage of Deposits Caps under the Currently Effective Financial Services Agreement

The actual maximum daily deposit amount (including accrued interest) of the Group during the validity period of the currently effective financial service agreement are as follows:

Period	**Maximum daily deposit amount** *(RMB100 million)*	**Annual caps** *(RMB100 million)*
From 28 August 2023 to 31 December 2023	approximately 65.63	87
From 1 January 2024 to 31 December 2024	approximately 86.91	87
From 1 January 2025 to 31 December 2025	approximately 86.99	87
From 1 January 2026 to 30 June 2026	approximately 86.98	87

2. Proposed Annual Caps

According to the Financial Services Agreement, the annual caps on the maximum daily deposit amount (including accrued interest) of the Group during the validity period are as follows:

Period	**Annual caps** *(RMB100 million)*
From 28 August 2026 to 31 December 2026	125
From 1 January 2027 to 31 December 2027	125
From 1 January 2028 to 31 December 2028	125
From 1 January 2029 to 27 August 2029	125

(III) Basis of Determination of Proposed Annual Caps

1. Maximum daily deposit balance of the Group with the Finance Company in the past

For the two years ended 31 December 2024 and 31 December 2025, the maximum daily deposit amounts of the Group deposited with the Finance Company were approximately RMB8,691 million and RMB8,699 million, respectively, both of which were already very close to the existing annual caps, indicating that the current deposit caps can no longer meet the Group's actual deposit needs with the Finance Company.

2. Cash Flow and Available Cash of the Group

As of 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB31.27 billion. The Group has ample overall capital resources, of which approximately RMB22.57 billion was placed with independent third-party banks, and approximately RMB8.7 billion was placed with the Finance Company. The Proposed Annual Caps accounted for approximately 40% of the Group's total cash and bank balances as at 31 December 2025, representing a safe and reasonable level.

However, as of 30 June 2026, the balances of deposits placed by the Group with the Finance Company reached RMB8.68 billion, representing 99.77% of the current annual caps for the deposits. There is virtually no remaining room for further fund allocation. Subject to the Existing Annual Caps, part of the Group's funds are forced to be placed with independent third-party banks. The interest rates on demand deposits or negotiated deposits offered by such banks have on multiple occasions been lower than the exclusive negotiated interest rates provided by the Finance Company to the Group. As a result, the Group is unable to fully optimize the efficiency of its capital and maximise returns on funds, thereby incurring actual opportunity costs.

In order to effectively increase returns on funds, it is necessary for the Group to moderately increase the deposit caps with the Finance Company. Meanwhile, the Finance Company has put in place a stringent internal risk control system, including daily reviews of liquidity coverage ratio and capital adequacy ratio, to ensure the safety and liquidity of the funds deposited by the Group. With the effective safeguards provided by these risk control mechanisms, raising the deposit caps will not only free up scope for capital allocation and optimise overall returns on funds, but also ensure that risks remain manageable, which is in the interests of the Group as a whole.

3. Future Cash Flow and Cash Position of the Group

After comprehensively considering the following factors, including:

(1) the Group will continue to generate net cash inflows from operating activities;

(2) the Group will continue to generate net cash inflows from financing activities; and

(3) the Group's cash flow forecast for the next 18 months ending 31 December 2027, the Company considers that the Group's future available cash and cash equivalents will remain stable.

4. Capital Needs of the Group in its Future Business Development

The Group's various business segments will continue to develop steadily, with cash and cash equivalents increasing continuously and capital needs expanding accordingly. Among others: the business scale of the Tianjin Nangang gas storage facility continues to expand, with the growth of imported LNG trade accelerating; the beer business is experiencing a strong recovery, with sales ranking among the top in the country, etc.

Based on development needs, the Company's subsidiaries will accordingly increase their investment and financing amounts in the future and expand their financing facilities with the Finance Company, which will not only secure stable sources of funds but also obtain low-cost funds, serving as a convenient, efficient and timely financing channel.

The Finance Company has undertaken to increase its loan credit facility to the Group to RMB13 billion, and will conduct approval and disbursement based on specific project circumstances, with the specific arrangements as follows:

Working capital of RMB1-2 billion; environmental protection and solid waste projects of RMB2-3 billion; distributed energy, gas pipeline construction and technical upgrade projects of RMB1-3 billion; and recurring projects for natural gas trading and LNG trading of RMB4-5 billion.

Therefore, raising the deposit caps with the Finance Company and expanding cooperation with the Finance Company is conducive to resource sharing and mutual benefit for both parties.

In summary, in determining the Proposed Annual Caps, the Company has given full consideration to factors such as the Group's historical maximum daily deposit amount with the Finance Company, which has been close to the Existing Annual Caps, the adequacy of cash and cash equivalents, future cash flow and funding requirements for business development, and the need to diversify deposit risks. The Company believes that there is a reasonable quantitative basis for raising the deposit caps from the existing RMB8.7 billion to RMB12.5 billion. The cash and cash equivalents of the Group as at 31 May 2026 amounted to approximately RMB35.08 billion, which represents approximately 4 times over the Existing Annual Caps of RMB8.7 billion. In order to maintain the overall liquidity of the Group, diversify the risks associated with counterparties and the placement of funds across different jurisdictions, and capitalise on opportunities to maximise returns on funds, the Company intends to increase the proportion of funds that may be allocated to the Finance Company's Deposit Services to approximately 35% of the Group's total cash resources. Given that the cash balances of the Group as at 31 May 2026 amounted to approximately RMB35.08 billion, such allocation arrangement supports the determination of the Proposed Annual Caps of RMB12.5 billion.

III. INTERNAL CONTROL AND RISK MANAGEMENT MEASURES ADOPTED BY THE GROUP

(I) Internal Control and Risk Management Measures Adopted by the Group

As one of the shareholders of the Finance Company, the Group has appointed a number of senior management personnel to serve as directors of the Finance Company, directly participating in its major operational decisions and risk management matters. Such directorships ensure that the Group maintains effective oversight over the Finance Company's business operations and risk profile, effectively safeguarding the interests of the Finance Company and the Shareholders of the Company, and ensuring that the Finance Company strictly complies with regulatory requirements in its business operations and continuously enhances its risk prevention and control capabilities.

1. Ensuring the Most Favourable Terms through Competitive Bidding

The Group considers the use of the Finance Company's services on a fair, voluntary and non-exclusive basis. The Finance Company is merely one of the many financial institutions providing services to the Group, and the Financial Services Agreement with the Finance Company does not restrict or interfere with the Group's use of services from other financial institutions. The Group may still independently choose services provided by other financial institutions based on its own interests.

Pursuant to the Group's financial management requirements, when financial deposit or loan services are needed, financial institutions must be requested to provide proposals and quotations based on the Group's requirements. As one of the institutions providing financial services to the Group, the Finance Company, like other independent third-party financial institutions, is required to participate in the competitive bidding process. Through the competitive bidding process, the Group selects the proposal offering the most favourable terms and the best cost-effectiveness from no fewer than three financial institutions, and ensures that the bidding documents and evaluation records are complete for inspection, so as to safeguard the interests of the Group and the Shareholders of the Company.

The Group will only consider engaging the Finance Company to provide the relevant services if the terms offered by the Finance Company are no less favourable than those of other independent third-party financial institutions. Among others: the interest rates for deposit services must be no lower than the rates applicable to the same deposit services offered by other independent third-party financial institutions in China and Hong Kong; and for loan services, based on the credit status and credit conditions of the borrowing entity, the Finance Company must offer the most favourable terms across multiple factors including interest rate, total cost, tenor and approval speed, ensuring that the rates offered by the Finance Company are no less favourable than those offered by independent third-party financial institutions to the Group.

2. Regular Inspection and Audit to Ensure Transactions are Conducted in Accordance with Terms

The Group conducts inspection and assessment on whether all financial services are executed in accordance with their terms, and reviews whether the interest rates and terms offered by the Finance Company for specific transactions are fair and reasonable every six months. In terms of internal regular inspection, the Group monitors the deposit balance daily through online banking to ensure that the total deposits at any point of time during the year do not exceed the annual caps. The Group will conduct regular risk assessments and reviews of the Finance Company to ascertain and assess its financial conditions and credit status, as well as the relevant credit risks and/or default risks in respect of the transactions contemplated under the Financial Services Agreement, and will continuously review the Finance Company's financial statements (to the extent available) to monitor its service performance and assess the safety of the Group's deposits placed with the Finance Company. In terms of external annual audit, the Group engages independent accounting firms annually to audit the continuing connected transactions and file them with the Stock Exchange, ensuring that the total deposits at any point of time during the year do not exceed the caps, and that every transaction received the best arrangement.

3. Delegating Senior Management Personnel to Serve as Directors of the Finance Company so as to Control and Monitor the Compliant Operation and Risk of the Finance Company

With regard to controlling and monitoring the daily operation and key data of the Finance Company, the Group and the Company's associate, Beijing Enterprises Water Group Limited, have delegated three and one senior financial management personnel respectively to serve as directors of the Finance Company, which enables them to participate directly in matters such as major operational decision-making, risk management and the compliant oversight of related-party transactions, thereby allowing the Group to maintain continuous and effective supervision over the operational compliance and risk prevention of the Finance Company, strictly adhering to the various regulations and requirements of the Hong Kong regulatory authorities, and effectively safeguarding the legitimate rights and interests of Independent Shareholders and market investors.

IV. INTERNAL CONTROL AND RISK MANAGEMENT MEASURES ADOPTED BY THE FINANCE COMPANY

(I) Subject to Stringent Regulation by Law

The Finance Company is a non-banking financial institution approved and established by the National Financial Regulatory Administration, and accepts the guidance and supervision of multiple regulatory authorities and competent departments in accordance with the law, including the National Financial Regulatory Administration, the People's Bank of China, the State Administration of Foreign Exchange, the China Finance Company Association, and the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, etc. Its regulatory standards and fund security are consistent with those of commercial banks.

In its daily operations, the National Financial Regulatory Administration conducts comprehensive supervision over the independence and compliance of the Finance Company through on-site and off-site inspections to ensure its standardised operation. The Finance Company, in accordance with regulatory requirements, submits various regulatory reports to the regulatory authorities on a daily, monthly, quarterly and annual basis, including balance sheets, income statements and other financial and accounting statements, statistical returns, various business reports, operation and management materials, as well as audit reports issued by certified public accountants.

(II) An Efficient Compliance Monitoring System has been Established

The Finance Company has formulated the "Administrative Measures for Connected Transaction Business of Listed Companies" for its business operations in serving clients, including listed companies such as the Group, which regulates various business dealings with listed companies, providing provisions on various aspects including the management of financial services agreements with listed companies, pricing management of connected transactions, credit and loan service management, settlement service management, cross-border fund service management, and information disclosure of connected transaction business, with a view to preventing risks in connected transaction business with listed companies and promoting the safety, independence and compliance of connected transaction business operations.

In 2022, the Finance Company developed and completed the "Deposit Monitoring System and Cap Monitoring System for Listed Companies", which transformed daily monitoring from manual to intelligent management. Based on the list of connected parties, it automatically compiles relevant deposit data on a daily basis and identifies whether the limit has been exceeded, keeping the Group's deposits placed with the Finance Company under continuous monitoring. If the deposit annual caps are exceeded, the system will automatically trigger an alarm and return the excess deposits to the original transfer account or an account designated by the Group, and notify the Group in a timely manner.

On the basis of continuously optimising settlement services, BE Group will soon complete the construction of a comprehensive treasury management system, which will make the Finance Company a group-level fund management hub integrating fund pooling, settlement, monitoring, financing and decision support, further enhancing the Group's capital operation efficiency, reducing financial costs, strengthening risk prevention and control capabilities, and providing more solid financial support for the Group's high-quality development.

In terms of internal control development, the Finance Company has a comprehensive internal control system and a full-process risk management system, with emergency response plans established for different types of risks to effectively prevent risks. It also regularly submits risk and internal control work reports to the directors of the Finance Company, so as to supervise the company's daily risk control, risk governance and business development, and to ensure the safety of the funds deposited by the Group.

(III) The Finance Company Operates Prudently with Sound Operating Indicators

As at 30 June 2026, the Finance Company's capital adequacy ratio was 28.56%, liquidity ratio was 105.41%, borrowed funds ratio was 0%, guarantee ratio was 0%, investment ratio was 51.37%, fixed assets ratio was 0.03%, non-performing loan ratio was 0% and non-performing asset ratio was 0%. The above indicators all reflect that the Finance Company is an institution with sound credit and quality assets, and its counterparty risk, credit risk, market risk and liquidity risk are significantly lower than the industry average.

Laws and regulations require that the service targets of the Finance Company be strictly limited to member enterprises within BE Group. Against this backdrop, the Group has established full mutual trust, a good relationship and longer-term and more stable cooperation with the Finance Company. The Finance Company has a better understanding of the characteristics, operational conditions and risk appetites of the Group's member enterprises than other independent third-party financial institutions, and is therefore able to formulate targeted and customised financial services for the Group with more comprehensive risk control measures.

V. PLANS, COMMITMENTS AND SAFEGUARDS OF THE FINANCE COMPANY IN RESPECT OF FINANCIAL SERVICES

Under the Financial Services Agreement, the Finance Company undertakes to use the deposits obtained from the Group primarily for credit extension to the Group, so as to ensure the safety of the deposit funds. On this basis, if the Group's fund requirements exceed the deposit funds with the Finance Company, the Finance Company may satisfy the Group's needs through internal adjustments.

The Finance Company plans to increase its credit facility to the Group to RMB13 billion. The specific disbursement of loan funds will be based on the Group's actual business needs, in accordance with applicable laws and regulations and the industry approval principles of financial institutions, and will be made after approval based on actual circumstances. Therefore, the Finance Company will not only refrain from occupying the Group's funds, but will also be able to provide strong support for the Group's liquidity and financing needs.

In the event that the Finance Company encounters operational difficulties, pursuant to the laws of the PRC and the provisions of the Finance Company's articles of association, BE Group, as the initiator and parent company of the Finance Company, shall assume the primary responsibility for risk prevention and resolution of the Finance Company in accordance with the law, and shall inject additional capital or provide liquidity to the Finance Company when necessary. The Finance Company undertakes that any such supplementary capital or liquidity will be used on a priority basis to ensure the payment and settlement of the Group's funds.

VI. REASONS FOR AND BENEFITS OF THE FINANCIAL SERVICES AGREEMENT

(I) Improving and Enhancing Capital Utilisation Efficiency and Synergies

While the capital pool of the Group is ample, there is an uneven distribution of funds within the Group. Currently, due to the restrictions of relevant laws and regulations, internal policies, business scopes and qualification requirements, it is difficult for enterprises within the Group to directly provide loans to one another. Against this backdrop, enterprises within the Group that have funding needs can only turn to external independent third-party financial institutions for financing, which, while increasing the Group's external financing risks, also increases financial expenses correspondingly, and significantly reduces overall liquidity and utilisation efficiency of funds, failing to fully enhance Shareholders' interests.

As a non-banking financial institution approved and established by the National Financial Regulatory Administration, the Finance Company possesses legal and compliant financial service qualifications. Through its financial services such as fund pooling and lending allocation, the Finance Company is able to provide professional and customised management of deposits and loans within the Group, strengthen the flow and synergistic use of funds within the Group, and precisely deploy funds to the business segments within the Group that are in need, thereby effectively enhancing overall capital utilisation efficiency and helping to improve and safeguard Shareholders' interests.

The Finance Company has been serving the Group for a long time and is familiar with the Group's capital structure and fund requirement characteristics. It can provide stable, efficient and convenient customised financial services, effectively strengthening the Group's capability in overall fund security planning, flexible allocation, efficient management and supervision, which helps support the Group's strategic development and substantially improve capital utilisation efficiency. Leveraging its role as the fund settlement platform of BE Group, the Finance Company assists the Group in reducing external debt, saving interest and financial expenses, safeguarding fund security and enhancing operational efficiency.

It is estimated that, through the efficient operation of the Finance Company's settlement system, the Group can save considerable payment settlement fees and fund idle costs each year. The Finance Company is an important strategic partner of the Group.

(II) Diversifying Funding Channels and Mitigating External Debt Risk

Of particular note is the financing demand of the natural gas trading business. The natural gas trading business involves multiple stages including international procurement, shipping arrangements, storage and resale, with a significant time lag between procurement and payment receipt, resulting in a large and cyclical demand for short-term working capital. As a financial institution familiar with the Group's business characteristics, the Finance Company is able to provide more flexible and efficient credit support for the natural gas trading business, helping the Group seize international LNG market opportunities and enhance its trading scale and profitability.

On the other hand, the terms entered into with the Finance Company also help enhance the Group's bargaining power with other external financial institutions to secure more favourable service terms. At the same time, the Finance Company has an in-depth understanding of the operating characteristics and funding demand rhythms of the Group's various business segments, and can provide more targeted financing solutions, with unique advantages in loan approval efficiency, tenor flexibility and facility allocation, further reducing the Group's financing costs and time costs.

(III) Accessing Convenient and Diversified Services to Reduce Funding Costs

The Finance Company has been serving the Group for a long time and has a thorough understanding of the Group's business and risk appetite, enabling it to provide more flexible, faster and more stable customised services than independent third-party financial institutions, helping the Group reduce capital costs and financial expenses. Through the Financial Services Agreement, the Group can enjoy competitive deposit and lending rates offered by the Finance Company, increasing deposit interest income and saving loan interest expenses.

The Finance Company waives all handling fees for settlement services for the Group's subsidiaries, saves the Group's cross-border business fund channel fees, and improves the efficiency of cross-border fund flows. At the same time, the Finance Company provides various forms of low-rate credit guarantees, multi-tier cash management platforms, agency collection and fee collection service platforms and other financial products and service tools, implementing a low-cost and tailor-made differentiated financial service strategy for the Group, which plays an important role in strengthening fund management and enhancing capital utilisation efficiency.

(IV) Indirectly Enhancing Investment Returns and Strengthening Cash Flow Contributions

The Group holds an aggregate of approximately 44.79% equity interest in the Finance Company. Entering into the Financial Services Agreement is conducive to expand the Finance Company's business scale and bolster its profitability. The Group stands to receive investment returns from annual cash dividends, which will supplement our cash flows and reinforce our overall financial resilience.

In respect of the deposits placed by the Group with the Finance Company through the Deposit Services under the Financial Services Agreement, the Finance Company shall use its best endeavors and all reasonable means to ensure that such deposits are utilised to provide loan services to the Group, thereby prioritising and satisfying the Group's funding requirements.

In summary, the entering into the Financial Services Agreement with the Finance Company will enable the Group to enhance its capital efficiency, lower funding costs, and diversify its financing options beyond external financial institutions. Both parties are committed to implementing comprehensive and robust risk control measures to ensure the delivery of safe, reliable, more tailored and agile financial services to the Group.

Having considered the foregoing factors, the Directors consider that the Financial Services Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms or better terms and that the terms of the Financial Services Agreement (including the Proposed Annual Caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

VII. LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, BE Group and its subsidiaries hold approximately 62.23% equity interest in the Company, while BE Group and its subsidiaries (excluding the Group and BE Water) and the Group hold approximately 48.52% and approximately 44.79% equity interests in the Finance Company, respectively. Accordingly, pursuant to the Listing Rules, BE Group is a connected person of the Company, the Finance Company is an associate of the BE Group, therefore, the Finance Company is also regarded as a connected person of the Company. The entering into of the Financial Services Agreement constitutes continuing connected transactions of the Company. Among them:

(I) Deposit Services

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the Deposit Services are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the ratio also exceeds 25%, the Deposit Services also constitute a major transaction of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(II) Loan Services

The Loan Services are provided on normal commercial terms and no asset security is required to be provided by the Group. The Loan Services constitute financial assistance provided to the Group by a connected person. According to Rule 14A.90 of the Listing Rules, the Loan Services are fully exempt from all requirements under Chapter 14A of the Listing Rules.

(III) Other Financial Services

As the highest applicable percentage ratio in respect of the aggregate fees payable to the Finance Company for the Other Financial Services is expected to be below the de minimis threshold stipulated in Rule 14A.76(1) of the Listing Rules, the Other Financial Services are fully exempt. Should the transaction amount(s) exceed the de minimis threshold in the future, the Company will comply with the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules accordingly.

None of the Directors has a material interest in the Financial Services Agreement. However, Mr. YANG Zhichang, by virtue of his concurrent directorship at BE Group, has abstained from voting on the board resolution approving the Financial Services Agreement (including the Proposed Annual Caps in respect of deposits). Save as disclosed above, no other Director has abstained from voting on the relevant resolution.

VIII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors of the Company (namely, Mr. WU Jiesi, Mr. LAM Hoi Ham, Dr. YU Sun Say and Ms. CHAN Man Ki Maggie), has been formed to advise the Independent Shareholders on the terms of the Deposit Services to be provided under the Financial Services Agreement.

The Company has appointed Diligent Capital as its independent financial adviser, which will advise the Independent Board Committee and the Independent Shareholders on the terms of the Deposit Services to be provided under the Financial Services Agreement.

IX. CONVENING OF THE EGM

A notice convening the EGM of the Company to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 26 August 2026 at 3:00 p.m. is set out on pages 57 to 58 of this circular. At this EGM, the Independent Shareholders will consider the Financial Services Agreement and the Proposed Annual Caps in respect of the Deposit Services thereunder.

On a poll, pursuant to Article 82 of the Articles of Association of the Company, subject to any special rights or restrictions as to voting for the time being attached to any Shares and to the provisions of the Articles of Association, every individual Shareholder present in person or by proxy at this extraordinary general meeting shall have one vote for every share held. Every corporate shareholder present by a duly authorised representative or by proxy shall also have one vote for every share held. A Shareholder present in person or by proxy or by authorised representative who is entitled to more than one vote does not have to use all his/her votes (i.e. he/she can cast less votes than the number of Shares he/she holds or represents) or to cast all his/her votes the same way (i.e. he/she can cast some of his/her votes in favour of some of the voting rights and vote against some of the voting rights).

After closure of the EGM, the poll results will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.behl.com.hk).

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, please complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

As BE Group has a material interest in Financial Services Agreement and relevant transactions contemplated thereunder, it and its close associates are required to abstain from voting on the relevant resolution(s) at the EGM. Apart from the circumstances disclosed above, no other shareholder is required to abstain from voting on the relevant resolutions at the extraordinary general meeting.

As at the Latest Practicable Date, BE Group (including its close associates) controls or is entitled to control over the entire voting right in respect of 782,836,788 Shares of the Company (representing approximately 62.23% of the total issued share capital of the Company). Therefore, a total of 782,836,788 Shares of the Company (representing approximately 62.23% of the total issued share capital of the Company) shall abstain from voting at the EGM.

X. RECOMMENDATIONS

The Board (including the members of the Independent Board Committee after taking the advice of the Independent Financial Adviser) are of the opinion that Deposit Services contemplated under the Financial Services Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group. The terms of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Caps) are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

XI. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 48 of this circular and the information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Beijing Enterprises Holdings Limited
YANG Zhichang
Chairman

北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

4 August 2026

Dear Sir/Madam,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO THE FINANCIAL SERVICES AGREEMENT

We refer to the circular (the "**Circular**") dated 4 August 2026 issued by the Company of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Caps) 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 interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders how to vote at the EGM.

Diligent Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Board set out on pages 1 to 18 of this circular, which contains information on the Deposit Services under the Financial Services Agreement and the Proposed Annual Caps, as well as the letter from the Independent Financial Adviser set out on pages 21 to 48 of this circular, which contains its opinions and recommendations on the same matters.

Having taken into account the terms of Deposit Services contemplated under the Financial Services Agreement and the views of Diligent Capital, we are of the opinion that the terms of the Deposit Services under the Financial Services Agreement (including the Proposed Annual Caps) 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 interests of the Company and its Shareholders as a whole.

Accordingly, we recommend you to vote in favor of the resolution to be proposed at the EGM to approve the transactions in respect of the Deposit Services under the Financial Services Agreement (including the Proposed Annual Caps).

For and on behalf of
Beijing Enterprises Holdings Limited
the Independent Board Committee

Mr. WU Jiesi	**Mr. LAM Hoi Ham**	**Dr. YU Sun Say**	**Ms. CHAN Man Ki Maggie**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

DILIGENT CAPITAL

道勤資本有限公司
Diligent Capital Limited
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4 August 2026

To the Independent Board Committee and
the Independent Shareholders of
Beijing Enterprises Holdings Limited

Dear Sirs and Madams,

MAJOR TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS REGARDING THE NEW FINANCIAL SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the New Financial Services Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) (the "**Transaction**"), particulars of which are set out in the section headed "Letter from the Board" (the **"Letter"**) contained in the circular of the Company to the Shareholders dated 4 August 2026 (the **"Circular"**), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular.

1. Background of the Transaction

Reference is made to the Company's announcement dated 2 June 2023 and circular dated 8 August 2023 regarding the continuing connected transactions contemplated under the Existing Financial Services Agreement.

1.1 The Existing Financial Services Agreement

On 28 December 2022, the Company and the Finance Company entered into a deposit services agreement (the "**2022 Deposit Agreement**"), pursuant to which the Group was authorised to place and maintain deposits with the Finance Company in the ordinary course of business, either on normal commercial terms or on more favourable terms. The 2022 Deposit Agreement was valid for three years, commencing on 1 January 2023 and ending on 31 December 2025. According to the terms of the 2022 Deposit Agreement, the total daily outstanding deposit balances that the Group placed with the Finance Company during the term of the 2022 Deposit Agreement, including any accrued interest, could not exceed the annual caps of HK$1,538,000,000 for each of the three years ended 31 December 2023, 31 December 2024 and 31 December 2025.

On 2 June 2023, the Company and the Finance Company entered into a financial services agreement (the "**Existing Financial Services Agreement**") under which the Finance Company will provide financial services to the Group, which include: (a) various types of deposit services, such as demand deposits, call deposits, time deposits, and agreement deposits, to meet the Group's requirements for capital security (the "**Deposit Services**"); and (b) personalised loan services, provided in accordance with applicable laws and regulations and under the supervision of the NAFR and its representative office, to support the Group's financing needs for business development (the "**Loan Services**"). The Existing Financial Services Agreement has a three-year term commencing from the date the Independent Shareholders approved it at the Company's extraordinary general meeting (i.e., 28 August 2023). The annual cap for the Group's total daily deposits placed with the Finance Company (including accrued interest) is revised to not exceed RMB8,700,000,000 for each of the years ended 31 December 2023, 31 December 2024 and 31 December 2025, and for the period from 1 January 2026 to 27 August 2026 (the "**Existing Annual Caps**").

1.2 The New Financial Services Agreement

As the Existing Financial Services Agreement will expire on 27 August 2026, and to continue and improve the quality of financial services provided by the Finance Company, the Company entered into a new financial services agreement with the Finance Company on 14 July 2026 (the "**New Financial Services Agreement**") for a term of three years from 28 August 2026 to 27 August 2029. Under the New Financial Services Agreement, the Finance Company will provide Deposit Services, Loan Services, and other financial services to the Group, including fund settlement, cross-border fund transfers, and financial advisory services (the "**Other Financial Services**").

Pursuant to the New Financial Services Agreement, the total daily outstanding deposit balances placed by the Group with the Finance Company during the term of the agreement, including any accrued interest, shall not exceed an annual cap of HK$12,500,000,000 for each of the following periods: (a) 28 August 2026 to 31 December 2026; (b) the year ending 31 December 2027; (c) the year ending 31 December 2028; and (d) 1 January 2029 to 27 August 2029.

2. Implications under the Listing Rules

As of the Latest Practicable Date, the BE Group and the Group hold approximately 48.52% and 44.79% equity interests in the Finance Company, respectively. The Finance Company is therefore an associate of both the BE Group and the Group under Chapter 14A of the Listing Rules.

As the BE Group is the ultimate controlling shareholder of the Company and thus a connected person of the Group, the Finance Company, being an associate of the BE Group, is also regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

2.1 The Deposit Services

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the Deposit Services are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Because the relevant ratio also exceeds 25%, but falls below 100%, the Deposit Services constitute a major transaction of the Company and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

2.2 The Loan Services

The Loan Services constitute financial assistance received by the Group from a connected person as defined in Rule 14A.90 of the Listing Rules. As the Loan Services are provided on normal commercial terms and do not require any asset security from the Group, the Loan Services are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

2.3 The Other Financial Service

As the highest applicable percentage ratio in respect of the aggregate fees payable to the Finance Company for the Other Financial Services is expected to be below the de minimis threshold under Rule 14A.76(1) of the Listing Rules, the Other Financial Services are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements of Chapter 14A. If aggregate transaction amounts subsequently exceed the de minimis threshold, the Company will comply with the applicable requirements of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wu Jiesi, Mr. Lam Hoi Ham, Dr. Yu Sun Say and Ms. Chan Man Ki Maggie, has been established to consider and advise the Independent Shareholders as to whether the terms of the Transaction are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Transaction are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

OUR INDEPENDENCE

We, Diligent Capital Limited ("**Diligent Capital**"), have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

Diligent Capital is a licensed corporation licensed under the Securities and Futures Ordinance ("**SFO**") to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Felix Huen ("**Mr. Huen**") is the person signing off the opinion letter from Diligent Capital contained in the Circular. Mr. Huen has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2019, and he has participated in and completed various independent financial advisory transactions in Hong Kong.

As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Diligent Capital and the Company or any other parties that could reasonably be regarded as a hindrance to Diligent Capital's independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Transaction.

We are not associated with and have no significant connection, financial or otherwise, with the Company, its subsidiaries, its associates, or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates, or their respective substantial shareholders or associates. We are not aware of any circumstances that would affect our independence, nor of any changes in such circumstances. Diligent Capital did not provide any service to the Company in the last two years. Accordingly, we consider ourselves eligible to provide independent advice on the terms of the Transaction.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transaction, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by, the Directors, management of the Company and its subsidiaries (the "**Management**"). We have assumed that all information, facts, opinions, and representations made or referred to in the Circular were true, accurate, and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy, and completeness of the information, facts, opinions, and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration. There are no other facts not contained in the Circular that, if omitted, would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view, justify relying on the accuracy of the information contained in the Circular, and provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we conducted any independent investigation into the Company's business, financial condition, or affairs, or into its prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps applicable to the Transaction, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto), in formulating our opinion and recommendation.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Transaction; except for its inclusion in the Circular, it is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Transaction

On 14 July 2026, the Company entered into the New Financial Services Agreement with the Finance Company.

1.1 Information about the Company and the Group

The Company is a limited liability company incorporated in Hong Kong, and the issued Shares of which are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the holding company of the Group.

(a) Principal business of the Group

The Group is principally engaged in: (i) gas operations – including natural gas storage, transmission and sales; urban gas pipeline construction and management; gas for vehicles and vessels and refuelling stations; distributed energy; liquefied petroleum gas; new energy-related technology and product development; and natural gas trading and value-added services, covering upstream resources, midstream transmission and downstream market applications to achieve full industrial-chain development; (ii) water operations – including water supply, water recycling and water-related environmental protection, and integrating industrial investment, design, construction, operation, technical services and capital management; (iii) environmental services – including household waste incineration and power generation, hazardous and medical waste treatment, sludge disposal, and garbage collection and transportation, supported by advanced waste-incineration technology and project management standards; and (iv) production and sale of beer and beverage products in the PRC.

(b) Financial position of the Group

Below is a summary of the Group's audited consolidated financial position as of 31 December 2025, as extracted from the Company's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**"):

	As at 31 December 2025 *RMB'000* (Audited)	**As at 31 December 2024** *RMB'000* (Audited)
Non-current assets	**162,860,724**	**160,024964**
Current assets		
– Inventories	7,376,674	6,815,913
– Receivables under service concession arrangements	142,726	136,807
– Trade receivables	4,835,300	5,134,785
– Prepayments, other receivables, and other assets	7,583,516	5,902,307
– Other tax recoverables	453,093	467,621
– Restricted cash and pledged deposits	39,574	7,340
– Cash and cash equivalents	31,267,524	30,960,207
	51,698,407	49,424,980
– Non-current assets classified as held for disposal	302,173	302,173
Total current assets	**52,000,580**	**49,424,980**
TOTAL ASSETS	**214,861,304**	**209,752,117**
Current liabilities		
– Trade and bill payables	4,269,016	3,906,197
– Other payables, accruals, and contract liabilities	19,768,729	20,600,778
– Provision for major overhauls and onerous contracts	46,745	42,717
– Income tax payables	590,813	636,822
– Other tax payables	370,110	388,881
– Bank and other borrowings	27,690,884	28,608,957
– Guaranteed bonds and notes	5,402,445	7,382,326
– Lease liabilities	220,715	249,719
Total current liabilities	**58,359,457**	**61,816,397**
Net current liabilities	**(6,358,877)**	**(12,391,417)**

	As at 31 December 2025 *RMB'000* (Audited)	As at 31 December 2024 *RMB'000* (Audited)
Non-current liabilities		
– Bank and other borrowings	38,937,907	30,692,409
– Guaranteed bonds and notes	6,914,912	12,222,436
– Lease liabilities	459,514	353,387
– Defined benefit obligations	2,204,650	2,301,531
– Provision for major overhauls and onerous contracts	302,146	279,216
– Other non-current liabilities	2,693,765	2,156,727
– Deferred tax liabilities	2,155,922	2,107,690
– Derivative financial instruments	98,217	207,141
Total non-current liabilities	**53,767,033**	**50,320,537**
TOTAL LIABILITIES	**112,126,490**	**112,136,934**
NET ASSETS	**102,734,814**	**97,615,183**

As presented in the table above, the Group's total cash and cash equivalents as at 31 December 2025 amounted to approximately RMB31,267,524,000. Out of this total, the Group has allocated approximately RMB8,676,000,000 to the Finance Company for the Deposit Services, representing approximately 99.7% of the Existing Annual Caps.

As further set out in the table above, the Group recorded audited consolidated net current liabilities of approximately HK$6.4 billion as at 31 December 2025. We acknowledge that this financial position raises material uncertainty that may cast doubt on the Group's ability to continue as a going concern. However, having considered (i) the Group's continued profit performance in recent years; (ii) the Group's listed investments, which can be realised in a short period to provide liquidity and meet repayment obligations as they fall due; and (iii) the refinancing of existing indebtedness through renewal of bank facilities based on historical practice, we concur with the Directors that the Group does not face immediate liquidity pressure to meet its liabilities. Furthermore, this position has improved from net current liabilities of approximately RMB12.4 billion as at 31 December 2024, demonstrating that the Board has made efforts to enhance treasury management and operational efficiency, adopt a strategic approach to managing idle cash, and achieve favourable interest income together with flexible deposit and withdrawal arrangements.

1.2 Information on the Finance Company

Below is the information related to the Finance Company, including (a) the shareholding structure; (b) the principal activities; and (c) the applicable rules and regulations governing its business operations.

(a) Shareholding structure

The Finance Company is a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the Latest Practicable Date, the ownership structure of the Finance Company is as follows: (i) the Group (excluding Beijing Enterprises Water Group Limited, an associated company of the Company) holds 44.79%; (ii) Beijing Enterprises Water Group Limited holds 6.69% directly; and (iii) the BE Group (excluding both the Group and Beijing Enterprises Water Group Limited) collectively holds 48.52%.

The ultimate beneficial owner of the BE Group is the People's Government of Beijing Municipality*（北京市人民政府）. The State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality*（北京市人民政府國有資產監督管理委員會）is responsible for executing ownership and control functions for the BE Group, acting with the authorization of the People's Government of Beijing Municipality.

As the BE Group holds more than a 30% equity interest in the Finance Company, the Finance Company is an associate of the BE Group under Chapter 14A of the Listing Rules.

As the BE Group is the ultimate controlling shareholder of the Company and thus a connected person of the Group, the Finance Company, being an associate of the BE Group, is also regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

(b) Principal activities

The Finance Company is a non-bank financial institution established in 2013 and commenced business with approval granted by the National Administration of Financial Regulation (the "**NAFR**") (formerly known as the China Banking and Insurance Regulatory Commission（中國銀行保險監督管理委員會）).

As at the Latest Practicable Date, the Finance Company has been established as a platform for the members of the BE Group (including the Group) to facilitate the provision of intra-group services through a range of financial products, including deposit-taking, money-lending, and custodian services.

(c) Applicable rules and regulations governing the business operations

As stated above, the Finance Company operates as a non-bank financial institution in the PRC. The operations of the Finance Company are supervised and regulated by the NAFR, in accordance with the prevailing regulatory framework of the PRC banking industry.

As advised by the Directors, and as of the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there has been no record of non-compliance with the applicable laws, rules and regulations of the PRC in relation to the business operations of the Finance Company.

2. Reasons for and benefits of the Transaction

2.1 The Board's view

As advised by the Directors, the Board acknowledges that, for the year ended 31 December 2025, the maximum total deposit amount under the Existing Financial Service Agreement reached approximately RMB8,699,000,000, which represents approximately 99.9% of the Existing Annual Caps. Considering the Group's anticipated business expansion and evolving treasury needs, the Board expects that the utilization of the Deposit Services may exceed previous estimates. Therefore, the Board proposes the Proposed Annual Caps under the New Financial Services Agreement. In forming this view, the Board has taken the following factors into account:

(i) Improving and enhancing capital utilisation efficiency and synergies

Although the Group has a substantial capital pool, its distribution is uneven. Regulatory restrictions prevent direct intercompany lending, which makes external financing the primary source of funds. This reliance increases both financial risk and borrowing costs. The Finance Company, as a licensed institution, provides deposit pooling and financing services, focusing its funds on the segments that require them. This approach enhances overall returns and positions the Finance Company as a crucial strategic partner for the Group.

As a non-bank financial institution authorised by the National Financial Regulatory Administration, the Finance Company is legally qualified to provide intra-group financial services. By offering fund pooling, loan allocation and other tailored services, the Finance Company can centrally manage deposits and lending within the Group, improve internal fund flows, and direct capital precisely to business units with funding needs. This arrangement enhances overall capital efficiency and protects shareholder interests.

Having long served the Group, the Finance Company understands the Group's capital structure and funding patterns and can deliver stable, customised financial solutions. Its services strengthen the Group's fund security planning, flexible allocation, efficient management and oversight, supporting strategic objectives while materially improving capital utilisation. Acting as the BE Group's settlement platform, the Finance Company helps reduce external borrowing, lower interest and financing expenses, safeguard liquidity and streamline operations.

Through the Finance Company's settlement system and efficient fund operations, the Group can realise significant annual savings in payment settlement fees and reduce idle cash costs. For these reasons, the Finance Company is a key strategic partner of the Group.

(ii) Diversifying funding channels and mitigating external debt risk

The natural gas trading business has particularly strong financing needs. It spans international procurement, shipping coordination, storage and resale, creating a significant time lag between procurement and receipt of payment and producing large, cyclical short-term working capital requirements. As a financial institution that understands the Group's business model and cash-flow patterns, the Finance Company can deliver flexible, efficient credit support tailored to these characteristics, enabling the Group to seize international LNG opportunities and expand trading scale and profitability.

Moreover, the Finance Company's participation strengthens the Group's negotiating position with external lenders, helping secure more favourable terms. With deep knowledge of the operating profiles and funding cycles across the Group's businesses, the Finance Company can offer targeted financing solutions that combine faster approval, flexible tenors and optimal facility allocation. These advantages further reduce the Group's financing costs and time-to-funding.

(iii) Accessing convenient and diversified services to reduce funding costs

The Finance Company has long served the Group and possesses a deep understanding of its business operations and risk appetite. This familiarity enables the Finance Company to offer more flexible, faster and more stable customised services than independent third-party institutions, helping the Group lower capital costs and reducing financial expenses. Under the New Financial Services Agreement, the Group benefits from competitive deposit and lending rates, increasing deposit income and cutting loan interest outlays.

The Finance Company also waives settlement handling fees for the Group's subsidiaries, eliminates cross-border fund channel charges and improves the efficiency of international fund flows. In addition, it provides low-cost credit guarantees, multi-tier cash-management platforms, agency collection and payment services, and other tailored financial tools. These offerings implement a differentiated, low-cost financial strategy that strengthens fund management and enhances overall capital utilisation efficiency.

(iv) Indirectly enhancing investment returns and strengthening cash flow contributions

The Group holds a total equity interest of 44.79% in the Finance Company. The New Financial Services Agreement will help expand the Finance Company's business and enhance its profitability. As a result, the Group expects to receive investment returns from annual cash dividends, thereby improving its cash flow and strengthening its overall financial resilience.

Regarding the deposits made by the Group with the Finance Company under the New Financial Services Agreement, the Finance Company will make its best efforts and use all reasonable means to ensure that these deposits are used to provide loan services to the Group. This approach prioritizes and meets the Group's funding needs.

In summary, the Board believes that entering into the New Financial Services Agreement with the Finance Company will improve the Group's capital efficiency, reduce funding costs, and diversify financing options beyond external financial institutions. Both parties are dedicated to implementing strong risk control measures to ensure the provision of more tailored and agile financial services to the Group.

After carefully evaluating the factors mentioned above, the Directors believe that the New Financial Services Agreement has been established in the ordinary course of the Group's business and on normal or more favorable commercial terms, and consider the terms of the New Financial Services Agreement, including the Proposed Annual Caps, to be fair and reasonable and in the best interests of both the Company and its Shareholders as a whole.

2.2 Our view

To assess the rationale for the Transaction, we have taken into consideration the factors above with the following conclusions:

(a) The strong and reliable relationship between the Company and the Finance Company

The Finance Company has provided Deposit Services to the Group since 2014, resulting in a strong and enduring relationship. We have engaged in discussions with Management to gain insights into the performance of the Deposit Services and the collaboration between the Group and the Finance Company. It has been noted that since 2014, a positive relationship has been established, characterized by (i) Deposit Services have been delivered consistently and without interruption; (ii) all deposits have been repaid in full upon maturity, in compliance with applicable regulatory requirements; (iii) operational processes, including the settlement of funds, have been executed efficient, securely and promptly, with no reported delays or disruptions; and (iv) the interest rates offered by the Finance Company have consistently been more favourable than those provided by comparable commercial banks. In addition, the waiver of transfer handling fees has resulted in significant cost savings for the Group. Furthermore, the Management has confirmed that there have been no significant compliance issues or operational challenges during this period of service.

The Finance Company serves as the primary provider of financial services to the Group and its member companies, enabling it to cultivate a comprehensive understanding of the various industries in which the Group operates. Given its expertise in the Group's capital structure, the Finance Company is well-positioned to identify and anticipate the Group's funding requirements. As a result, the Finance Company can deliver flexible, convenient, customized, and cost-effective financial solutions tailored to the Group's needs.

(b) Implementing a more comprehensive and centralized fund management system to enhance the Group's fund management efficiency

To enhance the Group's fund deployment and streamline the centralization of its fund management and utilization processes, we acknowledge that a control account has been established with the Finance Company. This account serves as a platform for internal settlement, fundraising, financing, and overall fund management across the Group and its member companies. The financial services provided by the Finance Company will facilitate more efficient transactions between the Group and its member companies, ultimately reducing the time required to remit and receive funds.

With the support of the account management system and the expertise of the Finance Company as a financial institution, we concur that this represents an opportunity for the Group to enhance the centralized management of its subsidiaries' funds. By consolidating available idle cash into the Finance Company's accounts, the Group can achieve greater efficiency.

Furthermore, the Finance Company is prepared to offer tailored proposals for centralized deposit and fund management that align with the Group's specific management needs. This enables the Group to meet its funding requirements with flexibility through timely withdrawals. Moreover, the Finance Company will facilitate improved fund turnover, allowing for a more efficient clearing and settlement process and reducing associated bank charges.

In summary, we agree that collaborating with the Finance Company will significantly enhance internal settlement efficiency and help lower the Group's overall fund costs by waiving transfer handling fees and providing savings on bank confirmation fees typically incurred with external financial institutions.

(c) The Group shall use the Deposit Services on a voluntary and non-exclusive basis

The New Financial Services Agreement is non-exclusive, allowing the Group the flexibility to engage with other commercial banks and financial institutions to fulfill its financial services requirements. The Finance Company is one of several financial institutions that provide the Deposit Services to the Group. The Group may consider entering into transactions with the Finance Company only when the rates, fees, or other applicable terms are equivalent to, or more favourable than, those offered by the major cooperative commercial banks with which the Group collaborates. Furthermore, the Group reserves the right to engage additional or other financial institutions, as deemed appropriate, to ensure the optimal provision of financial services.

(d) The favourable commercial terms offered by the Finance Company

In accordance with the provisions of the New Financial Services Agreement, the Finance Company is committed to offering a deposit interest rate for the Deposit Services that will not be less than (i) the benchmark interest rate established by the People's Bank of China (the "**PBOC**") for the comparable types and terms of deposits; (ii) the interest rates offered by commercial banks in Hong Kong and the PRC for similar types of deposits; and (iii) the interest rates offered by the Finance Company to other members of the BE Group for the same types of deposits over the same duration.

The Management confirms that since the Group utilised the Deposit Services, all deposits placed by the Group with the Finance Company have met the aforesaid conditions. For additional information regarding our comprehensive review of the summary of interest-bearing deposits, please refer to the section headed "4. Internal control procedures and corporate governance measures".

(e) Capital risk control, internal control, and risk management measures adopted by the Finance Company

After discussions with the Management, we further understand that the Finance Company has implemented the following internal control and risk management measures:

i. Regulatory status and deposit protection

The Finance Company is a non-bank financial institution that has received approval and regulation from the NAFR and is operated under the supervision of several regulatory bodies, including the PBOC, the State Administration of Foreign Exchange, the China National Association of Finance Companies, and the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. The Finance Company complies with regulatory standards comparable to those of commercial banks and implements stringent fund management to safeguard deposits.

ii. Ongoing supervision and compliance

The Finance Company is subject to ongoing onsite and off-site supervision by the NAFR and its branch office. It submits regulatory reports on a daily, monthly, quarterly, and annual basis. These reports include financial statements, statistical reports, operational information, and audit reports prepared by certified public accountants.

The Finance Company has adopted the "Administrative Measures for Connected Transaction Business of Listed Companies" to govern its services to clients, including the Group. The measures cover management of financial services agreements with listed companies, pricing and disclosure of connected transactions, credit and loan services, settlement and cross-border fund services, and related controls, aimed at preventing risks and ensuring the safety, independence and compliance of connected-party business.

In 2022, the Finance Company implemented a "Deposit Monitoring System and Cap Monitoring System for Listed Companies," automating daily monitoring that was previously manual. Using the list of connected parties, the system compiles daily deposit data, detects breaches of deposit caps, issues alarms, and returns excess deposits to the original transfer account or a Group-designated account while promptly notifying the Group.

BE Group is finalizing a comprehensive treasury management system that will position the Finance Company as a group-level fund management hub, integrating fund pooling, settlement, monitoring, financing and decision support. This will improve capital efficiency, lower financing costs, strengthen risk controls, and provide firmer financial support for the Group's development.

The Finance Company maintains a comprehensive internal control and end-to-end risk management framework, including emergency response plans for different risk types. It regularly submits risk and internal control reports to the Finance Company's board of directors to oversee daily risk management, governance and business activities, thereby helping safeguard the security of the Group's deposited funds.

iii. The Finance Company is operating with positive indicators

As at 30 June 2026, in accordance with Article 34 of the Administrative Measures for Enterprise Group Finance Companies*(企業集團財務公司管理辦法)(the "**Administrative Measures**"), as promulgated by the NAFR, the following are the regulatory indicators of the Finance Company:

Regulatory indicators		**Requirements**	**The Finance Company's ratio as of 31 December 2025**
a)	capital adequacy ratio	Not less than the minimum regulatory requirement of 10.5%	28.56%
b)	liquidity ratio	Not less than the minimum regulatory requirement of 25%	105.41%
c)	inter-bank lending ratio	Shall not exceed the total capital	0%
d)	guarantee ratio	Shall not exceed the total capital	0%
e)	investment ratio	Not exceed the regulatory ceiling of 70% of net capital	51.37%
f)	fixed assets ratio	Not exceed the regulatory ceiling of 20% of net capital	0.03%
g)	non-performing loans ratio	Not exceed the regulatory ceiling of 20% of net capital	0.00%

All indicators outlined above comply with the regulatory requirements established by the NAFR. Therefore, we see this as proof of the Finance Company's strong creditworthiness and asset quality. Moreover, the Finance Company exhibits significantly lower exposure to counterparty risk, credit risk, market risk, and liquidity risk than the industry average.

The applicable laws and regulations indicate that the services provided by the Finance Company are strictly limited to the fellow enterprise members within the group. In this context, the Finance Company has built significant mutual trust, established strong relationships, and maintained stable and long-term cooperation with the Group. Moreover, the Finance Company has a comprehensive understanding of the operations and risk appetite of each member of the Group, more than that of external financial institutions. This insight enables the Finance Company to develop more effective risk control measures tailored to the Group's needs.

Having considered the above, we concluded that the Finance Company, as a non-banking financial institution established with the approval of the NAFR, is subject to direct and ongoing supervision by the NAFR. The Finance Company is required to comply with all applicable regulatory provisions, including maintaining the necessary capital adequacy ratio, liquidity ratio, and the ratio of borrowing balance and outstanding guarantees to total capital, as well as the ratios for both short-term and long-term investments in securities to total capital. Meanwhile, the Finance Company is directly regulated by the PBOC, requiring the timely and full payment of deposit reserves.

In forming our view, we have reviewed the Finance Company's periodic regulatory submissions to the NAFR and the PBOC, together with the relevant internal records, regulatory reporting materials, and other supporting documents provided to us. Specifically, such periodic submissions primarily consisted of (i) monthly financial statements; (ii) annual operational reports; and (iii) annual audit reports. We have obtained and examined all the aforementioned submission categories for 2024 and 2025, and our review found no irregularities or exceptions.

(f) Deposit utilisation and risk prevention for the Deposit Services

We noticed that under the New Financial Services Agreement, the Finance Company is committed to using the deposits received from the Group primarily to improve the Group's credit capacity, thereby ensuring the security of deposit funds. As a result, when the Group secures financing from the Finance Company and has excess funds, it can deposit them with the Finance Company. This strategy allows the Group to earn interest on the deposited amount, effectively lowering its finance costs.

In the event that the Finance Company encounters operational challenges, the BE Group, as the founding entity and parent company of the Finance Company, will assume the primary responsibility for risk management and resolution in accordance with the regulations of the PRC, including the Administrative Measures, and the articles of association of the Finance Company. As the case may be, BEGCL Group is committed to providing additional capital or liquidity to the Finance Company. Furthermore, the Finance Company undertakes to prioritize capital replenishment and liquidity to ensure the timely repayment of the Group's deposits.

Conclusion

To conduct a thorough evaluation, we undertook the following review:

(i) we examined the Existing Financial Services Agreement previously entered into by the Group. We found that the terms relating to the New Financial Services Agreement are consistent with those set forth in the Existing Financial Services Agreement;

(ii) we reviewed (a) deposit interest rate quotations from independent commercial banks in the PRC; and (b) a selection of interest slips from historical deposit transactions between the Group and the Finance Company, sampled on a non-exclusive and random basis. This review confirmed that the interest rate applicable to the Deposit Services was at least equal to or higher than the interest rates offered by other major commercial banks; and

(iii) we conducted a review of independent information derived from the letters issued by the Company's auditors (the "**Auditors**") and noted that the Auditors executed procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) and with reference to Practice Note 740 (Revised). The Auditors confirmed that they had performed sample checks on the continuing connected transactions entered into between the Group and the Finance Company for the year ended 31 December 2025, and the results indicated that, in all material respects, these transactions complied with the pricing policies specified in the relevant agreements.

After considering the above factors, in view of the fact that entering into the New Financial Services Agreement allows the Company to effectively utilise the Deposit Services with enhanced capacities, given that (i) the Existing Annual Caps have nearly been fully utilised; and (ii) the terms offered by the Finance Company are more favourable. Therefore, we conclude that the entering into of the New Financial Services Agreement is in the interest of the Company and the Independent Shareholders as a whole.

3. Principal terms of the New Financial Services Agreement

Set out below are the principal terms of the New Financial Services Agreement:

Date : 14 July 2026

Parties : (i) the Company; and

(ii) the Finance Company.

Effective conditions : The New Financial Services Agreement will become effective upon the fulfillment of the following conditions:

(i) compliance with the Listing Rules regarding continuing connected transactions; and

(ii) if applicable, compliance with the Listing Rules requiring the Company to meet obligations related to disclosure, announcements, and obtaining approval from Independent Shareholders.

Effective Date : The New Financial Services Agreement shall be effective from the date of obtaining the Independent Shareholders' approval at the EGM.

Term : The term of the New Financial Services Agreement shall commence from 28 August 2026 up to and including 27 August 2029

Scope of services : *1. Deposit Services*

The Finance Company opens a deposit account for the Group, and the Group may deposit funds into such account on a free deposit and withdrawal basis.

The Finance Company provides the Group with various types of deposit business services, including demand deposits, call deposits, time deposits, and agreement deposits.

The applicable deposit interest rate is based on the deposit rate standard set by the People's Bank of China, which should be no less favourable than the terms offered by independent third parties.

2. *Loan Services*

The Finance Company shall, to the extent permitted by laws, regulations and policies, in accordance with the requirements of the regulatory authority and in conjunction with its own operating principles and credit policies, fully support the Group's capital needs in its business development, structure scientific and reasonable financing solutions and provide loan services for the Group.

For business applications that meet the Finance Company's loan criteria, the Group will be given priority under the same conditions. The relevant loans shall be at rates based on the loan prime rate policy (LPR) published by the National Interbank Funding Center authorised by the People's Bank of China, which should be no less favorable than the terms offered by independent third-party lenders.

3. *Other Financial Services*

The Finance Company will provide the Group with efficient fund settlement and cross-border fund services, as well as non-financing guarantee letter services, financial advisory and consulting services. Other than the free settlement services, the service fees charged by the Finance Company for the provision of the Other Financial Services shall be in compliance with the relevant standard service fee scales as prescribed by the People's Bank of China or the National Financial Regulatory Administration (國家金融監督管理總局). The terms of the service fee should be no less favourable than the terms offered by independent third parties.

The services provided by the Finance Company will be conducted in the usual course of the Group's business and on normal commercial terms (or better terms), on an equitable basis. If there is a lack of sufficient comparable transactions as a reference to determine whether such terms and conditions have been met, the transaction conditions should be no less favourable to the Group than terms available to or from (as the case may be) independent third parties. Such transactions shall be fair and reasonable to all Shareholders of the Group. The parties will sign a separate agreement or contract for the specific transaction, including detailed provisions governing the transaction conditions in accordance with the principles and terms set out in the New Financial Services Agreement and the relevant legal provisions.

Maximum daily outstanding deposit balances	:	The total daily outstanding deposit balances placed by the Group with the Finance Company during the term of the agreement, including any accrued interest, shall not exceed an annual cap of HK$12,500,000,000 for each of the following periods: (a) 28 August 2026 to 31 December 2026; (b) the year ending 31 December 2027; (c) the year ending 31 December 2028; and (d) 1 January 2029 to 27 August 2029.

3.1 Basis of the Proposed Annual Caps

As stated in the Letter, the Proposed Annual Caps were determined based on the following factors:

(i) **Maximum daily deposit balances of the Group with the Finance Company.** The maximum daily deposit balances placed by the Group with the Finance Company for the years ended 31 December 2024 and 31 December 2025 (i.e., approximately RMB8,691 million and approximately RMB8,699 million, respectively) are close to the Existing Annual Caps, indicating that the existing deposit limits may not adequately meet the Group's deposit requirements with the Finance Company.

(ii) **Balance of cash and cash equivalents of the Group.** Based on the audited consolidated financial statements of the Company for the year ended 31 December 2025, the Group's cash and cash equivalents were approximately RMB31.27 billion as of 31 December 2025, indicating a strong cash position. This total includes (a) approximately RMB22.57 billion held in independent third-party financial institutions as time deposits and savings deposits; and (b) approximately RMB8.7 billion placed in the Finance Company for Deposit Services.

In light of the Group's treasury management regarding its current cash balances, the Existing Annual Caps of RMB8,700,000,000 limit the Group's ability to access additional Deposit Services from the Finance Company. Consequently, the Group will need to seek deposit services from other financial institutions, which may not offer the best terms, potentially leading to higher charges and expenses.

The adoption of the Proposed Annual Caps would provide the Group with enhanced flexibility to engage either the Finance Company or other independent third-party financial institutions for deposit services. This strategic adjustment will facilitate better management of cash balances and contribute to overall cost reduction.

(iii) **Strengthened operating cash inflows of the Group.** According to the audited consolidated financial statements of the Company for the year ended 31 December 2025, the Group achieved significantly higher net cash inflows from operating activities, totaling approximately RMB7.4 billion for 2025, compared with approximately RMB4.4 billion for 2024. This improvement reflects a strengthened ability to generate cash. The Group has also implemented strict expenditure controls and prudent management of free cash flow, thereby enhancing operational resilience. Given the ongoing development of the Group's existing business segment and its consistent profitability over the past five years, we support Management's expectation of further cash flow growth in the coming years. This anticipated growth is likely to increase demand for Deposit Services, allowing for efficient management of idle cash and preserving flexibility in the Company's cash management.

To further assess the fairness and reasonableness of the Proposed Annual Caps, we conducted the following work.

(a) Review of the historical record in connection with the Deposit Services

To assess the potential need for revisions to the Existing Annual Caps, we have discussed with the Management and conducted a thorough review. This review includes (i) the historical outstanding balance of the deposit placed by the Company with the Finance Company as at 31 December 2023, 31 December 2024 and 31 December 2025, and the Latest Practicable Date; (ii) the maximum daily outstanding deposits placed by the Group with the Finance Company on any given day during each of the specified periods; and (iii) the utilisation rates of the Existing Annual Caps for each of the aforesaid period.

		For the period from 1 January 2026 up to and including the Latest Practicable Date	For the years ended		
			31 December 2025	31 December 2024	31 December 2023
		(unaudited)	(audited)	(audited)	(audited)
Maximum amounts of cumulative daily deposits for the year/ period *(approximately)*	*(a)*	RMB8,696 million	RMB8,699 million	RMB8,691 million	RMB6,563 million
The deposit caps for the period/year	*(b)*	RMB8,700 million	RMB8,700 million	RMB8,700 million	RMB8,700 million
Utilisation rate (%)	*(a)/(b)*	99.9%	99.9%	99.9%	75.4%

As noted above, the historical maximum daily deposit balances placed by the Group with the Finance Company for the three years ended 31 December 2023, 31 December 2024 and 31 December 2025 and for the period from 1 January 2026 up to and including the Latest Practicable Date amounted to approximately RMB6,563 million, RMB8,691 million, RMB8,699 million, and RMB8,696 million, respectively, representing utilisation rates of approximately 75.4%, 99.9%, 99.9% and 99.9% of the Existing Annual Caps. This indicates that the Existing Annual Caps have been nearly fully utilized, reflecting a consistent and substantial demand for the Deposit Services.

(b) Review of the cash position of the Group

As at 31 May 2026, the Group's cash and cash equivalents amounted to approximately RMB35.08 billion, roughly four times the Existing Annual Caps. As noted above, as at 31 December 2025 approximately RMB22.57 billion was held in independent third-party financial institutions as time deposits and savings deposits (excluding the Finance Company). This gives the Board scope to consider whether, and to what extent, portions of the Group's cash balances should be reallocated among financial institutions after taking into account anticipated cash usage, counterparty risk, interest terms and other financial services offered.

2026 onward, driven by stronger operating cash flows, business expansion and the gradual accumulation of cash reserves through ongoing operations. Revenue streams such as waste treatment fees, grid-connected power sales and steam supply are supported by long-term commercial contracts; these predictable, contract-based monthly billing cycles act as an automatic stabilizer that consistently offsets daily operating expenditures. Because the Group's cash needs are predominantly in China, the Board considers that placing cash with domestic financial institutions, including the Finance Company, would provide greater operational flexibility and accessibility.

Under the Existing Financial Services Agreement and the New Financial Services Agreement, the Finance Company's deposit rates are tied to the deposit rate standards set by the People's Bank of China and must be no less favourable than rates offered by independent third parties. Historically, the Group has obtained deposit terms from the Finance Company that are more favourable than those available from independent third parties; therefore, allocating additional deposits to the Finance Company is expected to yield higher interest income compared with alternative domestic institutions.

Management advises that the Finance Company has committed to increase its loan facility to the Group up to RMB13 billion, to be approved and disbursed on a project-by-project basis. Indicative allocations include working capital (RMB1-2 billion); environmental protection and solid waste projects (RMB2-3 billion); distributed energy, gas pipeline construction and technical upgrades (RMB1-3 billion); and recurring natural gas and LNG trading projects (RMB4-5 billion). This credit support, combined with the deposit relationship under the New Financial Services Agreement, enables the Group to net loan interest against deposit interest, potentially lowering overall borrowing costs while preserving the flexibility to deposit or withdraw cash from the Finance Company without penalty, thereby retaining liquidity for operational needs or investment opportunities.

To reduce concentration risk and preserve liquidity outside China, Management intends to gradually increase the portion of the annual caps for the Deposit Services to approximately 35% of the Group's total cash resources. Based on the Group cash balance of approximately RMB35.08 billion as at 31 May 2026, this allocation informed the Proposed Annual Cap of RMB12.5 billion.

We reviewed historical annual cap utilisation and verified that historical annual caps have been highly utilised, supporting the rationale for increasing the cap. We examined the disclosed split as at 31 December 2025 showing approximately RMB22.57 billion held at independent third-party financial institutions and concluded there is scope for Board decisions about reallocation between institutions. We reviewed the Group's historical financial performance and the consistent operating cash inflows support Management's expectation of stable or increasing operating cash flows. Finally, we reviewed Management's statement concerning the Finance Company's deposit-rate basis and its historic practical competitiveness relative to independent banks.

In light of the foregoing, we concur with the Management that the Existing Annual Cap is significantly lower than the Group's available cash balances and is unlikely to accommodate the Group's actual demand for Deposit Services. The Proposed Annual Caps would provide additional capacity for deposit placements with the Finance Company and allow the Group to benefit from more favourable commercial terms. The Proposed Annual Caps are intended to accommodate idle cash generated from operating activities and any temporary deposits arising from drawdowns under-loan facilities. The Group retains the right to withdraw deposits from the Finance Company in whole or in part, thereby maintaining flexibility in cash management. Given that Deposit Services provide an option rather than an obligation to deposit cash with the Finance Company, we concur with the Directors that the Proposed Annual Caps should include a prudent buffer to afford flexibility in earning interest income through deposits with the Finance Company, are based on reasonable estimates following due and careful consideration, and are fair and reasonable to the Company and the Independent Shareholders.

(c) The expected increase in the utilization rate of the Group's funds and the ability of centralized fund management

Following our review of the Finance Company's capital risk control, internal control and risk management measures, we recognised that the Finance Company has established a comprehensive internal control system. This system is designed to enhance the Group's centralized fund management across its subsidiaries and banking institutions in various provinces. As the collaboration with the Finance Company deepens, we agree with the Management that the transaction volumes between the Group and the Finance Company will increase. To facilitate more efficient settlement and collection of transaction funds, we understand the Group's decision to expand the Deposit Services, which aims to leverage the control account with the Finance Company to significantly improve the efficiency of its fund utilization.

Conclusion

It is expected that, as the Group's business continues to grow, there will be a corresponding increase in both cash and cash equivalents and overall demand for deposits. As of the Latest Practicable Date, the Group has approached the Existing Annual Caps for the years 2024 and 2025. Consequently, we concur with the Directors that, from a strategic perspective, it would be in the interests of the Company to adjust the Existing Annual Caps to enhance its relationship with the Finance Company.

In our assessment, we having considered (i) the expected increase in deposits with the Finance Company, driven by the expected growth in operating cash flows as the business continues to develop; (ii) the relative stability of the Group's cash and cash equivalents; and (iii) the projected cash generation from the Group's daily business operations in the coming years, based on the historical financial performance of the Group. In light of these considerations, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

4. Internal control procedures and corporate governance measures

As stated in the Letter, we acknowledged that the Company has established the following internal control procedures and corporate governance measures concerning the provisions of the Deposit Services:

(i) **Competitive tendering to secure favourable terms.** The Group's use of the Finance Company's services is fair, voluntary, and non-exclusive. The Finance Company is one of several financial institutions that can provide services to the Group, and the New Financial Services Agreement does not prevent the Group from working with other providers. The Group is free to choose services from different financial institutions in accordance with its best interests.

In line with the Group's financial management policies, any requirements for deposits or loans must be supported by proposals and quotes from financial institutions that meet the Group's specifications. The Finance Company, like other independent third-party institutions, is required to participate in a competitive selection process. The Group will choose the proposal that offers the most favorable terms and best value from at least three financial institutions. Additionally, the Group will keep thorough bidding documentation and evaluation records for inspection, thus protecting the interests of the Group and its Shareholders.

The Group will only engage with the Finance Company if its proposed terms are at least as favorable as those offered by independent third-party financial institutions. Specifically:

(a) for deposit services, the rates offered by the Finance Company must be no lower than those available from comparable independent institutions in China and Hong Kong.

(b) for loan services, the Finance Company must provide the best combination of terms considering the borrower's creditworthiness and financing needs. This includes factors such as interest rate, total cost, loan tenor, and approval speed. Overall, the loan terms from the Finance Company must be at least as favorable as those from independent third-party lenders to the Group.

(ii) **Ongoing monitoring, inspection and independent audit.** The Group conducts regular inspections to confirm that all financial services are executed in accordance with the agreed terms. Deposit balances are monitored daily via online banking to ensure compliance with annual caps. External auditors are engaged annually to review continuing connected transactions, verify cap compliance throughout the year, and confirm that each transaction received appropriate commercial arrangements.

In conjunction with this, the Company's auditors will undertake a comprehensive annual review of the transactions contemplated under the New Financial Services Agreement, focusing on the pricing policy and annual caps in alignment with the Listing Rules. Moreover, the independent non-executive Directors will include confirmations of these transactions in the Company's annual reports. This process ensures that all transactions are executed on normal commercial terms, are fair and reasonable, and adhere to their contractual obligations.

(iii) **Board-level oversight at the Finance Company**. The Group and its associate (i.e., Beijing Enterprises Water Group Limited) have appointed three and one senior financial management personnel, respectively, to serve as directors of the Finance Company. These directors participate directly in major operational decisions, risk management and the oversight of related-party transactions, enabling continuous, effective supervision of the Finance Company's operations and compliance. This governance structure helps ensure adherence to Hong Kong regulatory requirements and protects the legitimate interests of independent shareholders and market investors.

We have conducted a comprehensive review of the summary of interest-bearing deposits that the Group placed and maintained with the Finance Company for the year ended 31 December 2025 (the "**Review Period**"), which was provided by the Management. We randomly selected and reviewed 20 transactions (the "**Selected Deposits**") during the Review Period. The samples are considered sufficient and representative, as the selected transactions cover deposits of varying sizes and maturities. Additionally, we obtained interest rate quotations from independent third-party financial institutions, which Management used to determine the relevant reference interest rate(s) for the Selected Deposits. As advised by the Management, the Company typically obtains benchmark interest rate quotations in accordance with the aforementioned internal control measures, which serve as references when utilising Deposit services with the Finance Company. It was noted that the interest rates offered by the Finance Company to the Group were consistently more favourable than those of comparable commercial banks and financial institutions for similar deposit types throughout the Existing Financial Services Agreement.

We reviewed the letters issued by the Auditors and have confirmed with the Auditors that the Deposit Services executed under the Existing Financial Services Agreement are fully compliant with the established pricing policies. Furthermore, we have identified no non-compliance issues related to the Deposit Services.

In conclusion, the Group has effectively implemented its internal control system to oversee the execution of the Deposit Services. This ensures that the Deposit Services provided align with the interests of both the Company and the Independent Shareholders. As a result, we are of the view that the Deposit Services under the New Financial Services Agreement are under effective control and are fair and reasonable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of the New Financial Services Agreement are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) fair and reasonable; and (iv) in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Board Committee recommend to the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction, and we recommend that the Independent Shareholders vote in favour of the resolutions in this regard.

Yours faithfully
For and on behalf of
Diligent Capital Limited
Felix Huen
Director

* *For identification purposes only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese names prevail.*

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Company for each of the three years ended 31 December 2023, 2024 and 2025 are disclosed in the following documents, and these reports are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.behl.com.hk):

(I) Annual report of the Company for the year ended 31 December 2023.

(https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042904547.pdf)

(II) Annual report of the Company for the year ended 31 December 2024.

(https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042802503.pdf)

(III) Annual report of the Company for the year ended 31 December 2025.

(https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0429/2026042902244.pdf)

II. INDEBTEDNESS

As at 30 June 2026 (being the Latest Practicable Date for the purposes of this statement of indebtedness prior to the printing of this circular), the Group's debts were as follows:

(I) Bank and Other Borrowings

As at 30 June 2026, the Group's bank and other borrowings are detailed as follows:

	Effective interest rate	*RMB (million)*
Bank loans		
– Unsecured and guaranteed	1.55% to 3.40%	18,283.7
– Unsecured and unguaranteed	1.33% to 3.50%	10,080.6
– Secured and guaranteed	3.00% to 3.05%	3.2
– Secured and unguaranteed	2.30% to 3.68%	1,491.7
		29,859.2
Other loans		
– Unsecured and guaranteed	2.75% to 4.92%	1,710.3
– Unsecured and unguaranteed	1.36% to 3.30%	36,455.2
– Secured and unguaranteed	2.60% to 3.50%	313.2
		38,478.7

Secured bank and other borrowings are secured against certain property, plant and equipment with a net book value of approximately RMB556.7 million, certain operating concessions with a net value of approximately RMB3,266.1 million, certain receivables under service concession arrangements with a net value of approximately RMB471.8 million, and bank balances with a net book value of approximately RMB8.2 million.

(II) Guaranteed Bonds and Notes

As at 30 June 2026, the Group's guaranteed bonds and notes amounted to approximately RMB10,994.5 million, with effective interest rates ranging from 3.13% to 6.38% and are due to mature between 2029 and 2041, respectively.

(III) Lease Liabilities

As at 30 June 2026, the Group's lease liabilities amounted to approximately RMB557.1 million.

(IV) Amounts due to Fellow Subsidiaries and Non-Controlling Equity Holders of Subsidiaries

As at 30 June 2026, the amounts due to fellow subsidiaries and non-controlling equity holders of subsidiaries of the Group which are of a financing nature were approximately RMB322.6 million. Relevant amounts are unsecured and unguaranteed, interest-free, have no fixed repayment term and are repayable on demand.

(V) Capital Commitments

As at 30 June 2026, the Group's capital commitments contracted but not provided amounted to approximately RMB5,390.8 million.

(VI) Contingent Liabilities

As at 30 June 2026, the Group had no material contingent liabilities.

(VII) Authorised or created but unissued debt securities

In addition, the Group received no-objection letters from the China Securities Regulatory Commission and National Association of Financial Market Institutional Investors in relation to the issuance of public corporate bonds and Debt Financing Instruments to qualifying investors in the maximum principal amount of RMB15,000,000,000 and RMB20,000,000,000 respectively. As at 30 June 2026, amount of RMB15,000,000,000 and RMB11,000,000,000 remained outstanding for issuance.

Save as aforesaid or as otherwise disclosed herein, and apart from the intra-group liabilities within the Group and normal payables and accrued expenses arising during the ordinary course of business, the Group had no other debt securities authorised or otherwise created but unissued, term loans or other outstanding bank borrowings or indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages, charges, loans or other similar debts, guarantees, material capital commitments, or other material contingent liabilities at the close of business on 30 June 2026.

III. WORKING CAPITAL

Having taken into account the cash and cash equivalents held by the Group, the financial resources available to the Group (including proceeds from bond issues and currently available banking facilities) and cash to be generated from future operations, the Directors consider that the working capital available to the Group will be sufficient to meet the Group's requirements for at least the next 12 months from the date of this circular.

IV. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the Group's financial or trading position since 31 December 2025 (being the date of the Group's most recently published audited consolidated financial statements).

V. THE GROUP'S FINANCIAL AND TRADING PROSPECTS

Looking ahead, the development of modern infrastructure and the green and low-carbon transition will bring about opportunities for the utilities sector. Amid environmental uncertainties, the Group will pursue progress while ensuring stability, focus on its four core business segments, advance cost reduction and efficiency enhancement, asset optimization and digital transformation, and improve profitability, cash flow and operational resilience.

The gas business will further consolidate its market advantage in Beijing, improve the pipeline network and expand into incremental markets, while continuously optimizing LNG trading, distribution and resource portfolio channels. China Gas will expand its value-added retail and integrated energy businesses; Beijing Pipeline Co. and overseas oil and gas projects will contribute stable returns.

The water services business will optimise its asset structure, strictly safeguard its cash flow security, and cultivate new growth drivers by enhancing its capacity for intensive and smart operations, whilst leveraging technological innovation.

The environmental business will further strengthen coordination between domestic and overseas operations, focusing on improving quality and efficiency, optimising cost and asset structures, enhancing accounts receivable management, and unlocking the potential of existing projects. EEW GmbH will enhance project profitability and prudently cultivate growth areas such as electricity storage.

The beer business will optimize its product mix and brand value, consolidate the advantages of core products, refine its layout across mid-to-high-end and niche categories, steadily expand the "Beer + Beverage" business, and strengthen channel operations, cost control, and supply chain coordination.

In summary, the Group's core utilities segment possesses a stable capacity to generate cash. Raising the deposit limit will help to enhance the Group's prudent financial management framework, optimise capital allocation through a more efficient cash management platform, prioritise support for core projects with high-return, and capitalise on opportunities for green and low-carbon development. The optimised cash management mechanism will further strengthen the Group's resilience to risks and create long-term, stable value for shareholders.

I. 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 Group. 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 circular misleading.

II. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO):

(I) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provisions of the SFO);

(II) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or

(III) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the associated corporations of the Company:

Name of Director	Associated corporation	Number of ordinary shares directly beneficially owned	Approximate percentage of the associated corporation's total number of issued shares
TUNG Woon Cheung Eric	BE Water	590,404	0.006%
YU Sun Say	BE Water	100,000	0.001%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which:

(I) was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO);

(II) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or

(III) were required to be or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules.

III. DIRECTORS OR PROPOSED DIRECTORS BEING A DIRECTOR OR EMPLOYEE IN A COMPANY HAVING AN INTEREST UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at the Latest Practicable Date, the following Directors were directors or employees of companies which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company having an interest in the Shares and underlying Shares	Position held within such company
YANG Zhichang	MOL	Director
	BEIL	Director
	BE Group BVI	Director
	BE Group	Director, General Manager
XIONG Bin	MOL	Director
	BEIL	Director
	BE Group	Assistant to General Manager
YU Xijian	New China Life	Deputy General Manager of Investment Management Department

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

IV. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective close associates had any interest in any businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

V. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

VI. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

VII. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, save as disclosed, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

VIII. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration, or claim of material importance, and no litigation, arbitration, or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that may have a material adverse effect on the results of operations or financial conditions of the Group.

IX. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion, which is contained in this circular:

Name	Qualification
Diligent Capital	a licensed corporation under the SFO to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Diligent Capital did not have:

(I) any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(II) any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

Diligent Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it is included.

X. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, there was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company or any of its subsidiaries which are or may be material.

XI. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.behl.com.hk) for a period of 14 days from the date of this circular (both days inclusive):

(I) the Financial Services Agreement;

(II) the letter from the independent board committee as set out in this circular;

(III) the letter from the independent financial adviser as set out in this circular;

(IV) the written consents of the experts as referred to in the section headed "IX. Expert and Consent" in this appendix.

北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 392)

NOTICE OF EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting (the "**EGM**") of Beijing Enterprises Holdings Limited (the "**Company**") will be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 26 August 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company as an ordinary resolution. Capitalised terms used in this notice shall have the same meanings as those defined in the circular (the "**Circular**") of the Company dated 4 August 2026, unless otherwise specified.

ORDINARY RESOLUTION

"**THAT**:

The Proposed Annual Caps of the deposit services provided under the Financial Services Agreement* entered into between Beijing Enterprises Holdings Limited and Beijing Enterprises Group Finance Co., Ltd. be and are hereby approved, confirmed and ratified."

By Order of the Board
Beijing Enterprises Holdings Limited
Chairman
YANG Zhichang

Hong Kong, 4 August 2026

* *Copies of the Financial Services Agreement have been tabled at the meeting marked "A" and initialled by the chairman of the meeting for the purpose of identification.*

Notes:

1. **Arrangements for Determining the Entitlement of the Shareholders to Attend and Vote at the EGM**

   For determining the entitlement of the shareholders of the Company (the "**Shareholders**") to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 21 August 2026 to Wednesday, 26 August 2026 (both dates inclusive). The record date is Wednesday, 26 August 2026. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 20 August 2026.

2. **Proxy Arrangement**

   A Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

3. **Requirements for Submitting Form of Proxy**

   To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time fixed for holding the EGM. Forms of proxy returned electronically or by any other data transmission process will not be accepted.

4. **Arrangements for Shareholders to Exercise Voting Rights in Person**

   Completion and return of the proxy form shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should you so wish. In such circumstances, your proxy form shall be deemed to be revoked.

5. **Voting Method**

   The resolution set out in the notice will be voted by way of a poll.

6. **Meeting Arrangements in Times of Bad Weather**

   If Tropical Cyclone Signal No. 8 or above, or "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect at or after 12:00 noon on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.behl.com.hk) to notify Independent Shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice of EGM, the board of directors of the Company comprises: five executive directors, namely Mr. YANG Zhichang (Chairman), Mr. XIONG Bin (Chief Executive Officer), Mr. XU Tong, Mr. GENG Chao and Mr. TUNG Woon Cheung Eric; two non-executive directors, namely Mr. YU Xijian and Mr. SU Junjie; four independent non-executive directors, namely Mr. WU Jiesi, Mr. LAM Hoi Ham, Dr. YU Sun Say and Ms. CHAN Man Ki Maggie.

In this circular, 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 BVI"	Beijing Enterprises Group (BVI) Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary 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)
"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 a wholly-owned subsidiary of the Company
"BEIL"	Beijing Enterprises Investments Limited, a company incorporated in the British Virgin Islands with limited liability in which BE Group holds 72.72% of the equity interests
"Board"	the board of Directors
"China Gas"	China Gas Holdings 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: 384)
"close associate"	has the meaning ascribed to it under the Listing Rules
"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 provided by the Finance Company to the Group under the currently effective Financial Services Agreement and new Financial Services Agreement
"Director(s)"	the director(s) of the Company
"EEW GmbH"	EEW Energy from Waste GmbH, a wholly-owned subsidiary of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 26 August 2026 at 3:00 p.m., to consider, if thought fit, approve the Deposit Services under the Financial Services Agreement and the Proposed Annual Caps, including any adjournment thereof
"Finance Company"	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
"Financial Services Agreement"	the Financial Services Agreement dated 14 July 2026 entered into between the Company and the Finance Company, effective from 28 August 2026 to 27 August 2029
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all four independent non-executive Directors, established to advise the Independent Shareholders on the terms of the Deposit Services to be provided under the Financial Services Agreement (including the Proposed Annual Caps)

"Independent Financial Adviser" or "Diligent Capital"	Diligent Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Deposit Services to be provided under the Financial Services Agreement (including the Proposed Annual Caps)
"Independent Shareholder(s)"	the Shareholders who do not have a material interest in the Financial Services Agreement and the transactions contemplated thereunder
"Latest Practicable Date"	3 August 2026, being the latest practicable date prior to the publication of this circular for ascertaining certain information therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"LNG"	the abbreviation for Liquefied Natural Gas
"Loan Services"	the loan services to be provided by the Finance Company to the Group under the currently effective Financial Services Agreement and the Financial Services Agreement
"MOL"	Modern Orient Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of BEIL
"NFRA"	the National Financial Regulatory Administration (國家金融監督管理總局)(formerly known as the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會))
"New China Life"	New China Life Insurance Company Ltd. (新華人壽保險股份有限公司), a company incorporated with limited liability in the PRC, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1336)
"Other Financial Services"	the financial services to be provided by the Finance Company to the Group under the Financial Services Agreement, other than the Deposit Services and the Loan Services, such as fund settlement, cross-border fund transfers and financial advisory services

"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region of China
"Proposed Annual Caps"	the maximum amounts of daily outstanding deposits balance placed by the Group with the Finance Company (including the corresponding interest accrued thereon) on any given day during the term of the Financial Services Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC of Beijing Municipality"	the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the share capital of the Company
"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
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Yanjing Brewery"	Beijing Yanjing Brewery Co., Ltd.（北京燕京啤酒股份有限公司）, a company incorporated with limited liability in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000729)
"%"	per cent.

* *For identification purpose only*