

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance and Transfer or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Beijing Enterprises Urban Resources Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance and Transfer, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance and Transfer.



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

(Incorporated in Bermuda with limited liability)  
(Stock Code: 371)



**Beijing Enterprises Urban Resources  
Group Limited**

**北控城市資源集團有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3718)

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY CONDITIONAL CASH OFFER BY  
DBS ASIA CAPITAL LIMITED AND CHINA TONGHAI CAPITAL LIMITED  
FOR AND ON BEHALF OF  
BEIJING ENTERPRISES WATER GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY BEIJING ENTERPRISES WATER GROUP LIMITED)**

**Joint Financial Advisers to Beijing Enterprises Water Group Limited**



**Independent Financial Adviser to the Independent Board Committee of  
Beijing Enterprises Urban Resources Group Limited**



Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A "Letter from DBSAC and China Tonghai" containing, among other things, the details of the terms of the Offer are set out on pages 7 to 23 of this Composite Document. A "Letter from the Board of BEURG" is set out on pages 24 to 30 of this Composite Document. A "Letter from the Independent Board Committee" containing its recommendations to the Independent Shareholders in respect of the Offer is set out on pages 31 to 32 of this Composite Document. A "Letter from the Independent Financial Adviser" containing its advice and recommendations to the Independent Board Committee in respect of the Offer is set out on pages 33 to 55 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance and Transfer. Acceptance of the Offer should be received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Friday, 17 June 2022 or such later time(s) and/or date(s) as the Offeror may determine and announce, in accordance with the Takeovers Code.

BEURG Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See "Important Notices" on pages iv to vi of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance and Transfer to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the section headed "BEURG Overseas Shareholders and Notice to US Shareholders" in the "Letter from DBSAC and China Tonghai" in this Composite Document before taking any action. It is the responsibility of any BEURG Overseas Shareholders wishing to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such BEURG Overseas Shareholders in respect of the acceptance of the Offer (as applicable) in such jurisdiction. The BEURG Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document is issued jointly by the Offeror and BEURG. The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text for the purpose of interpretation.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>), the Offeror ([www.bewg.net](http://www.bewg.net)) and BEURG ([www.beur.net.cn](http://www.beur.net.cn)) as long as the Offer remains open.

Hong Kong, 27 May 2022

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## EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be announced by the Offeror and BEURG as soon as practicable.

Despatch date of this Composite Document and  
the accompanying Form of Acceptance and Transfer and  
the commencement of the Offer (*Note 1*) . . . . . Friday, 27 May 2022

First Closing Date of the Offer (*Note 2*) . . . . . Friday, 17 June 2022

Latest time and date for acceptance of  
the Offer on the First Closing Date (*Notes 3 and 6*) . . . . . 4:00 p.m. on  
Friday, 17 June 2022

Announcement of the results of  
the Offer as at the First Closing Date  
to be posted on the website of the Stock Exchange . . . . . 7:00 p.m. on  
Friday, 17 June 2022

Latest date for posting of remittances for the amount  
due in respect of valid acceptances received under  
the Offer on or before 4:00 p.m. on the First Closing Date  
assuming the Offer becomes or is declared unconditional  
in all respects on the First Closing Date (*Note 4*) . . . . . Tuesday, 28 June 2022

Latest time and date for acceptance of  
the Offer remaining open assuming the Offer becomes,  
or is declared, unconditional in all respects  
on the First Closing Date (*Note 5*) . . . . . 4:00 p.m. on Monday, 4 July 2022

Latest time and date by which the Offer  
can become or be declared unconditional as to acceptances (*Note 5*) . . . . . 7:00 p.m. on  
Tuesday, 26 July 2022

*Notes:*

- (1) The Offer is made on Friday, 27 May 2022, the date of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the First Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.
- (2) The Offer will close for acceptances at 4:00 p.m. on Friday, 17 June 2022 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer no later than 7:00 p.m. on Friday, 17 June 2022, which announcement will state either the next Closing Date or, if the Offer is at that time unconditional in all respects, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.

## EXPECTED TIMETABLE

- (3) Beneficial owners of the BEURG Shares who hold their BEURG Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (please also refer to “Procedures for Acceptance of the Offer” on page I-1 in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Offer are irrevocable and are not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of Withdrawal” on page I-7 in Appendix I to this Composite Document.
- (4) Subject to the Offer becoming unconditional, remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of acceptances of the Offer) payable for the BEURG Shares tendered under the Offer will be despatched to those Offer Shareholders accepting the Offer (to the address specified on the relevant BEURG Shareholder’s Form of Acceptance and Transfer) by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid, and the date on which the Offer becomes or is declared unconditional in all respects.
- (5) In accordance with the Takeovers Code, when the Offer becomes or is declared unconditional in all respects, at least 14 days’ notice in writing must be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the Offer has previously become unconditional as to acceptances, the Offer will lapse on Tuesday, 26 July 2022 unless extended with the consent of the Executive.
- (6) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning: (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for the posting of remittances will remain on the same Business Day; and (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the posting of remittances will be next following Business Day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m.

Save as disclosed above, if the latest time for the acceptance of the Offer does not take effect on the date and at the time stated above, other dates mentioned in the expected timetable above may be affected. The Offeror and BEURG will notify the Offer Shareholders by way of announcement of any change to the expected timetable as soon as practicable.

**All time and date references contained in this Composite Document and accompanying Form of Acceptance and Transfer are to Hong Kong times and dates.**

## IMPORTANT NOTICES

The following information is important for all BEURG Shareholders.

You are urged to read this entire Composite Document, including the appendices, and the Form of Acceptance and Transfer carefully.

- *Offer Price:* HK\$0.78 in cash per Offer Share.
- *How to accept the Offer:* Please return the duly completed and signed **Form of Acceptance and Transfer** and the relevant documents to the Registrar (for the Offer).
- *Deadline for acceptance:* The Offer will close for acceptance at 4:00 p.m. (Hong Kong time) on Friday, 17 June 2022 (the First Closing Date), unless otherwise revised or extended.

For details, please refer to “Appendix I — Further Terms and Procedures for Acceptance of the Offer” to this Composite Document.

- *Settlement:* Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), and the date on which the Offer becomes or is declared unconditional in all respects.

### NOTICE TO BEURG OVERSEAS SHAREHOLDERS

The making of the Offer to the Offer Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws or regulations of the relevant jurisdictions. The making of the Offer to such Offer Shareholders and their acceptances of the Offer may be prohibited or affected by the laws or regulations of the relevant jurisdictions and it is the responsibility of each of such Offer Shareholders who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including any requirement for any governmental, exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the accepting Offer Shareholders due by such accepting BEURG Overseas Shareholders.

Any acceptance of the Offer by any BEURG Shareholder will be deemed to constitute a representation and warranty from such BEURG Shareholder to the Offeror and BEURG that all the laws and regulations of the relevant jurisdictions have been complied with and that the Offer can be accepted by such shareholder, lawfully under the laws and regulations of the relevant jurisdictions. BEURG Shareholders should consult their professional advisers if in doubt.

## IMPORTANT NOTICES

The Offeror and/or the Offeror Concert Parties, BEURG, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offer shall be entitled to be fully indemnified and held harmless by the BEURG Overseas Shareholders for any taxes they may be required to pay. Please see the section headed “BEURG Overseas Shareholders and Notice to US Shareholders” in the “Letter from DBSAC and China Tonghai” in this Composite Document.

### **NOTICE TO US SHAREHOLDERS**

The Offer is making for the securities of a Cayman Islands company and is subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States securities laws. In addition, US holders of BEURG Shares should be aware that this document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style. The Offer is extended into the United States pursuant to the applicable US tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer is subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which differ from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of BEURG Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of BEURG Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for US holders of BEURG Shares to enforce their rights and any claims arising out of the US federal securities laws, since each of the Offeror and BEURG are located in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. US holders of BEURG Shares may not be able to sue a non-US company or its officers or directors in a non-US court for any violations of the securities laws of the United States. Further, it may be difficult for US holders of BEURG Shares to effect service of process within the United States upon the Offeror or BEURG or their respective officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the United States.

As at the Latest Practicable Date, one of the Joint Financial Advisers, DBSAC, a member of the DBS Group and certain members of the DBS Group hold the exempt principal traders status under the Takeovers Code.

## IMPORTANT NOTICES

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or BEURG (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, general, social, economic and political conditions in the countries in which the BEURG Group operates or other countries which have an impact on the BEURG Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the BEURG Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the BEURG Group operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the BEURG Group operates and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Offeror, BEURG or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as at the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, neither the Offeror nor BEURG assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

## DEFINITIONS

*In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisitions”	the series of acquisitions of an aggregate of 114,684,000 BEURG Shares, representing approximately 3.19% of the issued share capital of BEURG as at the date of the Joint Announcement, during the period from 30 March 2022 to 25 April 2022 by the Offeror on the open market, and “Acquisition” means any of them
“Acquisition Shares”	the aggregate of 114,684,000 BEURG Shares acquired by the Offeror during the Acquisitions
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Acting In Concert Agreement”	the agreement entered into by the Offeror and the Offeror Concert Parties dated 10 May 2022 pursuant to which each of the Offeror Concert Parties irrevocably and unconditionally undertook to the Offeror, among other things, that it would act in concert with the Offeror with respect to BEURG whereby each of the Offeror Concert Parties would vote in the same manner as the Offeror in meetings of shareholders of BEURG
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“BEURG”	Beijing Enterprises Urban Resources Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 3718)
“BEURG Group”	BEURG and its subsidiaries
“BEURG Overseas Shareholder(s)”	the Offer Shareholder(s) whose address(es), as shown on the register of members of BEURG, is/are outside Hong Kong
“BEURG Shareholders”	shareholders of BEURG
“BEURG Shares”	ordinary shares in the share capital of BEURG



## DEFINITIONS

“BEWG” or “Offeror”	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)
“Business Day(s)”	has the meaning ascribed to it under the Takeovers Code
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Tonghai”	China Tonghai Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, a joint financial adviser to the Offeror in respect of the Offer
“China Tonghai Group”	China Tonghai International Financial Limited (a company whose shares are listed on the Stock Exchange) and its subsidiaries from time to time, including but not limited to China Tonghai
“Closing Date”	the date stated in this Composite Document as the First Closing Date of the Offer or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code
“Composite Document”	this composite offer and response document jointly issued by the Offeror and BEURG to the BEURG Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance and Transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Condition”	the condition to the Offer, as set out in the section headed “Condition to the Offer” in the “Letter from DBSAC and China Tonghai” of this Composite Document

## DEFINITIONS

“DBS Bank”	DBS Bank Ltd., a company incorporated in Singapore and recognised by the Executive as an exempt principal trader for the purposes of the Takeovers Code, the operations of which are carried out independently of any takeover activities carried on by DBSAC with appropriate Chinese walls and compliance procedures in place
“DBSAC”	DBS Asia Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, a joint financial adviser to the Offeror in respect of the Offer. DBSAC is wholly owned by DBS Bank
“DBS Group”	DBS Group Holdings Limited (a company whose shares are listed on the Singapore Stock Exchange) and its subsidiaries from time to time, including but not limited to DBS Bank and DBSAC
“Dividend”	the final dividend of HK\$0.03 per BEURG Share recommended by the board of directors of BEURG, details of which are set out in the announcement of BEURG dated 29 March 2022, and subject to approval by BEURG Shareholders on the annual general meeting of BEURG to be held on Tuesday, 7 June 2022, and is payable to BEURG Shareholders whose names appear on the register of members of BEURG on Wednesday, 15 June 2022
“Encumbrance”	a charge, debenture, mortgage, pledge, deed of trust, lien, option, equity rights, power of sale, hypothecation, claim, retention of title, right of pre-emption, right of first refusal, or other third party right or security interest of any kind or an agreement or obligation to create any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	a loan facility of up to HK\$1,950,000,000 granted by DBS Bank, Hong Kong Branch to the Offeror
“First Closing Date”	means the first closing date of the Offer, being Friday, 17 June 2022

## DEFINITIONS

“Form of Acceptance and Transfer”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	an independent committee of the board of directors of BEURG, comprising the independent non-executive directors of BEURG who have no direct or indirect interest in the Offer, namely Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng, established for the purpose of advising the Independent Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the independent financial adviser appointed for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Shareholders”	Offer Shareholders other than the Offeror and parties acting in concert with it (including the Offeror Concert Parties)
“Joint Announcement”	the announcement dated 28 April 2022 jointly issued by the Offeror and BEURG in relation to the Offer
“Joint Financial Advisers”	DBSAC and China Tonghai
“Last Trading Day”	25 April 2022, being the last trading day of the BEURG Shares immediately prior to the release of the Joint Announcement

## DEFINITIONS

“Latest Practicable Date”	24 May 2022, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory conditional cash offer being made by DBSAC and China Tonghai, on behalf of the Offeror, to acquire all the Offer Shares in accordance with the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from the date of the Joint Announcement until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	HK\$0.78 per Offer Share payable in cash by the Offeror on the terms of the Offer
“Offer Shareholder(s)”	holder(s) of BEURG Share(s), other than the Offeror but including Offeror Concert Parties
“Offer Share(s)”	all the issued BEURG Share(s), other than those already owned or agreed to be acquired by the Offeror
“Offeror Concert Parties”	collectively, Star Colour Investments Limited (Mr. Zhou Min), Zhihua Investments Limited, Mr. Zhou Chen, ZGC International Holding Limited, Maolin Investments Limited (Mr. Li Haifeng), Beijing Holdings Limited and Long March Holdings Limited (Mr. Zhao Kexi)
“PRC”	the People’s Republic of China
“Registrar”	Tricor Investor Services Limited, BEURG’s Hong Kong branch share registrar and transfer office, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong

## DEFINITIONS

“Relevant Period”	the period commencing on 28 October 2021, being the date falling six months preceding the date of the Joint Announcement (being the date of commencement of the Offer Period), up to and including the Latest Practicable Date
“RMB”	the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US” or “United States”	the United States of America
%	per cent.



27 May 2022

*To the Offer Shareholders:*

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY  
DBS ASIA CAPITAL LIMITED AND CHINA TONGHAI CAPITAL LIMITED  
FOR AND ON BEHALF OF  
BEIJING ENTERPRISES WATER GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY BEIJING ENTERPRISES WATER GROUP LIMITED)**

**INTRODUCTION**

References are made to the Joint Announcement whereby the board of directors of the Offeror and BEURG jointly announced that DBSAC and China Tonghai would make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code and the joint announcement dated 10 May 2022 in relation to the entering into of the Acting In Concert Agreement.

This letter forms part of this Composite Document and sets out, amongst other things, certain background information of the Offeror and the intentions of the Offeror in relation to the BEURG Group. Further details on the terms of the Offer are set out in this letter, "Appendix I — Further Terms and Procedures for Acceptance of the Offer" to this Composite Document and in the accompanying Form of Acceptance and Transfer. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

The Offer Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board of BEURG", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser", the accompanying Form of Acceptance and Transfer and the appendices which form part of this Composite Document.

## LETTER FROM DBSAC AND CHINA TONGHAI

### THE ACQUISITION

During the period from 30 March 2022 to 25 April 2022, the Offeror acquired a total of 114,684,000 BEURG Shares and on 25 April 2022, the Offeror acquired an additional 45,448,000 BEURG Shares. All the Acquisitions were conducted on the open market. The total consideration (excluding stamp duty and transaction levies) paid by the Offeror for the 114,684,000 BEURG Shares acquired from 30 March 2022 to 25 April 2022 amounted to HK\$84,360,126.80 (with the consideration paid per BEURG Share being HK\$0.61 to HK\$0.78). Following the Acquisition on 25 April 2022, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the Latest Practicable Date; and (ii) the shareholding of the Offeror and parties acting in concert with it (i.e. Star Colour Investments Limited, Mr. Zhou Chen, Maolin Investments Limited, Beijing Holdings Limited and Mr. Li Haifeng) in BEURG increased from approximately 37.38% to 38.64% of the issued share capital of BEURG as at the Latest Practicable Date.

### THE ACTING IN CONCERT AGREEMENT

On 10 May 2022, the Offeror and the Offeror Concert Parties entered into the Acting In Concert Agreement, pursuant to which each of the Offeror Concert Parties irrevocably and unconditionally undertook to the Offeror that it would act in concert with the Offeror with respect to BEURG whereby each of the Offeror Concert Parties would vote in the same manner as the Offeror in meetings of shareholders of BEURG.

As at the Latest Practicable Date, the Offeror Concert Parties were interested in an aggregate of 465,572,000 BEURG Shares, representing approximately 12.93% of the issued share capital of BEURG, and the Offeror and parties acting in concert with it (including the Offeror Concert Parties) held 1,589,856,000 BEURG Shares, representing approximately 44.16% of the issued share capital of BEURG.

### THE OFFER

Following the Acquisitions and the entering into of the Acting in Concert Agreement, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the Latest Practicable Date; and (ii) the shareholding of the Offeror and parties acting in concert with it (including the Offeror Concert Parties) in BEURG increased from approximately 37.38% to 44.16% of the issued share capital of BEURG as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued BEURG Shares (other than those already owned or agreed to be acquired by the Offeror).

## LETTER FROM DBSAC AND CHINA TONGHAI

DBSAC and China Tonghai are making the Offer for and on behalf of the Offeror in compliance with Rule 26.1 of the Takeovers Code:

**For each Offer Share . . . . . HK\$0.78 in cash**

**The Offeror will not increase the Offer Price. BEURG Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price under the Offer.**

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrances and together with all rights and benefits attached thereto, including the rights to receive all dividends and other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document), save for the Dividend.

Save for the Dividend, BEURG confirms that as at the Latest Practicable Date, it does not have intention to declare any future dividend or make other distributions until after the close of the Offer. The Offer Price will not be adjusted for the Dividend.

### **Comparison of value**

The offer price of the Offer of HK\$0.78 per Offer Share is/represents:

- a. equivalent to the closing price of HK\$0.78 per BEURG Share as quoted on the Stock Exchange on the Last Trading Day;
- b. a premium of approximately 20.0% over the average closing price of approximately HK\$0.65 per BEURG Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- c. a premium of approximately 23.5% over the average closing price of approximately HK\$0.63 per BEURG Share as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- d. a premium of approximately 27.8% over the average closing price of approximately HK\$0.61 per BEURG Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;



## LETTER FROM DBSAC AND CHINA TONGHAI

- e. a discount of approximately 1.3% to the closing price of HK\$0.79 per BEURG Share as quoted on the Stock Exchange on 24 May 2022, being the Latest Practicable Date;
- f. a discount of approximately 19.7% to the BEURG Group's audited consolidated net asset value attributable to the BEURG Shareholders per BEURG Share of approximately HK\$0.97 as at 31 December 2021 (based on a total of 3,600,000,000 BEURG Shares as at the Latest Practicable Date and the BEURG Group's audited consolidated net asset value attributable to the BEURG Shareholders of approximately HK\$3,498,237,000 as at 31 December 2021).

### **Highest and lowest BEURG Share Prices**

During the Relevant Period, the highest and lowest closing price of the BEURG Shares quoted on the Stock Exchange was HK\$0.80 per BEURG Share on 1 November 2021, 29 April 2022, 3 May 2022, 4 May 2022 and 5 May 2022 and HK\$0.475 per BEURG Share on 30 November 2021, respectively.

### **Value of the Offer**

As disclosed in the "Letter from the Board of BEURG", as at the Latest Practicable Date, there were 3,600,000,000 BEURG Shares in issue, and BEURG did not have any outstanding options, warrants or derivatives or securities convertible into BEURG Shares.

Assuming that there is no change in the issued share capital of BEURG and based on the offer price of HK\$0.78 per Offer Share, the entire issued share capital of BEURG (comprising 3,600,000,000 BEURG Shares) would be valued at HK\$2,808,000,000. As at the Latest Practicable Date, the Offeror was interested in 1,124,284,000 BEURG Shares, representing approximately 31.23% of the issued share capital of BEURG. Accordingly, 2,475,716,000 BEURG Shares will be subject to the Offer and the Offer will be made to the Offer Shareholders. Based on the offer price of HK\$0.78 per Offer Share, the total consideration for the Offer would be HK\$1,931,058,480.

## LETTER FROM DBSAC AND CHINA TONGHAI

### **Confirmation of financial resources**

The maximum amount of cash payable by the Offeror in respect of full acceptance of the Offer is HK\$1,931,058,480, assuming there is no change in the issued share capital of BEURG from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance the consideration payable under the Offer through the Facility. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise, including but not limited to the Facility) will depend to any significant extent on the business of BEURG.

DBSAC and China Tonghai, as the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

### **Condition to the Offer**

The Offer is conditional on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of BEURG Shares which, together with BEURG Shares acquired before or during the Offer, will result in the Offeror and parties acting in concert with it (including the Offeror Concert Parties) holding more than 50% of the voting rights of BEURG.

### **INFORMATION OF BEURG GROUP**

The BEURG Group is principally engaged in the provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services.

Financial and general information in relation to the BEURG Group are set out in Appendix II titled "Financial Information of the BEURG Group" and Appendix III titled "General Information of the BEURG Group" to this Composite Document, which your attention is drawn to.

### **SHAREHOLDING STRUCTURE OF BEURG**

As disclosed in the "Letter from the Board of BEURG", as at the Latest Practicable Date, (i) there were 3,600,000,000 BEURG Shares in issue; (ii) BEURG did not have any outstanding options, warrants or derivatives or convertible rights convertible into BEURG Shares; and (iii) apart from the directors of BEURG that are included in the Offeror Concert Parties, none of the other directors of BEURG hold any BEURG Shares.

## LETTER FROM DBSAC AND CHINA TONGHAI

The following table sets out the shareholding structure of BEURG (i) immediately prior to the Acquisitions; and (ii) immediately after the Acquisitions and after the Acting In Concert Agreement and as at the Latest Practicable Date.

	Immediately prior to the Acquisitions		Immediately after the Acquisitions and after the Acting In Concert Agreement and as at the Latest Practicable Date	
	<i>Number of BEURG Shares</i>	%	<i>Number of BEURG Shares</i>	%
Offeror	1,009,600,000	28.04	1,124,284,000	31.23
Star Colour Investments Limited ( <i>Note 1</i> )	104,820,000	2.91	104,820,000	2.91
Zhou Chen ( <i>Note 1</i> )	71,140,000	1.98	71,140,000	1.98
Maolin Investments Limited and Li Haifeng ( <i>Note 1</i> )	50,800,000	1.41	50,800,000	1.41
Beijing Holdings Limited ( <i>Note 1</i> )	40,000,000	1.11	40,000,000	1.11
<b>Sub-total</b>	<b>1,276,360,000</b>	<b>35.45</b>	<b>1,391,044,000</b>	<b>38.64</b>
Zihua Investments Limited ( <i>Note 2</i> )	97,920,000	2.72	97,920,000	2.72
ZGC International Holding Limited ( <i>Note 2</i> )	60,972,000	1.69	60,972,000	1.69
Long March Holdings Limited ( <i>Note 2</i> )	39,920,000	1.11	39,920,000	1.11
<b>Sub-total</b>	<b>1,475,172,000</b>	<b>40.97</b>	<b>1,589,856,000</b>	<b>44.16</b>
Public BEURG Shareholders	2,124,828,000	59.03	2,010,144,000	55.84
<b>Total</b>	<b>3,600,000,000</b>	<b>100.00</b>	<b>3,600,000,000</b>	<b>100.00</b>

## LETTER FROM DBSAC AND CHINA TONGHAI

### *Notes:*

1. Each of Star Colour Investments Limited, Maolin Investments Limited, Beijing Holdings Limited, Mr. Zhou Chen and Mr. Li Haifeng was presumed to be acting in concert with the Offeror pursuant to the Takeovers Code before the execution of the Acting In Concert Agreement and continued to be a party acting in concert with the Offeror following the execution of the Acting In Concert Agreement.
2. Each of Zihua Investments Limited, ZGC International Holding Limited and Long March Holdings Limited became a party acting in concert with the Offeror following the execution of the Acting In Concert Agreement.
3. DBSAC and China Tonghai are the Joint Financial Advisers to the Offeror in respect of the Offer. Accordingly, DBSAC, relevant members of the DBS Group, China Tonghai and relevant members of China Tonghai Group are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code (except in respect of the BEURG Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding the BEURG Shares held on behalf of non-discretionary investment clients of the DBS Group and China Tonghai Group). As at the Latest Practicable Date, DBSAC and relevant members of the DBS Group did not hold any BEURG Shares on a proprietary basis.
4. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

### **INFORMATION OF THE OFFEROR**

The Offeror, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 371). The Offeror is an investment holding company. The Offeror, through its subsidiaries, is principally engaged in construction of sewage and reclaimed water treatment plants and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia, Australia and the Republic of Botswana; provision of sewage and reclaimed water treatment services in the PRC, the Republic of Singapore, the Portuguese Republic, Australia and New Zealand; distribution and sale of piped water in the PRC, the Portuguese Republic and Australia; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in the PRC and Australia; and the licensing of technical know-how related to sewage treatment in the PRC.

## LETTER FROM DBSAC AND CHINA TONGHAI

As at the Latest Practicable Date, information of the controlling shareholders of the Offeror is set out below:

Name	Number of ordinary shares in the Offeror			Percentage of the Offeror's total number of issued shares (Note 1)
	Beneficially owned	Through controlled corporation	Total	
Beijing Enterprises Environmental Construction Limited (" <b>BE Environmental</b> ")	4,121,607,070	-	4,121,607,070	40.66%
Beijing Enterprises Holdings Limited (" <b>BEHL</b> ") (Note 2)	-	4,121,607,070	4,121,607,070	40.66%
Modern Orient Limited (" <b>MOL</b> ") (Note 3)	-	4,121,607,070	4,121,607,070	40.66%
Beijing Enterprises Investments Limited (" <b>BEIL</b> ") (Note 3)	-	4,121,607,070	4,121,607,070	40.66%
Beijing Enterprises Group (BVI) Company Limited (" <b>BE Group (BVI)</b> ") (Note 4)	-	4,121,607,070	4,121,607,070	40.66%
Beijing Enterprises Group Company Limited (" <b>BEGCL</b> ") (Note 5)	-	4,153,717,070	4,153,717,070	40.98%

Notes:

- The percentage represents the number of shares over the total issued shares of the Offeror as at the Latest Practicable Date of 10,135,821,871 shares.
- The interest disclosed comprises the shares of the Offeror owned by BE Environmental. BE Environmental is a wholly-owned subsidiary of BEHL. Accordingly, BEHL is deemed to be interested in the shares of the Offeror owned by BE Environmental for the purpose of Part XV of the SFO.
- The interest disclosed comprises the shares of the Offeror owned by BE Environmental and such shares are deemed to be interested by BEHL as detailed in Note 2 above. MOL, a wholly-owned subsidiary of BEIL, and BEIL are the immediate shareholders of BEHL and collectively hold approximately 20.91% of the issued share capital of BEHL. Each of MOL and BEIL is deemed to be interested in the shares of the Offeror owned by BE Environmental (through BEHL) for the purpose of Part XV of the SFO.
- The interest disclosed comprises the shares of the Offeror owned by BE Environmental and such shares are deemed to be interested by BEHL, BEIL and MOL as detailed in Notes 2 and 3 above. BEHL is held directly as to approximately 41.09% by BE Group (BVI). MOL is a wholly-owned subsidiary of BEIL, which is in turn directly held as to approximately 72.72% by BE Group (BVI). Accordingly, BE Group (BVI) is deemed to be interested in the shares of the Offeror owned by BE Environmental (through BEIL, MOL and BEHL) for the purpose of Part XV of the SFO.

## LETTER FROM DBSAC AND CHINA TONGHAI

5. The interest disclosed comprises the shares of the Offeror owned by BE Environmental and such shares are deemed to be interested by BE Group (BVI) as detailed in Note 4 above and 32,110,000 shares of the Offeror owned by Beijing Holdings Limited (“BHL”). Both BE Group (BVI) and BHL are wholly-owned subsidiaries of the BEGCL, which in turn ultimately beneficially owned by the People's Government of Beijing Municipality. Accordingly, BEGCL is deemed to be interested in the shares of the Offeror owned by BE Environmental (through BE Group (BVI) and BHL) for the purpose of Part XV of the SFO.

As at the Latest Practicable Date, apart from (i) an aggregate of 4,153,717,070 shares of the Offeror (representing approximately 40.98% of the issued share capital of the Offeror) held by the controlling shareholders of the Offeror as set out in the table above; (ii) an aggregate of 1,588,495,436 shares of the Offeror (representing approximately 15.67% of the issued share capital of the Offeror) which are owned or deemed to be interested by Three Gorges Capital Holdings (HK) Co., Limited, Three Gorges Capital Holding Co., Ltd, Yangtze Ecology and Environment (HK) Investment Limited, Yangtze Ecology and Environment Co., Ltd. and China Three Gorges Corporation each being a substantial shareholder of the Offeror; and (iii) an aggregate of 389,225,376 shares of the Offeror (representing approximately 3.84% of the issued share capital of the Offeror) which are owned or deemed to be interested by certain directors of the Offeror, the remaining 4,004,383,989 shares of the Offeror (representing approximately 39.51% of the issued share capital of the Offeror) are held by public shareholders.

### INFORMATION ON THE OFFEROR CONCERT PARTIES

#### **Star Colour Investments Limited**

Star Colour Investments Limited is a company incorporated in the BVI with limited liability, holding 104,820,000 BEURG Shares, representing approximately 2.91% of the issued shares of BEURG as at the Latest Practicable Date. Star Colour Investments Limited is principally engaged in investment holding. Mr. Zhou Min, a non-executive director and the chairman of BEURG and an executive director and the chief executive officer of BEWG, is the sole shareholder and sole director of Star Colour Investments Limited.

#### **Zhихua Investments Limited**

Zhихua Investments Limited is a company incorporated in the BVI with limited liability, holding 97,920,000 BEURG Shares, representing approximately 2.72% of the issued shares of BEURG as at the Latest Practicable Date. Zhихua Investments Limited is principally engaged in investment holding. Mr. Hu Xiaoyong is the sole shareholder and sole director of Zhихua Investments Limited.

## LETTER FROM DBSAC AND CHINA TONGHAI

### **Mr. Zhou Chen**

Mr. Zhou Chen, an executive director of BEURG and a son of Mr. Zhou Min, holds 71,140,000 BEURG Shares, representing approximately 1.98% of the issued shares of BEURG as at the Latest Practicable Date.

### **ZGC International Holding Limited**

ZGC International Holding Limited is a company incorporated in Hong Kong with limited liability, holding 60,972,000 BEURG Shares, representing approximately 1.69% of the issued shares of BEURG as at the Latest Practicable Date. ZGC International Holding Limited is principally engaged in investment and asset management, provision of technology intermediary services and financial services. The ultimate beneficial owner of ZGC International Holding Limited is the People's Government of Beijing Municipality. The directors of ZGC International Holding Limited are Mr. Zhao Xiaopeng, Mr. Li Tianlong and Mr. Qiu Lijing.

### **Maolin Investments Limited and Mr. Li Haifeng**

Maolin Investments Limited is a company incorporated in the BVI with limited liability, holding 48,960,000 BEURG Shares, representing approximately 1.36% of the issued shares of BEURG as at the Latest Practicable Date. Maolin Investments Limited is principally engaged in investment holding. Mr. Li Haifeng, a non-executive director of BEURG and an executive director of BEWG, is the sole shareholder and sole director of Maolin Investments Limited. Mr. Li Haifeng holds 1,840,000 BEURG Shares, representing approximately 0.05% of the issued shares of BEURG as at the Latest Practicable Date.

### **Beijing Holdings Limited**

Beijing Holdings Limited is a company incorporated in Hong Kong with limited liability, holding 40,000,000 BEURG Shares, representing approximately 1.11% of the issued shares of BEURG as at the Latest Practicable Date. Beijing Holdings Limited is principally engaged in investment holding. The ultimate beneficial owner of Beijing Holdings Limited is the People's Government of Beijing Municipality. The directors of Beijing Holdings Limited are Ms. Chang Ling, Mr. Yang Zhichang, Mr. Liu Yong, Mr. Cong Chunshui, Mr. Zhang Yuzhuang and Mr. Yan Feng.

## LETTER FROM DBSAC AND CHINA TONGHAI

### **Long March Holdings Limited**

Long March Holdings Limited is a company incorporated in the BVI with limited liability, holding 39,920,000 BEURG Shares, representing approximately 1.11% of the issued shares of BEURG as at the Latest Practicable Date. Long March Holdings Limited is principally engaged in investment holding. Mr. Zhao Kexi, an executive director and the chief executive officer of BEURG, is the sole shareholder and sole director of Long March Holdings Limited.

### **INTENTIONS OF THE OFFEROR REGARDING THE BEURG GROUP**

It is the intention of the Offeror to continue with the BEURG Group's existing principal business following the close of the Offer. The Offeror does not intend to introduce any major changes to the existing business and operation of the BEURG Group following the close of the Offer. As at the Latest Practicable Date, the Offeror had not entered into any agreement, arrangement or understanding pursuant to which the Offeror will transfer, charge or pledge any Offer Shares to be purchased by it under the Offer to any other person. The Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the material assets of the BEURG Group. The Offeror will continue to ensure good corporate governance, monitor and review the BEURG Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the BEURG Group.

### **Proposed change of board composition of BEURG**

It is intended that there will be no change to the composition of the board of directors of BEURG following the close of the Offer.

### **COMPULSORY ACQUISITION**

The Offeror does not intend to avail itself of any power of compulsory acquisition of any BEURG Shares after the close of the Offer.

### **PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF BEURG**

The Stock Exchange has stated that, if, at the close of the Offer, less than the minimum prescribed percentage applicable to BEURG, being 25% of the issued BEURG Shares, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the BEURG Shares; or
- that there are insufficient BEURG Shares in public hands to maintain an orderly market,



## LETTER FROM DBSAC AND CHINA TONGHAI

the Stock Exchange will consider exercising its discretion to suspend dealings in the BEURG Shares.

Therefore, it should be noted that upon the close of the Offer, there may be insufficient public float of the BEURG Shares and the trading in the BEURG Shares may be suspended until sufficient public float exists for the BEURG Shares.

The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the BEURG Shares after the close of the Offer.

**The Offeror intends to maintain the listing of the BEURG Shares on the Stock Exchange after the close of the Offer.**

### REASONS FOR AND BENEFITS OF THE ACQUISITIONS AND THE OFFER

The BEURG Group is principally engaged in the provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services, while BEWG, through its subsidiaries, is principally engaged in the construction of sewage and reclaimed water treatment plants and seawater desalination plants, and provision of construction services for comprehensive renovation projects; provision of sewage and reclaimed water treatment services; distribution and sale of piped water; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects; and the licensing of technical know-how related to sewage treatment, in each case in the relevant territories of the world.

The management of BEWG believes that if BEURG becomes a subsidiary of BEWG, there would be a synergy effect which could in turn help the overall image and business of BEURG and BEWG. BEWG will also be able to better utilize BEURG as one of its platforms in the overall strategic development of the businesses of BEWG in the environmental protection industry, specialising in the treatment of household and industrial waste, thereby reinforcing BEWG's market leading position in the industry. In addition, the financial position of BEWG will be enhanced if the financial results of BEURG can be consolidated into the consolidated financial statements of BEWG.

The directors of BEWG (excluding Mr. Zhou Min (chief executive officer), Mr. Li Haifeng and Mr. Li Li who are also directors of BEURG and deemed interested in and have abstained from voting on the resolutions approving the Acquisitions and the Offer, but including the independent non-executive directors of BEWG) consider that the Acquisitions and the terms of the Offer are fair and reasonable, and in the interests of BEWG and its shareholders as a whole.

## LETTER FROM DBSAC AND CHINA TONGHAI

### BEURG OVERSEAS SHAREHOLDERS AND NOTICE TO US SHAREHOLDERS

As at the Latest Practicable Date, based on the record in BEURG's register of members and BEURG's internal record, outside of Hong Kong, BEURG had one overseas Offer Shareholder in the BVI. BEURG had been advised by counsel as to BVI law that the Composite Document and the accompanying Form of Acceptance and Transfer may be forwarded to such overseas Offer Shareholder and will do so accordingly.

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, BEURG Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the BEURG Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

**Any acceptance of the Offer by such BEURG Overseas Shareholders will be deemed to constitute a representation and warranty from such BEURG Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The BEURG Overseas Shareholders should consult their professional advisers if in doubt.**

Please refer to the sections headed "Notice to BEURG Overseas Shareholders" and "Notice to US Shareholders" as set out in the "IMPORTANT NOTICES" on pages iv and v in this Composite Document for details.

### ACCEPTANCES OF THE OFFER

#### **Procedures for acceptance**

To accept the Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

## LETTER FROM DBSAC AND CHINA TONGHAI

The duly completed and signed Form of Acceptance and Transfer, should be sent, together with the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your BEURG Shares is/are in your name, to the Registrar at Tricor Investor Services Limited, which is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Beijing Enterprises Urban Resources Group Limited — Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.

No acknowledgment of receipt of any Form of Acceptance and Transfer, should be sent, together with the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to "Further terms and procedures for acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

### **Close of the Offer**

Pursuant to Rule 15.1 of the Takeovers Code, the Offer will remain open acceptance for at least 21 days following the date on which this Composite Document is posted. Where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter.

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent). The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

### **Effect of accepting the Offer**

Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person that all the BEURG Shares sold by such person under the Offer are free from any Encumbrances and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and other distributions declared, made or paid on or after the date on which the Offer is made (i.e. the date of the despatch of this Composite Document), save for the Dividend. For the avoidance of doubt, the Offer Price will not be adjusted for the Dividend and BEURG Shareholders whose names appear on the register of members of BEURG on 15 June 2022 shall be entitled to retain and be paid such dividend.

## LETTER FROM DBSAC AND CHINA TONGHAI

Acceptance of the Offer will be irrevocable and not be capable of being withdrawn after the Offer has become or been declared unconditional unless such withdrawal is made in accordance with Rule 19.2 of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date of the Offer if the Offer has not by then become unconditional as to acceptances.

### **Nominee registration**

To ensure equality of treatment of all BEURG Shareholders, those BEURG Shareholders who hold BEURG Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of BEURG Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

### **Hong Kong stamp duty**

Seller's Hong Kong ad valorem stamp duty payable by the BEURG Shareholders who accept the Offer and calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar), whichever is higher, will be deducted from the amount payable by the Offeror to the relevant BEURG Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of the accepting BEURG Shareholders and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **Settlement under the Offer**

The amount due to an accepting BEURG Shareholder (less seller's Hong Kong ad valorem stamp duty in respect of acceptances of the Offer) will be despatched, by a cheque or a banker's cashier order, to the relevant BEURG Shareholder by ordinary post at his/her/its own risks as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid, or the date on which the Offer becomes or is declared unconditional in all respects. No fractions of a cent will be payable and the amount of cash consideration payable to a BEURG Shareholder who accepts the Offer will be rounded up to the nearest cent. Settlement of the consideration to which any BEURG Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's Hong Kong ad valorem stamp duty of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such BEURG Shareholder. BEURG Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

## LETTER FROM DBSAC AND CHINA TONGHAI

### **Taxation advice**

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror (including the Offeror Concert Parties), DBSAC, China Tonghai and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **GENERAL**

All communications, notices, the Form of Acceptance and Transfer, BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the BEURG Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Offer Shareholders at their addresses, in the case of Offer Shareholders, specified on the relevant Form of Acceptance and Transfer. None of the Offeror, BEURG, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, DBSAC, China Tonghai, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result. The attention of the Offer Shareholders is drawn to the section headed "Further Terms and Procedures for Acceptance of the Offer" in Appendix I to this Composite Document.

<b>LETTER FROM DBSAC AND CHINA TONGHAI</b>
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**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance and Transfer, which forms part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board of BEURG” set out on pages 24 to 30 of this Composite Document, the “Letter from the Independent Board Committee” set out on pages 31 to 32 of this Composite Document and the letter of advice by the independent financial adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” set out on pages 33 to 55 of this Composite Document.

Yours faithfully  
For and on behalf of  
**DBS Asia Capital Limited**  
**Yip Wei Mun**  
*Managing Director*  
**Chia Shaw Ming**  
*Senior Vice President*

Yours faithfully  
For and on behalf of  
**China Tonghai Capital Limited**  
**Noelle Hung**  
*Managing Director*



**Beijing Enterprises Urban Resources Group Limited**  
**北控城市資源集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3718)**

*Executive Directors:*

Mr. Zhao Kexi  
Mr. Zhou Chen

*Non-executive Directors:*

Mr. Zhou Min (Chairman)  
Mr. Li Haifeng  
Mr. Li Li

*Independent non-executive Directors:*

Mr. Orr Ka Yeung, Kevin  
Mr. Wu Tak Kong  
Dr. Du Huanzheng

*Registered Office:*

Cricket Square,  
Hutchins Drive  
P.O. Box 2681,  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*

Units 6705-07  
67th Floor,  
Central Plaza  
18 Harbour Road,  
Wanchai  
Hong Kong

27 May 2022

*To the Offer Shareholders:*

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY  
DBS ASIA CAPITAL LIMITED AND CHINA TONGHAI CAPITAL LIMITED  
FOR AND ON BEHALF OF  
BEIJING ENTERPRISES WATER GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY BEIJING ENTERPRISES WATER GROUP LIMITED)**

**INTRODUCTION**

References are made to the Joint Announcement dated 28 April 2022 and the joint announcement dated 10 May 2022 in relation to the entering into of the Acting In Concert Agreement.

## LETTER FROM THE BOARD OF BEURG

During the period from 30 March 2022 to 25 April 2022, the Offeror acquired on the open market a total of 114,684,000 BEURG Shares and on 25 April 2022, the Offeror acquired an additional 45,448,000 BEURG Shares, for a total consideration of HK\$84,360,126.80 (excluding stamp duty and transaction levies). Following the Acquisition on 25 April 2022, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the Latest Practicable Date; and (ii) the shareholding of the Offeror and parties acting in concert with it (i.e. Star Colour Investments Limited, Mr. Zhou Chen, Maolin Investments Limited, Beijing Holdings Limited and Mr. Li Haifeng) in BEURG increased from approximately 37.38% to 38.64% of the issued share capital of BEURG as at the Latest Practicable Date.

On 10 May 2022, the Offeror and the Offeror Concert Parties entered into the Acting In Concert Agreement, pursuant to which each of the Offeror Concert Parties irrevocably and unconditionally undertook to the Offeror that it would act in concert with the Offeror with respect to BEURG whereby each of the Offeror Concert Parties would vote in the same manner as the Offeror in meetings of shareholders of BEURG.

As at the Latest Practicable Date, the Offeror Concert Parties were interested in an aggregate of 465,572,000 BEURG Shares, representing approximately 12.93% of the issued share capital of BEURG, and the Offeror and parties acting in concert with it (including the Offeror Concert Parties) held 1,589,856,000 BEURG Shares, representing approximately 44.16% of the issued share capital of BEURG.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued BEURG Shares (other than those already owned or agreed to be acquired by the Offeror).

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among other things, (i) information relating to the BEURG Group, the Offeror and the Offer; (ii) the letter from DBSAC and China Tonghai containing, among other things, details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; (iv) the letter from Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in relation to the Offer; and (v) procedures for acceptance of the Offer.



## LETTER FROM THE BOARD OF BEURG

Further details on the terms of the Offer are set out in Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance and Transfer. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, an independent committee of the board of BEURG comprising all the non-executive directors of BEURG who have no direct or indirect interest in the Offer, namely, Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng, has been formed in accordance with Rule 2.8 of the Takeovers Code for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

As each of Mr. Zhou Min, Mr. Li Haifeng and Mr. Li Li, each being a non-executive director of BEURG, is an executive director of the Offeror and therefore, party acting in concert or presumed to be acting in concert with the Offeror, therefore they are not members of the Independent Board Committee.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee in connection with the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

### THE OFFER

As at the Latest Practicable Date, there were 3,600,000,000 BEURG Shares in issue and BEURG does not have any outstanding options, warrants or derivatives or securities convertible into BEURG Shares as at the Latest Practicable Date.

## LETTER FROM THE BOARD OF BEURG

### Principal terms of the Offer

As set out in the “Letter from DBSAC and China Tonghai” on pages 7 to 23 of this Composite Document, DBSAC and China Tonghai are making the Offer for and on behalf of the Offeror and in compliance with the Takeovers Code, to acquire all the Offer Shares on terms set out in the following basis:

**For each Offer Share . . . . . HK\$0.78 in cash**

**As disclosed in the “Letter from DBSAC and China Tonghai”, the Offeror will not increase the Offer Price. BEURG Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price under the Offer.**

### Further details of the Offer

Further details of the Offer including the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in “Letter from DBSAC and China Tonghai” and Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer, respectively.

### DIVIDENDS

Save for the Dividend, BEURG confirms that as at the Latest Practicable Date, it does not have intention to declare any future dividend or make other distributions until after the close of the Offer. BEURG noted from the “Letter from DBSAC and China Tonghai” of this Composite Document that the Offer Price will not be adjusted for the Dividend.

### INFORMATION OF THE BEURG GROUP

The BEURG Group is principally engaged in the provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services.

Financial and general information in relation to the BEURG Group are set out in Appendix II titled “Financial Information of the BEURG Group” and Appendix III titled “General Information of the BEURG Group” to this Composite Document.

### SHAREHOLDING STRUCTURE OF BEURG

As at the Latest Practicable Date, there were 3,600,000,000 BEURG Shares in issue. BEURG does not have any outstanding options, warrants or derivatives or convertible rights convertible into BEURG Shares. Apart from the directors of BEURG that are included in the Offeror Concert Parties, none of the other directors of BEURG hold any BEURG Shares.

## LETTER FROM THE BOARD OF BEURG

The following table sets out the shareholding structure of BEURG (i) immediately prior to the Acquisitions; and (ii) immediately after the Acquisitions and after the Acting In Concert Agreement and as at the Latest Practicable Date:

	Immediately prior to the Acquisitions		Immediately after the Acquisitions and after the Acting In Concert Agreement and as at the Latest Practicable Date	
	<i>Number of BEURG Shares</i>	%	<i>Number of BEURG Shares</i>	%
Offeror	1,009,600,000	28.04	1,124,284,000	31.23
Star Colour Investments Limited ( <i>Note 1</i> )	104,820,000	2.91	104,820,000	2.91
Zhou Chen ( <i>Note 1</i> )	71,140,000	1.98	71,140,000	1.98
Maolin Investments Limited and Li Haifeng ( <i>Note 1</i> )	50,800,000	1.41	50,800,000	1.41
Beijing Holdings Limited ( <i>Note 1</i> )	40,000,000	1.11	40,000,000	1.11
<b>Sub-total</b>	<b>1,276,360,000</b>	<b>35.45</b>	<b>1,391,044,000</b>	<b>38.64</b>
Zhihua Investments Limited ( <i>Note 2</i> )	97,920,000	2.72	97,920,000	2.72
ZGC International Holding Limited ( <i>Note 2</i> )	60,972,000	1.69	60,972,000	1.69
Long March Holdings Limited ( <i>Note 2</i> )	39,920,000	1.11	39,920,000	1.11
<b>Sub-total</b>	<b>1,475,172,000</b>	<b>40.97</b>	<b>1,589,856,000</b>	<b>44.16</b>
Public BEURG Shareholders	2,124,828,000	59.03	2,010,144,000	55.84
<b>Total</b>	<b>3,600,000,000</b>	<b>100.00</b>	<b>3,600,000,000</b>	<b>100.00</b>

*Notes:*

- Each of Star Colour Investments Limited, Maolin Investments Limited, Beijing Holdings Limited, Mr. Zhou Chen and Mr. Li Haifeng was presumed to be acting in concert with the Offeror pursuant to the Takeovers Code before the execution of the Acting In Concert Agreement and continued to be a party acting in concert with the Offeror following the execution of the Acting In Concert Agreement.
- Each of Zhihua Investments Limited, ZGC International Holding Limited and Long March Holdings Limited became a party acting in concert with the Offeror following the execution of the Acting In Concert Agreement.

## LETTER FROM THE BOARD OF BEURG

3. DBSAC and China Tonghai are the Joint Financial Advisers to the Offeror in respect of the Offer. Accordingly, DBSAC, relevant members of the DBS Group, China Tonghai and relevant members of China Tonghai Group are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code (except in respect of the BEURG Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding the BEURG Shares held on behalf of non-discretionary investment clients of the DBS Group and China Tonghai Group). As at the Latest Practicable Date, DBSAC and relevant members of the DBS Group did not hold any BEURG Shares on a proprietary basis.
4. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

### INFORMATION ON THE OFFEROR CONCERT PARTIES

Please refer to the paragraph headed “Information on the Offeror Concert Parties” in the “Letter from DBSAC and China Tonghai ” in this Composite Document.

### INFORMATION ON THE OFFEROR

Please refer to the paragraph headed “Information on the Offeror” in the section headed “Letter from DBSAC and China Tonghai ” in this Composite Document.

### INTENTIONS OF THE OFFEROR REGARDING THE BEURG GROUP

Please refer to the paragraph headed “Intentions of the Offeror regarding the BEURG Group” in the “Letter from DBSAC and China Tonghai” in this Composite Document for detailed information on the Offeror’s intention on the business and management of the BEURG Group.

The board of directors of BEURG is pleased to note the intention of the Offeror in respect of the BEURG Group as disclosed. The board of directors of BEURG is willing to cooperate with the Offeror for the best interests of BEURG and the BEURG Shareholders as a whole.

### PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF BEURG

The Stock Exchange has stated that, if, at the close of the Offer, less than the minimum prescribed percentage of public float applicable to BEURG, being 25% of the issued BEURG Shares, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the BEURG Shares; or
- that there are insufficient BEURG Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the BEURG Shares.

## LETTER FROM THE BOARD OF BEURG

Therefore, it should be noted that upon the close of the Offer, there may be insufficient public float of the BEURG Shares and the trading in the BEURG Shares may be suspended until sufficient public float exists for the BEURG Shares. The board of directors of BEURG noted from the “Letter from DBSAC and China Tonghai” in this Composite Document that: (i) the Offeror intends to maintain the listing of the BEURG Shares on the Stock Exchange after the close of the Offer; and (ii) the directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the BEURG Shares after the close of the Offer.

### RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 31 to 32 of this Composite Document and the “Letter from the Independent Financial Adviser” set out on pages 33 to 55 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation. The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I titled “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance and Transfer for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,  
By order of the board of directors of  
**Beijing Enterprises Urban Resources Group Limited**  
**Zhao Kexi**  
*Executive Director and Chief Executive Officer*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer prepared for the purpose of inclusion in this Composite Document.*



### **Beijing Enterprises Urban Resources Group Limited** **北控城市資源集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3718)**

27 May 2022

*To the Independent Shareholders:*

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY  
DBS ASIA CAPITAL LIMITED AND CHINA TONGHAI CAPITAL LIMITED  
FOR AND ON BEHALF OF  
BEIJING ENTERPRISES WATER GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY BEIJING ENTERPRISES WATER GROUP LIMITED)**

We refer to this Composite Document dated 27 May 2022 jointly issued by BEURG and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter have the same meanings as defined in this Composite Document.

We have been appointed by the board of BEURG to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Independent Shareholders) as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the Offer and, in particular, whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the "Letter from the Independent Financial Adviser" on pages 33 to 55 of this Composite Document.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We further draw your attention to the “Letter from DBSAC and China Tonghai” set out on pages 7 to 23 of this Composite Document which contains, among other things, information about the Offer. We also draw your attention to the “Letter from the board of BEURG” set out on pages 24 to 30 of this Composite Document and the additional information set out in this Composite Document, including the Appendices to this Composite Document and the accompanying Form of Acceptance and Transfer in respect of the terms of the Offer and acceptance and settlement procedures for the Offer Shares.

### RECOMMENDATION

Taking into account the terms of the Offer and the Independent Financial Adviser’s advice and recommendations, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer. Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in this Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the BEURG Shares, they should closely monitor the market price and liquidity of the BEURG Shares during the period of the Offer. Should the market price of the BEURG Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their BEURG Shares in the market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document and the accompanying Form of Acceptance and Transfer.

Yours faithfully,  
For and on behalf of  
**the Independent Board Committee of**  
**Beijing Enterprises Urban Resources Group Limited**  
**Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng**  
*Independent Non-executive Directors*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee, in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.*



27 May 2022

*To the Independent Board Committee*

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFER BY  
DBS ASIA CAPITAL LIMITED AND CHINA TONGHAI CAPITAL LIMITED  
FOR AND ON BEHALF OF  
BEIJING ENTERPRISES WATER GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED  
BY BEIJING ENTERPRISES WATER GROUP LIMITED)**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the mandatory conditional cash offer being made by DBSAC and China Tonghai for and on behalf of the Offeror to acquire all the Offer Shares. Details of the Offer are set out in the Composite Document date 27 May 2022 jointly issued by the Offeror and BEURG to the BEURG Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As set out in the letter from the board of directors of BEURG (the “**Letter from the Board of BEURG**”) contained in the Composite Document, during the period from 30 March 2022 to 25 April 2022, the Offeror acquired a total of 114,684,000 BEURG Shares and on 25 April 2022, the Offeror acquired an additional 45,448,000 BEURG Shares. All the Acquisitions were conducted on the open market. The total consideration (excluding stamp duty and transaction levies) paid by the Offeror for the 114,684,000 BEURG Shares acquired from 30 March 2022 to 25 April 2022 amounted to HK\$84,360,126.80 (with the consideration paid per BEURG Share being HK\$0.61 to HK\$0.78). Following the Acquisition on 25 April 2022, (i) the shareholding of the Offeror in BEURG increased from approximately 29.97% to 31.23% of the issued share capital of BEURG as at the Latest Practicable Date; and (ii) the shareholding of the Offeror and parties acting in concert with it (i.e. Star Colour Investments Limited, Mr. Zhou Chen, Maolin Investments Limited, Beijing Holdings Limited and Mr. Li Haifeng) in BEURG increased from approximately 37.38% to 38.64% of the issued share capital of BEURG as at the Latest Practicable Date.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 10 May 2022, the Offeror and the Offeror Concert Parties entered into the Acting In Concert Agreement, pursuant to which each of the Offeror Concert Parties irrevocably and unconditionally undertook to the Offeror that it would act in concert with the Offeror with respect to BEURG whereby each of the Offeror Concert Parties would vote in the same manner as the Offeror in meetings of shareholders of BEURG. As at the Latest Practicable Date, the Offeror Concert Parties were interested in an aggregate of 465,572,000 BEURG Shares, representing approximately 12.93% of the issued share capital of BEURG, and the Offeror and parties acting in concert with it (including the Offeror Concert Parties) held 1,589,856,000 BEURG Shares, representing approximately 44.16% of the issued share capital of BEURG. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued BEURG Shares (other than those already owned or agreed to be acquired by the Offeror).

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, an independent committee of the board of BEURG comprising all the non-executive directors of BEURG who have no direct or indirect interest in the Offer, namely, Mr. Orr Ka Yeung, Kevin, Mr. Wu Tak Kong and Dr. Du Huanzheng, has been formed in accordance with Rule 2.8 of the Takeovers Code for the purpose of advising and giving recommendation to the Independent Shareholders in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. As Mr. Zhou Min, Mr. Li Haifeng and Mr. Li Li, each being a non-executive director of BEURG, is an executive director of the Offeror and therefore, party acting in concert or presumed to be acting in concert with the Offeror, they are not members of the Independent Board Committee. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee in such regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with BEURG, the Offeror or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. As at the Latest Practicable Date, we are not associated or connected with BEURG or the Offeror, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Lego Corporate Finance Limited and BEURG or the Offeror. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from BEURG or the Offeror or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information supplied by the BEURG Group; (iii) the opinions expressed by and the representations of the directors of BEURG (the “**Directors**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors, for which they are solely and wholly responsible for, or contained or referred to in the Composite Document were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true at the time they were made and continue to be true as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations and our opinion as soon as possible in accordance with Rule 9.1 of the Takeovers Code during the Offer Period. We have also assumed that all such statements of belief, opinions and intentions of the Directors and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the BEURG Group.

We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Composite Document and that all information or representations provided to us by the BEURG Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors or the Offeror, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of BEURG, the Offeror or any of their respective subsidiaries and associates.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### PRINCIPAL TERMS OF THE OFFER

The Offer is conditional and is made by DBSAC and China Tonghai for and on behalf of the Offeror in compliance with the Takeovers Code.

As at the Latest Practicable Date, there are 3,600,000,000 BEURG Shares in issue and BEURG does not have any outstanding options, warrants or derivatives or convertible rights convertible into BEURG Shares. The Offeror was interested in 1,124,284,000 BEURG Shares, representing approximately 31.23% of the issued share capital of BEURG, as at the Latest Practicable Date and such BEURG Shares will not be subject to the Offer. Accordingly, 2,475,716,000 BEURG Shares will be subject to the Offer and the Offer will be made to the Independent Shareholders. Based on the offer price of HK\$0.78 per Offer Share, the total consideration for the Offer would be HK\$1,931,058,480.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrance and together with all rights and benefits attached thereto including, the right to receive all dividends and other distribution declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document. Save for the Dividend of HK\$0.03 per BEURG Share recommended by the board of directors of BEURG, details of which are set out in the announcement of BEURG dated 29 March 2022, BEURG confirms that as at the Latest Practicable Date, it does not intend to declare, pay, make, or agree to pay or make any dividends on or after the date of the Composite Document and up to closing of the Offer. The Offer Price will not be adjusted for the Dividend.

### PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFER

In formulating our opinion and recommendations with regard to the Offer, we have taken into account the following principal factors and reasons:

#### **1. Background information of the BEURG Group**

##### *1.1. Principal businesses and information on the BEURG Group*

The BEURG Group is principally engaged in the provision of environmental hygiene services, hazardous waste treatment services and waste electrical and electronic equipment treatment services.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 1.2. *Historical financial information*

The following table is an extract of the consolidated statement of profit or loss and other comprehensive income of the BEURG Group for the years ended 31 December 2019, 2020 and 2021 as extracted from the annual reports of BEURG for the year ended 31 December 2020 (the “2020 Annual Report”) and for the year ended 31 December 2021 (the “2021 Annual Report”).

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Continuing operations			
Revenue	2,711,228	3,520,047	4,450,165
Gross profit	783,445	1,086,704	1,162,158
Profit before tax from			
continuing operations	433,360	703,777	719,058
Profit for the year from			
continuing operations	345,868	540,412	582,165
Discontinued operation			
Profit for the year from a			
discontinued operation	6,146	–	–
Profit for the year	352,014	540,412	582,165
Profit for the year attributable to			
BEURG Shareholders	281,328	426,829	502,033

#### (i) Revenue

The revenue of the BEURG Group increased by approximately 29.8% from approximately HK\$2,711.2 million for the year ended 31 December 2019 to approximately HK\$3,520.0 million for the year ended 31 December 2020. As stated in the 2020 Annual Report, the increase in revenue was mainly due to increased revenue from the BEURG Group’s environmental hygiene services projects. As at 31 December 2020, the BEURG Group had a total of 113 environmental hygiene services projects, compared to that of 97 projects as at 31 December 2019.

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The revenue of the BEURG Group for the year ended 31 December 2021 further increased by approximately 26.4% from approximately HK\$3,520.0 million to approximately HK\$4,450.2 million. As disclosed in the 2021 Annual Report, the increase in revenue was mainly driven by (i) increased revenue from the BEURG Group's environmental hygiene services and hazardous waste treatment projects; and (ii) the recovery of the PRC economy. As at 31 December 2021, the BEURG Group had 128 environmental hygiene services projects and 8 hazardous waste treatment projects in operation.

(ii) Gross profit and gross profit margin

The gross profit of the BEURG Group increased from approximately HK\$783.4 million for the year ended 31 December 2019 to approximately HK\$1,086.7 million for the year ended 31 December 2020. The increase in gross profit was primarily attributable to the increase in revenue. The gross profit margin of the BEURG Group improved from approximately 28.9% for the year ended 31 December 2019 to approximately 30.9% for the year ended 31 December 2020. The improvement was mainly due to the increase in the value-added tax relief and other relief granted by the local government in the PRC in connection with the environmental hygiene services projects due to the COVID-19 pandemic.

The gross profit of the BEURG Group for the year ended 31 December 2021 increased by approximately 6.9% to approximately HK\$1,162.2 million. The increase in the gross profit was mainly attributable to the increase in revenue. However, the gross profit margin of the BEURG Group decreased to approximately 26.1% for the year ended 31 December 2021, which was primarily attributable to (i) the decrease in the value-added tax relief and other relief granted by the local government in the PRC as compared to that of 2020; (ii) the decrease in average sales price of the BEURG Group's hazard-free waste disposal projects; and (iii) the increase in the procurement costs of waste methanol and mixed alcohol during the year ended 31 December 2021.

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### (iii) Net profit attributable to BEURG Shareholders

The BEURG Group recorded a net profit attributable to the BEURG Shareholders of approximately HK\$426.8 million for the year ended 31 December 2020, representing an increase of approximately 51.7% as compared to that of 2019. The BEURG Group's net profit attributable to the Shareholders further increased to approximately HK\$502.0 million for the year ended 31 December 2021, representing an increase of approximately 17.6% as compared to that of 2020. The increase in net profit attributable to the Shareholders was in line with the increase in revenue.

Sets forth below is an extract of the consolidated statement of financial position of the BEURG Group as at 31 December 2019, 2020 and 2021 extracted from the 2020 Annual Report and 2021 Annual Report:

	<b>As at 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Non-current assets	2,700,459	3,579,313	4,067,461
Current assets	2,286,741	3,539,011	4,097,454
Total assets	4,987,200	7,118,324	8,164,915
Current liabilities	1,617,589	2,321,969	1,666,345
Non-current liabilities	1,112,053	1,129,290	2,277,875
Total liabilities	2,729,642	3,451,259	3,944,220
Net assets attributable to BEURG Shareholders	1,813,820	3,011,527	3,498,237

As at 31 December 2019, the total assets of the BEURG Group amounted to approximately HK\$4,987.2 million. Assets of the BEURG Group mainly include (i) property, plant and equipment of approximately HK\$1,748.6 million, representing approximately 35.1% of the total assets; (ii) cash and cash equivalents of approximately HK\$1,051.9 million, representing approximately 21.1% of the total assets; and (iii) trade and bills receivables of approximately HK\$800.0 million, representing approximately 16.0% of the total assets.

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As at 31 December 2020, the total assets of the BEURG Group increased by approximately 42.7% to approximately HK\$7,118.3 million. Assets of the BEURG Group mainly include (i) property, plant and equipment of approximately HK\$2,283.0 million, representing approximately 32.1% of the total assets; (ii) cash and cash equivalents of approximately HK\$1,725.3 million, representing approximately 24.2% of the total assets; and (iii) trade and bills receivables of approximately HK\$1,132.2 million, representing approximately 15.9% of the total assets.

The total assets of the BEURG Group further increased to approximately HK\$8,164.9 million as at 31 December 2021. Assets of the BEURG Group mainly include (i) property, plant and equipment of approximately HK\$2,748.0 million, representing approximately 33.7% of the total assets; (ii) cash and cash equivalents of approximately HK\$1,688.9 million, representing approximately 20.7% of the total assets; and (iii) trade and bills receivables of approximately HK\$1,579.8 million, representing approximately 19.3% of the total assets.

As at 31 December 2019, the total liabilities of the BEURG Group amounted to approximately HK\$2,729.6 million. Liabilities of the BEURG Group mainly include (i) other payables and accruals of approximately HK\$942.2 million, representing approximately 34.5% of the total liabilities; and (ii) interest-bearing bank and other borrowings of (a) a current portion of approximately HK\$564.0 million, representing approximately 20.7% of the total liabilities; and (b) a non-current portion of approximately HK\$825.8 million, representing approximately 30.3% of the total liabilities.

As at 31 December 2020, the total liabilities of the BEURG Group increased to approximately HK\$3,451.3 million. Liabilities of the BEURG Group mainly include (i) other payables and accruals of approximately HK\$1,085.9 million, representing approximately 31.5% of the total liabilities; and (ii) interest-bearing bank and other borrowings of (a) a current portion of approximately HK\$986.0 million, representing approximately 28.6% of the total liabilities; and (b) a non-current portion of approximately HK\$772.6 million, representing approximately 22.4% of the total liabilities.

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The total liabilities of the BEURG Group further increased to HK\$3,944.2 million as at 31 December 2021. Liabilities of the BEURG Group mainly include (i) a non-current portion of interest-bearing bank and other borrowings of approximately HK\$1,912.8 million, representing approximately 48.5% of the total liabilities; and (ii) other payables and accruals of approximately HK\$972.6 million, representing approximately 24.7% of the total liabilities.

Net asset value attributable to BEURG Shareholders amounted to approximately HK\$3,498.2 million as at 31 December 2021, with a net asset value attributable to BEURG Shareholders per BEURG Share of approximately HK\$0.97, calculated based on the net assets attributable to BEURG Shareholders of approximately HK\$3,498.2 million divided by the total number of issued BEURG Shares as at 31 December 2021 of 3,600,000,000.

### *1.3. Market overview of the environmental hygiene and waste treatment industry in the PRC*

Continued growth of environmental hygiene and hazardous waste disposal industry in the PRC

According to the public information available from the National Bureau of Statistics of China (中華人民共和國國家統計局), the PRC's GDP increased from approximately RMB83,094.6 billion in 2017 to approximately RMB113,351.8 billion in 2021, representing a compound annual growth rate ("CAGR") of approximately 8.1%. The increase in the national production capacity resulted in an increase in the production of hazardous waste and therefore increased the market demand in hazardous waste treatment services. According to the National Bureau of Statistics of China, the investment in urban environmental infrastructure construction for environmental pollution control increased from approximately RMB541.2 billion in 2016 to approximately RMB684.2 billion in 2020, representing a CAGR of approximately 6.0%, indicating the increase of demand in waste treatment. In addition, the investment in urban construction for environmental hygiene in PRC increased from RMB56.1 billion in 2016 to RMB113.0 billion 2020, representing a CAGR of 19.1%. The continued surge in such investment reflected an endeavor to uphold higher standards in environmental hygiene.



Regulatory support from the PRC government

According to “The implementation plan for strengthening the reform of supervision and utilisation of disposal capacity of hazardous waste” (強化危險廢物監管和利用處置能力改革實施方案) issued in May 2021, the State Council shall improve the ability to monitor, utilise and dispose hazardous waste, and effectively control environmental and safety risks of hazardous waste. In May 2021, the National Development and Reform Commission (國家發展和改革委員會) and other departments have also promulgated the “14th Five-Year Plan for Urban Domestic Waste Classification and Treatment Facilities Development Plan” (「十四五」城鎮生活垃圾分類和處理設施發展規劃), focusing on the sustainable development through the treatment of urban waste. As stated in the “Opinions on Promoting Green Development of Urban and Rural Construction” (關於推動城鄉建設綠色發展的意見) published by the General Office of the State Council (國務院辦公廳) in October 2021, governance in urban and rural environmental hygiene are being promoted.

1.4. *Prospects of the BEURG Group*

Despite the COVID-19 pandemic continues to evolve in 2022 and casts uncertainty over the economic outlook of the PRC, the PRC government has been imposing precautionary measures such as injection of COVID-19 vaccines and quarantine of infected patients, to safeguard public health and to allow the resuming of normal business activities. The Directors are of the view that the overall PRC economy will continue to recover in 2022. According to the press conference held by the State Council Information Office (國務院新聞辦公室) in March 2022, it is expected that the economy shall continue to recover and the major economic indicators in January and February 2022 have rebounded, including but not limited to (i) the increase in production demand; (ii) the increase in total import and export of goods; and (iii) stable consumer price index.

According to the 2021 Annual Report, as of 31 December 2021, the treatment facilities of BEURG’s projects that are engaged in hazard-free waste disposal have reached a total designed treatment capacity of 351,016 tons per annum, representing a growth of approximately 3.6% as compared to that of 2020 and treatment facilities of projects that are engaged in recycling and reuse have a total designed treatment capacity of 250,000 tons per annum which maintained at a similar level as that of 2020. In addition, the BEURG Group also had 4 projects under construction and 4 projects planned for future construction. According to the management of BEURG, these projects will further increase the overall designed treatment capacity of the BEURG Group upon completion.

Taking into consideration (i) the prospect of continuous growth of the PRC economy, leading to surging demand in waste treatment and pollution control services; (ii) the promotion of hazardous waste disposal industry by the PRC government; (iii) the forthcoming increase in the overall capacity of hazardous waste treatment services of the BEURG Group as a result of the aforementioned projects under construction/planned for future construction; and (iv) the intention of the BEURG Group to participate in more tendering process for new environmental hygiene service projects, we are of the view that the BEURG Group is expected to benefit from the growth of the industry in the PRC.

**2. Background information of the Offeror and the Offeror Concert Parties**

*The Offeror*

The Offeror is a company incorporated in Bermuda with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 371). The Offeror is an investment holding company. The Offeror, through its subsidiaries, is principally engaged in construction of sewage and reclaimed water treatment plants and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia, Australia and Republic of Botswana; provision of sewage and reclaimed water treatment services in the PRC, the Republic of Singapore, the Portuguese Republic, Australia and New Zealand; distribution and sale of piped water in the PRC, the Portuguese Republic and Australia; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in the PRC and Australia; and the licensing of technical know-how related to sewage treatment in the PRC.

As at the Latest Practicable Date, apart from (i) an aggregate of 4,153,717,070 shares of the Offeror (representing approximately 40.98% of the issued share capital of the Offeror) are held by Beijing Enterprises Environmental Construction Limited; (ii) an aggregate of 1,588,495,436 shares of the Offeror (representing approximately 15.67% of the issued share capital of the Offeror) are owned or deemed to be interested by Three Gorges Capital Holdings (HK) Co., Limited, Three Gorges Capital Holding Co., Ltd, Yangtze Ecology and Environment (HK) Investment Limited, Yangtze Ecology and Environment Co., Ltd. and China Three Gorges Corporation, each being a substantial shareholder of the Offeror; and (iii) an aggregate of 389,225,376 shares of the Offeror (representing approximately 3.84% of the issued share capital of the Offeror) are owned or deemed to be interested by certain directors of the Offeror, the remaining 4,004,383,989 shares of the Offeror (representing approximately 39.51% of the issued share capital of the Offeror) are held by public shareholders.

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### *Star Colour Investments Limited*

Star Colour Investments Limited is a company incorporated in the BVI with limited liability, holding 104,820,000 BEURG Shares, representing approximately 2.91% of the issued shares of BEURG as at the Latest Practicable Date. Star Colour Investments Limited is principally engaged in investment holding. Mr. Zhou Min, a non-executive director and the chairman of BEURG and an executive director and the chief executive officer of BEWG, is the sole shareholder and sole director of Star Colour Investments Limited.

### *Zhijia Investments Limited*

Zhijia Investments Limited is a company incorporated in the BVI with limited liability, holding 97,920,000 BEURG Shares, representing approximately 2.72% of the issued shares of BEURG as at the Latest Practicable Date. Zhijia Investments Limited is principally engaged in investment holding. Mr. Hu Xiaoyong is the sole shareholder and sole director of Zhijia Investments Limited.

### *Mr. Zhou Chen*

Mr. Zhou Chen, an executive director of BEURG and a son of Mr. Zhou Min, holds 71,140,000 BEURG Shares, representing approximately 1.98% of the issued shares of BEURG as at the Latest Practicable Date.

### *ZGC International Holding Limited*

ZGC International Holding Limited is a company incorporated in Hong Kong with limited liability, holding 60,972,000 BEURG Shares, representing approximately 1.69% of the issued shares of BEURG as at the Latest Practicable Date. ZGC International Holding Limited is principally engaged in investment and asset management, provision of technology intermediary services and financial services. The ultimate beneficial owner of ZGC International Holding Limited is the People's Government of Beijing Municipality. The directors of ZGC International Holding Limited are Mr. Zhao Xiaopeng, Mr. Li Tianlong and Mr. Qiu Lijing.

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### *Maolin Investments Limited and Mr. Li Haifeng*

Maolin Investments Limited is a company incorporated in the BVI with limited liability, holding 48,960,000 BEURG Shares, representing approximately 1.36% of the issued shares of BEURG as at the Latest Practicable Date. Maolin Investments Limited is principally engaged in investment holding. Maolin Investments Limited is wholly-owned by Mr. Li Haifeng, a non-executive director of BEURG and an executive director of BEWG, is the sole shareholder and sole director of Maolin Investments Limited. Mr. Li Haifeng holds 1,840,000 BEURG Shares, representing approximately 0.05% of the issued shares of BEURG as at the Latest Practicable Date.

### *Beijing Holdings Limited*

Beijing Holdings Limited is a company incorporated in Hong Kong with limited liability, holding 40,000,000 BEURG Shares, representing approximately 1.11% of the issued shares of BEURG as at the Latest Practicable Date. Beijing Holdings Limited is principally engaged in investment holding. The ultimate beneficial owner of Beijing Holdings Limited is the People's Government of Beijing Municipality. The directors of Beijing Holdings Limited are Ms. Chang Ling, Mr. Yang Zhichang, Mr. Liu Yong, Mr. Cong Chunshui, Mr. Zhang Yuzhuang and Mr. Yan Feng.

### *Long March Holdings Limited*

Long March Holdings Limited is a company incorporated in the BVI with limited liability, holding 39,920,000 BEURG Shares, representing approximately 1.11% of the issued shares of BEURG as at the Latest Practicable Date. Long March Holdings Limited is principally engaged in investment holding. Mr. Zhao Kexi, an executive director and the chief executive officer of BEURG, is the sole shareholder and sole director of Long March Holdings Limited.

### **3. Intentions of the Offeror regarding the BEURG Group**

According to the letter from DBSAC and China Tonghai in the Composite Document (the "**Letter from DBSAC and China Tonghai**"), the management of BEWG believes that if BEURG becomes a subsidiary of BEWG, there would be a synergy effect which could in turn help the overall image and business of BEURG and BEWG. As such, BEWG proceeded with the Acquisitions and subsequently, entered into the AIC Agreement with the Offeror Concert Parties to facilitate BEWG to seek to consolidate its control over BEURG.

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It is noted that the principal businesses of the BEWG Group include operations in water treatment plants, and provision of construction and technical services for the water environmental renovation. According to the annual report of BEWG for the year ended 31 December 2021, with an extensive business coverage, the BEWG Group's water plants have extended to 20 provinces, 5 autonomous regions and 4 municipalities all across Mainland China. In addition, we understand from the management of BEURG that, given the businesses of both the BEWG Group and BEURG Group belong to the environmental protection industry, in the event that BEURG becomes a subsidiary of BEWG, BEURG could benefit from the extensive business network of BEWG in developing more business opportunities, such as tagging along with the large-scale tender projects which require integrated services including environmental hygiene and waste treatment services, and therefore benefiting the business development of the BEURG Group as a whole.

We understand from the management of BEWG that, BEWG will also be able to better utilise BEURG as one of its platforms in the overall strategic development of the businesses of BEWG in the environmental protection industry, specialising in the treatment of household and industrial waste, thereby reinforcing BEWG's leading market position in the industry. In addition, the financial position of BEWG will be enhanced if the financial results of BEURG can be consolidated into the consolidated financial statements of BEWG.

In addition, according to the Letter from DBSAC and China Tonghai, it is the intention of the Offeror to continue with the BEURG Group's existing principal business following the close of the Offer. The Offeror does not intend to introduce any major changes to the existing business and operation of the BEURG Group following the close of the Offer. As at the Latest Practicable Date, the Offeror had not entered into any agreement, arrangement or understanding pursuant to which the Offeror will transfer, charge or pledge any Offer Shares to be purchased by it under the Offer to any other person, and the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the material assets of the BEURG Group. The Offeror will continue to ensure good corporate governance, monitor and review the BEURG Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the BEURG Group.

Based on the above, we consider that BEWG's consolidation of control over BEURG is beneficial to the prospects of both BEWG and BEURG on the view that they, as a group, can develop more effective business development strategies by pulling each other's resources together and whereby creating synergies and more business opportunities.

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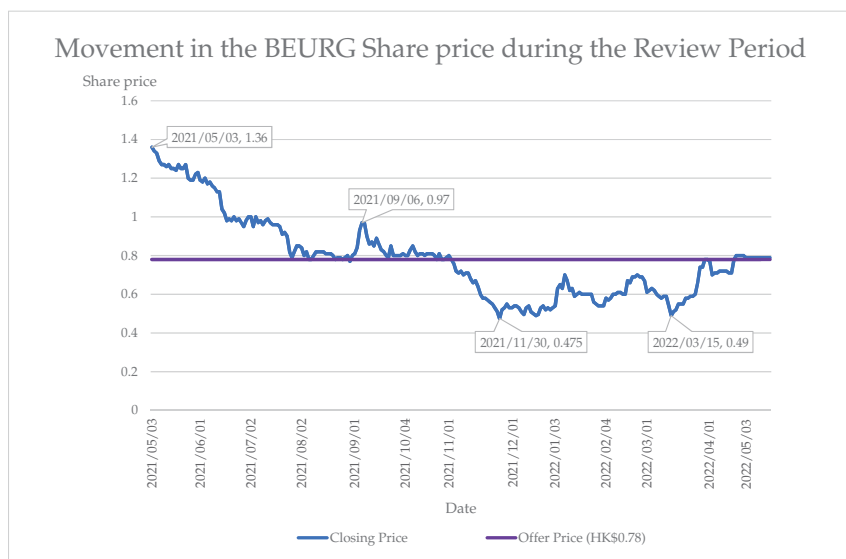
### 4. Maintaining the listing status of BEURG

The Offeror intends to maintain the listing of the BEURG Shares on the Stock Exchange after the close of the Offer. According to the Letter from the Board of BEURG, the directors of the Offeror will jointly undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the BEURG Shares after the close of the Offer.

### 5. Analyses of the Offer Price

#### 5.1. Historical price performance of the BEURG Shares

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the daily closing price of the BEURG Shares as quoted on the Stock Exchange from 3 May 2021 (being the first trading day of the month) up to and including the Latest Practicable Date (the “**Review Period**”). We consider the Review Period of approximately 12 months to be sufficient and appropriate for our analysis as the Review Period has covered the prevailing market condition as well as to illustrate a general trend of the daily closing prices and the level of movement of the BEURG Shares. The comparison of market price of the BEURG Shares and the Offer Price is illustrated as follows:



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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During the Review Period, the closing price exhibited a downward trend in general which fluctuated between (i) the highest closing price of HK\$1.36 per BEURG Share as recorded on 3 May 2021; and (ii) the lowest closing price of HK\$0.475 per BEURG Share as recorded on 30 November 2021. We have enquired with the management of BEURG and understand that they were not aware of any particular reason for the downward trend of the BEURG Share price during the Review Period; however, we noted that it was in line with the downward pattern of the Hang Seng Index, which has decreased from approximately 28,357.5 on 3 May 2021 to approximately 20,086.6 as at the Latest Practicable Date. We have also reviewed the information (including announcements and financial information) of BEURG published on the website of the Stock Exchange during the Review Period, and nothing has come to our attention that lead to the fluctuation of the BEURG Share price during the Review Period. The Offer Price of HK\$0.78 per Offer Share lies within the range of the lowest and highest closing prices of the BEURG Shares as quoted on the Stock Exchange during the Review Period, which (i) represents a discount of approximately 42.6% as compared to the highest closing price of the BEURG Shares during the Review Period; (ii) represents a premium of approximately 64.2% as compared to the lowest closing price of the BEURG Shares during the Review Period; and (iii) is equivalent to the average closing price of the BEURG Shares of approximately HK\$0.78 per BEURG Share during the Review Period.

The Independent Shareholders who wish to realise part or all of their Shares in BEURG are reminded to carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market instead of accepting the Offer, if the net proceeds from such sale after deducting all transaction costs exceed the net amount to be received under the Offer.

### 5.2. *Offer Price comparisons*

The Offer Price of HK\$0.78 per Offer Share is/represents:

- a. equivalent to the closing price of HK\$0.78 per BEURG Share as quoted on the Stock Exchange on the Last Trading Day;
- b. a premium of approximately 20.0% over the average closing price of approximately HK\$0.65 per BEURG Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

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- c. a premium of approximately 23.5% over the average closing price of approximately HK\$0.63 per BEURG Share as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- d. a premium of approximately 27.8% over the average closing price of approximately HK\$0.61 per BEURG Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- e. a discount of approximately 1.3% to the average closing price of approximately HK\$0.79 per BEURG Share as quoted on the Stock Exchange on 24 May 2022, being the Latest Practicable Date; and
- f. a discount of approximately 19.7% to the BEURG Group's audited consolidated net asset value attributable to the BEURG Shareholders per BEURG Share of approximately HK\$0.97 as at 31 December 2021 (based on a total of 3,600,000,000 BEURG Shares as at the Latest Practicable Date and the BEURG Group's audited consolidated net asset value attributable to the BEURG Shareholders of approximately HK\$3,498,237,000 as at 31 December 2021).

During the six-month period immediately preceding and including the Latest Practicable Date:

- (a) the highest closing price of the BEURG Shares quoted on the Stock Exchange was HK\$0.80 per BEURG Share on 1 November 2021, 29 April 2022, 3 May 2022, 4 May 2022 and 5 May 2022; and
- (b) the lowest closing price of the BEURG Shares quoted on the Stock Exchange was HK\$0.475 per BEURG Share on 30 November 2021.



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### 5.3. Trading liquidity

The following table sets out, among others, (i) the average daily trading volume of the BEURG Shares; (ii) the percentage of the average daily trading volume of the BEURG Shares to the total number of issued BEURG Shares; and (iii) the percentage of the average daily trading volume of the BEURG Shares to the total number of BEURG Shares held by the public BEURG Shareholders at the end of the month/period during the Review Period. We consider the Review Period of approximately 12 months to be sufficient and appropriate for our analysis on the liquidity of the BEURG Share as the Review Period has covered the prevailing market condition and reflects the latest market sentiment on the BEURG Shares:

	Total trading volume of the BEURG Shares	Number of trading days	Average daily trading volume of the BEURG Shares	Percentage of the average daily trading volume to total number of issued BEURG Shares as at the end of the month/period	Percentage of the average daily trading volume to total number of BEURG Shares held by the public BEURG Shareholders (Note)
<b>2021</b>					
May	137,612,000	20	6,880,600	0.2%	0.3%
June	130,235,000	21	6,201,667	0.2%	0.3%
July	80,310,300	21	3,824,300	0.1%	0.2%
August	54,506,194	22	2,477,554	0.1%	0.1%
September	261,872,457	21	12,470,117	0.3%	0.6%
October	86,293,000	18	4,794,056	0.1%	0.2%
November	208,931,349	22	9,496,880	0.3%	0.4%
December	151,772,000	22	6,898,727	0.2%	0.3%
<b>2022</b>					
January	188,228,000	21	8,963,238	0.2%	0.4%
February	69,124,000	17	4,066,118	0.1%	0.2%
March	189,727,178	23	8,249,008	0.2%	0.4%
April	197,328,000	15	13,155,200	0.4%	0.6%
May (up to the Latest Practicable Date)	54,912,000	15	3,660,800	0.1%	0.2%
<b>Maximum</b>			13,155,200	0.4%	0.6%
<b>Minimum</b>			2,477,554	0.1%	0.1%
<b>Average</b>			7,010,636	0.2%	0.3%

Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Note: The total number of BEURG Shares held by public BEURG Shareholders is calculated as the total issued share capital of BEURG less the BEURG Shares held by the Offeror and the Offeror Concert Parties immediately prior to the Acquisitions.

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As illustrated in the above table, the average daily trading volume during the Review Period ranged from approximately 2,477,554 BEURG Shares to approximately 13,155,200 BEURG Shares, representing (i) approximately 0.1% to approximately 0.4% of the total number of BEURG Shares in issue as at the end of relevant month/period; and (ii) approximately 0.1% to approximately 0.6% of the total number of BEURG Shares held by the public BUEREG Shareholders as at the end of relevant month/period. Based on the above, we are of the view that the trading volume of the BEURG Shares was relatively thin during the Review Period. In addition, we have enquired with the management of BEURG and understand that they were not aware of any particular reason for the fluctuation in trading volume and liquidity of the BEURG Shares during the Review Period.

Since the BEURG Shares are illiquid, the disposal of large block of BEURG Shares held by the BEURG Shareholders in the open market may impose a downward pressure on the price of the BEURG Shares. There is no guarantee that the Independent Shareholders will be able to realise their investments in the BEURG Shares (especially those who are relatively sizeable shareholders) at a price which is higher than the Offer Price. As such, we consider that the Offer provides an alternative exit route for the Independent Shareholders who would like to realise their investments in the BEURG Shares.

#### *5.4. Market comparable analysis*

As part of our analyses, we have also identified an exhaustive list of four listed issuers on the Main Board of the Stock Exchange with similar principal business activities in the provision of waste management and/or environmental hygiene services, with the relevant segment revenue contributing majority of the total revenue (the “**Comparable Companies**”).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Sets forth below is the table of the Comparable Companies based on the historical price-to-earnings ratio (“P/E”) and historical price-to-book value ratio (“P/B”) of the Comparable Companies as at the Last Trading Day:

Comparable Companies	Stock code	Principal business	Market capitalisation as at the Last Trading Day (HK\$ million) (Note 1)	Historical P/E (approximate times) (Note 2)	Historical P/B (approximate times) (Note 3)
Dongjiang Environmental Co., Ltd.	895	Principally engaged in waste disposal and resource utilisation	586.4	3.14	0.10
Hong Kong Johnson Holdings Co., Ltd.	1955	Principally engaged in the provision of cleaning, janitorial and other related services	525.0	2.78	0.97
Net-a-go Technology Co., Ltd.	1483	Principally engaged in the janitorial services on streets and public areas, waste management services and facility maintenance management services	795.0	16.46 (Note 4)	1.42 (Note 4)
Winson Holdings Hong Kong Ltd.	6812	Principally engaged in the provisions of environmental hygiene, pest management, airline catering support and related services	243.0	3.29	1.27
			<b>Maximum</b>	3.29	1.32
			<b>Minimum</b>	2.78	0.11
			<b>Average</b>	3.07	0.81
<b>BEURG</b>	<b>3718</b>	<b>Principally engaged in environmental hygiene services, hazardous waste treatment business and waste electrical and electronic equipment treatment business</b>	<b>2,808.0</b>	<b>4.82</b> (Note 5)	<b>0.80</b> (Note 6)

Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

1. The market capitalisation was calculated based on the respective closing share price and number of shares in issue as at the Last Trading Day.
2. Historical P/E ratio was calculated based on the respective market capitalisation divided by the respective profit as extracted from respective latest annual report.
3. Historical P/B ratio was calculated based on the respective market capitalisation divided by the respective net asset value attributable to owners of the company as extracted from respective latest annual/interim report.
4. The historical P/E ratio and historical P/B ratio of the comparable company in concern are considered as outliers and are excluded in the analysis.

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5. Represents the implied P/E ratio of BEURG which was calculated based on the market capitalisation of BEURG implied by the Offer Price divided by the profit for the year ended 31 December 2021.
6. Represents the implied P/B ratio of BEURG which was calculated based on the market capitalisation of BEURG implied by the Offer Price divided by the net asset value attributable to BEURG Shareholders as at 31 December 2021.
7. In the event that the presentation currency of the Comparable Companies are in RMB. For illustration purpose, any amount denominated in RMB is translated into HK\$ at the rate of RMB 1 = approximately HK\$1.2, which was published by the State Administration of Foreign Exchange on its website as at the Latest Practicable Date. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As demonstrated by the above table, as at the Last Trading Day, the historical P/E ratios of the Comparable Companies ranged from approximately 2.78 times to approximately 3.29 times with an average of approximately 3.07 times, and the historical P/B ratios of the Comparable Companies ranged from approximately 0.11 times to approximately 1.32 times with an average of approximately 0.81 times. The implied P/E ratio of the Offer Price of approximately 4.82 times is higher than the average historical P/E ratio of the Comparable Companies and the implied P/B ratio of the Offer Price of approximately 0.80 times is comparable to the average historical P/B ratio of the Comparable Companies. In this regard, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Having considered the principal factors and reasons, in particular:

- (i) the Offer Price is equivalent to the average closing price of the BEURG Shares during the Review Period;
- (ii) the Offer Price represents a premium over the average closing price of the BEURG Share as quoted on the Stock Exchange for the respective 30, 60 and 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) the Offer Price represents a slight discount to the closing price of the BEURG Share as quoted on the Stock Exchange as at the Latest Practicable Date;

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- (iv) the implied P/E ratio of the Offer Price is higher than the average historical P/E ratio of the Comparable Companies and the implied P/B ratio of the Offer Price is comparable to the average historical P/B ratio of the Comparable Companies; and
- (v) the trading volume of the BEURG Shares was generally thin during the Review Period and the Independent Shareholders may find it difficult to dispose of a large number of BEURG Shares in the open market without exerting a downward pressure on the share price. The Offer provides an assured opportunity to the Independent Shareholders to realise their investments in BEURG should they wish to do so,

we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Independent Shareholders (especially for those with large holdings of the BEURG Shares) who wish to realise their investments in BEURG by selling their BEURG Shares in the open market may not be able to dispose their BEURG Shares at a higher price than the Offer Price, considering disposal of large blocks of Shares by the Independent Shareholders in the open market would likely create downward pressure to the BEURG Share prices due to the thin trading liquidity of the BEURG Shares. Therefore, we would like to remind the Independent Shareholders to closely monitor the BEURG Shares price and the liquidity of the BEURG Shares during the Offer Period, and considering selling their BEURG Shares in the open market, where possible, instead of accepting the Offer, if the sales proceeds, net of all transaction costs, exceed the amount receivable under acceptance of the Offer.

On the contrary, for those Independent Shareholders who have a positive view on the prospects of the BEURG Group with BEWG increasing its control over BEURG may consider to retain their BEURG Shares in full or in part. In addition, the Independent Shareholders should note that despite we concur with the view of the board of directors of BEURG that the prospects of the BEURG Group remain positive, there are no specific committed development plans for the BEURG Group have been given by the Offeror at this time. Accordingly, the Independent Shareholders should carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level and should also closely monitor the financial performance of the BEURG Group and the intentions of the Offeror and when there is more information available in this regard.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders should also be aware that, if the number of BEURG Shares held by the public, as defined in the Listing Rules, comprises less than 25% of the issued shares of BEURG at the close of the Offer, trading in the BEURG Shares may be suspended. Should this happen, the Independent Shareholders who choose not to accept the Offer will not be able to sell their BEURG Shares on the Stock Exchange until trading in the BEURG Shares resumes.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance and Transfer.

Independent Shareholders should note that the BEURG Shares have been trading at levels slightly above the Offer Price subsequent to the Last Trading Day, and closed above the Offer Price as at the Latest Practicable Date. Therefore, opportunities may exist for Independent Shareholders to sell their BEURG Shares in the open market above the Offer Price and thus the Independent Shareholders are reminded that they should carefully and closely monitor the market price and the liquidity of the BEURG Shares before the end of the Offer Period and, having regard to their own circumstances and investment objectives, consider selling their BEURG Shares in the open market rather than accepting the Offer if the net proceeds from the market sale of their BEURG Shares, after deducting all transaction costs, are more than the net amount to be received under the Offer.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Kristie Ho**  
*Managing Director*

*Ms. Kristie Ho is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). She has over 15 years of experience in the securities and investment banking industries.*

To accept the Offer, you should complete and sign the accompanying Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance and Transfer which form part of the terms of the Offer.

#### 1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) If the BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your BEURG Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance and Transfer together with the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand to the Registrar at Tricor Investor Services Limited, which is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Beijing Enterprises Urban Resources Group Limited — Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.
- (b) If the BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your BEURG Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of BEURG Shares (whether in full or in part), you must either:
  - (i) lodge your BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver on the envelope marked "Beijing Enterprises Urban Resources Group Limited — Offer" the Form of Acceptance and Transfer duly completed and signed together with the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (ii) arrange for the BEURG Shares to be registered in your name by BEURG through the Registrar, and deliver on the envelope marked “Beijing Enterprises Urban Resources Group Limited — Offer” the Form of Acceptance and Transfer duly completed and signed together with the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your BEURG Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your BEURG Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.
- (c) If you have lodged transfer(s) of any of your BEURG Shares for registration in your name and have not yet received your BEURG Share certificate(s), and you wish to accept the Offer in respect of your BEURG Shares, you should nevertheless complete and sign the Form of Acceptance and Transfer and deliver it on the envelope marked “Beijing Enterprises Urban Resources Group Limited — Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof). Such action will constitute an irrevocable authority to the Offeror or the Joint Financial Advisers or their respective agent(s) to collect from BEURG or the Registrar on your behalf the relevant BEURG Share certificate(s) when issued and to deliver such BEURG Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such BEURG Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the duly signed and completed Form of Acceptance and Transfer.



- (d) If the BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your BEURG Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your BEURG Shares, the Form of Acceptance and Transfer should nevertheless be duly completed, signed and delivered on the envelope marked "Beijing Enterprises Urban Resources Group Limited — Offer" to the Registrar together with a letter stating that you have lost one or more of your BEURG Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your BEURG Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) Acceptance of the Offer will be treated as effective and valid only if the duly completed and signed Form of Acceptance and Transfer is received by the Registrar on or before the latest time for acceptance of the Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant BEURG Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those BEURG Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant BEURG Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant BEURG Shares; or

- (ii) from a registered BEURG Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the BEURG Shares which are not taken into account under another subparagraph of this paragraph (e));  
or
- (iii) insert the total number of BEURG Shares for which the Offer is accepted. If no number is inserted in the box title "Number of BEURG Share(s) to be transferred" or the number of BEURG Shares inserted in the Form of Acceptance and Transfer is greater than the number of BEURG Shares held by you or inserted is greater or smaller than the represented by the certificate for BEURG Shares tendered for acceptance of the Offer, the Form of Acceptance and Transfer will be returned to you for correction and resubmission. Any corrected and valid form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Offer in order for it to be counted towards fulfilling the acceptance condition; or
- (iv) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance and Transfer is executed by a person other than the registered BEURG Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) Seller's Hong Kong ad valorem stamp duty payable by the BEURG Shareholders who accept the Offer and calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar), whichever is higher, will be deducted from the amount payable by the Offeror to the relevant BEURG Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of the accepting BEURG Shareholders and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

- (g) No acknowledgement of receipt of any Form of Acceptance and Transfer, BEURG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) If the Offer does not become, or is not declared, unconditional in all respects on the First Closing Date, the BEURG Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the relevant BEURG Shareholders who have accepted the Offer by ordinary post at the relevant BEURG Shareholders' own risk as soon as possible but in any event within ten (10) days after the Offer has lapsed.

## 2. SETTLEMENT UNDER THE OFFER

The amount due to an accepting BEURG Shareholder (less seller's Hong Kong ad valorem stamp duty in respect of acceptances of the Offer) will be despatched, by a cheque or a banker's cashier order, to the relevant BEURG Shareholder by ordinary post at his/her/its own risks as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid, or the date on which the Offer becomes or is declared unconditional in all respects. No fractions of a cent will be payable and the amount of cash consideration payable to a BEURG Shareholder who accepts the Offer will be rounded up to the nearest cent. Settlement of the consideration to which any BEURG Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's Hong Kong ad valorem stamp duty of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such BEURG Shareholder. BEURG Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

## 3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Pursuant to Rule 15.1 of the Takeovers Code, the Offer will remain open acceptance for at least 21 days following the date on which this Composite Document is posted. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form(s) of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the First Closing Date.

- (b) If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date or, if the Offer has become unconditional, a statement that the Offer will remain open until further notice. In the latter case, pursuant to Rule 15.3 of the Takeovers Code, the Offer will remain open for acceptance for not less than 14 days thereafter. If, in the course of the Offer, the Offeror revises the terms of the Offer, all BEURG Shareholders, whether or not they have already accepted the Offer will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (c) If the First Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance and Transfer to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

#### 4. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of their decision in relation to the expiry, revision and extension of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:
  - (i) the total number of BEURG Shares and rights over BEURG Shares for which acceptances of the Offer have been received;
  - (ii) the total number of BEURG Shares and rights over BEURG Shares held, controlled, or directed by the Offeror and parties acting in concert with it before the end of the Offer Period; and
  - (iii) the total number of BEURG Shares and rights over BEURG Shares acquired/cancelled (as the case may be) or agreed to be acquired/cancelled (as the case may be) during the Offer Period by the Offeror and parties acting in concert with it.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of BEURG which the Offeror and the parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold, and specify the percentages of the relevant classes of issued share capital of BEURG and the percentages of voting rights of BEURG represented by these numbers of BEURG Shares.

- (b) In computing the total number of BEURG Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the First Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

#### 5. NOMINEE REGISTRATION

To ensure equality of treatment of all BEURG Shareholders, those BEURG Shareholders who hold BEURG Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of BEURG Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

#### 6. RIGHT OF WITHDRAWAL

- (a) The Offer is conditional upon fulfilment of the “Condition to the Offer” set out in the “Letter from DBSAC and China Tonghai” in this Composite Document. Acceptance of the Offer tendered by BEURG Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/their acceptance after 21 days from the First Closing Date (being 17 June 2022) if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her acceptance by lodging a notice in writing signed by the acceptor (or his/her/their agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

- (b) Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer set out in section 4 of this Appendix I, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

## 7. WARRANTY

Acceptance of the Offer by a BEURG Shareholder will be deemed to constitute a warranty by such person(s) to the Offeror that such BEURG Shares acquired from such BEURG Shareholder under the Offer are sold or tendered by that BEURG Shareholder free from all third party rights and together with all rights accruing and attached to them on the date of this Composite Document or subsequently becoming attached to it, including the rights to receive all dividends and distributions declared, made or paid, on or after the date of this Composite Document, save for the Dividend. Save for the Dividend, BEURG confirms that as at the Latest Practicable Date, it does not intend to declare, pay, make or agree to pay or make any dividends on or after the date of this Composite Document and up to closing of the Offer.

## 8. HONG KONG STAMP DUTY

Seller's Hong Kong ad valorem stamp duty who accept the Offer and calculated at a rate of 0.13% of the market value of the BEURG Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar), whichever is higher, will be deducted from the amount payable to the relevant BEURG Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of the accepting BEURG Shareholders and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

**9. BEURG OVERSEAS SHAREHOLDERS**

- (a) The making of the Offer to the BEURG Overseas Shareholders not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, BEURG Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the BEURG Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from such BEURG Overseas Shareholders in respect of such jurisdictions).
- (b) Any acceptance of the Offer by such BEURG Overseas Shareholders will be deemed to constitute a representation and warranty from such BEURG Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The BEURG Overseas Shareholders should consult their professional advisers if in doubt.

**10. TAX IMPLICATIONS**

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, the Joint Financial Advisers, BEURG, the Independent Financial Adviser, their respective ultimate beneficial owners and parties acting in concert, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the BEURG Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

**11. GENERAL**

- (a) All communications, notices, Form of Acceptance and Transfer, certificate(s), BEURG Share certificate(s), transfer receipt(s), other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer will be delivered by or sent to or from the BEURG Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Joint Financial Advisers, the Registrar, or other parties involved in the Offer or any of their respective directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance and Transfer form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance and Transfer or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form of Acceptance and Transfer by or on behalf of a BEURG Shareholder will constitute such BEURG Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance and Transfer in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, the Joint Financial Advisers, or such person or persons as the Offeror or Joint Financial Advisers may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the BEURG Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of BEURG Shares in respect of which it is indicated in the Form of Acceptance and Transfer is the aggregate number of BEURG Shares held by such nominee for such beneficial owners who accept the Offer.



- (g) If no number is inserted or a number inserted is greater than your registered holding of BEURG Share(s) or those physical BEURG Share(s) tendered for acceptance of the Offer and you have signed this form, this form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before 4:00 p.m. on the First Closing Date.
- (h) Reference to the Offer in this Composite Document and in the Form of Acceptance and Transfer shall include any extension or revision thereof.
- (i) In making their decisions, BEURG Shareholders must rely on his/her/its/their own examination of the Offeror and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained therein, and the Form of Acceptance and Transfer are not to be construed as legal or business advice. BEURG Shareholder(s) could consult with his/her/its/their own professional advisers for professional advice.
- (j) The English texts of this Composite Document and the Form of Acceptance and Transfer shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.
- (k) The Offer is made in accordance with the Takeovers Code.

## 1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the audited financial information for each of the three financial years ended 31 December 2019, 2020 and 2021 (as extracted from the annual reports of BEURG).

	For the year ended 31 December		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>			
<b>Revenue</b>	2,711,228	3,520,047	4,450,165
Cost of sales	<u>(1,927,783)</u>	<u>(2,433,343)</u>	<u>(3,288,007)</u>
Gross profit	783,445	1,086,704	1,162,158
Other income and gains, net	59,916	70,335	104,812
Administrative expenses	(320,017)	(339,690)	(413,491)
Selling and distribution expenses	(14,306)	(15,952)	(37,412)
Other expenses	(3,362)	(26,833)	(16,350)
Finance costs	(72,343)	(72,034)	(83,267)
Share of profit of a joint venture	<u>27</u>	<u>1,247</u>	<u>2,608</u>
<b>Profit before tax from continuing operations</b>	433,360	703,777	719,058
Income tax expense	<u>(87,492)</u>	<u>(163,365)</u>	<u>(136,893)</u>
<b>Profit for the year from continuing operations</b>	<u>345,868</u>	<u>540,412</u>	<u>582,165</u>
Attributable to:			
Owners of the parent	269,643	426,829	502,033
Non-controlling interests	<u>76,225</u>	<u>113,583</u>	<u>80,132</u>
	<u>345,868</u>	<u>540,412</u>	<u>582,165</u>

	For the year ended 31 December		
	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Discontinued operation</b>			
Profit for the year from a discontinued operation	6,146	–	–
<b>Profit for the year</b>	<u>352,014</u>	<u>540,412</u>	<u>582,165</u>
Attributable to:			
Owners of the parent	281,328	426,829	502,033
Non-controlling interests	<u>70,686</u>	<u>113,583</u>	<u>80,132</u>
	<u>352,014</u>	<u>540,412</u>	<u>582,165</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
– Translation of foreign operations	(50,771)	229,249	111,152
– Release upon disposal of subsidiaries	<u>8,526</u>	<u>(397)</u>	<u>–</u>
<b>Total comprehensive income for the year</b>	<u>309,769</u>	<u>769,264</u>	<u>693,317</u>
Attributable to:			
Owners of the parent	264,294	611,311	595,368
Non-controlling interests	<u>45,475</u>	<u>157,953</u>	<u>97,949</u>
	<u>309,769</u>	<u>769,264</u>	<u>693,317</u>
<b>Earnings per share attributable to shareholders of BEURG</b>			
Basic and diluted (HK cents)			
For profit for the year	<u>HK10.42 cents</u>	<u>HK11.97 cents</u>	<u>HK13.95 cents</u>
For profit from continuing operations	<u>HK9.99 cents</u>	<u>HK11.97 cents</u>	<u>HK13.95 cents</u>

No dividend was paid or proposed by BEURG during each of the two (2) years ended 31 December 2019 and 2020. For the year ended 31 December 2021, the board of directors of BEURG recommended final dividend of HK\$0.03 per BEURG Share, details of which are set out in the announcement of BEURG dated 29 March 2022, and subject to approval by BEURG Shareholders on the annual general meeting of BEURG to be held on Tuesday, 7 June 2022, and is payable to BEURG Shareholders whose names appear on the register of members of BEURG on Wednesday, 15 June 2022.

The auditor's reports issued by Ernst & Young in respect of BEURG Group's audited consolidated financial statements for each of the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 did not contain any qualifications, modified opinion, emphasis of matter or material uncertainty related to going concern.

There was no item which was exceptional because of size, nature or incidence that was recorded in the financial statements of BEURG for each of the financial years ended 31 December 2019, 2020 and 2021.

Apart from disclosed above, there was no item of any income or expense which was material for each of the financial years ended 31 December 2019, 2020 and 2021.

## **2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BEURG GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021**

BEURG is required to set out or refer to in this Composite Document the consolidated statements of financial position, statement of cash flows, and any other primary statements as shown in the last published audited accounts, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of BEURG for the year ended 31 December 2021 (the "**2021 Financial Statements**"), together with significant accounting policies, has been set out on pages 46 to 119 of the annual report of BEURG for the year ended 31 December 2021 which was posted on 28 April 2022 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of BEURG for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800001.pdf>

The audited consolidated financial statements of the BEURG Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”), together with significant accounting policies, has been set out on pages 46 to 123 of the annual report of BEURG for the year ended 31 December 2020 which was posted on 27 April 2021 on the Stock Exchange’s website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of BEURG for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700001.pdf>

The audited consolidated financial statements of the BEURG Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), together with significant accounting policies, has been set out on pages 45 to 123 of the annual report of BEURG for the year ended 31 December 2019 which was posted on 28 April 2020 on the Stock Exchange’s website (<http://www.hkexnews.hk>).

Please also see below a quick link to the annual report of BEURG for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042800001.pdf>

The 2019 Financial Statements, the 2020 Financial Statements and the 2021 Financial Statements (but not any other part of the 2019 annual report, the 2020 annual report and the 2021 annual report of BEURG in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### **3. INDEBTEDNESS OF THE BEURG GROUP**

As at 28 February 2022, the BEURG Group had (i) outstanding unsecured bank borrowings of approximately HK\$1,105,973,000; (ii) outstanding secured bank borrowings of approximately HK\$1,291,630,000, which were secured by the pledge over the BEURG Group’s property, plant and equipment, right-of-use assets and operating concessions; and (iii) lease liabilities with a present value of minimum lease payments of approximately HK\$177,107,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the BEURG Group did not have any mortgages, charges, debentures, loan capital, bank overdrafts, loans, liabilities under acceptance (other than under normal trade bills) or similar indebtedness, hire purchase or finance lease obligations or any guarantees or other material contingent liabilities as at 28 February 2022.

### **4. MATERIAL CHANGE**

The directors of BEURG confirm that there had been no material change in the financial or trading position or outlook of the BEURG Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the BEURG Group were made up, up to and including the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

The directors of BEURG jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

## 2. SHARE CAPITAL

### (a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of BEURG were as follows:

<i>Authorised:</i>		<i>HK\$</i>
30,000,000,000	Ordinary shares of HK\$0.1 each	3,000,000,000
<i>Issued and fully paid:</i>		
3,600,000,000	Ordinary shares of HK\$0.1 each	360,000,000

All the BEURG Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to capital, dividends and voting.

As at the Latest Practicable Date, there were:

- (a) no new BEURG Shares issued by BEURG since 31 December 2021 (being the date to which its latest published audited financial statements were prepared); and
- (b) no outstanding warrants or options or other securities carrying rights of conversion into or exchange or subscription for the BEURG Shares or derivatives issued by BEURG affecting the BEURG Shares.

**(b) Listing**

The BEURG Shares are listed and traded on the main board of the Stock Exchange. No part of the BEURG Shares is listed or dealt in, nor is any listing of or permission to deal in the BEURG Shares being or proposed to be sought on any other stock exchange.

**3. MARKET PRICES**

The table below shows the closing market prices of the BEURG Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing price</b> <i>HK\$</i>
29 October 2021	0.79
30 November 2021	0.475
31 December 2021	0.53
31 January 2022	0.54
28 February 2022	0.67
31 March 2022	0.74
25 April 2022 (Last Trading Day)	0.78
29 April 2022	0.80
24 May 2022 (Latest Practicable Date)	0.79

During the Relevant Period, the highest and lowest closing prices of BEURG Shares as quoted on the Stock Exchange were HK\$0.80 per BEURG Share on 1 November 2021, 29 April 2022, 3 May 2022, 4 May 2022 and 5 May 2022 and HK\$0.475 per BEURG Share on 30 November 2021, respectively.

## 4. DISCLOSURE OF INTERESTS

## (a) Interests of the Directors and the Chief Executive

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of BEURG in the BEURG Shares, underlying shares and debentures of BEURG or any of its associated corporations (within the meaning of Part XV of the SFO, which were required (i) to be notified to BEURG and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) pursuant to the Model Code for Securities Transaction by directors of Listed Issuers had been notified to BEURG and the Stock Exchange; or (iv) to be disclosed pursuant to the Takeovers Code were as follows:

Name of director of BEURG	Nature of interest	Number of BEURG Shares	Approximate percentage of BEURG's issued share capital (Note 1)
Mr. Zhao Kexi (Note 2)	Interest in controlled corporation	39,920,000	1.11%
Mr. Zhou Min (Note 3)	Interest in controlled corporation	104,820,000	2.91%
Mr. Zhou Chen	Beneficial owner	71,140,000	1.98%
Mr. Li Haifeng (Note 4)	Beneficial owner	1,840,000	0.05%
	Interest in controlled corporation	48,960,000	1.36%

## Notes:

- The approximate percentage was calculated on the basis of 3,600,000,000 BEURG Shares in issue as at the Latest Practicable Date.
- 39,920,000 BEURG Shares were held by Long March Holdings Limited ("**Long March**"), a company wholly-owned by Mr. Zhao Kexi. Accordingly, Mr. Zhao Kexi is deemed to have interests in those BEURG Shares of Long March under the SFO.
- 104,820,000 BEURG Shares were held by Star Colour Investments Limited ("**Star Colour**"), a company wholly-owned by Mr. Zhou Min. Accordingly, Mr. Zhou Min is deemed to have interests in those BEURG Shares of Star Colour under the SFO.
- 48,960,000 BEURG Shares were held by Maolin Investments Limited ("**MIL**"), a company wholly-owned by Mr. Li Haifeng. Accordingly, Mr. Li Haifeng is deemed to have interests in those BEURG Shares of MIL under the SFO.



Save as disclosed above, as at the Latest Practicable Date, none of the directors and the chief executive of BEURG including their respective associates had any interests or short positions in the shares, underlying shares or debentures of BEURG and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to BEURG and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to BEURG and the Stock Exchange; or (iv) to be disclosed pursuant to the Takeovers Code.

**(b) Interests of the substantial shareholders**

As at the Latest Practicable Date, according to the register kept by BEURG pursuant to section 336 of the SFO and, so far as was known to the BEURG directors, the persons or entities (other than the directors or chief executive of BEURG) who had an interest or a short position in the shares or the underlying shares of BEURG which would fall to be disclosed to BEURG under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the BEURG Group, or in any options in respect of such share capital were as follows:

Name of shareholder of BEURG	Nature of interests	Number of BEURG Shares	Approximate percentage of BEURG's issued share capital (Note 1)
The Offeror (Note 2)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Beijing Enterprises Group Company Limited ("BEGCL") (Note 2)	Interest of controlled corporation and interest held jointly with other persons	1,589,856,000	44.16%
Beijing Enterprises Group (BVI) Company Limited ("BE Group (BVI)") (Note 2)	Interest of controlled corporation and interest held jointly with other persons	1,589,856,000	44.16%
Beijing Enterprises Investments Limited ("BEIL") (Note 2)	Interest of controlled corporation and interest held jointly with other persons	1,589,856,000	44.16%

Name of shareholder of BEURG	Nature of interests	Number of BEURG Shares	Approximate percentage of BEURG's issued share capital (Note 1)
Modern Orient Limited ("MOL") (Note 2)	Interest of controlled corporation and interest held jointly with other persons	1,589,856,000	44.16%
Beijing Enterprises Holdings Limited ("BEHL") (Note 2)	Interest of controlled corporation and interest held jointly with other persons	1,589,856,000	44.16%
Beijing Enterprises Environmental Construction Limited ("BE Environmental") (Note 2)	Interest in controlled corporation and interest held jointly with other persons	1,589,856,000	44.16%
Star Colour Investments Limited (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Zhijia Investments Limited (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Zhou Chen (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
ZGC International Holding Limited (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Maolin Investments Limited (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Beijing Holdings Limited (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Long March Holdings Limited (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%
Li Haifeng (Note 3)	Beneficial owner and interest held jointly with other persons	1,589,856,000	44.16%

*Notes:*

1. The approximate percentage was calculated on the basis of 3,600,000,000 BEURG Shares in issue as at the Latest Practicable Date.
2. The Offeror is directly held as to approximately 40.66% by BE Environmental. BE Environmental is a wholly-owned subsidiary of BEHL, which is deemed to be held as to approximately 62.31% by BEGCL through BE Group (BVI) and Beijing Holdings Limited (both are BEGCL's direct wholly-owned subsidiaries), BEIL (a company being directly held as to 72.72% by BE Group (BVI)), and MOL (BEIL's direct wholly-owned subsidiary).
3. As the Offeror Concert Parties are parties to the Acting In Concert Agreement, the Offeror Concert Parties are deemed to be interested in the BEURG Shares held by each of the other Offeror Concert Parties.

**(c) Interests of BEURG directors in the Offeror**

As at the Latest Practicable Date, the interests of the directors of BEURG in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror were as follows:

Director of BEURG who has interest in the shares of BEWG	Nature of interests	Number of BEWG shares	Number of underlying shares	Approximate percentage of BEWG's issued share capital ( <i>Note 1</i> )
Zhou Min	Beneficial owner	56,400,000	-	0.56%
	Interest of controlled corporation ( <i>Note 2</i> )	310,790,878	-	3.07%
Li Haifeng	Beneficial owner	20,604,200	-	0.20%
Li Li	Beneficial owner	1,145,088	12,700,000	0.14%
Zhao Kexi	Beneficial owner	435	-	-

*Notes:*

1. The number of share of BEWG in issue as at the Latest Practicable Date is 10,135,821,871 shares.
2. 307,676,110 ordinary shares and 3,114,768 ordinary shares, are held by Tenson Investment Limited and Star Colour Investments Limited, respectively, both of which are wholly and beneficially owned by Mr. Zhou Min, a non-executive director and the chairman of BEURG, who is also an executive director and the chief executive officer of the Offeror.

Save as disclosed above, as at the Latest Practicable Date, none of BEURG nor any of its directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**(d) Additional disclosure of interests in BEURG and arrangement in connection with the Offer**

Save as disclosed in the disclosure of interests in this paragraph, as at the Latest Practicable Date:

- (i) the directors of BEURG did not have any interest in the BEURG Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the BEURG Shares;
- (ii) the directors of BEURG did not have any beneficial shareholdings in BEURG which would entitle them to accept or reject the Offer;
- (iii) none of the subsidiaries of BEURG, pension funds of BEURG or any of its subsidiaries or the person who is presumed to be acting in concert with BEURG by virtue of class (5) of the definition of acting in concert or who is an associate of BEURG by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any BEURG Shares or any other convertible securities, warrants, options or derivatives in respect of the BEURG Shares;
- (iv) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and BEURG or with any person who is presumed to be acting in concert with BEURG by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of BEURG by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (v) no BEURG Shares or any other convertible securities, warrants, options or derivatives in respect of the BEURG Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with BEURG;
- (vi) none of BEURG or any directors of BEURG had borrowed or lent any BEURG Shares or any other convertible securities, warrants, options or derivatives in respect of the BEURG Shares; and
- (vii) Each of Mr. Zhao Kexi, Mr. Zhou Min, Mr. Zhou Chen and Mr. Li Haifeng, directors of BEURG and Offeror Concert Parties does not intend to accept the Offer with respect to the BEURG Shares in which he/it is interested. Therefore, Star Colour Investments Limited, Maolin Investments Limited and Long March Holdings Limited will not accept the Offer.

**5. DEALINGS IN BEURG SHARES**

During the Relevant Period,

- (a) none of the BEURG directors had dealt for value in any BEURG Shares, options, derivatives, warrants or other securities convertible into the BEURG Shares or other types of equity interest in the BEURG;
- (b) none of the subsidiaries of BEURG, pension funds of BEURG or any of its subsidiaries or the person who is presumed to be acting in concert with BEURG by virtue of class (5) of the definition of acting in concert or who is an associate of BEURG by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in BEURG;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with BEURG or with any person who is presumed to be acting in concert with BEURG by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of BEURG by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had dealt for value in the BEURG Shares and other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of BEURG; and
- (d) no fund managers connected with BEURG (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any BEURG Shares or any other convertible securities, warrants, options or derivatives in respect of any BEURG Shares.

**6. DEALINGS IN SHARES OF THE OFFEROR**

During the Relevant Period, save for a total of 253,656 shares of the Offeror which were vested to Mr. Li Haifeng on 30 December 2021 pursuant to the share award scheme of the Offeror, none of BEURG, any of its subsidiaries, nor any directors of BEURG had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of the Offeror.

## 7. ARRANGEMENTS AFFECTING DIRECTORS OF BEURG

As at the Latest Practicable Date,

- (a) no arrangement was in place for any benefit (other than statutory compensation) to be given to any directors of BEURG as compensation for loss of office or otherwise in connection with the Offer.
- (b) there was no agreement or arrangement between any directors of BEURG and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer.
- (c) save for the Acting in Concert Agreement as disclosed, in which each of Mr. Zhou Min, Mr. Li Haifeng, Mr. Zhou Chen and Mr. Zhao Kexi is interested, there was no material contract entered into by the Offeror in which any director of BEURG had a material personal interest.

## 8. SERVICE CONTRACT

As at the Latest Practicable Date, directors of BEURG had entered into the following service contract with BEURG or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period:

Name	Position	Term	Amount of Remuneration	Variable Remuneration
Mr. Zhou Chen	Executive Director	a term of 3 years commencing from 1 September 2021 and expiring on 31 August 2024	HK\$120,000 per annum <sup>Note</sup>	–

*Note:* Under the service contract, Mr. Zhou Chen is also entitled to receive remuneration as the president assistant of BEURG of RMB900,000 per annum and discretionary bonus.

Save as disclosed above, as at the Latest Practicable Date, none of the directors of BEURG had entered into any service contract with any member of the BEURG Group or any associated companies of BEURG which:

- (i) had been entered into or amended (including both continuous and fixed term contracts) within six months prior to the commencement of the Offer Period;

- (ii) was a continuous contract with a notice period of 12 months or more; or
- (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

None of directors of BEURG will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office (if any) or otherwise in connection with the Offer.

## 9. LITIGATION

As at the Latest Practicable Date, neither BEURG nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against BEURG and any of its subsidiaries.

## 10. MATERIAL CONTRACTS

As at the Latest Practicable Date, no contract (being the contracts not entered into in the ordinary course of business carried on or intended to be carried on by BEURG or any of its subsidiaries) has been entered into by BEURG or any of its subsidiaries within the date two years before the date of the Joint Announcement up to and including the Latest Practicable Date, which are material.

## 11. EXPERT

The following is the name and qualifications of the expert who has given opinion or advice which is contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer

**12. CONSENT**

Lego has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name and logo in the form and context in which they are respectively included.

**13. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of BEURG at [www.beur.net.cn](http://www.beur.net.cn); and (iii) at the principal place of business of BEURG in Hong Kong at Units 6705-07, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong) up to and including the First Closing Date:

- (a) amended and restated memorandum of association and articles of association of BEURG;
- (b) the annual reports of BEURG for each of the three years ended 31 December 2019, 31 December 2020 and 31 December 2021;
- (c) the letter from the board of BEURG, the text of which is set out on pages 24 to 30 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 33 to 55 of this Composite Document;
- (f) the service contract referred to in paragraph 8 of this Appendix III; and
- (g) the written consent from the expert referred to in paragraph 12 of this Appendix III.



## 1. RESPONSIBILITY STATEMENT

The directors of BEWG jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the BEURG Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of BEURG) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

## 2. DISCLOSURES OF INTERESTS IN SECURITIES OF BEURG

As at the Latest Practicable Date, details of interests in the BEURG Shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of BEURG held or controlled by the Offeror and parties acting in concert with it were as follows:

	<i>Number of BEURG Shares</i>	<i>%</i>
<b>Offeror and parties acting in concert with it</b>		
Offeror	1,124,284,000	31.23
Offeror Concert Parties		
Star Colour Investments Limited <sup>Note 1</sup>	104,820,000	2.91
Zhihua Investments Limited	97,920,000	2.72
Zhou Chen	71,140,000	1.98
ZGC International Holding Limited	60,972,000	1.69
Maolin Investments Limited and Li Haifeng <sup>Note 2</sup>	50,800,000	1.41
Beijing Holdings Limited	40,000,000	1.11
Long March Holdings Limited <sup>Note 3</sup>	39,920,000	1.11
<b>Sub-total of Offeror Concert Parties</b>	<u>465,572,000</u>	<u>12.93</u>
<b>Sub-total of Offeror and Offeror Concert Parties</b>	<b>1,589,856,000</b>	<b>44.16</b>
Public BEURG Shareholders	<u>2,010,144,000</u>	<u>55.84</u>
	<b><u>3,600,000,000</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Star Colour Investments Limited is a company incorporated in the BVI and wholly-owned by Mr. Zhou Min, a non-executive director and the chairman of BEURG and an executive director and the chief executive officer of BEWG.
2. Maolin Investments Limited is a company incorporated in the BVI and wholly-owned by Mr. Li Haifeng, a non-executive director of BEURG and an executive director of BEWG. As at the Latest Practicable Date, Mr. Li Haifeng directly held 1,840,000 BEURG Shares and via Maolin Investments Limited held 48,960,000 BEURG Shares.
3. Long March Holdings Limited is a company incorporated in the BVI and wholly-owned by Mr. Zhao Kexi, an executive director and the chief executive officer of BEURG.
4. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, the directors of the Offeror, and/or parties acting in concert with it owned or controlled any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of BEURG.

### 3. DEALINGS IN BEURG'S SECURITIES

As at the Latest Practicable Date, BEURG did not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into BEURG Shares.

The Offeror confirms that as at the Latest Practicable Date, the Offeror and parties acting in concert with it (including Offeror Concert Parties) were interested in 1,589,856,000 BEURG Shares, representing approximately 44.16% of the issued share capital of BEURG. Save as aforesaid, none of the Offeror nor any person acting in concert with it (including the Offeror Concert Parties) owns or has control or direction over any voting rights or rights over the BEURG Shares or convertible securities, warrants, options of BEURG.

Save as disclosed below, none of the Offeror nor any person acting in concert with it (including the Offeror Concert Parties) had dealt for value in any BEURG Shares, convertible securities, warrants or options of BEURG or any derivatives in respect of such securities during the Relevant Period.

Name	Transaction Date	Type of transaction	Price per Share (HK\$)	Number of BEURG Shares
Offeror (Note 1)	30-Mar-22	Purchase	0.610	736,000
		Purchase	0.620	1,120,000
		Purchase	0.630	3,000,000
		Purchase	0.640	1,484,000
		Purchase	0.650	3,500,000
		Purchase	0.660	4,300,000
		Purchase	0.670	2,828,000
		Purchase	0.680	3,500,000
		Purchase	0.690	2,000,000
		Purchase	0.700	1,000,000
	31-Mar-22	Purchase	0.670	64,000
		Purchase	0.680	300,000
		Purchase	0.690	400,000
		Purchase	0.700	4,600,000
		Purchase	0.710	1,712,000
		Purchase	0.720	3,200,000
		Purchase	0.730	4,000,000
		Purchase	0.740	7,800,000
		Purchase	0.750	5,000,000
		1-Apr-22	Purchase	0.720
	Purchase		0.730	400,000
	4-Apr-22	Purchase	0.740	32,000
		Purchase	0.750	1,800,000
		Purchase	0.760	2,800,000
	6-Apr-22	Purchase	0.740	1,584,000
		Purchase	0.750	1,320,000
		Purchase	0.770	1,520,000
		Purchase	0.780	3,400,000
	7-Apr-22	Purchase	0.750	400,000
		Purchase	0.760	2,692,000
Purchase		0.770	120,000	
Purchase		0.780	2,200,000	
8-Apr-22	Purchase	0.750	52,000	
11-Apr-22	Purchase	0.710	52,000	
13-Apr-22	Purchase	0.730	52,000	
14-Apr-22	Purchase	0.720	52,000	
19-Apr-22	Purchase	0.710	52,000	
20-Apr-22	Purchase	0.720	52,000	
21-Apr-22	Purchase	0.720	52,000	

Name	Transaction Date	Type of transaction	Price per Share (HK\$)	Number of BEURG Shares
	22-Apr-22	Purchase	0.700	52,000
	25-Apr-22	Purchase	0.700	52,000
		Purchase	0.730	876,000
		Purchase	0.740	1,196,000
		Purchase	0.750	3,876,000
		Purchase	0.760	7,740,000
		Purchase	0.770	11,328,000
		Purchase	0.780	20,380,000

*Note:*

- The dealings in BEURG Shares disclosed in the table above were carried out by DBS Vickers (Hong Kong) Ltd on behalf of the Offeror at the instruction of the Offeror. DBS Vickers (Hong Kong) Ltd is a member of the DBS Group.

#### 4. ARRANGEMENTS IN CONNECTION WITH THE OFFER

The Offeror confirms that, as at the Latest Practicable Date:

- save for the Acting In Concert Agreement and the Facility, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the BEURG Shares and which might be material to the Offer;
- there was no agreement or arrangement to which the Offeror, was a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- none of the Offeror nor any person acting in concert with it (including the Offeror Concert Parties) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in BEURG;
- none of the Offeror nor any person acting in concert with it (including the Offeror Concert Parties) had received any irrevocable commitment to accept or not to accept the Offer;

- (e) there was no agreement or arrangement in relation to outstanding derivative in respect of the securities in BEURG which has been entered into by the Offeror, nor any person acting in concert with it (including the Offeror Concert Parties);
- (f) there was no agreement, arrangement or understanding between the Offeror and any person acting in concert with it (including the Offeror Concert Parties) and any of the directors and shareholders of BEURG which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer;
- (g) apart from the consideration for the Acquisition Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it (including the Offeror Concert Parties) to the vendors of the Acquisition Shares or any party acting in concert with such vendors in connection with the sale and purchase of the Acquisition Shares;
- (h) there is no understanding, arrangement, agreement or special deal between the Offeror or any parties acting in concert with it (including the Offeror Concert Parties) on the one hand, and the vendors of the Acquisition Shares and any party acting in concert with such vendors on the other hand;
- (i) there is no understanding, arrangement or agreement or special deal between (1) any BEURG Shareholder (other than the Offeror and any parties acting in concert with it (including the Offeror Concert Parties)) and (2)(a) the Offeror and any parties acting in concert with it (including the Offeror Concert Parties), or (b) BEURG, its subsidiaries or associated companies (within the meaning of the Takeovers Code); and
- (j) no consideration, compensation or benefit in whatever form has been paid or will be paid by the Offeror to any of the Offeror Concert Parties under, or in relation to, the Acting in Concert Agreement.

## 5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The following is the qualifications of the experts who have given their opinions or advice to the Offeror which is contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
China Tonghai Capital Limited	a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
DBS Asia Capital Limited	a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

Each of China Tonghai and DBSAC has given and has not withdrawn its written consents, respectively, to the issue of this Composite Document with a copy of the letter from DBSAC and China Tonghai and the references to its name included herein in the form and context in which they appear.

## 6. GENERAL

- (a) BEWG is a company incorporated in Bermuda with limited liability. The registered office of BEWG is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The head office and principal place of business of BEWG in Hong Kong is at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong.
- (b) The board of directors of BEWG comprises 14 directors, namely, the executive directors of BEWG are Mr. Li Yongcheng (chairman), Mr. Jiang Xinhao, Mr. Zhou Min (chief executive officer), Mr. Li Haifeng, Mr. Ke Jian, Ms. Sha Ning, Mr. Tung Woon Cheung Eric and Mr. Li Li; the non-executive director of BEWG is Mr. Wang Dianchang, and the independent non-executive directors of BEWG are Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Mr. Wang Kaijun and Mr. Chau On Ta Yuen.
- (c) The registered office of China Tonghai is situated at 18/F, China Building, 29 Queen's Road Central, Hong Kong.
- (d) The registered office of DBSAC is situated at 73/F, The Center, 99 Queen's Road Central, Hong Kong.

- (e) The Offeror Concert Parties consist of Star Colour Investments Limited, Zhihua Investments Limited, Mr. Zhou Chen, ZGC International Holding Limited, Maolin Investments Limited, Beijing Holdings Limited, Long March Holdings Limited and Mr. Li Haifeng, and their correspondence addresses are as follows:
- (i) Star Colour Investments Limited (Mr. Zhou Min): Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and Room 6706, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong;
  - (ii) Zhihua Investments Limited: Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and Room 6706, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong;
  - (iii) Mr. Zhou Chen: Rooms 6705-07, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong;
  - (iv) ZGC International Holding Limited: Rooms 3402-4, 34th Floor, Shun Tak Centre West Wing, 168-200 Connaught Road Central, Sheung Wan, Hong Kong;
  - (v) Maolin Investments Limited (Mr. Li Haifeng): Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and Room 6706, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong;
  - (vi) Beijing Holdings Limited: 66th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong;
  - (vii) Long March Holdings Limited (Mr. Zhao Kexi): Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and Room 6706, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong; and

- (f) The sole shareholder and sole director of Star Colour Investments Limited is Mr. Zhou Min. The sole shareholder and sole director of Zhihua Investments Limited is Mr. Hu Xiaoyong. The ultimate beneficial owner of ZGC International Holding Limited is the People's Government of Beijing Municipality. The directors of ZGC International Holding Limited are Mr. Zhao Xiaopeng, Mr. Li Tianlong and Mr. Qiu Lijing. The sole shareholder and sole director of Maolin Investments Limited is Mr. Li Haifeng. The ultimate beneficial owner of Beijing Holdings Limited is the People's Government of Beijing Municipality. The directors of Beijing Holdings Limited are Ms. Chang Ling, Mr. Yang Zhichang, Mr. Liu Yong, Mr. Cong Chunshui, Mr. Zhang Yuzhuang and Mr. Yan Feng. The sole shareholder and sole director of Long March Holdings Limited is Mr. Zhao Kexi.
- (g) The English text of this Composite Document and the accompanying Form of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistency.

## 7. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (a) on the website of the SFC (<http://www.sfc.hk>); (b) on the website of BEWG at [www.bewg.net](http://www.bewg.net); and (c) during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong) (Hong Kong time) at the head office and principal place of business of BEWG in Hong Kong at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong, from the date of the Composite Document up to and including the First Closing Date:

- (a) the memorandum of association and bye-laws of BEWG;
- (b) the Letter from DBSAC and China Tonghai, the text of which is set out on pages 7 to 23 of this Composite Document;
- (c) the written consents as referred to in the section headed "Consents and Qualifications of Professional Advisers" in this appendix IV;
- (d) the Acting in Concert Agreement;
- (e) the Facility;
- (f) this Composite Document and the accompanying Form of Acceptance and Transfer; and
- (g) the annual reports of BEWG for the two financial years ended 31 December 2020 and 2021.