



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.

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.

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.

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.

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

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.

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.

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

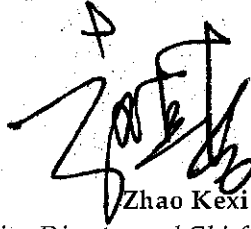
Your attention is drawn to the "Letter from the Independent Board Committee" set out on pages 31 to 32 of this Composite Document and the "Letter from the Independent Financial Adviser" set out on pages 33 to 55 of this Composite Document, which contain, among other things, their advice in relation to 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

A handwritten signature in black ink, appearing to be 'Zhao Kexi', written in a cursive style.

Zhao Kexi
Executive Director and Chief Executive Officer