

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.*



## **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)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF EXCHANGEABLE BOND**

#### **ACQUISITION OF EXCHANGEABLE BOND**

The Board is pleased to announce that on 24 June 2024, the Purchaser, an indirect subsidiary of the Company owned as to 85% by BEUS (an indirect wholly-owned subsidiary of the Company) and 15% by Mr. Xiong, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Exchangeable Bond at the Consideration of HK\$29,500,000.

Upon Completion, the Purchaser will become the holder of the Exchangeable Bond, which will entitle the Purchaser to exchange for all the issued share capital of the Target Company and upon which, the Target Company shall become a subsidiary of the Company, and the financial results of which will be consolidated into the financial statements of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **ACQUISITION OF EXCHANGEABLE BOND**

The Board is pleased to announce that on 24 June 2024, the Purchaser, an indirect non-wholly owned subsidiary of the Company owned as to 85% by BEUS (an indirect wholly-owned subsidiary of the Company) and 15% by Mr. Xiong, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Exchangeable Bond at the Consideration of HK\$29,500,000.

## **The Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are set out below:

- Date : 24 June 2024
- Parties : (i) Global Start Development Limited, as purchaser; and  
(ii) Mr. Tam Wai Tong, as vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

### ***Assets to be purchased***

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Exchangeable Bond.

The Exchangeable Bond entitles the Bondholder to exchange all the outstanding principal amount of the Exchangeable Bond into the entire issued share capital of the Target Company, at any time during the Exchange Period, subject to the Bond Issuer not exercising the Redemption Right.

### ***Consideration***

The Consideration for the Exchangeable Bond is HK\$29,500,000 payable in the following manner:

- (i) Subject to the satisfaction (or waiver, if applicable) of the conditions precedent to the Sale and Purchase Agreement, the Purchaser shall on the Completion Date deposit the First Payment of HK\$26,000,000 to the Deposit Account.

Upon the exercise of the Exchange Right by the Purchaser and within three Business Days from the date when the instrument of transfer and bought and sold notes relating to the transfer of Exchange Shares being stamped by the Stamp Office of the Inland Revenue Department of Hong Kong (or any other later date as may be agreed in writing between the Purchaser and the Vendor), the Purchaser and Vendor shall jointly instruct the bank to transfer the amount equivalent to the First Payment from the Deposit Account to the bank account designated by the Vendor. The Purchaser may, at any time after the payment of First Payment from the Deposit Account to the Vendor, remove the joint authorised signatory appointed by the Vendor from the Deposit Account at its absolute discretion.

In the event that the Purchaser is unable to become the sole shareholder of the Target Company for any reason within 10 Business Days after the Completion Date, the Purchaser may terminate the Sale and Purchase Agreement and remove the joint authorised signatory appointed by the Vendor from the Deposit Account at its absolute discretion.

- (ii) subject to the Purchaser becomes the sole shareholder of the Target Company and the terms and conditions of the Sale and Purchase Agreement, the Purchaser shall on the Final Payment Date deposit the Final Payment of HK\$3,500,000 to the bank account designated by the Vendor.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into account (i) the net asset value of the Target Company of HK\$31,530,000 as at 31 December 2023 according to the 2023 Audited Accounts; (ii) historical operating and financial performance of the Target Company; (iii) the business development and future prospects of the Target Company and (iv) the reasons for and benefits of the Acquisition as stated under the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below. The Consideration will be satisfied by the Group's internal resources and the shareholder's loan provided to the Purchaser by Mr. Xiong.

### ***Conditions Precedent***

Completion is subject to the satisfaction (or the waiver, if applicable) of the following conditions precedent on or before the Long Stop Date:

- (i) the Purchaser, in its absolute discretion, being satisfied with the results of its due diligence investigation on the legal status, business, asset and financial status of the Target Company;
- (ii) the Purchaser having obtained the resolutions of its board of directors and shareholders' meeting (if necessary) to approve the execution of the Sale and Purchase Agreement and other documents necessary for the sale and purchase of the Exchangeable Bond and the performance of obligations of the Purchaser under the Sale and Purchase Agreement;
- (iii) the Purchaser having instructed the relevant bank to appoint the Vendor (or the person designated by the Vendor) to be a joint authorised signatory of the Deposit Account so that the Deposit Account would be jointly controlled by the Purchaser and the Vendor and such arrangement shall be effective upon the Completion Date;
- (iv) the Target Company having obtained all approvals, permit, business licences, registrations or filings from relevant government departments or regulatory agencies, authorities or organisations necessary for its business operations and such approvals, permit, business licences, registrations or filings are still valid and effective;
- (v) there being no material adverse change on the shareholding, operations, financial position and trading conditions of the Target Company; and
- (vi) the payables and receivables balances between the Target Company and the Bond Issuer Group and its related parties as at 31 May 2024 being fully settled.

All conditions precedent above may be waived by the Purchaser from time to time by notice in writing to the Vendor. The Vendor shall use his best endeavour to procure the satisfaction of the conditions precedent (iv) to (vi) above on or before the Long Stop Date. If the conditions set out above are not satisfied or waived (if applicable) on or before the Long Stop Date, the Sale and Purchase Agreement shall automatically lapse with immediate effect, save for any antecedent rights and obligations and the Surviving Provisions.

As at the date of this announcement, all of the conditions set out above had been fully satisfied.

## ***Completion***

Completion shall take place on the Completion Date subject to the satisfaction or waiver (if applicable) of all the above conditions precedent.

Upon Completion, the Purchaser will become the holder of the Exchangeable Bond, which would entitle the Purchaser to exchange for all the issued shares in the Target Company. Upon the Purchaser becomes the holder of the Exchangeable Bond, the Purchaser shall exercise its Exchange Right and proceed with the transfer of the entire issued shares in the Target Company to the Purchaser. Immediately after the completion of the share transfer, the Target Company shall become a subsidiary of the Company, and the financial results of which will be consolidated into the financial statements of the Group.

## **The Exchangeable Bond**

The principal terms of the Exchangeable Bond are as follows:

Issuer	:	Lapco Holdings Limited as the Bond Issuer
Principal amount	:	HK\$20,000,000
Interest	:	The Exchangeable Bond shall not bear any interest
Initial Issue Date	:	17 February 2023
Maturity Date	:	31 December 2024
Exchange Shares	:	50,000 ordinary shares of the Target Company (the “ <b>Exchange Shares</b> ”), representing 100% of the existing issued share capital of Target Company
Exchange Price	:	The initial exchange price per Exchange Share is HK\$400.

If the net asset value of the Target Company as at the preceding calendar month end date at the time the Bondholder elects to exercise the Exchange Right is higher than 110% of the outstanding principal amount of the Exchangeable Bond, the Bondholder shall reimburse the Bond Issuer the difference between such net asset value and 110% of the outstanding principal amount of the Exchangeable Bond in cash.

- Exchange Period : The Exchange Right in respect of an Exchangeable Bond may not be exercised from the Initial Issue Date up to the last day of the third month from the Initial Issue Date.
- The Bondholder is, subject to the Bond Issuer not exercising the Redemption Right, free to exercise the Exchange Right in whole attached thereto from the first day of the fourth month from the Initial Issue Date up to and including the day immediately prior to the Maturity Date.
- The Bond Issuer shall confirm in writing to the Bondholder as to whether the Bond Issuer elects to exercise the Redemption Right upon the Bondholder electing to exercise the Exchange Right. In the event that the Bond Issuer elects not to exercise the Redemption Right, it shall procure that 100% shareholding interest in the Target Company be transferred to the Bondholder.
- Transferability : The Exchangeable Bond is not transferable, without the consent of the Bond Issuer, from the Initial Issue Date and until the last day of the third month from the Initial Issue Date, and will be freely transferable, in whole, from the date thereafter subject to the compliance with the applicable laws, listing rules, securities regulations, the applicable provisions of the Exchangeable Bond and the relevant subscription agreement between the Vendor and the Bond Issuer.
- Redemption by the Bond Issuer : The Bond Issuer may elect to redeem the Exchangeable Bond (in whole) then outstanding by paying to the Bondholder a redemption price equal to an aggregate of 100% of the outstanding principal amount of the Exchangeable Bond at any time from the Initial Issue Date and up to the Maturity Date (the “**Redemption Right**”).
- Voting and dividend rights : The Exchangeable Bond does not confer the Bondholder any voting right at any meetings of Target Company nor any dividends, distribution and capital returns
- Status : The Exchangeable Bond constitutes direct, general, unsubordinated, unconditional and unsecured obligations of the Bondholder and shall rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bondholder except for obligations accorded preference by mandatory provisions of applicable law.
- Listing : The Exchangeable Bond is not listed on the Stock Exchange or any other stock exchange.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Company is a well-established service provider for environmental hygiene services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services in Hong Kong. The purpose of the acquiring the Exchangeable Bond is for acquisition the entire shares in the Target Company. The Directors consider that the Acquisition will enable the Group to achieve rapid growth of environmental sanitation services in the Hong Kong market and accelerate our accumulation of service operation experience in similar projects overseas, thus being an important initiative for the Group to achieve leapfrog development.

The Directors also believe that the Acquisition will boost coordination between the Group's operations in Hong Kong and in Mainland China, creating a synergetic effect of "1+1>2" in management, operation, finance and market forces, etc. Given that the business and culture are similar between Mainland China and Hong Kong, and one of the Group's major markets is Shenzhen, which is adjacent to Hong Kong, the Group will take advantage of its market exploration capability in Shenzhen to further expand its business in Hong Kong.

The Directors are of the view that the Acquisition is beneficial to the Group on the expansion of market size as well as the implementation of technological development. The Group can apply the advanced technologies in Mainland China for the operations in Hong Kong, and adopt more stringent standards similar to the regulatory requirements in Hong Kong for its business in Mainland China. Meanwhile, the integration of business reputation and brand recognition will also strengthen the market position of the Group and improve its business image, which will benefit the Group's sustainable development in the long run.

None of the Directors has any material interest in the Acquisition and is required to abstain from voting on board resolutions approving the same.

In light of the above, the Board is of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES INVOLVED**

### **The Company and the Group**

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 3718). The principal activity of the Company is investment holding. The Group is principally engaged in urban services, hazardous waste treatment business and waste electrical and electronic equipment treatment business in the PRC.

## The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. It is a joint venture company incorporated by BEUS, an indirect wholly-owned subsidiary of the Company, and Mr. Xiong, a passive investor, for the purpose of acquiring the equity interest in companies which are principally engaged in the provision of environmental hygiene services in Hong Kong. As at the date of this announcement, the Purchaser is owned as to 85% by BEUS, and 15% by Mr. Xiong. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Xiong is an Independent Third Party.

## Information on the Vendor

The Vendor is the director of the Target Company and an Independent Third Party. Based on the public information available to the Group, the Vendor is a substantial shareholder of Bond Issuer and holds 24.92% of the total issued shares of Bond Issuer as at the date of this announcement.

## Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of environmental hygiene services, including (a) cleaning services; (b) pest management services; (c) waste management and recycling services. As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of Sharp Idea, and an indirect wholly-owned subsidiary of Bond Issuer.

Set out below is an extract of the audited financial statements prepared in accordance with the Hong Kong Financial Reporting Standards for the financial years ended 31 December 2022 and 2023 of the Target Company:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Profit before taxation	<b>6,942</b>	13,312
Profit after taxation	<b>6,564</b>	10,870

The audited net assets of the Target Company as at 31 December 2023 amounted to approximately HK\$31,530,000.

## IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.



## DEFINITIONS

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

“2023 Audited Accounts”	the audited financial statements of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards for the year ended 31 December 2023
“Acquisition”	the acquisition of the Exchangeable Bond by the Purchaser as contemplated under the Sale and Purchase Agreement
“BEUS”	Beijing Enterprises Urban Services Group Limited (北控城市服務集團有限公司), a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“Bondholder”	the holder, for the time being, of the Exchangeable Bond appearing in the register of bondholders as the registered holder of the Exchangeable Bond
“Bond Issuer”	Lapco Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8472)
“Bond Issuer Group”	the Bond Issuer and its subsidiaries, excluding the Target Company
“Business Day(s)”	any day during which the Stock Exchange is open for trading
“Company”	Beijing Enterprises Urban Resources Group Limited (北控城市資源集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange (Stock Code: 3718)
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the following Business Day after all the conditions precedent have been fulfilled or waived (as the case may be), or such other date as may be agreed in writing between the parties to the Sale and Purchase Agreement



“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$29,500,000 payable for the sale and purchase of the Exchangeable Bond
“Deposit Account”	a bank account under the name of the Purchaser designated by the Purchaser for the purpose of depositing and settling the First Payment pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Exchangeable Bond”	the non-interest bearing exchangeable bond in the principal amount of HK\$20,000,000 issued by the Bond Issuer to Vendor on the Initial Issue Date, which entitles the Bondholder to exchange for all the issued share capital of the Target Company
“Exchange Period”	any time following the first day of the fourth month from the Initial Issue Date up to and including the day immediately prior to the Maturity Date
“Exchange Right”	the Bondholder’s right to exchange all the outstanding principal amount of the Exchangeable Bond into the entire issued share capital of the Target Company, at any time during the Exchange Period
“Final Payment”	the final payment of HK\$3,500,000 payable by the Purchaser to the Vendor
“Final Payment Date”	31 August 2024 or any other date as may be agreed in writing between the parties to the Sale and Purchase Agreement, being the date on which the Final Payment shall be paid
“First Payment”	the first payment of HK\$26,000,000 payable by the Purchaser to the Vendor
“GEM”	GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

“Initial Issue Date”	the date of issue of the Exchangeable Bond to the Vendor, i.e. 17 February 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 June 2024 or any other date as may be agreed in writing between the parties to the Sale and Purchase Agreement
“Maturity Date”	the maturity date of the Exchangeable Bond, i.e. 31 December 2024
“Mr. Xiong”	Mr. Xiong Jianrui
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“Purchaser”	Global Start Development Limited (寰始發展有限公司), a company incorporated in British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Redemption Right”	has the meaning set out in the paragraph headed “ACQUISITION OF EXCHANGEABLE BOND – The Exchangeable Bond – Redemption by the Bond Issuer” in this announcement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 June 2024 entered into between the Purchaser and Vendor in respect of the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sharp Idea”	Sharp Idea Global Limited (鋒意環球有限公司), a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Bond Issuer as at the date of this announcement
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Surviving Provisions”	provisions in the Sale and Purchase Agreement relating to definitions, confidentiality, fees, termination, notice and other communication, governing laws and other general provisions
“Target Company”	Shiny Glory Services Limited (丞美服務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Bond Issuer as at the date of this announcement
“Vendor”	Mr. Tam Wai Tong
“%”	per cent.

By order of the Board of  
**Beijing Enterprises Urban Resources Group Limited**  
**Zhou Min**  
*Chairman*

Hong Kong, 24 June 2024

*As at the date of this announcement, the executive Directors are Mr. Zhou Min (Chairman), Mr. Zhao Kexi (Chief Executive Officer), Mr. Li Haifeng, Mr. Li Li and Mr. Zhou Chen; and the independent non-executive Directors are Mr. Wu Tak Kong, Dr. Du Huanzheng and Ms. Judith Yu.*