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MEDIA STATEMENT

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Khazanah and Beijing Enterprises Group forge partnerships in environmental related sectors

Khazanah Nasional Berhad (“Khazanah”) is pleased to announce that it is collaborating with the Beijing Enterprises Group Company Limited (“Beijing Enterprises Group”) to further strengthen its exposure to the fast growing environmental related sectors in China. The collaboration will involve an equity investment into Beijing Enterprises Water Group Limited (“BEWG”) and a joint effort to build a sizable platform in the waste-to-energy (“WTE”) sector.

For the equity investment into BEWG, Khazanah via its wholly-owned subsidiary, Mount Reskit Investments Limited (“Mount Reskit Investments”), will subscribe to 400 million new shares in the company, representing approximately 4.95% of its enlarged share capital at the price of HK\$2.95 per share. Khazanah will emerge as the 3rd largest shareholder in BEWG behind Beijing Enterprises Group (47.3%) and Tenson Investment Limited (8.44%). BEWG intends to apply the net proceeds of approximately HK\$1.18 billion (USD152 million or RM486 million) as general working capital.

Meanwhile, Khazanah’s subsidiary KCS Green Energy International (Group) Investments Company Limited (“KCS Green Energy”) and a subsidiary of the Beijing Enterprises Group will combine their WTE resources into a bigger platform in China and potentially expand into other Asian markets. KCS Green Energy and the Beijing Enterprise Group currently own and operate three and four WTE plants in China respectively with a combined daily design capacity of over 6,000 tons.

Both the water and WTE sectors are highly strategic and yet defensive proxies to China’s continuing urbanisation growth story. Rising demand for water, both in quantity and quality, is set to be a major theme in China over the next decade as water scarcity will become more acute driven by population growth, urbanisation and further water pollution issues. The increasingly competitive landscape of the water industry will likely intensify structural change within the sector whereby strong, leading players of scale will expand rapidly via organic growth as well as mergers and acquisitions. Khazanah has identified WTE as a high-growth sector and in 2008 begun investing in China’s WTE development business via KCS Green Energy.

Khazanah believes that the strategic collaborations with Beijing Enterprises Group will further strengthen its portfolio exposure to such sustainable development investments in China; with the hope that Khazanah, as Malaysia’s strategic investment fund, can somewhat also contribute positively to China’s continued urbanisation process as well as its current economic and social rebalancing efforts. In addition, such a multi-facet partnership with Beijing Enterprises Group is also a significant milestone in Khazanah’s China investment strategy as it deepens its roots in China.



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Khazanah is hopeful that this would also pave way for other investing opportunities with astute, reputable and professional partners from China.

Similarly, Beijing Enterprises Group would like to build a partnership with Khazanah in developing the environmental related businesses in both China and oversea markets. In addition, the Board of BEWG believes that the investment by Khazanah will strengthen BEWG's equity base and will be beneficial for its potential business expansions in Malaysia and Southeast Asia.

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About Khazanah Nasional Berhad

Khazanah is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah is involved in various sectors such as power, telecommunications, banking, healthcare, airport management, infrastructure, leisure & tourism, property development, broadcasting, investment holding, and technology. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Bhd., Tenaga Nasional Bhd., CIMB Group, Axiata Group Bhd, IHH Healthcare Bhd., Malaysia Airports Holdings Bhd. and UEM Sunrise Bhd.

About Beijing Enterprises Group Company Limited

Established on 18 January 2005, Beijing Enterprises Group Company Limited ("Beijing Enterprises Group") is one of the few key enterprises formed by Beijing Municipal Committee and Beijing Municipal Government with an aim to become the most prominent entity to expedite strategic adjustment in state-owned capital. Beijing Enterprises Group is a wholly state-owned enterprise formed upon the joint reorganisation of Beijing Holdings Limited, Beijing Enterprises Holdings Limited and Beijing Gas Group Company Limited, and is one of the largest state-owned companies in Beijing. It is also a funding platform formulated by Beijing Municipal Committee, Beijing Municipal Government and the State-owned Assets Supervision and Administration Commission of Beijing to facilitate investments, operations and managements in infrastructure and utilities in the capital city. Since its establishment, Beijing Enterprises Group is ranked as one of the "Largest 500 Enterprises in the PRC" and the "Top 500 China Enterprises".

Beijing Enterprises Group is principally engaged in urban infrastructures and utilities investments, operations and managements. Its "red chip" subsidiary, Beijing Enterprises Holdings Limited (stock code: 392.HK), owns many quality enterprises including Beijing Gas, Yanjing Beer and Beijing Enterprises Water Group Limited (stock code: 371.HK).



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About Beijing Enterprises Water Group Limited (stock code: 371.HK)

Beijing Enterprises Water Group Limited (“BEWG”) was incorporated in Bermuda as an exempted company with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited. The ultimate holding company of BEWG is Beijing Enterprises Holdings Limited, (stock code: 392.HK). BEWG strategically positions itself as a “leading integrated water system solution provider”, and specialises in water service and environmental protection businesses, with waste water treatment as its core business segment.