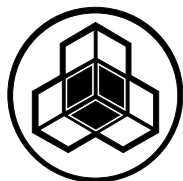


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北京發展（香港）有限公司

BEIJING DEVELOPMENT (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 154)

**MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF 51% OF THE ENTIRE ISSUED SHARE CAPITAL OF
BD AH YAT ABALONE GROUP LIMITED**

On 11 May 2007, the Company has entered into a Disposal Agreement with the Purchaser to dispose of its 51% of the entire issued share capital in BD Ah Yat, a non-wholly owned subsidiary of the Company, at a consideration of HK\$25,300,000. Upon completion of the Disposal, BD Ah Yat will cease to be a subsidiary of the Company.

The Disposal constitutes a major and connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to approval of the Independent Shareholders. The Company will seek approval from the Independent Shareholders of the Disposal at the EGM. A circular containing, among other things, further information of the Disposal, the letter of advice from the independent financial adviser, the recommendation of the Independent Board Committee and the notice of the EGM will be despatched to the Shareholders as soon as possible.

THE DISPOSAL AGREEMENT DATED 11 MAY 2007

Parties

Purchaser: Charterwood Limited
Vendor: the Company

Interest being disposed

51% of the entire issued share capital of BD Ah Yat, being all the equity interest owned by the Company in BD Ah Yat.

Consideration and terms of payment

The consideration for the Disposal is HK\$25,300,000 which shall be payable in cash by the Purchaser as follows:—

- (i) 50% of the consideration for the Disposal, being HK\$12,650,000 shall be payable upon the completion of the Disposal; and
- (ii) the remaining balance of HK\$12,650,000 shall be payable on or before 30 June 2008.

Upon completion, the Purchaser will enter into a deed of charge and assignment with the Company, pursuant to which the Purchaser will charge and assign to the Company 25.5% of the entire issued share capital of BD Ah Yat as security for the due and punctual payment of the remaining consideration by the Purchaser to the Company pursuant to the Disposal Agreement.

The consideration for the Disposal is determined after arms length negotiation between the parties on normal commercial terms, having taking into account the audited consolidated net asset value of BD Ah Yat attributable to the Company as at 31 December 2006 of approximately HK\$16,755,000 and the parties' perception that the prospect of the food and restaurant industry was not very attractive. The Purchaser would feel more comfortable to enter into the Disposal Agreement with such terms of payment. The Directors consider that the consideration and the terms of the Disposal (including the payment arrangement) are fair and reasonable and in the interests of the Shareholders as a whole as far as the Company and the Shareholders are concerned.

Condition of the Disposal Agreement

The completion of the Disposal is conditional upon the Independent Shareholders approving the Disposal Agreement and the Disposal at the EGM.

If the condition set out above is not fulfilled on or before 31 July 2007 or such other date as the parties may agree, the Disposal Agreement will cease to be of any further effect and none of the parties of the Disposal Agreement shall have any claims against the other (save for any antecedent breach).

Completion

Completion of the Disposal will take place within two Business Days after the above condition is fulfilled, or on such other date as the parties may agree. Upon completion of the Disposal, BD Ah Yat will cease to be a subsidiary of the Company.

Information on BD Ah Yat

BD Ah Yat is an investment holding company incorporated in Hong Kong and engages in the trading of dried seafood and restaurant operations.

The revenue of BD Ah Yat for the year ended 31 December 2006 was approximately HK\$291 million. The audited net profit of BD Ah Yat both before and after taxation for the year ended 31 December 2005 was approximately HK\$16,254,000 and HK\$13,782,000 respectively while the audited net profit of BD Ah Yat both before and after taxation for the year ended 31 December 2006 was approximately HK\$8,918,000 and HK\$5,364,000 respectively. The financial results of BD Ah Yat will be deconsolidated from the Group's account after the completion of the Disposal.

REASON AND BENEFIT OF THE DISPOSAL

The Company is an investment holding company of which its subsidiaries are principally engaged in the construction, operation and maintenance of information systems in mainland China. The Group has also engaged in other businesses such as the trading of dried seafood and restaurant operations, which is one of those non-core businesses subject to the Disposal.

It has been the strategy of the Group to restructure business and clarify operational focuses by optimizing and streamlining its business. The Disposal is in line with the strategy of the Group to exit from its non-core businesses so as to allow the Group to concentrate its resources to develop and expand its core businesses, in particular, the information technology related business. The Group will not continue to engage in the trading of dried seafood and restaurant operations after the completion of Disposal.

The expected gain to be derived from the Disposal before expenses will amount to approximately HK\$8,545,000, which represents the net amount of the consideration of the Disposal of HK\$25,300,000 and the audited consolidated net asset value of BD Ah Yat attributable to the Company as at 31 December 2006 of approximately HK\$16,755,000.

The Group has from time to time actively looked for opportunity to realize its investment in BD Ah Yat at a reasonable price. Having considered the existing market condition and the consideration offered by the Purchaser, the Directors consider that the Disposal is an exceptional good opportunity for the Group to realize its investment. The Directors consider that the Disposal is in the best interest of the Company and the Shareholders and the terms of the Disposal Agreement (including the terms of the payment arrangement) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. A circular containing, among other things, further details of the Disposal, the advice of the independent financial adviser to the Independent Board Committee in relation to the Disposal, the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal, and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

An EGM will be convened for the purpose of approving the Disposal. The Disposal will be subject to Independent Shareholders' approval by way of poll in accordance with Rule 14A.52 of the Listing Rules.

USE OF PROCEEDS

The net proceeds from the Disposal will be used as general working capital of the Group and for future investment and expenses of the business of the Group.

GENERAL

The Purchaser is an investment holding company incorporated in the British Virgin Islands which has not conducted any business since its incorporation and has no material asset and liability. The entire issued share capital of the Purchaser is solely and beneficially owned by Mr. Thio Seng Tji, a director and a shareholder of BD Ah Yat (currently holding 5% shareholding in BD Ah Yat), a subsidiary of the Company, and therefore, the Purchaser is a connected person of the Company as defined in the Listing Rules. As such, the Disposal is a connected transaction of the Company under the Listing Rules. The Disposal is also a major transaction of the Company under the Listing Rules, where the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules is more than 25%. Pursuant to Rule 14A.32 of the Listing Rules, the Disposal and the Disposal Agreement is subject to the Independent Shareholders' approval.

The Directors will seek the approval of the Independent Shareholders of the Disposal at the EGM. As at the date of this announcement, the Purchaser do not have any interests in the Shares and Mr. Thio Seng Tji personally holds 170,000 Shares. As such, Mr. Thio Seng Tji and his associates will be required to abstain from voting on the Disposal.

The Directors confirm that they are not aware of any reasons for the increase in the trading volume of the Shares of even date and save as disclosed in this announcement, there are no negotiations and agreements relating to any intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither are the Directors aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rule, which is or may be of a price sensitive nature.

TERMS USED IN THIS ANNOUNCEMENT

“BD Ah Yat”	BD Ah Yat Abalone Group Limited, a company incorporated in Hong Kong with limited liability and is a non-wholly owned subsidiary of the Company
“Board”	the board of Directors

“Business Day”	a day on which banks are open for business in Hong Kong (excluding Saturdays and Sundays)
“Company”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Stock Exchange
“Director(s)”	the directors of the Company
“Disposal”	the disposal of 51% of the entire issued share capital of BD Ah Yat
“Disposal Agreement”	the conditional sale and purchase agreement dated 11 May 2007 made between the Company and the Purchaser in relation to the Disposal
“EGM”	the extraordinary general meeting of the Company to be held to approve, inter alia, the Disposal
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent board committee of the Board comprises the independent non-executive Directors, namely Mr. Cao Guxing and Prof. Liu Wei
“Independent Shareholders”	Shareholders other than Mr. Thio Seng Tji and his associates (if any) who have interest in the Disposal and are required to abstain from voting at the EGM
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Charterwood Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Thio Seng Tji, a director and a shareholder of BD Ah Yat (currently holding 5% shareholding in BD Ah Yat)
“Share(s)”	shares of HK\$1.00 each in the share capital of the Company
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date of this announcement, the executive Directors are Mr. Zhang Honghai, Mr. Li Kangying, Mr. E Meng, Mr. Wang Yong, Mr. Cao Wei, Dr. Yu Xiaoyang and Mr. Ng Kong Fat, Brian; and the independent non-executive Directors are Mr. Cao Guxing, Prof. Liu Wei and Dr. Jin Lizuo.

By Order of the board of
Beijing Development (Hong Kong) Limited
Wong Kwok Wai, Robin
Company Secretary

Hong Kong, 11 May 2007

Please also refer to the published version of this announcement in The Standard.