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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 Companies Ordinance)

(Stock code: 154)

**CONTINUING CONNECTED TRANSACTION
PROPERTY SERVICES CONTRACT**

SUMMARY

Reference is made to the announcement of the Company dated 14 February 2012 in relation to the entering into of the Property Transfer Agreement, pursuant to which the Company agreed to purchase and the Vendor agreed to sell the Property for a cash consideration of RMB32,000,460.

On 31 December 2012, the Company entered into the Property Services Contract with the Vendor, pursuant to which the Vendor will provide property management services in respect of the public areas and public installation and facilities of the Property to the Company.

The Vendor is an indirect wholly-owned subsidiary of BEHL, a substantial shareholder of the Company. As at the date of this announcement, BEHL beneficially holds 290,459,000 Shares (representing approximately 42.87% of the issued share capital of the Company). The Vendor is therefore a connected person of the Company under the Listing Rules and as such, the entering into of the Property Services Contract constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Property Services Contract are less than 5%, the entering into of the Property Services Contract is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 February 2012 in relation to the entering into of the Property Transfer Agreement, pursuant to which the Company agreed to purchase and the Vendor agreed to sell the Property for a cash consideration of RMB32,000,460 (equivalent to approximately HK\$39,506,741).

On 31 December 2012, the Company entered into the Property Services Contract with the Vendor, pursuant to which the Vendor will provide property management services in respect of the public areas and public installation and facilities of the Property to the Company.

PROPERTY SERVICES CONTRACT

Date: 31 December 2012

Parties (i) The Company
(ii) The Vendor

The Property is known as Block 5 (as renamed from Block 9) of Beikong Hong Chuang Technology Park (北控宏創科技園) situated at No. A1, Chaoqian Road, Changping District, Beijing, the PRC. The Property is a newly developed six storeys office premises with gross floor area of 4,705.95 square metres.

The Vendor is the developer and also serves as the property manager of the site of Beikong Hong Chuang Technology Park (北控宏創科技園) in which the Property is located. On 31 December 2012, the Company entered into the Property Services Contract with the Vendor, pursuant to which the Vendor will provide property management services in respect of the Property to the Company, including:

- (1) the maintenance and management of the environmental sanitation and security of public areas outside the Property;
- (2) the operation, maintenance and management of the public installation and facilities for the usage of the Property; and
- (3) the operation, maintenance and management of the installation and facilities within the Property in respect of the supply of electricity, water, fire, heating and elevator systems.

The term of the Property Services Contract shall be two years from 14 February 2012 to 13 February 2014, and thereafter shall be automatically renewed for one year if there is no disagreement between the Company and the Vendor.

The fixed property management fee payable by the Company is RMB1,374,152 (equivalent to approximately HK\$1,696,484) per year, which is calculated at RMB0.80 per square metre (gross floor area) per day. The fixed property management fee is payable in cash per quarter in advance.

The electricity, water, heating, telephone, internet and car-parking lots will be charged on actual consumption basis.

The fixed property management fee and the floating utility charges payable by the Company were arrived at after arm's length negotiation between the parties and are based on the rates payable by independent third parties with reference to the rates generally applicable to similar properties in the market, and/or as ruled by the Beijing Municipal government.

Annual Cap for the Property Services Contract

The aggregate of the fixed property management fee and the floating utility charges payable by the Company to the Vendor for each of the three years ended 13 February 2013, 2014 and 2015 are subject to the annual cap of HK\$3,000,000, which is based on the fixed property management fee of RMB1,374,152 and the estimated utility charges payable by the Company.

INFORMATION OF THE COMPANY, THE VENDOR AND BEHL

Information of the Company

The Company is incorporated in Hong Kong as an investment holding company. The principal activity of the Group's subsidiaries is the provision of information technology ("IT") related services, including: (i) system integration; (ii) construction of information networks and sale of related equipment; (iii) IT technical support and consultation services; and (iv) development and sale of software.

Information of the Vendor

The Vendor is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of BEHL. The Vendor is principally engaged in property development, investment and management.

Information of BEHL

BEHL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. BEHL is principally engaged in natural gas operations, brewery operations, sewage and water treatment operations and toll road operations in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE PROPERTY SERVICES CONTRACT

The Vendor is the developer and also serves as the property manager of the site of Beikong Hong Chuang Technology Park(北控宏創科技園)in which the Property is located. The Directors (including the independent non-executive Directors) consider that the entering into the Property Services Contract is in the ordinary and usual course of business of the Company and the terms of the Property Services Contract are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is an indirect wholly-owned subsidiary of BEHL, a substantial shareholder of the Company. As at the date of this announcement, BEHL beneficially holds 290,459,000 Shares (representing approximately 42.87% of the issued share capital of the Company). The Vendor is therefore a connected person of the Company under the Listing Rules and as such, the entering into of the Property Services Contract constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of the Property Services Contract are less than 5%, the entering into of the Property Services Contract is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

Save and except for Mr. E Meng and Mr. Zhang Honghai, who are also directors of BEHL have abstained from voting on the Board resolution in relation to the Property Services Contract, none of the Directors has a material interest in the Property Services Contract or was required to abstain from voting on the Board resolutions for considering and approving the same.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“BEHL”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 392)
“Board”	the board of Directors of the Company

“Company”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 154)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	Block 5 of Beikong Hong Chuang Technology Park (北控宏創科技園) situates at No. A1, Chaoqian Road, Changping District, Beijing, the PRC
“Property Services Contract”	the property services contract dated 31 December 2012 entered into between the Company and the Vendor in relation to the provision of property management services in respect of the Property
“Property Transfer Agreement”	the property transfer agreement dated 14 February 2012 entered into between the Company and the Vendor in respect of the Property
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules

“Vendor” Beijing Beikong Hong Chuang Technology Co., Ltd.* (北京北控宏創科技有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of BEHL

“%” per cent

By order of the Board
Beijing Development (Hong Kong) Limited
Wang Yong
Executive Director

Hong Kong, 31 December 2012

As at the date of this announcement, the executive directors of the Company are Mr. E Meng, Mr. Zhang Honghai, Mr. Wang Yong, Mr. Yan Qing, Ms. Sha Ning and Mr. Ng Kong Fat, Brian, and the independent non-executive directors of the Company are Dr. Jin Lizuo, Dr. Huan Guocang and Dr. Wang Jianping.

For illustration purposes only, the amounts in RMB are translated to HK\$ at the rate of HK\$1.00 = RMB0.81. No representation is made that any amount in RMB has been or could be converted at such rate.

* *For identification purposes only*