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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
INVOLVING DISPOSAL OF THE ENTIRE EQUITY INTEREST IN  
ALISON DEVELOPMENT LIMITED**

The Board is pleased to announce that on 5 February 2013 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share, which represents the entire issued share capital of the Target Company, and the Indebtedness for a cash consideration of HK\$8,500,000.

The Purchaser is an indirect wholly-owned subsidiary of BEGCL. BEGCL is a substantial shareholder of the Company and, as at the date of this announcement, indirectly interested in 290,459,000 Shares (representing approximately 42.87% of the issued share capital of the Company). The Purchaser is therefore a connected person of the Company under the Listing Rules and as such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25% and the total consideration of the Disposal is less than HK\$10,000,000, the Disposal also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Disposal is only subject to the reporting and announcement requirements set out in rules 14A.45 and 14A.47 and is exempted from the independent shareholders' approval under the Listing Rules.

## **THE AGREEMENT**

The Board is pleased to announce that on 5 February 2013 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share and the Indebtedness for a cash consideration of HK\$8,500,000.

### **Date**

5 February 2013

### **Parties**

Vendor: Business Net Limited

Purchaser: QIFA Holdings Limited

The Vendor is a direct wholly-owned subsidiary of the Company. The Purchaser is an indirect wholly-owned subsidiary of BEGCL. BEGCL is a substantial shareholder of the Company and, as at the date of this announcement, indirectly interested in 290,459,000 Shares (representing approximately 42.87% of the issued share capital of the Company). The Purchaser is therefore a connected person of the Company under the Listing Rules.

### **Assets to be disposed**

The assets to be disposed of comprise the Sale Share, representing the entire issued share capital of the Target Company, and the Indebtedness.

### **Consideration**

The consideration of the Disposal of HK\$8,500,000 shall be payable by the Purchaser to the Vendor in cash within 5 Business Days upon signing of the Agreement.

The consideration and the payment terms of the Disposal was arrived at after arm's length negotiations between the parties to the Agreement on normal commercial terms by reference to the unaudited total deficiency of assets of the Target Company of approximately HK\$2,178,000 as at 31 December 2012 and the Indebtedness.

## **Conditions Precedent**

Completion is conditional upon the following conditions:

- (a) the Agreement and the Deed of Assignment have been executed by the parties;
- (b) for the purpose of signing the Agreement and other relevant documents, and for completing the matters required under the Agreement and other relevant documents, the Vendor has obtained all its requisite internal approvals, including (but not limited to) (i) the rules to be complied with pursuant to the articles of association of the Target Company; and (ii) the publication of this announcement on the websites of the Stock Exchange and the Company; and
- (c) all necessary approvals from the relevant authorities and all necessary board approvals for the Disposal has been obtained by both parties and compliance with all relevant laws and regulations in respect of the Disposal.

If any of the above conditions precedent has not been satisfied on or before 28 February 2013 (or such other date as mutually agreed by the Vendor and the Purchaser), the Agreement shall lapse and has no further effect and none of the parties to the Agreement shall have any claims against the other party (without prejudice to the rights of the parties in respect of any antecedent breaches of the Agreement).

## **INFORMATION OF THE GROUP, THE VENDOR, THE PURCHASER AND THE TARGET COMPANY**

### **Information of the Group**

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 an investment holding company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company.

### **Information of the Purchaser**

The Purchaser is an investment holding company incorporated under the laws of BVI and an indirect wholly-owned subsidiary of BEGCL.

## **Information of BEGCL**

BEGCL is a limited liability company established in the PRC and is principally engaged in investment, operation and administration of infrastructure and public utilities.

## **Information of the Target Group**

The Target Company is an investment holding company incorporated under the laws of Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Vendor. The principal activity of its 59.5% owned subsidiary, 北京北控文化體育有限公司 (Beijing BG Culture & Sports Co., Ltd\*) is the provision of electronic payment card related services and management services for organising athletic program.

## **Financial Information of the Target Group**

	<b>Unaudited consolidated net profit/(loss) before and after taxation and extraordinary item <i>HK\$'000</i></b>
Year ended 31 December 2010	(1,467)
Year ended 31 December 2011	2,564
Year ended 31 December 2012	(753)

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

As mentioned in the 2011 annual report of the Company, the on-going IT business of the Group still suffered from a weak foundation for earnings and a limited assets scale. Striving to improve its business operation and overall financial results, the Group has always and will continue to review its existing business structure and effort to expand its income sources through proactively identifying potential investment opportunities, in order to enhance the reasonable return to the Shareholders. The Target Group has been operating at accumulated losses since its establishment in 2008 and the future performance of the Target Group was not predictable.

In view of the above, the Directors, including the independent non-executive Directors, considered that the Disposal would allow the Group to relocate its resources to focus on other businesses. The Directors, including the independent non-executive Directors, are of the view that the terms of the Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The net gain from the Disposal was approximately HK\$1,100,000, calculated by reference to the net book value of the Target Group as at 31 December 2012, the Indebtedness and the exchange fluctuation reserve realised upon the Disposal.

Upon Completion, the Company will cease to hold any interest in the Target Company.

## **USE OF PROCEEDS**

The Company intends to use the proceeds from the Disposal as general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

The Vendor is a wholly-owned subsidiary of the Company. The Purchaser is an indirect wholly-owned subsidiary of BEGCL. BEGCL is a substantial shareholder of the Company and, as at the date of this announcement, indirectly interested in 290,459,000 Shares (representing approximately 42.87% of the issued share capital of the Company). The Purchaser is therefore a connected person of the Company under the Listing Rules and as such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25% and the total consideration of the Disposal is less than HK\$10,000,000, the Disposal also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Disposal is only subject to the reporting and announcement requirements set out in rules 14A.45 and 14A.47 and is exempted from the independent shareholders' approval under the Listing Rules.

Save and except for (i) Mr. E Meng, who is also a director of BEHL, and (ii) Mr. Zhang Honghai, who is also directors of BEGCL and BEHL, have abstained from voting on the Board resolution in relation to the Disposal, none of the Directors has a material interest in the Disposal 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:

“Agreement”	the conditional equity transfer agreement dated 5 February 2013 entered into between the Vendor and the Purchaser in relation to the Disposal
“BEGCL”	北京控股集團有限公司 (Beijing Enterprises Group Company Limited*), a limited liability company established in the PRC and is wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administrative Commission of People’s Government of Beijing Municipality*)
“Board”	the board of Directors of the Company
“Business Day”	any day that is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	British Virgin Islands
“Company”	Beijing Development (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 154)
“Completion”	the completion of the Disposal pursuant to the Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Deed of Assignment”	the deed of assignment of Indebtedness to be entered into between the Company and the Purchaser on or before Completion
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sales Share pursuant to the Agreement
“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
“Indebtedness”	the sum of HK\$9,891,889 in aggregate, which is unsecured, interest-free and repayable upon demand, advanced by the Company to the Target Company as at the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	QIFA Holdings Limited, a company incorporated under the laws of BVI
“Sales Share”	one ordinary share of HK\$1.00 of the Target Company, representing its entire issued share capital
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares of HK\$1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Target Company”	Alison Development Limited, a company incorporated under the laws of Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiary
“Vendor”	Business Net Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 5 February 2013

*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 identification only*