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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)

INSIDE INFORMATION
FRAMEWORK AGREEMENT IN RELATION TO
THE PROPOSED ACQUISITION

This announcement is made by Beijing Development (Hong Kong) Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FRAMEWORK AGREEMENT – THE PROPOSED ACQUISITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 29 January 2014, the Company entered into a framework agreement (the “**Framework Agreement**”) with KCS Green Energy International (Group) Investments Company Limited (the “**Vendor**”), pursuant to which the Company is proposed to acquire 100% issued share capital of KCS Taian Investments Company Limited and KCS Changde Investments Company Limited (the “**Target Companies**”) and the rights under the shareholder’s loans in the sum of approximately US\$72 million owing the Vendor by the Target Companies (the “**Proposed Acquisition**”).

Pursuant to the Framework Agreement, in consideration of the Proposed Acquisition, the Company shall pay partly in cash of RMB86.79 million (equivalent to approximately HK\$111.23 million), or the equivalent in other currency(ies) as elected by the Vendor, and partly by the issue to the Vendor (or its nominee) 347,000,000 ordinary shares of the Company (the “**Consideration Shares**”) at an issue price of HK\$1.60 per share.

The Company and the Vendor (collectively, the “**Parties**”) shall use their best efforts to execute the conditional and definitive sale and purchase agreement (the “**S&P Agreement**”) in respect of the Proposed Acquisition as soon as possible and before the date falling two months from the date of the Framework Agreement.

The Parties agree that at the time immediately after the completion of the Proposed Transaction, Beijing Enterprises Holdings Limited (stock code: 392) will remain as the controlling shareholder or the single largest shareholder of the Company. The Company shall maintain its public float in accordance with the Listing Rules.

The Parties agree that the completion of the Proposed Acquisition is subject to conditions precedent including but not limited to: (i) each party obtaining the approval of its shareholders (if required); (ii) the Vendor shall upon subscription of the Consideration Shares hold less than 30% equity interest in the Company and hence would not trigger the obligation to make a mandatory general offer to the shareholders of the Company under the Hong Kong Takeovers Code; and (iii) the Stock Exchange permits the listing and trading of the Consideration Shares.

The Framework agreement shall be terminated upon written agreement by the Parties, the entering into of the S&P Agreement or on 26 September 2014, whichever is the earlier, unless otherwise agreed in writing by the Parties.

INFORMATION OF THE VENDOR AND THE TARGET COMPANIES

The Vendor is incorporated in Hong Kong and is principally engaged in investment holding. The Vendor is beneficially owned as to 80% by Khazanah Nasional Berhad, a strategic investment fund of the Government of Malaysia. To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules).

The Target Companies are incorporated in Hong Kong and are wholly-owned subsidiaries of the Vendor. The Target Companies are principally engaged in investment holding which wholly own Tai An China Sciences Environment Power Company Limited (泰安中科環保電力有限公司) and Changde Zhonglian Environmental Electricity Co. Ltd. (常德中聯環保電力有限公司), the limited companies incorporated in the PRC and are engaged in waste-to-energy business in Shandong Province and Hunan Province, the PRC, respectively.

REASONS FOR THE PROPOSED ACQUISITION

Over the past decade, the Company and its subsidiaries are principally engaged in provision of information technology related services. However, the Company has commenced its strategic transformation, restructuring its existing business portfolio and entering into the environmental protection and solid waste treatment industry.

In order to accelerate its strategic transformation, establish business capability in participating in the waste-to-energy sector, improve its financial performance and maximise return to the Company and its shareholders in the long run, the Company has decided to enter into the Framework Agreement with the Vendor to capitalise on the business opportunities in this sector.

GENERAL

Shareholders of the Company and potential investors should note that the Proposed Acquisition may or may not materialise. In the event that the S&P Agreement materialises, the transaction contemplated thereunder may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be made in respect thereof as and when required by the Listing Rules. **Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

By order of the Board
Beijing Development (Hong Kong) Limited
E Meng
Chairman

Hong Kong, 29 January 2014

For illustration purpose only, the amount in RMB is translated to HK\$ at the rate of RMB1 to HK\$1.2816.

As at the date of this announcement, the board of directors of the Company comprises seven executive directors, namely Mr. E Meng, Mr. Zhang Honghai, Mr. Ke Jian, Mr. Wang Yong, Ms. Sha Ning, Ms. Qin Xuemin and Mr. Ng Kong Fat, Brian, and four independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping and Prof. Nie Yongfeng.