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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)*  
**(Stock Code:154)**

**FRAMEWORK AGREEMENT IN RELATION TO  
THE HAIDIAN RENEWABLE ENERGY POWER GENERATION PROJECT  
AND  
FURTHER DELAY IN DESPATCH OF CIRCULAR  
RELATING TO VERY SUBSTANTIAL ACQUISITION:  
PROPOSED CAPITAL INJECTION INTO JOINT VENTURE**

Reference is made to the announcement of the Company dated 28 June 2012 (the “**Announcement**”), whereby the Company announced that BDEP Haidian, a wholly-owned subsidiary of the Company, had entered into the conditional Increase of Capital Contract with the Original Shareholders in relation to the proposed injection of the Capital Investment and the Equity Premium as well as advancement of the Shareholder’s Loans to Beijing Lvhaiheng Environmental Protection Co., Ltd.\* (“**Lvhaineng**”), the holding company of the Beijing Haidian District Cycle Economy Industrial Park Renewable Energy Power Generation Project\* (北京市海澱區循環經濟產業園再生能源發電廠項目) (the “**Haidian Project**”). Unless otherwise defined herein, capitalised terms in this announcement shall have the same meanings as defined in the Announcement.

As the Company is confident of the prospects of the Haidian Project, the Company has recently revisited the proposed investment structure in the Haidian Project and entered into the Licensed Operation Framework Agreement (as defined below) in relation to the proposed change of investment structure in the Haidian Project.

## LICENSED OPERATION FRAMEWORK AGREEMENT

On 29 April 2014, BDEP Haidian and Commission of City Administration and Environment, Haidian District, Beijing Municipality\* (北京市海澱區市政市容管理委員會) (the “**City Management Commission**”) entered into a licensed operation framework agreement (the “**Licensed Operation Framework Agreement**”) setting out the major principles regarding the licensed operation of the Haidian Project by a limited liability company to be established in the PRC to act as the licensed company to operate the Haidian Project. The major principles set out in the Licensed Operation Framework Agreement are as follows:

- BDEP Haidian and Lvchaineng shall establish a limited liability company in the PRC to act as the licensed company to operate the Haidian Project (the “**Licensed Company**”). The Licensed Company shall have a registered capital of RMB308,340,000 (equivalent to approximately HK\$382,341,600), which shall be contributed by BDEP Haidian and Lvchaineng as to RMB305,256,600 (equivalent to approximately HK\$378,518,184) (representing 99% of the total registered capital of the Licensed Company) and RMB3,083,400 (equivalent to approximately HK\$3,823,416) (representing 1% of the total registered capital of the Licensed Company), respectively.
- The total investment amount for the Haidian Project shall be RMB1,525,480,000 (equivalent to approximately HK\$1,891,595,200), which shall be contributed by as to RMB600,480,000 (equivalent to approximately HK\$744,595,200) by the Central People’s Government of the PRC and the People’s Government of Beijing Municipality and RMB925,000,000 (equivalent to approximately HK\$1,147,000,000) by the Licensed Company, respectively.
- The Haidian Project shall be operated by the public-private partnership (PPP) structure, and BDEP Haidian shall enter into a formal agreement in relation to the establishment of the Licensed Company (the “**Formal Agreement**”). The Licensed Company shall, upon establishment, enter into a licensed operation agreement with the City Management Commission, pursuant to which the City Management Commission will grant an operation license to the Licensed Company for the financing of, investment in, construction, operation and maintenance of the facilities of the Haidian Project (the “**Facilities**”) for a term of 30 years commencing from the date of commercial operations. Upon the expiry of the operation license, the Licensed Company shall transfer the Facilities to the relevant governmental authority at nil consideration.

- During the term of the operation license, the City Management Commission shall supply incinerable waste and food waste to the Licensed Company, and the Licensed Company shall be responsible for the operation of the Haidian Project to process incinerable waste and food waste. (i) The City Management Commission shall be responsible for the supply of on average at least 2,100 tonnes of incinerable waste per day to the Licensed Company, and be responsible all the costs incurred for the transport and treatment of ashes resulting from the incineration of waste; (ii) the incinerable waste treatment fees shall be an agreed unit price of RMB125 per tonne (exclusive of costs incurred for treatment of ashes) (subject to adjustments based on finalised and audited total investment amount for the Haidian Project); and (iii) the food waste treatment fees to be collected shall be determined with reference to the volume of food waste processed and the actual costs incurred.
- Prior to the date of commencement of trial operations, the Licensed Company shall enter into sale and purchase agreements with power enterprises according to the requirements of the licensed operation agreement, pursuant to which the Licensed Company shall sell waste-generated power to relevant power enterprises based on the national or local standardised benchmark power price, which shall be RMB0.65 per kWh (inclusive of tax) for the first 280 kWh power generated per tonne of incinerable waste and RMB0.3867 per kWh (inclusive of tax) for the remaining power generated per tonne of incinerable waste.
- The Licensed Company shall, upon establishment, enter into other agreements relating to the operation of the Haidian Project (including a licensed operation agreement, an asset lease agreement and a construction engagement agreement) with the relevant governmental authorities and/or Lvhaiheng (the “**Ancillary Agreements**”).

It is the intention of BDEP Haidian and Lvhaiheng that:

- the remaining investment amount to be contributed by the Licensed Company exceeding the amount of the registered capital of the Licensed Company in the sum of approximately RMB616,660,000 (equivalent to approximately 764,658,400) will be provided by BDEP Haidian by way of shareholders’ loan to the Licensed Company; and
- the Increase of Capital Contract, the Joint Venture Contract and Articles of Association shall be superseded and replaced by the Formal Agreement and the Ancillary Agreements; and cease to have effect upon the signing thereof.

## **REASONS FOR ENTERING INTO THE LICENSED OPERATION FRAMEWORK AGREEMENT**

The Company is confident of the prospects of the Haidian Project and therefore intends to increase its potential interest in the Haidian Project from 50% to 99%. The Directors believe that revised investment structure for the Haidian Project through a public-private partnership arrangement as set out in the Licensed Operation Framework Agreement could create synergies through the integration and cross transfer of the skills, knowledge and expertise among the Group, the Original Shareholders, Lvhaiheng and the City Management Commission in the Haidian Project, thereby enhancing the efficiency and effectiveness of the construction and future operations of the Haidian Project.

### **GENERAL**

The final terms of the Formal Agreement and the Ancillary Agreements have yet to be agreed. Subject to the agreement on the final terms of the Formal Agreement and the Ancillary Agreements, they may constitute notifiable transactions of the Company under the Listing Rules. Further announcement will be made by the Company as and when necessary and in compliance with the Listing Rules.

### **FURTHER DELAY IN DESPATCH OF CIRCULAR**

As disclosed in the announcement of the Company dated 28 March 2014, a circular (the “**Circular**”) containing, among other things, (i) further details on the Transaction; (ii) financial information of the Group; (iii) financial information of the Joint Venture; and (iv) unaudited pro forma financial information of the Enlarged Group is expected to be despatched to the Shareholders on or before 30 April 2014.

In view of the proposed change in investment structure of the Haidian Project as contemplated under the Licensed Operation Framework Agreement, the Board expects the date of despatch of the Circular to the Shareholders to be delayed to a date falling on or before 30 June 2014.

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

Hong Kong, 29 April 2014

*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.*

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1:HK\$1.24. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.*

*\* for identification purposes only*