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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
DEPOSIT SERVICES MASTER AGREEMENT**

The Board is pleased to announce that on 29 June 2015, the Company entered into the Deposit Services Master Agreement with BG Finance, pursuant to which the Group may, in its ordinary and usual course of business, place and maintain deposits with BG Finance on normal commercial terms from time to time.

As BEGCL, the ultimate holding company of the Company, beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of BEGCL and is therefore a connected person of the Company. The Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Deposit Services are more than 0.1% but less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEPOSIT SERVICES MASTER AGREEMENT

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Term

The term of the Deposit Services Master Agreement shall commence on the date of the Deposit Services Master Agreement and shall continue up to and including 31 December 2017. Subject to the Listing Rules and/or upon the expiration of such initial term, the Deposit Services Master Agreement may be renewed, varied or modified by the Company and BG Finance by agreement in writing.

Deposit interests

The rate at which interest will accrue on any deposit placed by the Group with BG Finance under the Deposit Services Master Agreement will not be lower than (i) the minimum interest rate prescribed by the People's Bank of China; (ii) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group; and (iii) the interest rates offered by BG Finance to other members of BEGCL for the same type of deposits at the same period.

Annual caps

The cumulative daily outstanding deposits balance in Hong Kong dollars equivalent placed by the Group with BG Finance (including any interest accrued thereon) during the term of the Deposit Services Master Agreement will not exceed the following caps:

	HK\$ million
For the period from the date of the Deposit Services Master Agreement to 31 December 2015	159
For the financial year ending 31 December 2016	159
For the financial year ending 31 December 2017	159

In determining the above caps, the Directors have taken into account factors including the treasury policy and business needs of the Group and the counterparty limits for BG Finance.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group has to maintain deposits and other bank balances with financial institutions in Hong Kong and the PRC from time to time as part of its treasury activities and in order to satisfy its business needs in the ordinary and usual course of business.

The Deposit Services will be conducted on normal commercial terms and the deposit interest rates offered by BG Finance to the Group will be equal to or more favourable to the Group than those offered by commercial banks in Hong Kong and the PRC to the Group for comparable deposits. The Deposit Services Master Agreement is therefore expected not only to provide the Group with a new means of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since BG Finance is not considered to be exposed to any significant capital risk.

For the avoidance of doubt, the Deposit Services Master Agreement does not preclude the Group from using the services of other financial institutions. The Group still has the freedom to select any major and independent commercial banks in Hong Kong, the PRC and elsewhere as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

None of the Directors has a material interest in the Deposit Services Master Agreement, but Mr. E Meng, the chairman of the Board and an executive Director and has been a director of BG Finance, has voluntarily abstained from voting on the relevant Board resolutions approving the Deposit Services Master Agreement.

The Directors (including the independent non-executive Directors but other than Mr. E Meng who has abstained from voting on the relevant Board resolutions approving the Deposit Services Master Agreement as referred to above) consider that the Deposit Services Master Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms and that the terms of the Deposit Services Master Agreement (together with the relevant annual caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND BG FINANCE

The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 154). The Company is an investment holding company and the principal activities of the Group's subsidiaries are environmental protection and solid waste treatment in the PRC.

BG Finance

BG Finance is incorporated in the PRC with limited liability and is beneficially owned not less than 30% equity interest by BEGCL, the ultimate holding company of the Company. Its establishment as a non-bank financial services institute has been approved by China Banking Regulatory Commission. BG Finance acts as a platform of BEGCL for provision of intra-group facilities through financial products including deposit-taking, money-lending and custodian services, etc.

LISTING RULES IMPLICATIONS

As BEGCL, the ultimate holding company of the Company, beneficially owns not less than 30% equity interest in BG Finance, BG Finance is an associate of BEGCL and is therefore a connected person of the Company. The Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Deposit Services are more than 0.1% but less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“ associate(s) ”	has the meaning ascribed to it under the Listing Rules;
“ BEGCL ”	Beijing Enterprises Group Company Limited* (北京北控集團有限公司), a company incorporated in the PRC with limited liability and is the ultimate holding company of the Company;
“ BG Finance ”	Beijing Enterprises Group Finance Co., Ltd., a company incorporated in the PRC with limited liability and is an associate of BEGCL;
“ Board ”	the board of Directors;
“ Company ”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 154);
“ connected person ”	has the meaning ascribed to it under the Listing Rules;
“ Deposit Services ”	the deposit services to be provided by BG Finance to the Group under the Deposit Services Master Agreement;
“ Deposit Services Master Agreement ”	the deposit services master agreement entered into between the Company and BG Finance on 29 June 2015;
“ Directors ”	the directors of the Company;
“ 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;
“ Listing Rules ”	the Rules Governing the Listing of Securities on the Stock Exchange;
“ PRC ”	the People’s Republic of China;

“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“%”	per cent.

** For identification purposes only*

By order of the Board
Beijing Development (Hong Kong) Limited
Ke Jian
Vice Chairman

Hong Kong, 29 June 2015

At the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. E Meng, Mr. Ke Jian, Ms. Sha Ning, Ms. Qin Xuemin and Mr. Ng Kong Fat, Brian, and five independent non-executive directors, namely Dr. Jin Lizuo, Dr. Huan Guocang, Dr. Wang Jianping, Prof. Nie Yongfeng and Mr. Cheung Ming.