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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
PROPERTY ESCROW AGREEMENT**

Reference is made to the announcement of the Company dated 14 February 2012 in relation to the Company's acquisition of the Property from Beikong Hong Chuang for a consideration of RMB32,000,460.

On 31 August 2015, the Company entered into the Property Escrow Agreement with Beikong Hong Chuang, pursuant to which Beikong Hong Chuang will provide the Escrow Services to the Company during the term of the Property Escrow Agreement.

As Beikong Hong Chuang is an indirect wholly-owned subsidiary of BEHL and BEHL is a controlling shareholder of the Company, Beikong Hong Chuang is a connected person of the Company and the Escrow Services constitute continuing connected transactions to 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 Escrow Services are more than 0.1% but less than 5%, the Escrow 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.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 February 2012 in relation to the Company's acquisition of the Property from Beikong Hong Chuang for a consideration of RMB32,000,460 (equivalent to approximately HK\$38,883,000).

On 31 August 2015, the Company entered into the Property Escrow Agreement with Beikong Hong Chuang, pursuant to which Beikong Hong Chuang will provide the Escrow Services to the Company during the term of the Property Escrow Agreement.

PROPERTY ESCROW AGREEMENT

Date 31 August 2015

Parties (i) The Company
(ii) Beikong Hong Chuang

The Property

The Property subjected to escrow is Block 5 of Beikong Hong Chuang Technology Park (北控宏創科技園) which is situated at No. A1, Chaoqian Road of Science and Technology Park in Changping District, Beijing, the PRC. The premises permit of the Property is now in the process of application. The Property is a six storeys office premises with gross floor area of approximately 4,705 square metres (the gross floor area is subject to finalisation by the surveying and mapping department in Beijing or the premises permit).

Terms of the Property Escrow Agreement

Beikong Hong Chuang shall pay the Rent of RMB2,575,987 (equivalent to approximately HK\$3,130,000) to the Company annually. The Rent is calculated based on an escrow fee of RMB1.50 per square metre per day. During the escrow period, the property management fee, heating fee and other expenses incurred (including but not limited to expenses for water, electricity, gas, telecommunication, etc.) in respect of the Property will be borne by Beikong Hong Chuang.

Beikong Hong Chuang shall pay all the Rent to the Company in accordance with the terms and payment schedule of the Property Escrow Agreement, and guaranteed the Company to fulfil all the obligations in the Property Escrow Agreement even the Property is not sublet to any tenant. Beikong Hong Chuang is granted the right to determine the rent offer to tenant(s) solely when subletting.

Both parties agreed to review the Rent annually and adjust the Rent, if necessary.

The escrow period for the Property shall be three years from 1 September 2015 to 31 August 2018. Beikong Hong Chuang is entitled to 61 days' rent free period from 1 September 2015 to 31 October 2015.

The Rent payable by Beikong Hong Chuang to the Company was arrived at after arm's length negotiation between the parties and is reference to the rent payable by independent third parties with reference to the prevailing market rent generally applicable to similar properties in the market.

Annual caps

The aggregate of the Rent payable by Beikong Hong Chuang to the Company for the three years ending 31 December 2015, 2016 and 2017 are subject to the annual cap of HK\$600,000, HK\$3,600,000 and HK\$4,200,000, respectively.

The annual caps are based on the current annual Rent of RMB2,575,987 (equivalent to approximately HK\$3,130,000) payable by Beikong Hong Chuang to the Company and the potential adjustment to the prevailing market rent generally applicable to similar properties in Beijing during the term of the Escrow Agreement.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Beikong Hong Chuang is the property manager of Beikong Hong Chuang Technology Park (北控宏創科技園). Beikong Hong Chuang is licensed and experienced in housing agency management and leasing and is capable of assisting the Company in providing professional and market-oriented management for the leasing of the Property.

Save and except for Mr. E Meng (also serves as an executive director of BEHL) and Ms. Qin Xuemin (also serves as a director of Beikong Hong Chuang) who have voluntarily abstained from voting on the relevant Board resolutions approving the Property Escrow Agreement, none of the Directors has a material interest in the Property Escrow Agreement or was required to abstain from voting on the Board resolutions for considering and approving the same.

The Directors (including the independent non-executive Directors but other than Mr. E Meng and Ms. Qin Xuemin who have abstained from voting on the relevant Board resolutions approving the Property Escrow Agreement as referred to above) consider that the Property Escrow Agreement is entered into in the ordinary and usual course of business of the Company on normal commercial terms and that the terms of the Property Escrow 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, BEIKONG HONG CHUANG AND BEHL

Information of the Company

The Company is a company incorporated in Hong Kong with limited liability, 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 Group's subsidiaries are principally engaged in environmental protection and solid waste treatment in the PRC.

Information of Beikong Hong Chuang

Beikong Hong Chuang is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of BEHL. Beikong Hong Chuang 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 (stock code: 392). BEHL's group of companies is principally engaged in natural gas operations, brewery operations, sewage and water treatment operations, and solid waste treatment operations in the PRC.

LISTING RULES IMPLICATIONS

As Beikong Hong Chuang is an indirect wholly-owned subsidiary of BEHL and BEHL is a controlling shareholder of the Company, Beikong Hong Chuang is a connected person of the Company and the Escrow Services constitute continuing connected transactions to 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 Escrow Services are more than 0.1% but less than 5%, the Escrow 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:

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

“Escrow Services”	the escrow services in respect of the Property to be provided by Beikong Hong Chuang to the Company under the Property Escrow Agreement for sub-leasing the Property;
“Escrow Agreement”	the property escrow agreement entered into between the Company and Beikong Hong Chuang on 31 August 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;
“Property”	Block 5 of Beikong Hong Chuang Technology Park (北控宏創科技園) situated at No. A1, Chaoqian Road, Changping District, Beijing, the PRC;
“Rent”	the rent payable by Beikong Hong Chuang to the Company under the Property Escrow Agreement for sub-leasing the Property;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the ordinary share(s) in the share capital of the Company;
“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*

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB0.823 to HK\$1. No representation is made that any amount in RMB has been or could be converted at such rate or any other rates.

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

Hong Kong, 1 September 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.