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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)**

**FURTHER DELAY IN DESPATCH OF CIRCULAR — SUPPLEMENTAL AGREEMENT IN RESPECT OF PROPOSED SUBSCRIPTION OF NEW SHARES AND BONDS AND PROPOSED GRANT OF OPTION TO SUBSCRIBE FOR BONDS**

References are made to the joint announcement of the Company and BEHL dated 15 September 2011 in relation to, among other things, the Proposed Transactions and the announcement of the Company dated 4 October 2011 in relation to the delay in despatch of the circular regarding, among other things, the Proposed Transactions.

As additional time was required to finalise certain information to be contained in the Circular, including such further information as may be required to be contained in the Circular including but not limited to the proposed use of proceeds from the issue of the Subscription Shares and the Firm Bonds, the Executive had granted consent to the Company's application for the delay in despatch of the Circular to on or before 26 October 2011.

The Board wishes to announce that in order to address the concerns on the issue of "cash company", the Company has entered into a supplemental agreement with the Subscriber and BEHL to revise certain terms of the Subscription Agreement. Upon Completion (taking into account the terms revised under the Supplemental Agreement), the Company may or may not become a "cash company" as stipulated under Rule 14.82 of the Listing Rules.

As additional time is required to finalise certain information to be contained in the Circular in light of the entering into of the Supplemental Agreement, including but not limited to such further information as may be required to be contained in the Circular, an application has been made by the Company to the Executive for the consent such that the despatch of the Circular is to be further postponed to on or before 16 December 2011.

References are made to the joint announcement of the Beijing Development (Hong Kong) Limited (the “**Company**”) and BEHL dated 15 September 2011 (the “**Announcement**”) in relation to, among other things, the Proposed Transactions and the announcement of the Company dated 4 October 2011 in relation to the delay in despatch of the circular regarding, among other things, the Proposed Transactions (the “**Circular**”). Unless defined otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

## **SUPPLEMENTAL AGREEMENT TO THE SUBSCRIPTION AGREEMENT (THE “SUPPLEMENTAL AGREEMENT”)**

### **Date**

25 October 2011

### **Parties**

- (a) The Company;
- (b) Idata Finance Trading Limited (i.e., the Subscriber)
- (c) BEHL

(together, the “**Parties**”)

### **Subject matters of the Supplemental Agreement**

The Parties have agreed that:

1. the Share Consideration for the New Shares shall be revised from HK\$200,490,000 to HK\$200,010,000 whereas the New Shares shall be revised from 163,000,000 new Shares to 177,000,000 new Shares;
2. the aggregate principal amount of the Firm Bonds shall be revised down to HK\$300,580,000 from HK\$1,300,110,000 and the conversion price of the Firm Bonds shall be initially HK\$1.13 instead of HK\$1.23;
3. the Option Bonds shall be replaced by and substituted with the standby convertible bonds (“**Standby Bonds**”). The Parties agree that the issuance terms and the terms and conditions of the Option Bonds (including the definition of Option Bonds itself) shall apply to the Standby Bonds subject to the following amendments:
  - (a) the aggregate principal amount of the Standby Bonds shall be HK\$3,000,150,000 (instead of HK\$1,999,980,000) with the conversion price of the Standby Bonds to be initially HK\$1.13 (instead of HK\$1.23);

- (b) subject to Completion and compliance with the Listing Rules and the terms of the Supplemental Agreement, the Company shall, for every month during the five-year period following the Completion Date and so long as any Standby Bonds remain unissued, convene a meeting between representatives of the Company and the Subscriber to review the Company's requirement for funds in view of any acquisition and investment opportunity or business plan which may have been identified by the Company (the "**Review Meeting**"). The Company and the Subscriber will at the Review Meeting consider and discuss any such acquisition and investment opportunity or business plan, at which the Subscriber may, having regard the requirements of the Listing Rules including the requirements of Rule 14.82 of the Listing Rules, notify the Company in writing that it will subscribe for such amount of Standby Bonds as the Subscriber may consider appropriate and approve at the meeting; and
4. the Long Stop Date shall be revised to 31 March 2012 and all other provisions of the Subscription Agreement shall be amended, read and construed accordingly.

## **REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT**

The Directors consider that, in order to address the concerns on the issue of "cash company", it is in the interests of the Company to enter into the Supplemental Agreement. Having taken this into account, the Directors (excluding the independent non-executive Directors who will express their views in the Circular) consider that the terms of the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors' view are subject to the advice to be received from the Independent Financial Adviser, which advice and recommendations in respect of, among other things, the Subscription Agreement, the Supplemental Agreement and the Whitewash Waiver will be set out in the circular to be issued by the Company to the Shareholders as required by the Takeovers Code and the Listing Rules.

Pursuant to Rule 14.82 of the Listing Rules which stipulates that if the assets of a listed issuer consist wholly or substantially of cash or short-dated securities, it will not be regarded as suitable for listing and trading in its securities will be suspended. Pursuant to Rule 14.84 of the Listing Rules, the listed issuer may apply to the Stock Exchange to lift the suspension once it has a business suitable for listing. The Stock Exchange will treat its application for lifting the suspension as if it were an application for listing from a new applicant. The Stock Exchange reserves the right to cancel the listing if such suspension continues for more than twelve months or in any other case where it considers it necessary.

The Company would advise that upon Completion (taking into account the terms revised under the Supplemental Agreement), the Company may or may not become a “cash company” as stipulated under Rule 14.82 of the Listing Rules. Shareholders and potential investors of the Company should note that Completion of the Subscription Agreement (taking into account the terms revised under the Supplemental Agreement) is subject to, among other things, the granting of the listing of and permission to deal in the Subscription Shares and the Conversion Shares by the Listing Committee of Stock Exchange and therefore, Completion may or may not take place. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares in view of the “cash company” issue and the possibility that Completion may or may not take place.**

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

As additional time was required to finalise certain information to be contained in the Circular, including such further information as may be required to be contained in the Circular including but not limited to the proposed use of proceeds from the issue of the Subscription Shares and the Firm Bonds, the Executive had granted consent to the Company’s application for the delay in despatch of the Circular to on or before 26 October 2011.

The Circular will contain, inter alia, further details regarding the Supplemental Agreement. As additional time is required to finalise certain information to be contained in the Circular in light of the entering into of the Supplemental Agreement, including but not limited to such further information as may be required to be contained in the Circular, an application has been made by the Company to the Executive for the consent such that the despatch of the Circular is to be further postponed to on or before 16 December 2011.

The Company expects the despatch of the Circular will be on or before 16 December 2011.

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

Hong Kong, 25 October 2011

*As at the date of this announcement, the executive Directors are Mr. E Meng, Mr. Zhang Honghai, Mr. Wang Yong, Mr. Yan Qing, Ms. Sha Ning and Mr. Ng Kong Fat, Brian and independent non-executive Directors are Dr. Jin Lizuo, Dr. Huan Guocang and Dr. Wang Jianping.*

*All the Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*