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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)

CONTINUING CONNECTED TRANSACTIONS

SUMMARY

On 30 March 2012, the Company entered into the Framework Agreement with BMAC regarding the Supply and Service rendered by BMAC to the Group.

As at the date of this announcement, BMAC is held as to 43% by BEGCL. BEGCL is a substantial shareholder of the Company and is indirectly interested in 290,459,000 shares of the Company (representing approximately 42.87% of the issued share capital of the Company). BMAC is therefore a connected person of the Company under the Listing Rules. As such, the Transactions contemplated by the Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the Caps, on an annual basis, is less than 5% and HK\$10,000,000, the Framework Agreement is only subject to reporting and announcement requirements set out in rules 14A.45 to 14A.47, the annual review requirements set out in rules 14A.37 to 14A.40 and the requirements set out in rules 14A.35(1) and 14A.35(2) of the Listing Rules, and is exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE FRAMEWORK AGREEMENT

Principal terms of the Framework Agreement

On 30 March 2012, the Company entered into the Framework Agreement with BMAC and pursuant to which the Company agrees to, and agrees to procure its subsidiaries to, request the Supply and Service, on a non-exclusive basis, from BMAC from time to time during the term contemplated under the Framework Agreement pursuant to the particular terms and conditions of the relevant Supply and Service Contract(s) to be entered into from time to time.

Pursuant to the Framework Agreement, a separate Supply and Service Contract may be entered into from time to time between any member of the Group and BMAC in respect of each Transaction. In this connection, the Company and BMAC have agreed that the consideration and terms of each Transaction shall be (1) negotiated on an arm's length basis and on normal commercial terms; (2) determined with reference to the then prevailing market price and terms for similar supply and services provided by independent third parties in the market; (3) on terms no less favourable than the terms offered by the BMAC to independent third parties; and (4) in compliance with all the applicable laws and regulations.

The consideration payable under the Supply and Service Contract shall be settled in cash and on terms as specified in each Supply and Service Contract. The credit terms offered to the Group is also similar to those offered by BMAC to its major external customers.

The Framework Agreement will be expired on 31 December 2014 and is subject to renewal with mutual agreement of both parties.

Proposed annual caps

The proposed annual caps for the consideration of the Supply and Service rendered by BMAC to the Group for each of the three financial years ending 31 December 2012, 2013 and 2014 is HK\$9,900,000 (equivalent to approximately RMB8,000,000).

Historical figures

The annual caps are determined by reference to (i) the historical figures of the transactions between the Group and BMAC during the three financial years ended 31 December 2009, 2010 and 2011 of HK\$2,838,000, nil and HK\$6,099,000 (of which HK\$893,000 was transacted after the completion of the disposal of the equity interest in BMAC by the Group in October 2011), respectively; and (ii) the anticipated demand for the Supply and Service.

INFORMATION OF THE COMPANY, BMAC AND BEGCL

Information of the Company

The Company is incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The principal activities of the Group's subsidiaries involve the provision of information technology ("IT") related services, which included: (i) system integration; (ii) the construction of information networks and sale of related equipment; (iii) the provision of IT technical support and consultation services; and (iv) the development and sale of software.

Information of BMAC

BMAC is a limited liability company established in the PRC and is held as to 43% by BEGCL. BMAC is principally engaged in (i) the production, issuance and settlement service of municipal administration and communications card, namely "Yikatong"; and (ii) the investment and management of the "Yikatong" system and its related equipment.

Information of BEGCL

BEGCL is a limited liability company established in the PRC and, as at the date of this announcement, is indirectly interested in 290,459,000 shares of the Company. BEGCL is principally engaged in investment, operation and administration of infrastructure and public utilities.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The Supply and Service Contracts will be agreed on an arm's length basis on normal commercial terms. The entering into of the Framework Agreement would enable the Group to regulate the Supply and Service rendered from BMAC under a common framework agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof and the Caps are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Upon the completion of the disposal of 43% equity interest in BMAC by Business Net Limited, a wholly-owned subsidiary of the Company, to BEGCL in October 2011 (further details of the disposal are set out in the Company's circular dated 30 May 2011), BMAC is currently held as to 43% by BEGCL. As at the date of this announcement, BEGCL is a substantial shareholder of the Company and is indirectly interested in 290,459,000 shares of the Company (representing approximately 42.87% of the issued share capital of the Company). BMAC is therefore a connected person of the Company under the Listing Rules. As such, the Transactions contemplated by the Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the Caps, on an annual basis, is less than 5%, and HK\$10,000,000, the Framework Agreement is only subject to reporting and announcement requirements set out in rules 14A.45 to 14A.47, the annual review requirements set out in rules 14A.37 to 14A.40 and the requirements set out in rules 14A.35(1) and 14A.35(2) of the Listing Rules, and is exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save and except for (i) Mr. E Meng, who is also a director of BEHL, (ii) Mr. Zhang Honghai, who is also directors of BEGCL and BEHL; and (iii) Mr. Wang Yong and Ms. Sha Ning, who are also directors of BMAC have abstained from voting on the Board resolution in relation to the Transactions, none of the Directors has a material interest in the Transactions or was required to abstain from voting on the Board resolutions for considering and approving the same.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“BEHL”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability and is a non-wholly owned subsidiary of BEGCL, the shares of which are listed on the Stock Exchange (stock code: 392)
“BEGCL”	Beijing Enterprises Group Company Limited (北京控股集團有限公司), a limited liability company established in the PRC and is wholly-owned, supervised and controlled by the State-owned Assets Supervision and Administrative Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)

“BMAC”	Beijing Municipal Administration & Communications Card Co., Ltd. (北京市政交通一卡通有限公司), a limited liability company established in the PRC, which is held as to 43% by BEGCL
“Board”	the board of Directors of the Company
“Caps”	the annual cap for each of the three financial years ending 31 December 2012, 2013 and 2014 under the Framework Agreement
“Company”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 154)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement dated 30 March 2012 entered into between the Company and BMAC in relation to the Transactions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency for the time being 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
“RMB”	Renminbi, the lawful currency of the PRC
“Supply and Service”	the supplies of merchandises and related services of municipal administration and communications card, namely “Yikatong”. Generally, it includes but not limited to consultation, planning and system design services; software and hardware development and integration; supply of smartcards; supplies of hardware and software; leasing, management and maintenance of system; training; after-sale services, etc.

“Supply and Service Contract(s)”	the specific contract, invoice, or merchandise or service requisition order to be entered into or concluded between member of the Group and BMAC during the duration of the Framework Agreement in respect of a particular occasion of provision of the Supply and Service
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Transaction(s)”	the transaction between any member of the Group and BMAC in respect of a particular provision of the Supply and Service; and “Transactions” shall be so construed accordingly
“%”	per cent.

By order of the Board
Beijing Development (Hong Kong) Limited
Wong Kwok Wai, Robin
Company Secretary

Hong Kong, 30 March 2012

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