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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 Companies Ordinance)

(Stock Code: 154)

FRAMEWORK AGREEMENT

This announcement is made by the Company in compliance with the disclosure requirement under Rule 13.09 of the Listing Rules.

The Board wishes to announce that on 17 September 2012 (after trading hours), the Framework Agreement was entered into between the Company, as the potential purchaser, and China Green Energy, as the potential vendor, in respect of the Possible Acquisition by the Group of the equity interest in the Target Company. The Company and China Green Energy agreed to use reasonable endeavours to complete all matters of due diligence in respect of the Possible Acquisition and to procure the entering into of definitive agreement(s) as soon as possible.

The Possible Acquisition, if materialises, may constitute a notifiable transaction of the Company which is subject to the applicable requirements under the Listing Rules, which may include obtaining the approval from the Shareholders at a general meeting.

The Board wishes to emphasise that no definitive agreement in relation to the Possible Acquisition has been entered into by the Group as at the date of this announcement and the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company shall exercise caution when dealing in the Shares. Further announcement in respect of the Possible Acquisition will be made by the Company as and when required by the Listing Rules.

INTRODUCTION

This announcement is made by the Company in compliance with the disclosure requirement under Rule 13.09 of the Listing Rules.

The Board wishes to announce that on 17 September 2012 (after trading hours), the Framework Agreement was entered into between the Company, as the potential purchaser, and China Green Energy, as the potential vendor, in respect of the Possible Acquisition by the Group of the equity interest in the Target Company. The Company and China Green Energy agreed to use reasonable endeavours to complete all matters of due diligence in respect of the Possible Acquisition and to procure the entering into of definitive agreement(s) as soon as possible.

FRAMEWORK AGREEMENT

The Framework Agreement sets out the general commercial terms and conditions which have been arrived at by the parties for the Possible Acquisition by the Group of the equity interest in the Target Company, subject to due diligence review of the legal, financial and business aspects of the Target Company being satisfactory to the Company and the negotiation and execution of definitive agreement(s). The major terms of the Framework Agreement are summarised below:

Date: 17 September 2012

Parties: (1) the Company, as the potential purchaser; and
(2) China Green Energy, as the potential vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Green Energy and its ultimate beneficial owner(s) (if applicable) are third parties independent of the Company and its connected persons.

Subject assets: 100% equity interest in the Target Company.

Consideration: The total consideration payable for the Possible Acquisition is preliminary estimated to be ranged from US\$530 million (equivalent to approximately HK\$4.134 billion) to US\$535 million (equivalent to approximately HK\$4.173 billion) (subject to the results of due diligence and the determination of the final consideration in the definitive agreement(s) after negotiation by both parties), and will be settled by issuing consideration Shares and/or convertible bonds of the Company.

The issue price of the consideration Shares (the “**Issue Price**”) is HK\$1.13 per Share. The initial conversion price of the convertible bonds of the Company (the “**Conversion Price**”) is HK\$1.13 per Share. The Issue Price and the Conversion Price was negotiated on an arm’s length basis between the Company and China Green Energy, and represent a discount of approximately 5.75% to the average closing price of HK\$1.199 per Share as quoted on the Stock Exchange for the last 20 trading days up to and including the last trading day of the Shares on the Stock Exchange prior to the publication of this announcement.

The Company and China Green Energy agreed that, upon the completion of the Proposed Acquisition, Beijing Enterprises Holding Limited (stock code: 392) shall maintain as the controlling shareholder or the single largest shareholder of the Company.

The Company will carry out due diligence review of the legal, financial and business aspects of the Target Company after signing of the Framework Agreement. The contents of the assets held by the Target Company are subject to determination in the definitive agreement(s). Subject to the results of the aforesaid due diligence being satisfactory to the Company, the Company will, based on the major terms set out in the Framework Agreement, negotiate, finalise and enter into a definitive agreement with China Green Energy. Completion of the Possible Acquisition will be subject to, among others, applicable regulatory compliance and approval by the Shareholders (if applicable).

INFORMATION ON THE TARGET COMPANY

The Target Company is incorporated in the Cayman Islands on 8 September 2010 as an investment holding company. The principal activity of the subsidiaries of the Target Company is domestic garbage incineration-power generation in the PRC. At present, Target Company has investment in and operates 15 projects in the PRC.

Based on the audited consolidated financial statements of the Target Company prepared under International Financial Reporting Standards for the year ended 31 December 2011, the profit attributable to the shareholders of the Target Company was approximately RMB203 million (equivalent to approximately HK\$249 million) and the consolidated net assets value attributable to the shareholders of the Target Company was approximately RMB1.992 billion (equivalent to approximately HK\$2.440 billion).

REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

The Group has been proactively identifying potential investment opportunities for building a stronger business foundation, broadening its source of income and improving its overall financial results. The challenges associated with increasing demand for energy, sustainable development and the increased

environmental concern have led the PRC government to pay greater attention to environmental protection and energy issues. As the urban standard of living in China continues to improve and the economy continues to grow, the volume of municipal waste will increase steadily. Encompassing the characteristics of energy-saving and environmental friendly power generation as well as new energy power generation, garbage incineration-power generation is a dominant way for garbage treatment that captures an enormous market with vast prospects, delivers good social efficiency and provides stable cash flow. Accordingly, with substantial support and great attention from the state and local governments, subsidies and preferential tax treatments and stable on-grid tariffs, the Company believes that garbage power generation projects have promising growth prospects with growth potential in terms of scale and stability in terms of revenue. Under the full support of its parent company which enjoys competitive advantages and after making ample consideration, the Company will enter the environmental protection industry, and secure and explore platforms of suitable business opportunities in the fields of garbage incineration-power generation and waste treatment in the future.

Therefore, the Board believes that through the Possible Acquisition, the Group will be able to establish business capability in participating in this renewable energy power generation business sector and capitalise on the business opportunities in this sector.

LISTING RULES IMPLICATIONS

The Possible Acquisition, if materialises, may constitute a notifiable transaction of the Company which is subject to the applicable requirements under the Listing Rules, which may include obtaining the approval from the Shareholders at a general meeting.

The Board wishes to emphasise that no definitive agreement in relation to the Possible Acquisition has been entered into by the Group as at the date of this announcement and the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company shall exercise caution when dealing in the Shares. Further announcement in respect of the Possible Acquisition will be made by the Company as and when required by the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board” the board of Directors

“China Green Energy” China Green Energy Limited, a company incorporated in the Cayman Islands with limited liability

“Company”	Beijing Development (Hong Kong) 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: 154)
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 17 September 2012 entered into between the Company, as the potential purchaser, and China Green Energy, as the potential vendor, in respect of the Possible Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Possible Acquisition”	the possible acquisition by the Group of the equity interests in the Target Company
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Green Energy Holding Company Limited, a company incorporated in the Cayman Islands with limited liability and is wholly owned by China Green Energy as at the date of this announcement

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 17 September 2012

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

For illustration purposes only, the amount in US\$ is translated to HK\$ at the rate of HK\$7.8 to US\$1 and the amounts in RMB are translated to HK\$ at the rate of HK\$1 to RMB0.81651. No representation is made that any amount in US\$ and/or RMB has been or could be converted at such rates.