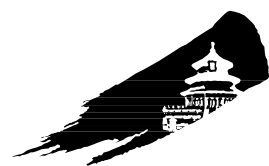


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北京控股有限公司

BEIJING ENTERPRISES HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)
(Stock Code: 392)



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)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION INVOLVING PLACING OF EXISTING SHARES OF BEIJING DEVELOPMENT (HONG KONG) LIMITED BY BEIJING ENTERPRISES HOLDINGS LIMITED

AND

EXEMPT CONNECTED TRANSACTION INVOLVING TOP-UP SUBSCRIPTION OF NEW SHARES OF BEIJING DEVELOPMENT (HONG KONG) LIMITED BY BEIJING ENTERPRISES HOLDINGS LIMITED

AND

RESUMPTION OF TRADING OF BEIJING DEVELOPMENT (HONG KONG) LIMITED

PLACING AGENT



China Merchants Securities (HK) Co., Ltd.

On 30 November 2006, IFTL and the Company entered into the Placing and Subscription Agreement with the Placing Agent pursuant to which the Placing Agent agreed with IFTL to place up to a total of 98,000,000 existing Shares at the Placing Price of HK\$1.10 per Placing Share to not less than six placees who will be third parties independent of the Group and its connected persons on a best effort basis.

Under the Placing and Subscription Agreement, IFTL agreed to subscribe for Subscription Shares, which are equal to the number of Placing Shares that it place under the Placing. The Subscription is conditional upon, among other things, (i) granting approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange; and (ii) the completion of the Placing. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

The Placing Price represents (i) a discount of approximately 12.7% to the closing price of HK\$1.26 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 8.5% to the average of the closing prices of HK\$1.202 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company, IFTL and the Placing Agent with reference to the closing price as shown above. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming full Placing, the Placing Shares represent approximately 19.84% of the existing issued share capital of the Company and the Subscription Shares represent approximately 16.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 23 May 2006.

Assuming all the 98,000,000 Placing Shares are successfully placed, the net proceeds of the Subscription will be approximately HK\$105 million. The Group intends to use such net proceeds as its general working capital. As at the date of the announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of the Company pursuant to the Listing Rules.

The Placing of the existing Shares constitutes a discloseable transaction under Chapter 14 of the Listing Rules on the part of Beijing Enterprises as the relevant percentage ratio exceeds 5% but under 25%. A circular containing further details of the Placing and Subscription Agreement will be dispatched to the shareholders of Beijing Enterprises as soon as practicable and in accordance with the Listing Rules.

At the request of the Company, trading in the Shares has been suspended with effect from 9:33 a.m. on 30 November 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1 December 2006.

PLACING AND SUBSCRIPTION AGREEMENT DATED 30 NOVEMBER 2006

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed with IFTL to place up to a total of 98,000,000 existing Shares at the Placing Price on a best effort basis. On the next business day after the conditions of the Subscription have been fulfilled, the Company will allot and issue to IFTL the Subscription Shares, which is equal to the number of Placing Shares that IFTL place under the Placing, at the Subscription Price. Details of the Placing and the Subscription are set out below.

I. Placing

The Vendor

IFTL currently holds 275,675,000 Shares or approximately 55.81% of the existing issued share capital of the Company. The entire issued share capital of IFTL is wholly and beneficially owned by Beijing Enterprises, a company incorporated in Hong Kong and the issued shares of which are listed on the main board of the Stock Exchange.

The principal business activities of IFTL is investment holding. Beijing Enterprises is principally engaged in the business of infrastructure and utilities, consumer products, retail services and technology.

The Placing Agent

China Merchants Securities (HK) Co., Ltd. has been appointed to place the Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds from the Placing. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

The Placees

The Placing Shares shall be placed to not less than six independent investors. The placees and their ultimate beneficial owners shall be third parties independent of the Group and its connected persons. The placees and their ultimate beneficial owners shall also be third parties independent of IFTL, Beijing Enterprises and their respective connected persons. The placees and their ultimate beneficial owners shall be independent of and not connected with other placees and their ultimate beneficial owners. No placees will become substantial Shareholders as a result of the Placing.

Number of Placing Shares

The number of Placing Shares shall be up to a total of 98,000,000 Shares. The Placing Shares represent approximately 19.84% of the existing issued share capital of the Company and approximately 16.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares assuming full placing of the Placing Shares.

Placing Price

The Placing Price of HK\$1.10 per Placing Share represents:

- (i) a discount of approximately 12.7% to the closing price of HK\$1.26 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 8.5% to the average of the closing prices of HK\$1.202 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company, IFTL and the Placing Agent with reference to the closing prices as shown above and the Board considers it fair and reasonable.

Rights

The Placing Shares will be sold free of any liens, charges, encumbrances and other third party rights and together with all rights attaching thereto as at 4 December 2006, including the rights to receive all dividends and distributions declared, made or paid after 4 December 2006.

Completion of the Placing

The Placing is unconditional. Completion of the Placing is expected to take place on 4 December 2006.

II. Subscription

The Issuer

The Company

The Subscriber

IFTL, which, as at the date of this announcement, is interested in 275,675,000 Shares, representing approximately 55.81% of the existing issued share capital of the Company. Assuming all the 98,000,000 Placing Shares are successfully placed, the total shareholding of IFTL will be reduced to 177,675,000 Shares, representing approximately 35.97% of the existing issued share capital of the Company before completion of the Subscription. The Subscription will then increase the total shareholding of IFTL to 275,675,000 Shares, representing approximately 46.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Number of Subscription Shares

The number of Subscription Shares shall be equivalent to the number of Shares placed pursuant to the Placing. Assuming full placing of the Placing Shares, 98,000,000 Subscription Shares will be issued and will represent approximately 19.84% of the existing issued share capital of the Company and approximately 16.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$1.10 per Subscription Share, which is equivalent to the Placing Price. In line with the market practice, the Company will bear all costs and expenses of the Subscription and will reimburse IFTL all costs and expenses incurred by IFTL in respect of the Placing because it is the fund raising conducted by the Company. Based on the estimated expenses for the Placing and the Subscription, the net proceeds upon completion of the Subscription is estimated to be about HK\$105 million, and the net subscription price is approximately HK\$1.07 per Subscription Share.

Rights

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the Shareholders by a resolution passed at the annual general meeting of the Company held on 23 May 2006. Under the said general mandate, up to 98,796,230 Shares, representing 20% of the issued Shares as at the date of the annual general meeting of the Company, may be issued by the Company. As at 23 May 2006, the date of the passing of the resolution to grant the general mandate to allot, issue and deal with Shares to the Directors by the Shareholders, the issued share capital of the Company was 493,981,150 Shares. As at the date of this announcement, the issued share capital of the Company is 493,981,150 Shares. As at the date of the announcement, the general mandate has not been utilized.

Conditions of the Subscription

The Subscription is conditional upon the following conditions having been fulfilled by 12 December 2006 (or such other date as may be agreed between the Company, IFTL and the Placing Agent):

- (i) the completion of the Placing; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company, IFTL nor the Placing Agent shall have any obligations and liabilities under the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the next business day after the conditions of the Subscription are fulfilled.

The Subscription must be completed on or before 14 December 2006, being 14 days from the date of the Placing and Subscription Agreement and is an exempt connected transaction on the part of the Company pursuant to Rule 14A.31(3) of the Listing Rules. If the Subscription is to be completed thereafter, it will constitute a connected transaction on the part of the Company under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

After the Placing and the Subscription, Beijing Enterprises’ effective interests in the Company will be diluted to 46.57% and the Company will cease to be a subsidiary of Beijing Enterprises and become an associated company of Beijing Enterprises. As a result of such dilution and the Company ceasing to be a subsidiary of Beijing Enterprises upon completion of the Placing and the Subscription, it is estimated that a gain of approximately HK\$11 million may be recorded by Beijing Enterprises for the year ending 31 December 2006, calculated based on the unaudited consolidated net assets value of the Company as at 30th June 2006 of approximately HK\$418 million and Beijing Enterprises’ dilution of effective interests in the Company.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

CHANGES OF SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding of the Company as a result of the Placing and the Subscription, assuming all the Placing Shares are sold in full, are as follows:

Shareholder	Shareholding at the date of this announcement and immediately before completion of the Placing and the Subscription	Shareholding immediately after completion of the Placing but before completion of the Subscription	Shareholding immediately after completion of the Placing and the Subscription
IFTL (<i>Note a</i>)	275,675,000 Shares (approximately 55.81%)	177,675,000 Shares (approximately 35.97%)	275,675,000 Shares (approximately 46.57%)
Illumination Holdings Limited (“IHL”) (<i>Note b</i>)	49,325,613 Shares (approximately 9.99%)	49,325,613 Shares (approximately 9.99%)	49,325,613 Shares (approximately 8.33%)
Mr. Ng Kong Fat, Brian (<i>Notes c and d</i>)	8,792,755 Shares (approximately 1.78%)	8,792,755 Shares (approximately 1.78%)	8,792,755 Shares (approximately 1.49%)
Mr. Cao Wei (<i>Note d</i>)	8,000,000 Shares (approximately 1.62%)	8,000,000 Shares (approximately 1.62%)	8,000,000 Shares (approximately 1.35%)
Public Shareholders:			
The placees	–	98,000,000 Shares (approximately 19.84%)	98,000,000 Shares (approximately 16.55%)
Other public Shareholders	152,187,782 Shares (approximately 30.81%)	152,187,782 Shares (approximately 30.81%)	152,187,782 Shares (approximately 25.71%)
Total	493,981,150 Shares (100%)	493,981,150 Shares (100%)	591,981,150 Shares (100%)

Notes:

- (a) IFTL is a direct wholly-owned subsidiary of Beijing Enterprises, which is held directly as to approximately 44% and indirectly as to approximately 16% by Beijing Enterprises Investments Limited (“BEIL”). BEIL is held indirectly as to approximately 66.5% by Beijing Holdings Limited (“BHL”). Accordingly, the shares in which IFTL is shown to be interested are also the shares in which Beijing Enterprises, BEIL and BHL are interested.
- (b) IHL is an indirect wholly-owned subsidiary of BHL. The shares in which IHL is shown to be interested are also interested by BHL.
- (c) The 8,792,755 Shares are held by Sunbird Holdings Limited, a company beneficially owned by Mr. Ng Kong Fat, Brian and his brother.
- (d) Both Mr. Ng Kong Fat, Brian and Mr. Cao Wei are directors of the Company.

REASONS FOR THE PLACING AND SUBSCRIPTION

The Group is principally engaged in the construction, operation and maintenance of information systems in Beijing, the PRC.

The Directors (including the independent non-executive Directors) and the directors of Beijing Enterprises considered the top-up placing as a means to raise additional working capital for the Company so that the Company can have available fund to use.

The Company has not conducted any fund raising activities during the 12 months immediately preceding the date of the Placing and Subscription Agreement. The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for the future business development of the Group by way of the Placing and the Subscription as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares. Assuming that 98,000,000 Subscription

Shares are subscribed, the net proceeds of the Placing will be approximately HK\$105 million. The Group intends to use such net proceeds as its general working capital. As at the date of the announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of the Company pursuant to the Listing Rules.

The net profits before and after taxation and extraordinary items of the Company for the financial year ended 31 December 2004 are HK\$31,720,000 and HK\$28,919,000 respectively. The net losses before and after taxation and extraordinary items of the Company for the financial year ended 31 December 2005 are HK\$25,450,000 and HK\$28,538,000 respectively.

The Directors (including the independent non-executive Directors) consider that the Placing and Subscription Agreement are entered into upon normal commercial terms following arm’s length negotiations between the Company, IFTL and the Placing Agent and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The directors (including the independent non-executive directors) of Beijing Enterprises consider that the Placing and Subscription Agreement are entered into upon normal commercial terms following arm’s length negotiations between the Company, IFTL and the Placing Agent and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of Beijing Enterprises and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES ON BEIJING ENTERPRISES

The Placing of the existing Shares constitutes a discloseable transaction under Chapter 14 of the Listing Rules on the part of Beijing Enterprises as the relevant percentage ratio exceeds 5% but under 25%.

A circular containing further details of the Placing and Subscription Agreement will be dispatched to the shareholders of Beijing Enterprises as soon as practicable and in accordance with the Listing Rules.

TAKEOVERS CODE IMPLICATIONS

Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under such Note from the obligation to make a general offer under the Takeovers Code by IFTL (together with persons acting in concert with it, as defined under the Takeovers Code) will not be required after the Placing and the Subscription as IFTL has continuously held more than 50% of the voting rights of the Company for more than 12 months immediately preceding the Placing and the Subscription. The Executive has indicated that no waiver is necessary for the present purpose.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:33 a.m. on 30 November 2006 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1 December 2006.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Beijing Enterprises”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Stock Exchange
“Board”	the board of Directors
“Company” or “Beijing Development”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Divisions of the Securities and Futures Commission or any of his delegates
“IFTL”	Idata Finance Trading Limited, a company incorporated in the British Virgin Islands, a controlling Shareholder which is interested in approximately 55.81% of the entire issued share capital of the Company immediately before the completion of the Placing and the Subscription
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of IFTL pursuant to the Placing and Subscription Agreement
“Placing Agent”	China Merchants Securities (HK) Co., Ltd., a licensed corporation to carry on business in types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the conditional placing and subscription agreement dated 30 November 2006 and entered into between IFTL, the Company and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$1.10 per Placing Share
“Placing Shares”	up to a total of 98,000,000 Shares to be placed by the Placing Agent pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Last Trading Day”	29 November 2006, being the lasting trading day of the Shares prior to the date of the Placing and Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Subscription”	the top-up subscription for the Subscription Shares by IFTL pursuant to the Placing and Subscription Agreement
“Subscription Shares”	up to a total of 98,000,000 Shares to be subscribed by IFTL pursuant to the Placing and Subscription Agreement, which will be equal to the number of the Placing Shares successfully placed under the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the board of directors of Beijing Enterprises Holdings Limited Tam Chun Fai <i>Company Secretary</i>	By order of the board of directors of Beijing Development (Hong Kong) Limited Wong Kwok Wai, Robin <i>Company Secretary</i>
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Hong Kong, 30 November 2006

As at the date of this announcement, the executive directors of Beijing Enterprises are Mr. Yi Xi Qun, Mr. Zhang Hong Hai, Mr. Li Fu Cheng, Mr. Bai Jin Rong, Mr. Liu Kai, Mr. Zheng Wan He, Mr. Guo Pu Jin, Mr. Zhou Si, Mr. E Meng, Mr. Zhao Chang Shan and Mr. Lei Zhen Gang; and the independent non-executive directors are Mr. Lau Hon Chuen, Ambrose, Dr. Lee Tung Hai, Leo, Mr. Wang Xian Zhang, Mr. Wu Jiesi, and Mr. Robert A. Theleen.

As at the date of this announcement, the executive directors of Beijing Development are Mr. Zhang Honghai, Mr. Li Kangying, Mr. E Meng, Mr. Wang Yong, Mr. Cao Wei, Dr. Yu Xiaoyang and Mr. Ng Kong Fat, Brian; and the independent non-executive directors are Mr. Cao Guixing, Prof. Liu Wei and Dr. Jin Lizuo.