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## **BEIJING PROPERTIES (HOLDINGS) LIMITED**

**北京建設（控股）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 925)**

**(I) CONNECTED TRANSACTIONS INVOLVING  
SUBSCRIPTION FOR CONVERTIBLE BONDS BY  
BEIJING ENTERPRISES GROUP (BVI) COMPANY LIMITED,  
PLACING OF CONVERTIBLE BONDS  
UNDER A SPECIFIC MANDATE, WHITEWASH WAIVER AND  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
(II) TERMINATION OF THE OLD PLACING AGREEMENT  
DATED 19 MARCH 2010**

**Placing Agent**



**睿智金融國際有限公司**  
VISION FINANCE INTERNATIONAL COMPANY LIMITED

This announcement is made to amend the CB Announcement dated 25 June 2010 and at the request of the SFC. The CB Announcement which was published by the Company without first filing with the Executive for comment did not contain the requisite directors' responsibility statement, and therefore was in breach of Rule 12.1 and Rule 9.3 of the Takeovers Code. The Company has apologized to and assured the Executive that it will attend to all future matters in relation to the Takeovers Code in a more cautious manner. The CB Announcement has now been revised and is set out below in compliance with the Takeovers Code. The CB Announcement should be disregarded.

\* For identification purpose only

## **CONVERTIBLE BONDS**

The Board is pleased to announce that on 25 June 2010 (after trading hours), (i) the Company and the Subscriber entered into a conditional Subscription Agreement in connection with the issue by the Company of the Subscribed Convertible Bonds to the Subscriber with an aggregate principal amount of HK\$1,500,000,000, on the terms and conditions set out in the Subscription Agreement. As of the date of the announcement, the Subscriber is a wholly-owned subsidiary of BEGCL, the ultimate substantial shareholder of the Company and thus, a connected party of the Company and the Subscription Agreement constitutes a connected transaction under the Listing Rules. The money payable by the Subscriber to the Company in respect of the Subscribed Convertible Bonds (after deduction of expenses) is HK\$1,500,000,000; and (ii) the Company and the Placing Agent entered into a conditional Placing Agreement pursuant to which the Company has appointed the Placing Agent as its exclusive agent for the purpose of the Placing and the Placing Agent has conditionally agreed to procure not fewer than six Placees to subscribe in cash for the Placing Convertible Bonds with an aggregate principal amount of HK\$500,000,000 on a best effort basis. The principal amount of the Convertible Bonds is convertible into Conversion Shares at an initial Conversion Price (subject to adjustment) of HK\$ 0.65 per Conversion Share. Assuming full conversion of the Convertible Bonds at an initial Conversion Price of HK\$0.65 per Conversion Share, the Convertible Bonds will be converted into 3,076,923,076 new Shares, representing approximately 89.47% of the existing issued Shares as at the date of this announcement and approximately 47.22% of the issued share capital as enlarged by the issue of Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds.

The Bondholders may exercise the conversion right attaching to the Convertible Bonds at any time during the Conversion Period at the initial Conversion Price of HK\$0.65 per Conversion Share (subject to adjustment). No application will be made for the listing of the Convertible Bonds on any stock exchange.

It is expected that the maximum net aggregate proceeds of approximately HK\$1,990,000,000 (after deducting related expenses) which will be raised by the issue of Convertible Bonds will be utilised by the Group to seek for future possible acquisitions and strategic investment in the property sector which may contribute to the Group's revenue and as general working capital of the Group. The Directors confirm that no specific project has been identified by the Company and no agreement has been entered into by the Company in relation to any possible acquisitions or investments and the Company will make relevant disclosure to the public in accordance with the Listing Rules when appropriate.

## **WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber and its ultimate beneficial owners and their respective parties acting in concert are beneficially interested in a total of 1,350,000,000 Shares representing approximately 39.25% of the existing issued share capital of the Company. If the Subscriber exercises its right to fully convert the Subscribed Convertible Bonds into Shares, the interest of the Subscriber, its ultimate beneficial owners and their respective parties acting in concert with it will increase from approximately 39.25% to a maximum of approximately 56.13% of the enlarged issued share capital of the Company as enlarged by the issued of Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds. In the event that (i) upon conversion of some of the Subscribed Convertible Bonds which leads to an increase in the shareholding of the Subscriber by 2% or more in any 12-month period or (ii) the shareholding of the ultimate beneficial owners of the Subscriber and their respective parties acting in concert falls below 30% as a result of the allotment and issuance of the new shares by the Company and upon conversion of some or all of the Subscribed Convertible Bonds by the Subscriber which leads to the Subscriber, its ultimate beneficial owners and their respective parties acting in concert holding shares representing more than 30%, the Subscriber, its ultimate beneficial owners and their respective parties acting in concert will be obliged to make an unconditional mandatory general offer for all the issued shares of the Company not already owned by the Subscriber, its ultimate beneficial owners and their respective parties acting in concert under Rule 26 of the Takeovers Code, unless a waiver from strict compliance with Rule 26 of the Takeovers Code has been obtained from the Executive.

As a result, an application will be made by the Subscriber to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders taken by way of a poll at the SGM.

**Warning: Completion of the Subscription and the Placing is subject to the fulfilment and/or waiver (if applicable) of the conditions precedent stated in the Subscription Agreement and the Placing Agreement, respectively. Please refer to the sub-sections headed “Conditions Precedent to the Subscription Agreement” and “Conditions Precedent to the Placing Agreement” below for further information. In addition, the Placing Agreement may be terminated in certain circumstances. Please refer to the sub-section headed “Termination of Placing” below for further information. As the Subscription and the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company as at the date of this announcement is HK\$500,000,000 divided into 5,000,000,000 Shares of which 3,439,196,000 Shares have been issued and are fully paid and 3,076,923,076 new Shares will be issued upon full conversion of the Convertible Bonds . In order to accommodate the future expansion and the growth of the Company, the Directors propose to increase the Company’s authorised share capital from HK\$500,000,000 to HK\$1,000,000,000 to be divided into 10,000,000,000 Shares, by creation of additional 5,000,000,000 unissued Shares.

## **SGM**

The SGM will be convened to consider and, if thought fit, approve, among other things, (i) the Subscription Agreement and the transaction contemplated thereunder, which constitute a connected transaction; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Terms and Conditions; (iv) the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate; (v) the increase in authorized share capital of the Company, by the Shareholders; and (vi) the Whitewash Waiver; whereupon the Subscription Agreement and the Whitewash Waiver will be required to be approved by the Independent Shareholders.

## **TERMINATION OF OLD PLACING AGREEMENT**

Reference is made to the Company's announcement and circular dated, 19 March 2010 and 8 April 2010 respectively regarding the Old Placing Agreement whereby the Placing Agent agreed to procure not fewer than six placees to subscribe for a maximum of 260,000,000 Shares at the Placing Price of HK\$0.80 per Share and a maximum of 130,000,000 unlisted warrants (on the basis of one warrant for every two Shares subscribed) at HK\$0.01 per warrant on a best effort basis. Pursuant to the Old Placing Agreement, however, the Placement will be terminated automatically after the Long Stop Date. Due to the declining market price of the Share subsequent to the approval of the aforesaid placement by a special general meeting held on 23 April 2010, it is unlikely that the aforesaid placement will be completed before the Long Stop Date.

## **GENERAL**

As at the date of this announcement, the Subscriber is a wholly-owned subsidiary of BEGCL, the ultimate substantial shareholder of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which requires approval of the Independent Shareholders by way of poll at the SGM. The Subscriber and/or its associates shall abstain from voting at the SGM on the resolution in respect of the Subscription Agreement and the transactions contemplated thereunder, which in aggregate represent approximately 39.25% of the total shareholding of the Company at the date of this announcement, at the SGM.

The Whitewash Waiver Independent Board Committee comprising Mr. Goh Gen Cheung, Mr. Ma Chiu Chung, Andrew, Mr. Ng Tang Fai, Ernesto and Mr. Lin Chun Kuei all being the non-executive Directors, has been established to advise the Independent Shareholders in respect of the voting on the resolutions to approve the Subscription and the Whitewash Waiver. In addition, the Connected Transaction Independent Board Committee comprising Mr. Goh Gen Cheung, Mr. Ma Chiu Chung, Andrew, Mr. Ng Tang Fai, Ernesto, all being the independent non-executive Directors, has been established to advise the Independent Shareholders on how to vote in respect of the Subscription. Both the Whitewash Waiver Independent Board Committee and the Connected Transaction Independent Board Committee will make their recommendations to the Independent Shareholders after taking into account the recommendations of the independent financial adviser to be appointed by the Company. Further announcement for the appointment of the independent financial adviser in compliance with Rule 2.1 of the Takeovers Code will be made as soon as possible when the appointment is made.

A circular is expected to be despatched by the Company to the Shareholders on or before 16 July 2010 in accordance with the Takeovers Code, containing, among other things, details of (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Terms and Conditions; (iv) the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate; (v) the Whitewash Waiver; (vi) letters from the independent board committees of the Company containing their advice and recommendation to the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; (vii) a letter from an independent financial adviser to the independent board committees of the Company and the Independent Shareholders containing its advice to them in respect of the Subscription and the Whitewash Waiver; (viii) the increase in authorized share capital of the Company; and (ix) a notice convening the SGM.

## **INTRODUCTION**

This announcement is made to amend the CB Announcement dated 25 June 2010 and at the request of the SFC. The CB Announcement which was published by the Company without first filing with the Executive for comment did not contain the requisite directors' responsibility statement, and therefore was in breach of Rule 12.1 and Rule 9.3 of the Takeovers Code. The Company has apologized to and assured the Executive that it will attend to all future matters in relation to the Takeovers Code in a more cautious manner. The CB Announcement has now been revised and is set out below in compliance with the Takeovers Code. The CB Announcement should be disregarded.

On 25 June 2010 (after trading hours), (i) the Company and the Subscriber entered into a conditional Subscription Agreement in connection with the issue by the Company of the Subscribed Convertible Bonds to the Subscriber with an aggregate principal amount of HK\$1,500,000,000, on the terms and conditions set out in the Subscription Agreement. The principal amount of the Subscribed Convertible Bonds is convertible into Conversion Shares at an initial Conversion Price (subject to adjustment) of HK\$ 0.65 per Conversion Share; and (ii) the Company and the Placing Agent entered into a conditional Placing Agreement pursuant to which the Company has appointed the Placing Agent as its exclusive agent for the purpose of the Placing and the Placing Agent has conditionally agreed to procure not fewer than six Placees to subscribe in cash for the Placing Convertible Bonds with an aggregate principal amount of HK\$500,000,000 on a best effort basis.

## **THE SUBSCRIPTION AGREEMENT**

**Date:** 25 June 2010

**Parties:** the Company and the Subscriber

As of the date of the announcement, the Subscriber is a wholly-owned subsidiary of BEGCL, the ultimate substantial shareholder of the Company and thus, a connected party of the Company and the Subscription Agreement constitutes a connected transaction under the Listing Rules.

Subject to the fulfilment of the conditions set out below under the sub-section headed “Conditions Precedent to the Subscription Agreement” and pursuant to the terms of the Subscription Agreement, the Subscriber has agreed to subscribe for the Subscribed Convertible Bonds.

### **Issue of the Subscribed Convertible Bonds**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Subscribed Convertible Bonds in the aggregate principal amount of HK\$1,500,000,000.

### **Conditions Precedent to the Subscription Agreement**

Completion of the Subscription and issue of the Subscribed Convertible Bonds is conditional upon, among other things:–

- (a) the Independent Shareholders passing at the SGM the resolution approving the Subscription Agreement and the transactions contemplated thereunder; the issue of the Convertible Bonds and the Specific Mandate for the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attached to the Convertible Bonds and the increase in authorised share capital of the Company;
- (b) the Stock Exchange having granted the listing of and permission to deal in, the Conversion Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds and such listing and permission not subsequently being revoked prior to the Subscription Completion Date; and
- (c) the compliance of any other requirements under the Listing Rules and the Takeovers Code including but not limited to the Whitewash Waiver (if required) or otherwise the Stock Exchange and the SFC which requires compliance in relation to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares to the holder(s) of the Convertible Bonds.

If the conditions precedent to the Subscription Agreement set out in the Subscription Agreement have not been fulfilled or waived by 31 October 2010 (or such later date as may be agreed by the Subscriber and the Company), the Subscriber shall have the right to terminate the Subscription Agreement forthwith without liability upon giving written notice to the Company. In such a case, subject to such other provisions of the Subscription Agreement that survive the termination of the Subscription Agreement, the Subscriber shall have no further obligation under the Subscription Agreement from the date of such notice. It is the intention of the parties that none of the conditions will be waived. If the Whitewash Waiver is not obtained, Company shall not issue any Conversion Shares, to such an extent that would result in any of the Bondholders (or any of their respective parties acting in concert with them within the Takeovers Code) being obliged to make a mandatory offer for the Shares under the Takeovers Code and each of the Bondholders (or any of their respective parties acting in concert with them within the Takeovers Code) shall not exercise any of its right to convert the Convertible Bonds into Conversion Shares.

As at the date of this announcement, the Subscriber is the wholly-owned subsidiary of BEGCL, the ultimate substantial shareholder of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which requires approval of the Independent Shareholders by way of poll at the SGM. The Subscriber and/or its associates shall abstain from voting at the SGM on the resolution in respect of the Subscription Agreement and the transactions contemplated thereunder, which in aggregate represent approximately 39.25% of the total shareholding of the Company at the date of this announcement, at the SGM.

### **Completion of the Subscription**

Completion of the Subscription shall take place on the third (3rd) Business Day immediately after the conditions referred to in the sub-section headed “Conditions precedent to the Subscription Agreement” in this announcement above have been fulfilled and/or waived or such later date as the Company and the Subscriber may be agreed in writing.

**Completion of the Subscription and the issue of Subscribed Convertible Bonds are subject to the fulfilment and/or waiver (if applicable) of the conditions precedent stated in the Subscription Agreement, As the Subscription may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

**Date:** 25 June 2010

**Issuer:** The Company

### **Placing Agent**

The Placing Agent has conditionally agreed to procure not fewer than six Placees to subscribe in cash for the Placing Convertible Bonds of up to an aggregate principal amount of HK\$500,000,000 on a best effort basis. The Placing Agent will receive a placing commission of 1.8% on the principal amount of the Placing Convertible Bonds placed by it.

The Directors are of the view that the placing commission of 1.8% is fair and reasonable.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

## **Placees**

The Convertible Bonds will be placed to not fewer than six Placees who and whose ultimate beneficial owners (where applicable) are third parties independent of and not acting in concert with the Subscriber, Brilliant Bright and their concert parties and not connected with the Company and its connected persons.

Upon completion of the Placing and the full exercise of the conversion rights attaching to the Convertible Bonds, it is expected that none of the Placees will become a substantial shareholder of the Company (as defined under the Listing Rules).

## **Conditions precedent to the Placing Agreement**

Completion of the Placing is conditional upon: –

- (a) the Independent Shareholders passing at the SGM the resolution approving the Placing Agreement and the transactions contemplated thereunder; the issue of the Convertible Bonds and the Specific Mandate for the allotment and issue of the Conversion Shares falling to be issued upon the exercise of the conversion rights attached to the Convertible Bonds and the increase in authorised share capital of the Company;
- (b) the Stock Exchange having granted the listing of and permission to deal in, the Conversion Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds and such listing and permission not subsequently being revoked prior to the Placing Closing Date;
- (c) the compliance of any other requirements under the Listing Rules and the Takeovers Code or otherwise the Stock Exchange and the SFC which requires compliance in relation to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares to the holder(s) of the Convertible Bonds; and
- (d) there not having been, at any time before the Placing Closing Date:
  - i. any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Group which is material in the context of the Placing;
  - ii. the occurrence of any event or the existence of any circumstance which would render any of the Warranties untrue or inaccurate in any material respect; and
  - iii. the occurrence of any breach of the undertakings of the Company as set out in the Placing Agreement.

In the event that the conditions to the Placing Agreement are not fulfilled or waived by 31 October 2010 (or such later date as the Company and the Placing Agent may agree in writing), all rights, obligations and liabilities of the parties in respect of or under the Placing Agreement shall cease and terminate, and no party shall have any claims against the other party in respect of any matter arising out of the Placing Agreement except for the liabilities and any antecedent breach of any obligations under the Placing Agreement as prescribed in the Placing Agreement. It is the intention of the parties that none of the condition will be waived.



## **Termination of Placing**

The Placing Agreement contains provisions granting the Placing Agent the right to terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 5:00 p.m. (Hong Kong time) on the Placing Closing Date on the occurrence of the following events:

- (a) there develops, occurs or comes into force:
  - i. any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition or prospects of the Group; or
  - ii. any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing; or
  - iii. any significant change (whether or not permanent) in local, national or international market conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing or makes it inadvisable or inexpedient to proceed therewith; or
  - iv. any litigation or claim being instigated against any member of the Group; or
- (b) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the Warranties and undertakings of the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the business or in the financial or trading position of the Company, or the Group which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid event, all obligations of each of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Company and the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation and the liabilities as prescribed in the Placing Agreement. None of the aforesaid termination conditions can be waived.

## **Completion of the Placing**

Completion of the Placing shall take place on the third (3rd) Business Day immediately after the conditions referred to in the sub-section headed “Conditions precedent to the Placing Agreement” in this announcement above have been fulfilled and/or waived or such later date as the Company and the Placing Agent may agree in writing.

Completion of the Placing and the issue of Placing Convertible Bonds are subject to the fulfillment of the conditions precedent stated in the Placing Agreement. As the Placing may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds are summarised as follows: –

### **Principal Amount**

The aggregate principal amount of the Convertible Bonds is HK\$2,000,000,000.

### **Issue Price**

The money payable by the Subscriber and the Placees to the Company in respect of the Convertible Bonds is 100% of the face value of the principal amount of the Convertible Bonds, that is, HK\$1,500,000,000 and HK\$500,000,000, respectively, giving a total of HK\$2,000,000,000.

### **Interest**

The Convertible Bonds will not bear any interest.

### **Maturity Date**

Five years from date of issue of the Convertible Bonds.

### **Conversion Price**

The Convertible Bonds will be convertible into Shares at an initial Conversion Price of HK\$0.65 per Conversion Share. The Conversion Price will be subject to adjustment for subdivision or consolidation of the Shares.

The initial conversion price represents: –

- (a) a discount of approximately 7.14% to the closing price of HK\$0.70 on the Last Full Trading Day;
- (b) a discount of approximately 5.80% to the average closing price of HK\$0.69 per Share for the 5 trading dates from and including 18 June 2010 up to the Last Full Trading Day;
- (c) a discount of approximately 1.52% to the average closing price of HK\$0.66 per Share for the 10 trading days from and including 10 June 2010 up to the Last full Trading Day; and
- (d) a premium of approximately 263.13% to the audited consolidated net asset value per Share of about HK\$0.179 as at 31 December 2009.

The net conversion price is approximately HK\$0.6467 per Conversion Share.

### **Conversion**

If the Independent Shareholders approve the Subscription Agreement and the Placing Agreement and all other conditions are fulfilled or waived (as the case may be), the Convertible Bonds shall be issued on completion of the Subscription and the Placing.

The aggregate principal amount of the Convertible Bonds will, on exercise of the conversion rights attaching to the Convertible Bonds, be convertible into 3,076,923,076 new Shares at the initial Conversion Price of HK\$0.65 per Share (subject to adjustment), representing approximately 89.47% of the existing issued Shares and approximately 47.22% of the issued share capital as enlarged by the Conversion Shares to be issued upon full conversion of the Convertible Bonds assuming no other changes to the issued share capital of the Company before conversion of the Convertible Bonds. Conversion Shares issued on conversion will rank pari passu in all respects with the Shares in issue as at the conversion date and will entitle the holders thereof to receive all future dividends and distributions which are declared, made or paid after the date of allotment of such Conversion Shares. The Conversion Shares to be issued upon conversion of the Convertible Bonds will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Shareholders or, as the case may be, Independent Shareholders at the SGM.

Each of the Bondholders (or any of their respective parties acting in concert with them within the Takeovers Code) shall not exercise any of its right to convert the Convertible Bonds into Conversion Shares and the Company shall not issue any Conversion Shares, to such an extent that would result in any of the Bondholders (or any of their respective parties acting in concert with them within the meaning of the Takeovers Code) being obliged to make a mandatory offer for the Shares under the Takeovers Code unless prior approval or waiver from the Executive and (where so required) Whitewash Waiver from the Independent Shareholders have been obtained in accordance with the Takeovers Code for such purposes (and where any conditions to which such approval or waiver is subject are duly complied with).

The Directors (other than the non-executive Directors who will give their recommendations after receiving advice from the independent financial adviser) believe that the terms of the Convertible Bonds and the Whitewash Waiver are fair and reasonable and in the interests of the Company and Shareholders as a whole.

#### **Revival and/or survival after Default**

Notwithstanding the Bondholders' rights to convert their Convertible Bonds at any time during the Conversion Period, if (a) the Company shall default in making payment in full in respect of any Convertible Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Convertible Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events of defaults as specified in the Terms and Conditions, or (c) any Convertible Bond is not redeemed on the Maturity Date on maturity, the conversion right attaching to such Convertible Bond will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of such Convertible Bond has been duly received by the Company and notice of such receipt has been duly given to the relevant Bondholder and, notwithstanding the provisions in relation to the Bondholders' rights to convert their Convertible Bonds at any time during the Conversion Period as provided for in the Terms and Conditions, any Convertible Bond in respect of which the certificate and conversion notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Convertible Bond shall have been received by the Company before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

#### **Redemption at Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at its outstanding principal amount on Maturity Date. The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date except that such option is provided for in the Terms and Conditions.

## **Mandatory Conversion Rights of the Company**

The Company may, having given not less than thirty (30) or more than ninety (90) days' notice, at its absolute discretion request any one or more Bondholders (which notice will be irrevocable) to exercise their respective conversion right attaching to their Convertible Bonds, to convert all or some of such Convertible Bonds for the time being outstanding at their principal amount (the "Mandatory Conversion"), provided that no such Mandatory Conversion request may be made by the Company unless the closing price of the Shares, for each of the ten (10) consecutive Trading Days immediately prior to the date upon which notice of such Mandatory Conversion is given, was at least HK\$1.00.

## **Redemption at the option of the Company**

On giving not less than thirty (30) or more than ninety (90) days' notice to the Bondholder, the Company (a) may at any time after the issue of the Convertible Bonds and prior to Maturity Date redeem all or some (being HK\$10,000 in principal amount or an integral multiple thereof) of the Convertible Bonds for the time being outstanding at their principal amount provided that the closing price of the Shares for each ten (10) consecutive Trading Days, the last of which occurs not more than ten (10) days prior to the date on which notice of such redemption is published was at least HK\$1.00; or (b) may at any time prior to the Maturity Date redeem all or some of the Convertible Bonds for the time being outstanding at their principal amount provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or cancelled.

## **Redemption at the option of the Bondholders**

The Company will, at the option of the holder of any Bond redeem all or some of the Bonds held by such Bondholder on the Put Option Date at their principal amount. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the principal place of business of the Company in Hong Kong a duly completed and signed put notice in the form for the time being current, obtainable from the principal place of business of the Company in Hong Kong, together with the certificate evidencing the Convertible Bonds to be redeemed. The put notice should be given not less than thirty (30) days or more than ninety (90) days prior to the Put Option Date.

## **Term of Convertible Bonds**

For the period from the date of issue of the Convertible Bonds up to and including the Maturity Date.

## **Transfer**

The Convertible Bond is transferable with the prior written consent of the Company. No transfer or assignment of the Bonds shall be made to any other connected person (as defined in the Listing Rules) without prior written consent of the Company.

## **Form and Denomination of the Convertible Bonds**

The Convertible Bonds will be issued in registered form only and in the denomination of HK\$10,000 each or integral multiples thereof and will be serially numbered. A certificate will be issued to each Bondholder in respect of its registered holding of the Convertible Bonds.

## **Ranking of the Convertible Bonds**

The Convertible Bonds will rank as direct, unsubordinated, unconditional and unsecured obligations of the Company.

### **Rights for the Bondholders**

The Bondholders will not have any right to attend or vote at any meeting of the Company by virtue of their being the holders of the Convertible Bonds. The Bondholders shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

### **No Listing**

The Convertible Bonds will not be listed on the Stock Exchange or elsewhere.

### **Governing Law**

The Convertible Bonds and the Terms and Conditions shall be governed by, and shall be construed in accordance with, the laws of Hong Kong.

### **Specific Mandate to issue the Conversion Shares**

The Conversion Shares to be allotted and issued upon conversion of the Convertible Bonds will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Shareholders or, as the case may be, Independent Shareholders at the SGM to be convened in accordance with the Listing Rules.

## **FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS**

The Company has raised net proceeds of approximately HK\$516.9 million in two share placings in April 2009 and July 2009. The Company has utilized approximately HK\$61.61 million of the said net proceeds as at the date hereof, of which approximately HK\$50 million has been utilized to repay the bank loans and approximately HK\$11.61 million utilized for general working capital of the Company. In addition, approximately HK\$35.79 million will be utilized upon the completion of the acquisition of Zenna Investments Limited pursuant to an ordinary resolution approved in another special general meeting held on 12 March 2010. The Company intends to use the remaining net proceeds as general working capitals of the Company and to seek for any future possible acquisitions and strategic investment in the property sector which may contribute to the revenue of the Group.

Save for the above and the paragraph headed “Termination of the Old Placing Agreement” below, there has been no other fund raising activities engaged by the Company during the past twelve months preceding the date of this announcement.

## **TERMINATION OF THE OLD PLACING AGREEMENT**

Reference is made to the Company’s announcement dated 19 March 2010 regarding the Old Placing Agreement whereby the Placing Agent agreed to procure not fewer than six places to subscribe for a maximum of 260,000,000 Shares at the Placing Price and a maximum of 130,000,000 unlisted warrants (on the basis of one warrant for every two Shares subscribed) at HK\$0.01 per warrant on a best effort basis. Pursuant to the conditional placing agreement, however, the Placement will be terminated automatically after the Long Stop Date. Due to the declining market price of the Share subsequent to the approval of the Placement by a special general meeting held on 23 April 2010, it is unlikely that the Placement will be completed before the Long Stop Date.

Save for the above, there has been no other fund raising activities engaged by the Company during the past twelve months preceding the date of this announcement.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,439,196,000 Shares in issue. The shareholding structure of the Company (a) as at the date of this announcement; (b) after full exercise of the conversion rights attaching to Subscribed Convertible Bonds only; (c) after the full exercise of the conversion rights attaching to the Placing Convertible Bonds only; and (d) after full exercise of the conversion rights attaching to the Convertible Bonds are as follows:

Shareholders	Existing shareholding (as at the date of this announcement)		Assuming only the Subscribed Convertible Bonds are fully converted at the Conversion Price of HK\$0.65 each		Assuming only Placing Convertible Bonds are fully converted at the Conversion Price of HK\$0.65 each		Assuming the Convertible Bonds are fully converted at the Conversion Price of HK\$0.65 each	
	No. of Shares held	% of issued share capital of the Company	No. of Shares held	% of enlarged share capital of the Company	No. of Shares held	% of enlarged share capital of the Company	No. of Shares held	% of enlarged share capital of the Company
1. Brilliant Bright Holdings Limited and its concert parties (Note 1)	1,350,000,000	39.25	1,350,000,000	23.49	1,350,000,000	32.08	1,350,000,000	20.72
2. Beijing Enterprises Group (BVI) Company Limited and its concert parties (Note 2)	—	—	2,307,692,307	40.16	—	—	2,307,692,307	35.41
3. Sub-total of Subscriber and its concert parties (1+2)	1,350,000,000	39.25	3,657,692,307	63.65	1,350,000,000	32.08	3,657,692,307	56.13
4. Mr LIN Chun Kuei (Note 3)	63,051,200	1.83	63,051,200	1.10	63,051,200	1.50	63,051,200	0.97
5. Thular Limited (Note 4)	400,000,000	11.63	400,000,000	6.96	400,000,000	9.50	400,000,000	6.14
6. Sub-total of connected persons (3+4 +5)	1,813,051,200	52.71	4,120,743,507	71.71	1,813,051,200	43.08	4,120,743,507	63.24
7. Placees under the Placing (Note 5)	—	—	—	—	769,230,769	18.28	769,230,769	11.80
8. Public	1,626,144,800	47.29	1,626,144,800	28.29	1,626,144,800	38.64	1,626,144,800	24.96
9. Sub-total of public shareholders (7+8)	1,626,144,800	47.29	1,626,144,800	28.29	2,395,375,569	56.92%	2,395,375,569	36.76
<b>Total (6+9)</b>	<b>3,439,196,000</b>	<b>100.00</b>	<b>5,746,888,307</b>	<b>100.00</b>	<b>4,208,426,769</b>	<b>100.00</b>	<b>6,516,119,076</b>	<b>100.00</b>

### Notes:

- Brilliant Bright is the beneficial owner of 1,350,000,000 Shares and is wholly owned by Beijing Holdings. Beijing Holdings is a wholly-owned subsidiary of the BEGCL, it is deemed to be a party acting in concert with the Subscriber under the Takeovers Code.
- Beijing Enterprises Group (BVI) Company Limited, the Subscriber, is wholly owned by the BEGCL and thus, a connected party of the Company under the Listing Rules and is deemed to be a party acting in concert with Brilliant Bright and Beijing Holdings under the Takeovers Code.
- Mr LIN Chun Kuei is a non-executive Director of the Company.

4. Thular Limited is formerly known as Timekey Limited and the change of name had taken effect since 9 October 2009. Thular Limited is the beneficial owner of 200,000,000 shares and warrants attached with rights of subscription for 200,000,000 shares. As Thular Limited is wholly owned by Kerry Holdings Limited which is in turn wholly owned by Kerry Group Limited, Kerry Holdings Limited and Kerry Group Limited are also deemed to be interested in the said shares and underlying shares. Thular Limited is not a connected party of the Company under the Listing Rules and it is not a concert party of Brilliant Bright and Beijing Holdings and the Subscriber under the Takeovers Code.
5. None of the Placees will become a substantial shareholder of the Company as a result of the exercise of the conversion rights attaching to the Placing Convertible Bonds.

Save and except as disclosed in the aforesaid table, the Subscriber or any person acting in concert with it have not held any convertible securities, warrants or options of the Company. As at the date of this Announcement, (i) the Subscriber or any person acting in concert with it have not received any irrevocable commitment to vote for or against the Subscription Agreement and the Whitewash Waiver; (ii) there are no outstanding derivatives in respect of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; (iii) there are no arrangements in relation to the relevant securities which might be material to the Subscription Agreement and the Whitewash Waiver; (iv) there are no agreements or arrangements to which the Subscriber is party which relate to the circumstances in which it may invoke or seek to invoke a pre-condition or a condition to the Subscription Agreement (other than those stated under the paragraph headed “Conditions Precedent to the Subscription Agreement”) and the Whitewash Waiver; (v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Subscriber or any person acting in concert with it has borrowed or lent.

## **WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber and its ultimate beneficial owners and their respective parties acting in concert are beneficially interested in a total of 1,350,000,000 Shares representing approximately 39.25% of the existing issued share capital of the Company. If the Subscriber exercises its right to fully convert the Subscribed Convertible Bonds into Shares, the interest of the Subscriber, its ultimate beneficial owners and their respective parties acting in concert with it will increase from approximately 39.25% to a maximum of approximately 56.13% of the enlarged issued share capital of the Company as enlarged by the issue of Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds. In the event that (i) upon conversion of some of the Subscribed Convertible Bonds which leads to an increase in the shareholding of the Subscriber by 2% or more in any 12-month period or (ii) the shareholding of the ultimate beneficial owners of the Subscriber and their respective parties acting in concert falls below 30% as a result of the allotment and issuance of the new shares by the Company and upon conversion of some or all of the Subscribed Convertible Bonds by the Subscriber which leads to the Subscriber, its ultimate beneficial owners and their respective parties acting in concert holding shares representing more than 30%, the Subscriber, its ultimate beneficial owners and their respective parties acting in concert will be obliged to make an unconditional mandatory general offer for all the issued shares of the Company not already owned by the Subscriber, its ultimate beneficial owners and their respective parties acting in concert under Rule 26 of the Takeovers Code, unless a waiver from strict compliance with Rule 26 of the Takeovers Code has been obtained from the Executive.

As a result, an application will be made by the Subscriber to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders taken by way of a poll at the SGM.

If the Whitewash Waiver is not obtained, each of the Bondholders (or any of their respective parties acting in concert with them within the Takeovers Code) shall not exercise any of its right to convert the Convertible Bonds into Conversion Shares and the Company shall not issue any Conversion Shares, to such an extent that would result in the Bondholders (or any of their respective parties acting in concert with them within the Takeovers Code) being obliged to make a mandatory offer for the Shares under the Takeovers Code. (Please refer to the section “Conversion”).

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber is incorporated in the British Virgin Islands. The Company is wholly owned by the BEGCL and is the major shareholder of Beijing Enterprises Holdings Limited, a company whose stocks are listed on the Stock Exchange (Stock code: 0392). The Subscriber's principal activity is investment holding.

## **REASONS FOR THE SUBSCRIPTION AND THE PLACING AND USE OF PROCEEDS**

The Company acts as an investment holding company. Its subsidiaries are engaged in the business of property development in the PRC and the design and sales of home gardening and plastic decorative products.

The Directors consider that the Subscription and the Placing will provide immediate funding without immediate dilution of the shareholding of the existing Shareholders, and, on exercise of the conversion rights attaching to the Convertible Bonds, benefit the long-term development of the Company by broadening the equity base of the Company. They will also strengthen the financial position of the Company and will further enable it to make investments in new acquisitions or business ventures in the property sector when suitable opportunities arise in the future.

The maximum gross proceeds of the Subscription and the Placing is approximately HK\$2,000,000,000. The maximum net aggregate proceeds of the Subscription and Placing is approximately HK\$1,990,000,000, the entire amount of which will be used for the Group to seek for any future possible acquisitions and strategic investment in the property sector which may contribute to the revenue of the Group.

The Directors consider that the Subscription Agreement and the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and the Placing Agent, respectively, and that the terms of both Agreements and the issue of the Convertible Bonds are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## **INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company as at the date of this announcement is HK\$500,000,000 divided into 5,000,000,000 Shares of which 3,439,196,000 Shares have been issued and are fully paid and 3,076,923,076 new Shares will be issued upon full conversion of the Convertible Bonds. In order to accommodate the future expansion and the growth of the Company, the Directors propose to increase the Company's authorised share capital from HK\$500,000,000 to HK\$1,000,000,000 to be divided into 10,000,000,000 Shares, by creation of additional 5,000,000,000 unissued Shares.

## **SGM**

The SGM will be convened to consider and, if thought fit, approve, among other things, (i) the Subscription Agreement and the transaction contemplated thereunder, which constitute a connected transaction; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Terms and Conditions; (iv) the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate; (v) the increase in authorized share capital of the Company, by the Shareholders; and (vi) the Whitewash Waiver; whereupon the Subscription Agreement and the Whitewash Waiver will be required to be approved by the Independent Shareholders.



As the Subscriber is a connected person in relation to the Subscription Agreement under the Listing Rules, the Subscriber, its beneficial owners and parties acting in concert with any one of them will abstain from voting in respect of the relevant resolution approving the issuance of the Convertible Bonds under the Subscription Agreement at the SGM.

As the Subscription, Placing and issue of any Convertible Bonds may or may not complete, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

## **GENERAL**

As at the date of this announcement, the Subscriber is the wholly-owned subsidiary of BEGCL, the ultimate substantial shareholder of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which requires approval of the Independent Shareholders by way of poll at the SGM. The Subscriber and/or its associates shall abstain from voting at the SGM on the resolution in respect of the Subscription Agreement and the transactions contemplated thereunder, which in aggregate represent approximately 39.25% of the total shareholding of the Company at the date of this announcement, at the SGM.

The Whitewash Waiver Independent Board Committee comprising Mr. Goh Gen Cheung, Mr. Ma Chiu Cheung, Andrew, Mr. Ng Tang Fai, Ernesto and Mr. Lin Chun Kuei, all being the non-executive Directors, has been established to advise the Independent Shareholders in respect of the voting on the resolutions to approve the Subscription and the Whitewash Waiver. In addition, the Connected Transaction Independent Board Committee comprising Mr. Goh Gen Cheung, Mr. Ma Chiu Cheung, Andrew, Mr. Ng Tang Fai, Ernesto, all being the independent non-executive Directors has been established to advise the Independent Shareholders on how to vote in respect of the Subscription. Both the Whitewash Waiver Independent Board Committee and the Connected Transaction Independent Board Committee will make their recommendations to the Independent Shareholders after taking into account the recommendations of the independent financial adviser to be appointed by the Company. Further announcement for the appointment of the independent financial adviser in compliance with Rule 2.1 of the Takeovers Code will be made as soon as possible when the appointment is made.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued pursuant to the Convertible Bonds.

A circular is expected to be despatched by the Company to the Shareholders on or before 16 July 2010 containing details of (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Terms and Conditions; (iv) the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate; (v) the Whitewash Waiver; (vi) letters from the independent board committees of the Company containing their advice and recommendation to the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; (vii) a letter from an independent financial adviser to the independent board committees of the Company and the Independent Shareholder containing its advice to them in respect of the Subscription and the Whitewash Waiver; (viii) the increase in authorized share capital of the Company; and (ix) a notice convening the SGM.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BEGCL”	means Beijing Enterprises Group Company Limited
“Beijing Holdings”	means Beijing Holdings Limited
“Board”	the board of Directors of the Company
“Bondholder(s)”	the person(s) registered in the register of Bondholders of the Company as the holder(s) of the Convertible Bond(s), and (in relation to a Convertible Bond) “holder(s)” means the person(s) in whose name a Convertible Bond is registered
“Brilliant Bright”	means Brilliant Bright Holdings Limited
“Business Day”	means any day (excluding a Saturday or Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed commercial banks are generally open for business in Hong Kong
“CB Announcement”	the announcement dated 25 June 2010 published by the Company regarding (i) connected transactions involving subscription for convertible bonds by BEGCL, placing of Convertible Bonds under a specific mandate, Whitewash Waiver and proposed increase in authorized share capital and (ii) termination of the Old Placing Agreement date 19 March 2010.
“Closing Price”	in respect of the Shares for any Trading Day, means the closing market price published by the Stock Exchange
“Company”	BEIJING PROPERTIES (HOLDINGS) LIMITED (Stock code: 925), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion Date”	means the day on which the completion of the Subscription or the Placing (as the case may be) takes place, which shall be, in respect of the Subscription, the Subscription Completion Date and, in respect of the Placing, the Placing Closing Date
“connected person(s)”	has the meaning ascribed to it in the Listing Rules, and “connected” shall be construed accordingly

“Connected Transaction Independent Board Committee”	the independent committee of the Board consisting of all independent non-executive Directors to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Conversion Date”	in respect of a Convertible Bond of which the conversion right attaching thereto is exercisable, means the Trading Day immediately following the date of the surrender of the relevant certificate and delivery of the relevant conversion notice and, if applicable, any payment to be made or indemnity given under the Terms and Conditions in connection with the exercise of such conversion right
“Conversion Period”	the period commencing on the date of issue of the Convertible Bonds and ending at (a) if the relevant Convertible Bonds shall not have been called for redemption before Maturity Date, then on Maturity Date, or (b) if the relevant Convertible Bonds shall have been called for redemption before Maturity Date or Mandatory Conversion pursuant to the Terms and Conditions, then the close of business on a date no later than seven (7) Business Days prior to the date fixed for redemption or Mandatory Conversion (as the case may be), or (c) if a notice of redemption has been given by the relevant Bondholder pursuant to the Terms and Conditions, then the close of business on the day prior to the giving of such notice
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bond(s) by the Bondholder(s) thereof
“Convertible Bond(s)”	zero coupon convertible bond(s) denominated in Hong Kong dollars to be issued by the Company in 2 tranches, one tranche with an aggregate principal amount of HK\$1,500,000,000 under the Subscription Agreement and the other tranche with an aggregate principal amount of HK\$500,000,000 under the Placing Agreement and on terms to be set out in the Terms and Conditions; for the avoidance of doubt, it comprises the Placing Convertible Bond(s) and the Subscribed Convertible Bond(s)
“Director(s)”	director(s) of the Company
“Executive”	the executive director of the Corporate Finance Division of the SFC or any delegate of the executive director
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholders”	Shareholders other than the Subscriber, its ultimate beneficial owner and their respective concert parties and their respective associates and those (if any) who are interested in or involved in the Subscription Agreement and the Whitewash Waiver pursuant to the Listing Rules and Takeovers Code and the transactions contemplated thereunder
“Last Full Trading Day”	24 June 2010, being the last full trading day immediately prior to the date of the Subscription Agreement and the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2010, being the Long Stop date of the Old Placing Agreement
“Maturity Date”	Five years from the date of issue of the Convertible Bonds
“Old Placing Agreement”	a conditional placing agreement dated 19 March 2010 entered into by the Company and the Placing Agent
“Placee(s)”	placee(s) of the Placing
“Placing”	the placing of the Placing Convertible Bonds as contemplated under the Placing Agreement
“Placing Agent”	Vision Finance International Company Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 25 June 2010 entered into between the Company and the Placing Agent
“Placing Closing Date”	the date of completion of the Placing which shall take place on the third (3rd) Business Day immediately after the conditions referred to in the sub-section headed “Conditions precedent to the Placing Agreement” in this announcement above have been fulfilled and/or waived or such later date as the Company and the Placing Agent may agree in writing.
“Placing Convertible Bond(s)”	zero coupon convertible bond(s) denominated in Hong Kong dollars to be issued by the Company with an aggregate principal amount of HK\$500,000,000 under the Placing Agreement and on terms to be set out in the Terms and Conditions
“Placing Price”	the placing price of HK\$0.8 per share under the Old Placing Agreement

“Put Option Date”	means any day after the first anniversary of the issue of the Convertible Bonds
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	The Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	person(s) registered in the books of the Company as the holder(s) of Share(s) for the time being
“Specific Mandate”	the specific mandate for the allotment and issue of the Conversion Shares to be granted to the Directors by the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribed Convertible Bond(s)”	zero coupon convertible bond(s) denominated in Hong Kong dollars to be issued by the Company with an aggregate principal amount of HK\$1,500,000,000 under the Subscription Agreement and on terms to be set out in the Terms and Conditions
“Subscriber”	Beijing Enterprises Group (BVI) Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, a substantial shareholder of the Company
“Subscription”	the subscription for the Subscribed Convertible Bonds as contemplated under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25 June 2010 and made between the Company and the Subscriber in connection with the issue of the Subscribed Convertible Bonds
“Subscription Completion Date”	the day on which the completion of Subscription takes place, which shall be the third (3rd) Business Day after the date on which the conditions precedent to the Subscription Agreement are fulfilled and/or waived
“SGM”	the special general meeting of the Company to be convened to approve, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder, which constitute a connected transaction; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the Terms and Conditions; (iv) the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds under the Specific Mandate; (v) the increase in authorized share capital of the Company; and (vi) the Whitewash Waiver.

“Subsidiary(ies)”	a company(ies) or business entity(ies) in which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or business entity or whose financial statements are consolidated with those of the Company or which under generally accepted accounting principles applicable in Hong Kong from time to time, should have its financial statements consolidated with those of the Company
“Takeovers Code”	“The Codes on Takeovers and Mergers and Share Repurchases” issued by the SFC
“Terms and Conditions”	the terms and conditions of the Convertible Bonds
“Trading Day”	a day when the Stock Exchange is open for dealing business
“Warranties”	the representations, warranties and undertakings given by the Company contained in the Placing Agreement
“Whitewash Waiver”	a waiver from the obligation of the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them to make a general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
“Whitewash Waiver Independent Board Committee”	the independent committee of the Board consisting of all non-executive Directors to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“HK\$” or “HK dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**Siu Kin Wai**  
*Company Secretary*

Hong Kong, 29 June 2010

*As at the date of this announcement, Mr. Lei Zhengang, Mr. Qian Xu and Mr. Siu Kin Wai are the Executive Directors; Mr. Lin Chun Kuei is the Non-Executive Director; and Mr. Goh Gen Cheung, Mr. Ma Chiu Cheung, Andrew and Mr. Ng Tang Fai, Ernesto are the Independent Non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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 statements in this announcement misleading.*