
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Development (Hong Kong) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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北 京 發 展 (香 港) 有 限 公 司

BEIJING DEVELOPMENT (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

DISCLOSEABLE AND CONNECTED TRANSACTION

Financial adviser to Beijing Development (Hong Kong) Limited

 **ERNST & YOUNG**

Ernst & Young Corporate Finance Limited

Independent financial adviser to the Independent Board Committee



Guotai Junan Capital Limited

A letter from the Board is set out on pages 4 to 9 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 10 of this circular. A letter from Guotai Junan Capital Limited containing its advice to the Independent Board Committee is set out on pages 11 to 16 of this circular.

A notice convening an extraordinary general meeting of Beijing Development (Hong Kong) Limited to be held at Chater Room II, Basement 1, the Ritz-Carlton, 3 Connaught Road Central, Hong Kong at 4:00 p.m. on Monday, 17 November 2003 is set out on pages 21 and 22 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Tengis Limited, the share registrar of Beijing Development (Hong Kong) Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

29 October 2003

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisitions”	the BJ Acquisition and the WE Acquisition
“Agreements”	the Beijing Jetrich Agreement and the Wisdom Elite Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Enterprises”	Beijing Enterprises Holdings Limited (北京控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Beijing Jetrich”	Beijing Enterprises Jetrich Holdings Limited, a 51% owned subsidiary of Beijing Development incorporated in the British Virgin Islands with limited liability, which will become a 72% owned subsidiary of the Company upon Completion
“Beijing Jetrich Agreement”	the conditional sale and purchase agreement dated 7 October 2003, entered into between Cosmos Vantage, Mr. Chung Kwok Ho and Cyber Vantage
“BETIT”	Beijing Enterprises Teletron Information Technology Co. Ltd. (北京北控電信通信息技術有限公司), a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of Cyber Vantage
“BETIT Group”	BETIT and its subsidiaries
“BJ Acquisition”	the proposed acquisition of a 49% interest in Beijing Jetrich by Cyber Vantage from Cosmos Vantage pursuant to the Beijing Jetrich Agreement
“BJ Group”	Beijing Jetrich and its subsidiaries
“Board”	the board of the Directors
“Company”	Beijing Development (Hong Kong) Limited (北京發展(香港)有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the BJ Acquisition and the WE Acquisition pursuant to the Beijing Jetrich Agreement and the Wisdom Elite Agreement respectively
“Cosmos Vantage”	Cosmos Vantage Limited, a company incorporated in the British Virgin Islands with limited liability, which holds a 49% interest in Beijing Jetrich
“Cyber Vantage”	Cyber Vantage Group Limited, which is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
“Cyber Vantage Shares”	shares of US\$1.00 each in the share capital of Cyber Vantage
“Director(s)”	the directors of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve the Acquisitions
“Group”	Beijing Development and its subsidiaries
“Guotai Junan”	Guotai Junan Capital Limited, a deemed licensed corporation under the SFO permitted to engage in type 6 of the regulated activities (as defined in the SFO)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	independent board committee of the Board, comprising Mr. Cao Guixing and Mr. Feng Ching Yeng, Frank, established for the purpose of advising the Independent Shareholders in respect of the Acquisitions
“Independent Shareholders”	Shareholders, other than Cosmos Vantage, Mr. He, Mr. Li and their respective associates, who are allowed to vote under the Listing Rules in respect of the Acquisitions
“ISP Consultancy Business”	the internet service provider consultancy business currently carried out by the BETIT Group
“Latest Practicable Date”	27 October 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. He”	Mr. He Yingkai (賀迎凱), who holds a 20% interest in Wisdom Elite
“Mr. Li”	Mr. Li Jichen (李繼成), who holds a 20% interest in Wisdom Elite
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reorganisation”	the proposed transfer of the ISP Consultancy Business from BETIT to another wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (as amended from time to time))
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the United States of America
“WE Acquisition”	the proposed acquisition of an aggregate of a 40% interest in Wisdom Elite by Cyber Vantage from Mr. He and Mr. Li pursuant to the Wisdom Elite Agreement
“WE Group”	Wisdom Elite and its subsidiaries
“Wisdom Elite”	Wisdom Elite Holdings Limited, a 60% owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability, which will become a 72% owned subsidiary of the Company upon Completion
“Wisdom Elite Agreement”	the conditional sale and purchase agreement dated 7 October 2003 entered into between Mr. He, Mr. Li and Cyber Vantage

In this circular, for information purpose only, certain amounts in RMB have been translated into HK\$ at RMB1 to HK\$0.9434. Such transaction should not be construed as a representation that the RMB amounts have been, could have been or could be converted into HK\$, as the case may be, at this or any other rates at all.

LETTER FROM THE BOARD



北 京 發 展 (香 港) 有 限 公 司

BEIJING DEVELOPMENT (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

Directors:

Mr. Ng Kong Fat, Brian (*Managing Director*)
Mr. E Meng (*Deputy Managing Director*)
Dr. Mao Xiang Dong, Peter (*Deputy Managing Director*)
Mr. Zhao Jifeng (*Deputy Managing Director*)

Registered office:

Mezzanine Floor
Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

Independent non-executive Directors:

Mr. Cao Guixing
Mr. Feng Ching Yeng, Frank

29 October 2003

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

The Directors refer to the joint announcement of Beijing Enterprises and the Company dated 7 October 2003 regarding the Acquisitions.

An Independent Board Committee, comprising Mr. Cao Guixing and Mr. Feng Ching Yeng, Frank, has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the Acquisitions. Guotai Junan has been appointed as the independent financial adviser to advise the Independent Board Committee in this regard.

The purpose of this circular is to provide you with further information on and to seek your approval for the Acquisitions. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 10 of this circular. A copy of the letter from Guotai Junan to the Independent Board Committee containing its advice in relation to the Acquisitions is set out on pages 11 to 16 of this circular.

LETTER FROM THE BOARD

THE AGREEMENTS

Date

7 October 2003

Parties

The Beijing Jetrich Agreement

Vendor : Cosmos Vantage, which owns a 40% interest in Beijing Jetrich

Purchaser : Cyber Vantage, a wholly-owned subsidiary of the Company

Guarantor : Mr. Chung Kwok Ho, the beneficial owner of Cosmos Vantage, who has agreed to guarantee all the obligations of Cosmos Vantage under the Beijing Jetrich Agreement

The Wisdom Elite Agreement

Vendors : Mr. He and Mr. Li, each of whom owns a 20% interest in Wisdom Elite

Purchaser : Cyber Vantage

Assets to be acquired and consideration for the Acquisitions

The Beijing Jetrich Agreement

Pursuant to the Beijing Jetrich Agreement, Cyber Vantage has conditionally agreed to acquire 49% of the issued share capital of Beijing Jetrich from Cosmos Vantage in consideration for the issue of 200 new Cyber Vantage Shares to Cosmos Vantage.

The Wisdom Elite Agreement

Pursuant to the Wisdom Elite Agreement, Cyber Vantage has conditionally agreed to acquire in aggregate 40% of the issued share capital of Wisdom Elite, of which 20% is to be acquired from Mr. He and 20% from Mr. Li in consideration for the issue of 40 new Cyber Vantage Shares to Mr. He and 40 new Cyber Vantage Shares to Mr. Li.

The above terms of the Beijing Jetrich Agreement and the Wisdom Elite Agreement were determined by the respective parties to the Agreements after arm's length negotiations, in particular, with reference to the business valuation of each of BETIT (on the basis that the Reorganisation had been completed), Beijing Jetrich and Wisdom Elite as at 31 August 2003 of approximately RMB176 million (equivalent to approximately HK\$166 million), RMB232 million (equivalent to approximately HK\$219 million) and RMB109 million (equivalent to approximately HK\$103 million), respectively. Such business valuations were performed by an independent valuer, Vigers Hong Kong Limited. No monetary value is assigned as the consideration for the Acquisitions under the Agreements.

The Directors consider that the terms of the Agreements are fair and reasonable.

LETTER FROM THE BOARD

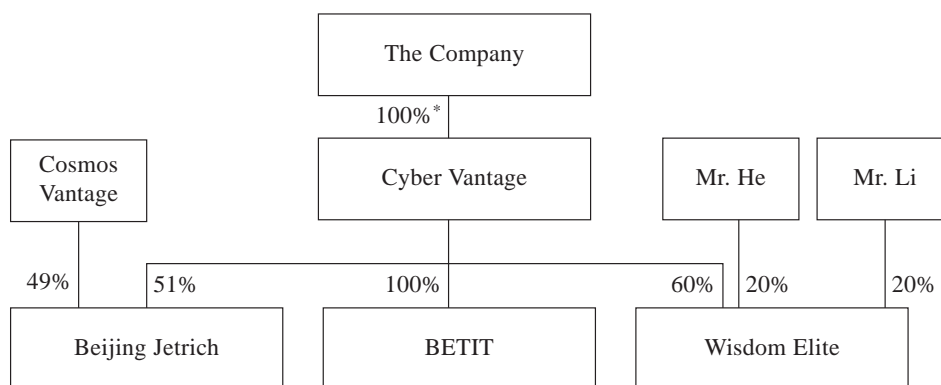
Conditions

Completion of the Beijing Jetrich Agreement and the Wisdom Elite Agreement shall take place simultaneously with each other and is subject to (a) the Agreements and the transactions contemplated thereunder being approved by the Independent Shareholders and the shareholders of Beijing Enterprises who are allowed to vote on the transactions under the Listing Rules, and (b) completion of the Reorganisation.

If any of the conditions are not fulfilled on or before the expiry of the 65 business day period from the date of the Agreements (i.e. 9 January 2004) or such other dates as may be agreed between the parties to the Agreements, the Agreements shall save with respect to liabilities for any antecedent breaches thereof lapse and become null and void and the parties to the Agreements will be released from all obligations thereunder.

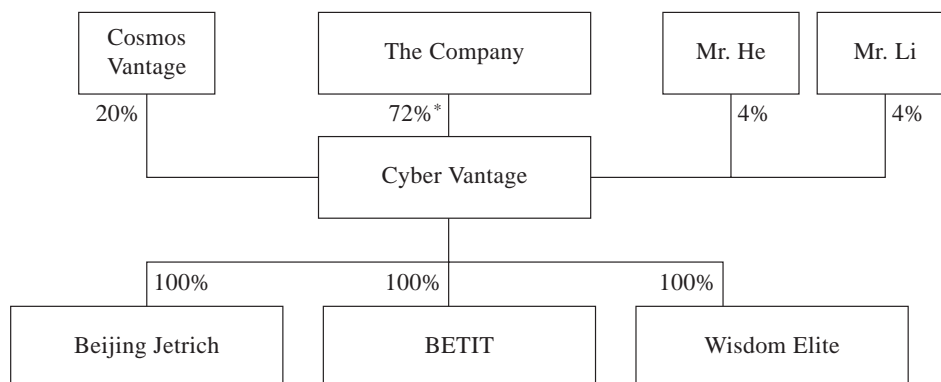
SHAREHOLDING STRUCTURES

The following chart sets out the shareholding structures of Cyber Vantage, Beijing Jetrich and Wisdom Elite as at the Latest Practicable Date:



* indirect shareholding

The following chart sets out the shareholding structures of Cyber Vantage, Beijing Jetrich and Wisdom Elite immediately after Completion:



* indirect shareholding

LETTER FROM THE BOARD

INFORMATION ON BETIT

BETIT is a wholly foreign owned enterprise established in the PRC in February 2001 with a registered capital of RMB65 million and a term of operation of 30 years from 20 February 2001. BETIT was acquired by the Group in October 2001. Details of such acquisition were set out in an announcement of the Company dated 20 September 2001 and a circular of the Company dated 10 October 2001. Currently, the BETIT Group is principally engaged in (a) the provision of systems integration business in Beijing, the PRC, and (b) the ISP Consultancy Business. As a term of the Beijing Jetrich Agreement and the Wisdom Elite Agreement, the Reorganisation will be carried out prior to Completion. Pursuant to the Reorganisation, the ISP Consultancy Business of BETIT will be transferred to another wholly-owned subsidiary of the Company. Upon completion of the Reorganisation, the BETIT Group will focus on the systems integration business.

The table set out below shows the unaudited consolidated profit before and after taxation and minority interest of BETIT (excluding the profits derived from the ISP Consultancy Business of the BETIT Group) for the period from its date of establishment to 31 December 2001 and the year ended 31 December 2002:

	For the period from 20 February 2001 to 31 December 2001		Year ended 31 December 2002	
	RMB	HK\$	RMB	HK\$
	(in million)	(in million)	(in million)	(in million)
Profit before taxation and minority interest	14.6	13.8	22.6	21.3
Profit after taxation and minority interest	14.1	13.3	21.6	20.4

As at 31 December 2002, the unaudited consolidated net tangible asset value of BETIT was approximately RMB85.8 million (equivalent to approximately HK\$80.9 million) after declaration of the final dividend of RMB35 million (equivalent to approximately HK\$33.0 million) for the year ended 31 December 2002. The proposed Reorganisation will not involve a transfer of any physical assets and the net asset value of the BETIT Group will not be affected as a result of the proposed Reorganisation.

Following Completion, the Company's effective interest in BETIT will decrease from 100% to 72%.

INFORMATION ON BEIJING JETRICH

The BJ Group is principally engaged in the provision of both hardware and software solutions to students, schools and other education entities in Beijing, the PRC.

The table set out below shows the unaudited consolidated profit before and after taxation and minority interest of Beijing Jetrich for the period from 8 April 2002 (the incorporation date of Beijing Jetrich) to 31 December 2002:

	For the period from 8 April to 31 December 2002	
	RMB	HK\$
	(in million)	(in million)
Profit before taxation and minority interest	9.8	9.2
Profit after taxation and minority interest	8.7	8.2

LETTER FROM THE BOARD

As at 31 December 2002, the unaudited consolidated net tangible asset value of Beijing Jetrich was approximately RMB26.0 million (equivalent to approximately HK\$24.5 million) after deducting the special dividend of RMB6 million (equivalent to approximately HK\$5.7 million) declared in September 2003.

Following Completion, the Company's effective interest in Beijing Jetrich will increase from 51% to 72%.

INFORMATION ON WISDOM ELITE

The WE Group is principally engaged in the development and sale of social security management information systems and tax management information systems in the PRC. The clients of Wisdom Elite include governmental agencies and private enterprises in the PRC. The Group acquired its 60% interest in the WE Group from Mr. He and Mr. Li in January 2003. Details of such acquisition were set out in the Company's announcement dated 20 December 2002.

The table set out below shows the unaudited proforma consolidated profit before and after taxation and minority interest of Wisdom Elite for the two years ended 31 December 2002:

	Year ended 31 December			
	2001		2002	
	RMB (in million)	HK\$ (in million)	RMB (in million)	HK\$ (in million)
Profit before taxation and minority interest	3.0	2.8	2.2	2.1
Profit after taxation and minority interest	2.5	2.4	1.8	1.7

Note: The above proforma financial information on the WE Group was prepared on the basis that the structure of the WE Group at the time when the Group acquired its interest in the WE Group had been in existence since 1 January 2001.

As at 31 December 2002, the unaudited consolidated net tangible asset value of Wisdom Elite was approximately RMB6.4 million (equivalent to approximately HK\$6.0 million).

Following Completion, the Company's effective interest in Wisdom Elite will increase from 60% to 72%.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the provision of information technology solutions to several industries in the PRC, internet and communications related services, restaurant operation and property investment. The Acquisitions are proposed with a view to reorganising the corporate structure of and forming a separate integrated platform for the information technology related businesses of the Group. The Directors consider that the ISP Consultancy Business is a communication technology orientated business and is not directly in line with the other information technology related businesses of the Group and, as such, the ISP Consultancy Business will be transferred to a separate entity under the Company pursuant to the Reorganisation. After Completion, Cyber Vantage will become the holding company for all the major information technology related businesses of the Group. The Directors believe that the corporate structure of the information technology related businesses of the Group following Completion will allow more efficient management, facilitate the long-term development and any possible future fund raising exercises and therefore enhance the overall earnings ability and value of such businesses as a whole.

The Directors consider that the Acquisitions are in the interests of the Company.

LETTER FROM THE BOARD

DISCLOSEABLE AND CONNECTED TRANSACTION

The Acquisitions involve transactions between Cyber Vantage, a wholly-owned subsidiary of the Company and the substantial shareholders of Beijing Jetrich and Wisdom Elite respectively, both non-wholly owned subsidiaries of the Company. The Acquisitions, in aggregate, constitute a discloseable and connected transaction for the Company under the Listing Rules and are conditional on, among other things, approval by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, the beneficial owner of Cosmos Vantage and his wife held 76,000 Shares in aggregate, Mr. He held 6,361,200 Shares and Mr. Li held 6,361,200 Shares. Cosmos Vantage, Mr. He, Mr. Li and their respective associates will abstain from voting at the EGM in respect of the resolution for considering and approving the Acquisitions.

THE EGM

Notice of the EGM is set out on pages 21 and 22 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 10 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Acquisitions and (ii) the letter from Guotai Junan set out on pages 11 to 16 of this circular which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the terms of the Acquisitions.

The Independent Board Committee, having taken into account the advice of Guotai Junan, considers that the Acquisitions are in the interests of the Company and the Independent Shareholders as a whole and that the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the Acquisitions.

Yours faithfully,
By order of the Board
Beijing Development (Hong Kong) Limited
Ng Kong Fat, Brian
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



北 京 發 展 (香 港) 有 限 公 司

BEIJING DEVELOPMENT (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

29 October 2003

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular issued by the Company to the Shareholders dated 29 October 2003 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the terms of the Acquisitions and to advise the Independent Shareholders whether their terms are fair and reasonable so far as the Independent Shareholders are concerned. Guotai Junan has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal factors and reasons considered by, and the advice of Guotai Junan as set out in its letter of advice, we consider that the Acquisitions are in the interests of the Company and the Independent Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Acquisitions at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Cao Guixing

Feng Ching Yeng, Frank

Independent non-executive Directors

LETTER FROM GUOTAI JUNAN

The following is the text of the letter received from Guotai Junan in respect of the Acquisitions which has been prepared for the purpose of inclusion in this circular:



Guotai Junan Capital Limited

27/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

29 October 2003

To the Independent Board Committee of
Beijing Development (Hong Kong) Limited

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular dated 29 October 2003 (the "Circular") to the shareholders of Beijing Development (Hong Kong) Limited, of which this letter forms parts. Terms used in this letter shall have the same meanings as defined in the Circular unless the context of this letter otherwise requires.

We have been engaged to advise the Independent Board Committee in respect of the fairness and reasonableness of the terms of the Acquisitions so far as the Independent Shareholders are concerned. Details of the Acquisitions are contained in the letter from the Board set out on pages 4 to 9 of the Circular.

The Acquisitions involve transactions between Cyber Vantage, a wholly-owned subsidiary of the Company, and the substantial shareholders of Beijing Jetric and Wisdom Elite respectively, both non-wholly owned subsidiaries of the Company. Pursuant to the Listing Rules, the Acquisitions, in aggregate, constitute a discloseable and connected transaction for the Company and are conditional on, among other things, approval by the Independent Shareholders.

In formulating our opinion, we have relied on the accuracy of the information and facts supplied to us by the Company, and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of the Circular. We have also assumed all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company and have been confirmed by the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed sufficient information in relation to the Acquisitions to reach an informed view and to justify reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation on the business and affairs of the Group.

LETTER FROM GUOTAI JUNAN

PRINCIPAL FACTORS AND REASONS

In arriving at our view in respect of the Acquisitions, we have taken into consideration the following principal factors and reasons considered by the management of the Company:

1. Reasons for, and benefits of, the Acquisitions

- (a) the Group is principally engaged in (i) the provision of information technology (“IT”) solutions to several industries in the PRC; (ii) the provision of internet and communication related services; (iii) restaurant operation; and (iv) property investment. Through the Acquisitions and the Reorganisation, the Group is able to form a separate integrated platform for the IT related businesses of the Group so that its resources for the IT related businesses will be focused;
- (b) as mentioned in the 2002 annual report of the Company, the Company planned to increase its market penetration in the educational IT sector in Beijing and to work closely with the Municipal Labour and Social Security Bureau in Beijing with a view to providing modern, suitable IT solutions for the social security sector in Beijing. The Acquisitions will enhance the achievement of the above business strategies of the Group;
- (c) the Acquisitions will offer a synergy effect to the Group’s IT related businesses such that the efficiency of management can be enhanced and administration costs can be reduced;
- (d) upon Completion, Cyber Vantage will become the 100% holding company of BJ Group, BETIT Group and WE Group, through which the Group operates its IT related businesses, and accordingly, the Group will have a better control and management in these IT operating subsidiaries; and
- (e) the Acquisitions, will facilitate the long-term development and any possible future fund raising exercises of the IT related businesses of the Group.

Given the business nature of the companies underlying the Acquisitions, we noted that the Acquisitions represent a further step for the Group to integrate and expand its IT related businesses.

In light of the above, we consider that the Acquisitions, which are in line with the stated business focus and the intended reorganisation of the Group, are in the interest of the Company and the Shareholders as a whole.

2. The Consideration

The consideration for 49% of the issued share capital of Beijing Jetrich under the Beijing Jetrich Agreement and 40% of the issued share capital of Wisdom Elite under the Wisdom Elite Agreement will be settled by the issuance of 200, 40 and 40 new Cyber Vantage Shares to Cosmos Vantage, Mr. He and Mr. Li respectively. The basis of the consideration for the Acquisitions was arrived at after arm’s length negotiations, in particular, with reference to the respective business valuation of each of BETIT (on the basis that the Reorganisation had been completed), Beijing Jetrich and Wisdom Elite as at 31 August, 2003 of approximately RMB176 million (equivalent to approximately HK\$166 million), RMB232 million (equivalent to approximately HK\$219 million) and RMB109 million (equivalent to approximately HK\$103 million) (the “Valuations”), respectively. Such Valuations were performed by an independent valuer, Vigers Hong Kong Limited (the “Independent Valuer”).

LETTER FROM GUOTAI JUNAN

We understand from the Directors that the existing entire issued share capital of Cyber Vantage consists of 720 Cyber Vantage Shares prior to the Acquisitions. Taking into account the 200, 40 and 40 new Cyber Vantage Shares to be issued to Cosmos Vantage, Mr. He and Mr. Li respectively, the entire issued share capital of Cyber Vantage will be enlarged to 1,000 Cyber Vantage Shares upon Completion. Accordingly, Cosmos Vantage, Mr. He and Mr. Li will hold 20%, 4% and 4% of the enlarged issued share capital of Cyber Vantage upon Completion.

Based on the business enterprise value of Cyber Vantage of approximately RMB517 million (equivalent to approximately HK\$488 million) upon Completion arrived at by the Independent Valuer, the consideration of 200 new Cyber Vantage Shares to be issued to Cosmos Vantage under the Beijing Jetrich Agreement worths approximately RMB103.4 million (equivalent to approximately HK\$97.5 million). Identically, the consideration of 40 and 40 new Cyber Vantage Shares to be issued to each of Mr. He and Mr. Li worths approximately RMB41.4 million in aggregate (equivalent to approximately HK\$39.1 million). Accordingly, the consideration of 49% of the issued share capital of Beijing Jetrich (RMB113.7 million, equivalent to approximately HK\$107.3 million) under the Beijing Jetrich Agreement and 40% of the issued share capital of Wisdom Elite under the Wisdom Elite Agreement represents a discount of approximately 9.1% and 5.0% to the respective business valuation of Beijing Jetrich (RMB113.7 million, equivalent to approximately HK\$107.3 million) and Wisdom Elite (RMB43.6 million, equivalent to approximately HK\$41.1 million). We consider the discounts of such consideration payable under the Acquisitions to the respective business valuation of Beijing Jetrich and Wisdom Elite reasonable.

In assessing the fairness and reasonableness of the considerations payable under the Acquisitions, we have reviewed and discussed with the Independent Valuer on the methodology, and the underlying bases and assumptions adopted in arriving at the Valuations.

Methodology

We understand from the Independent Valuer that they have considered three common approaches to valuation, namely the market, cost and income approaches. Having taken into account the merits of this case, the Independent Valuer considered that the market approach was not appropriate as there are insufficient current comparable transactions from which to form an opinion of valuation. Furthermore, the Independent Valuer also considered that the cost approach was not appropriate since it does not directly incorporate information about the future economic benefits associated with the Acquisitions.

We understand from the Independent Valuer that they have adopted the income approach technique known as the discounted cashflow method, which they consider to be a common business valuation method, in determining the business enterprise value of each of BETIT (on the basis that the Reorganisation had been completed), Beijing Jetrich and Wisdom Elite as at 31 August, 2003. Under this method, the business enterprise values are arrived at by discounting the projected net future cashflow available to the shareholders with the required rate of return on capital the Independent Valuer considers to be appropriate. Having considered the above reasons, we concur with the view of the Independent Valuer that the income approach is the most appropriate methodology among the aforesaid three common approaches, taking into account the merits of this case.

LETTER FROM GUOTAI JUNAN

Bases and Assumptions

In arriving at the Valuations, we are given to understand that the Independent Valuer has taken into account various relevant bases and assumptions in relation to, inter alia, the cashflow projections, growth rate and discount rate. To assess the fairness and reasonableness of the bases and assumptions underlying the Valuations, we have reviewed and discussed with the Independent Valuer the rationale behind such underlying bases and assumptions adopted by them. With respect to bases and assumptions relating to the historical market performance, current market conditions and future market development, we have discussed with the management of the Company apart from reviewing the research materials provided by the Independent Valuer.

(a) Cashflow Projections

We understand that the cashflow projections of each of BETIT (on the basis that the Reorganisation had been completed), Beijing Jetrich and Wisdom Elite have been prepared by their respective management. As advised by the Independent Valuer, the projected net future cashflow is arrived at after deducting, inter alia, the cost of goods sold, selling expenses, administrative expenses and finance costs from the estimated revenue projections. We are given to understand that the cost of goods sold, selling expenses, administrative expenses and finance costs of each of BETIT (on the basis that the Reorganisation had been completed), Beijing Jetrich and Wisdom Elite were estimated by the percentage-of-sales method based on historical figures.

We are advised by the Independent Valuer that they consider the cashflow projections have been made by the respective management of each of BETIT, Beijing Jetrich and Wisdom Elite after due and careful consideration, based on their own review and analysis on, inter alia, overall industry outlook, price trend, intensity of competition, the historical performance and production capacity of the respective companies. Apart from reviewing the analyses performed by the Independent Valuer, we have also discussed with the management of the Company, on a limited scope basis, the entry barriers of the industry, the business plans and market share projections of the respective companies in order to ascertain the fairness and reasonableness of such cashflow projections. In the course of our discussions, nothing has come to our attention that would lead us to believe that such cashflow projections were not prepared on a fair and reasonable basis. Having considered the above factors, we concur with the opinion of the Independent Valuer that the cashflow projections, for which the respective management of each of BETIT, Beijing Jetrich and Wisdom Elite are solely responsible, have been made after due and careful consideration.

(b) Growth Rates

To ascertain the fairness and reasonableness of the growth rates, we are given to understand that the Independent Valuer has collected market analysis and forecasts prepared by certain renowned research institutions as a basis for reference. We are also advised by the Independent Valuer that attributes including, inter alia, earning prospects and working capital of the respective companies have been taken into account to make appropriate adjustments when necessary. Having taken into account the relevant factors, the Independent Valuer considers the growth rates assumed by the management of the respective companies fair and reasonable. In addition to the review of the relevant market

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analysis and forecasts provided by the Independent Valuer, we have also discussed with the management of the Company, on a limited scope basis, in order to assess the sustainability of such growth rates.

(c) Discount Rates

We understand from the Independent Valuer that the Capital Asset Pricing Model has been used to derive the discount rates adopted in the Valuation, which are equivalent to the weighted costs of capital of the respective companies. We note that the Independent Valuer has taken into consideration, inter alia, the required rate of return for risk-free assets, betas for companies of similar business nature, firm-specific risk in relation to the business nature of the respective companies, capital structures of the respective companies, tax rates applicable to the respective companies, liquidity and sovereignty risk premium to arrive at the discount rates. Having taken into account these relevant factors, the Independent Valuer considers the discount rates fair and reasonable.

In ascertaining the fairness and reasonableness of the discount rates, we have discussed with the Independent Valuer the basis on which the discount rates were derived at. In particular, we have discussed with the Independent Valuer the criteria they adopted in selecting the market references used for the computation of betas of the respective companies. We have requested from the Independent Valuer and reviewed the background information of these market references to assess their suitability for being used for the computation of betas of the respective companies.

Having considered the above, we have no reason to doubt the fairness and reasonableness of the methodology, bases and assumptions adopted by the Independent Valuer to arrive at the business valuations of the respective companies, on which the consideration payable under the Acquisitions was based. In addition, having taken into account the discounts of such consideration to the Valuations, we consider the consideration payable under the Acquisitions to be fair and reasonable so far as the interests of the Independent Shareholders are concerned.

3. Financial effects of the Acquisitions

Earnings

Following Completion, the Company's effective interest in Beijing Jetrich and Wisdom Elite will increase from 51% and 60% respectively to 72%, while its effective interest in BETIT will be diluted from 100% to 72%. Effectively, the Company trades off its attributable loss in earnings derived from BETIT with the respective aggregate attributable gain in earnings derived from Beijing Jetrich and Wisdom Elite due to the change of shareholdings in the companies pursuant to the Acquisitions. Based on the unaudited consolidated results of each of BETIT, Beijing Jetrich and Wisdom Elite for the financial year ended 31 December 2002 as revealed in the letter from the Board set out on pages 4 to 9 of the Circular, the Company will incur a pro forma loss of earnings of approximately RMB4.0 million (equivalent to approximately HK\$3.8 million) pursuant to the Acquisitions. Furthermore, the Company will recognise an amortization of goodwill arising from the Acquisitions of approximately RMB1.78 million (equivalent to approximately HK\$1.68 million) annually for the next 10 years.

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Nevertheless, in view of high growth potential of the BJ Group and the WE Group and the anticipated improvement of management efficiency of the Group's IT related businesses, the Directors believe that the Acquisitions will improve the future earnings of the Group. As such, we consider the impact on earnings as a result of the Acquisitions, which is estimated solely on the historical performance of BETIT, Beijing Jetrich and Wisdom Elite for the financial year ended 31 December 2002, rather than taking into account the high growth potential of the businesses of the BJ Group and the WE Group, to be acceptable.

Net asset value and gearing

As advised by the Directors, given the consideration for the Acquisitions exceed the aggregate of the unaudited consolidated net tangible asset value as at 31 December 2002 of the effective interests of Beijing Jetrich and Wisdom Elite to be acquired by Cyber Vantage, a positive goodwill of approximately RMB17.8 million (equivalent to approximately HK16.8 million) will arise and the Group's net tangible assets will be reduced by approximately 5.87% following Completion. We consider such impact on the net tangible assets of the Group immaterial.

Given such positive goodwill will be amortised over 10 years against the Group's profit and loss account rather than being directly written-off against the Group's reserve according to the Group's accounting policy, the Acquisitions are expected to have no impact on the Group's net asset value.

The gearing ratio (net indebtedness over shareholders' equity) of the Group would increase slightly from approximately 13.8% to approximately 14.3% and we consider such slight increase in the Group's gearing ratio to be insignificant.

Working Capital

Since there is no monetary value assigned as the consideration of the Acquisitions, the Directors consider that barring unforeseen circumstances, given the Group's current working capital position and its expected capital expenditure commitment, the Group would have sufficient internal resources to meet such capital requirement without affecting the normal operation.

Taking into account the potential improvement in future earnings and no material impact on the Group's net asset value, gearing ratio and working capital as discussed above, we concur with the Directors' view that the Acquisition will facilitate the long-term development of the IT related businesses of the Group.

RECOMMENDATION

Having considered the above principal factors and reasons, in this particular, we are of the opinion that the Acquisition are in the interests of the Company and the Independent Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisitions.

Yours faithfully,
For and on behalf of
Guotai Junan Capital Limited
David Lui
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(1) Directors' interests in shares of associated corporations

Mr. Ng Kong Fat, Brian, a Director, has personal interests in 1,462,000 ordinary shares of HK\$1 each in the share capital of BD Ah Yat Abalone Group Limited, representing 21.5% of its issued share capital. BD Ah Yat Abalone Group Limited is an associated corporation (within the meaning of Part XV of the SFO) of the Company.

In addition to the above, Mr. Ng Kong Fat, Brian has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the minimum company membership requirement.

(2) Directors' interests in options granted under the share option scheme of the Company

Name of Director	Number of Shares which may be issued pursuant to the options granted		
	Note (a)	Note (b)	Note (c)
Mr. Ng Kong Fat, Brian	2,300,000	1,200,000	—
Mr. E Meng	1,600,000	1,200,000	—
Dr. Mao Xiang Dong, Peter	1,600,000	1,200,000	—
Mr. Zhao Jifeng	—	—	2,800,000

Notes:

- (a) These options were granted on 19 June 2001 at an exercise price of HK\$1.13 per share. The options can be exercised in two or three equal portions. The first portion is exercisable at any time commencing on 1 January 2002, and each further portion becomes exercisable on 1 January in each of the following years. All of the options, if not otherwise exercised, will lapse on 26 June 2006.
- (b) These options were granted on 18 January 2002 at an exercise price of HK\$1.00 per share. The options can be exercised in three equal portions. The first portion is exercisable at any time commencing on 18 January 2002, and each further portion becomes exercisable on 1 January in each of the following years. All of the options, if not otherwise exercised, will lapse on 17 January 2007.

- (c) These options were granted on 24 September 2003 at an exercise price of HK\$1.05 per share. The options can be exercised in three equal portions. The first is exercisable at any time commencing on 2 October 2003, and each further portion become exercisable on 1 January in each of the following years. All of the options, if not otherwise exercised, will lapse on 1 October 2008.

(3) Directors' interests in options to subscribe for shares of Beijing Enterprises, the Company's holding company, under the share option scheme of Beijing Enterprises

Name of Director	Number of shares which may be issued pursuant to the options granted	
	Note (a)	Note (b)
Mr. E Meng	50,000	450,000

Notes:

- (a) These options were granted on 3 March 1998 at an exercise price per Share of HK\$17.03. The options can be exercised at any time in the next 10 years commencing on 1 September 1998.
- (b) These options were granted on 23 June 1998 at an exercise price per Share of HK\$17.03. The options can be exercised in nine equal portions. The first portion is exercisable at any time commencing on 1 January 1999 and one additional portion becomes exercisable on 1 January in each of the following years. All of the options (to the extent not exercised) will become exercisable on 1 January 2007 and, if not otherwise exercised, will lapse on 1 January 2009.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

Up to the Latest Practicable Date, none of the Directors had any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2002, being the date to which the latest published audited financial statements of the Company were prepared.

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any member of the Group (excluding contracts expiring or not determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Number of Shares held (shares)	Percentage of shareholding (%)
Idata Finance Trading Limited (“IFTL”)	275,675,000	55.81
Beijing Enterprises <i>(Note)</i>	275,675,000	55.81
Beijing Holdings Limited (“BHL”) <i>(Note)</i>	275,675,000	55.81
Illumination Holdings Limited	58,618,368	11.87

Note: IFTL is a direct wholly-owned subsidiary of Beijing Enterprises. Beijing Enterprises is held indirectly as to 62.36% by BHL. Accordingly, Beijing Enterprises and BHL are deemed to be interested in the Shares owned by IFTL and BHL is deemed to be interested in the Shares owned by Beijing Enterprises.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director, chief executive or any member of the Group) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or any options in respect of such capital.

4. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Guotai Junan Capital Limited	A deemed licensed corporation under the SFO for type 6 of the regulated activities as defined under the SFO

Guotai Junan has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Guotai Junan had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Guotai Junan was not interested, directly or indirectly, in any assets which had since 31 December 2002 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance to the Group and no litigation or claim of material importance to the Group was known to the Directors to be pending or threatened by or against any member of the Group.

6. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2002 (being the date to which the latest published audited financial statements of the Company were made up).

7. GENERAL

- (a) The registered office of the Company is situated at Mezzanine Floor, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.
- (b) The share registrar of the Company is Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Wong Kwok Wai, Robin, who is a fellow member of the Association of Chartered Certified Accountants and an associate member of The Hong Kong Society of Accountants.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of the Company in Hong Kong at Mezzanine Floor, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong from the date of this circular up to and including 17 November 2003:

- (a) the Agreements;
- (b) the letter from the Independent Board Committee as set out in page 10 of this circular;
- (c) the letter from Guotai Junan as set out in pages 11 to 16 of this circular; and
- (d) the written consent of Guotai Junan referred to in this appendix.

NOTICE OF EGM



北京發展（香港）有限公司

BEIJING DEVELOPMENT (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of the shareholders of Beijing Development (Hong Kong) Limited (the “Company”) will be held at Chater Room II, Basement 1, the Ritz-Carlton, 3 Connaught Road Central, Hong Kong at 4:00 p.m. on Monday, 17 November 2003 for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

(a) the acquisition by Cyber Vantage Group Limited (“Cyber Vantage”), a wholly-owned subsidiary of the Company, of 49 per cent. of the issued share capital of Beijing Enterprises Jetrich Holdings Limited from Cosmos Vantage Limited (“Cosmos Vantage”) in accordance with and subject to the terms of the sale and purchase agreement dated 7 October 2003 and made between Cyber Vantage as purchaser, Cosmos Vantage as vendor and Mr. Chung Kwok Ho as guarantor to the vendor (a copy of the sale and purchase agreement having been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification); and (b) the acquisition by Cyber Vantage of 20 per cent. of the issued share capital of Wisdom Elite Holdings Limited (“Wisdom Elite”) from Mr. He Yingkai (“Mr. He”) and 20 per cent. of the issued share capital of Wisdom Elite from Mr. Li Jichen (“Mr. Li”) in accordance with and subject to the terms of the sale and purchase agreement dated 7 October 2003 and made between Cyber Vantage, as purchaser and Mr. He and Mr. Li, as vendors (a copy of the sale and purchase agreement having been produced to the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification) (together, the “Agreements”) as more particularly described in a circular despatched to the shareholders of the Company dated 29 October 2003 (the “Circular”) by the Company be and are hereby approved, confirmed and ratified **AND THAT** the directors of the Company acting together, individually or by committee (the “Directors”) be and are hereby authorised to do on behalf of the Company whatever they may, in their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation by the Company of the Agreements and the agreements and documents relating thereto or contemplated thereby (in each case as amended if applicable) and to make or agree such alterations, amendments and additions thereto as the Directors may, in their absolute discretion, consider necessary desirable or expedient.”

By order of the Board
Wong Kwok Wai, Robin
Company Secretary

Hong Kong, 29 October 2003

NOTICE OF EGM

Registered office:

Mezzanine Floor
Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint a proxy (or at most two proxies) to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed herewith.
3. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company's share registrar, Tengis Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before either the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the Meeting or any adjournment thereof if the shareholder so desires.



北京發展（香港）有限公司
BEIJING DEVELOPMENT (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

PROXY FORM

Form of proxy for use by shareholders at the extraordinary general meeting to be convened at Chater Room II, Basement 1, the Ritz-Carlton, 3 Connaught Road Central, Hong Kong at 4:00 p.m. on Monday, 17 November 2003.

I/We^(note a) _____
of _____ being the
holder(s) of _____^(note b) shares of HK\$1.00 each in
the capital of Beijing Development (Hong Kong) Limited (the “**Company**”) hereby appoint the Chairman of the
extraordinary general meeting of the Company (the “**Meeting**”) or _____
of _____
to act as my/our proxy^(note c) at the Meeting to be held at Chater Room II, Basement 1, the Ritz-Carlton, 3
Connaught Road Central, Hong Kong at 4:00 p.m. on Monday, 17 November 2003 and at any adjournment
thereof and to vote on my/our behalf as directed below.

Please make a mark in the appropriate box to indicate how you wish your vote to be cast on a poll.

ORDINARY RESOLUTION	FOR ^(note d)	AGAINST ^(note d)
To approve the acquisition by Cyber Vantage Group Limited (“Cyber Vantage”), a wholly-owned subsidiary of the Company, of 49 per cent. of the issued share capital of Beijing Enterprises Jetrich Holdings Limited from Cosmos Vantage Limited and the acquisition by Cyber Vantage of 20 per cent. of the issued share capital of Wisdom Elite Holdings Limited (“Wisdom Elite”) from Mr. He Yingkai and 20 per cent. of the issued share capital of Wisdom Elite from Mr. Li Jichen.		

Date: _____

Signature: _____^(notes e, f, g and h)

Notes:

- Full name(s) and address(es) are to be inserted in **BLOCK CAPITALS**. The names of all joint registered holders should be stated.
- Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of Beijing Development registered in your name(s).
- A proxy need not be a member of the Company. If you wish to appoint some person other than the Chairman of the Meeting as your proxy, please delete the words “the Chairman of the Meeting or” and insert the name and address of the person appointed proxy in the space provided.
- If you wish to vote for the resolution set out above, please tick (“√”) the box marked “For”. If you wish to vote against the resolution, please tick (“√”) the box marked “Against”. If the form returned is duly signed but without direction, the proxy will vote or abstain at his discretion. A proxy will also be entitled to vote at his discretion on the resolution properly put to the Meeting other than that set out in the notice convening the Meeting.
- In the case of a joint holding, this form of proxy may be signed by any joint holder, but if more than one joint holder is present at the Meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
- The form of proxy must be signed by a shareholder, or his attorney duly authorised in writing, or if the shareholder is a corporation, either under its Common Seal or under the hand of an officer or attorney so authorised.
- To be valid, this form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of the Company’s registrar, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the Meeting or any adjourned meeting.
- Any alteration made to this form should be initialled by the person who signs the form.