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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a 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, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**北京發展（香港）有限公司**  
**BEIJING DEVELOPMENT (HONG KONG) LIMITED**  
*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock Code: 154)**

**PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES OF THE COMPANY**

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A notice convening an annual general meeting of Beijing Development (Hong Kong) Limited to be held at Chater Room II, Level B1, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 31 May 2005 at 10:00 a.m. is set out on pages 13 to 16 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)).

Whether or not you are able to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

28 April 2005

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## DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Chater Room II, Level B1, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 31 May 2005 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 13 to 16 of this circular, or any adjournment thereof;
“Articles of Association”	the articles of association from time to time adopted by the Company;
“B E Information”	B E Information Technology Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a non-wholly owned subsidiary of the Company;
“Beijing Enterprises”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, which is a holding company of the Company, the shares of which are listed on the main board of the Stock Exchange;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Company”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the Shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	22 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong;
“Xteam”	Xteam Software International Limited, a company incorporated in the Cayman Islands with limited liability, which is a non-wholly owned subsidiary of the Company, the shares of which are listed on the Growth Enterprise Market operated by the Stock Exchange.

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## LETTER FROM THE BOARD

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北京發展(香港)有限公司  
**BEIJING DEVELOPMENT (HONG KONG) LIMITED**  
*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock Code: 154)**

*Executive Directors:*

Mr. Zhang Honghai (*Chairman*)  
Mr. Ng Kong Fat, Brian  
Mr. E Meng  
Mr. Li Kangying  
Mr. Wang Yong  
Mr. Cao Wei  
Dr. Yu Xiaoyang

*Registered Office:*

Mezzanine Floor  
Yardley Commercial Building  
No. 3 Connaught Road West  
Sheung Wan  
Hong Kong

*Independent Non-Executive Directors:*

Mr. Cao Guixing  
Prof. Liu Wei  
Dr. Jin Lizuo

28 April 2005

*To the Shareholders*

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES OF THE COMPANY**

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the granting of the Buyback Mandate to the Directors; (ii) the granting of the Issuance Mandate to the Directors; and (iii) the extension of the Issuance Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Buyback Mandate.

**2. BUYBACK AND ISSUANCE MANDATES**

At the annual general meeting of the Company held on 9 June 2004, general mandates were given to the Directors to exercise the powers of the Company to repurchase shares of the Company and to issue new shares of the Company respectively. Such mandates will lapse at the conclusion of the Annual General Meeting.

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## LETTER FROM THE BOARD

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Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (the “Buyback Mandate”);
- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in ordinary resolutions nos. 11 and 12 set out in the notice of the Annual General Meeting. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in the Appendix I to this circular.

### **3. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT**

The notice of the Annual General Meeting is set out on pages 13 to 16 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the Buyback Mandate and the Issuance Mandate and the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s Share Registrar, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

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## LETTER FROM THE BOARD

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### 4. PROCEDURE BY WHICH THE SHAREHOLDERS MAY DEMAND A POLL AT A GENERAL MEETING PURSUANT TO THE ARTICLES OF ASSOCIATION

According to Article 75 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

### 5. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate and the granting/extension of the Issuance Mandate are in the interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### 6. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement on the Buyback Mandate) and Appendix II (Details of Directors proposed to be re-elected at the Annual General Meeting) to this circular.

Yours faithfully,  
By Order of the Board  
**Zhang Honghai**  
*Chairman*

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

### **1. REASONS FOR SHARE BUYBACK**

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 493,981,150 Shares.

Subject to the passing of the ordinary resolution no. 12 set out in the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the date of the Annual General Meeting, the Directors would be authorised under the Buyback Mandate to repurchase a maximum of 49,398,115 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) during the period in which the Buyback Mandate remains in force.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Articles of Association, the laws of Hong Kong and/or any other applicable laws.

The Company is empowered by its memorandum of association and the Articles of Association to repurchase Shares. The laws of Hong Kong provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of either the capital paid up on the relevant shares, or the funds of the company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company before the shares are repurchased.



#### **4.    IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2004) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### **5.    TAKEOVERS CODE**

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Idata Finance Trading Limited, the Company's controlling Shareholder, was interested in 275,675,000 Shares, representing approximately 55.81% of the total issued share capital of the Company. On the basis that no Shares are issued or repurchased prior to the date of the Annual General Meeting, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the interests of Idata Finance Trading Limited in the issued Shares would be increased to approximately 62.01% of the total issued share capital of the Company. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate.

#### **6.    GENERAL**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the laws of Hong Kong.

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**APPENDIX I      EXPLANATORY STATEMENT ON THE BUYBACK MANDATE**

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**7.    MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during each of the previous 12 months were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2004</b>		
April	Suspended	Suspended
May	1.42	1.15
June	1.30	1.07
July	1.22	1.03
August	1.04	0.92
September	1.02	0.86
October	1.04	0.88
November	1.09	0.90
December	1.00	0.95
<b>2005</b>		
January	1.10	0.90
February	1.05	0.90
March	1.02	0.90
April (up to the Latest Practicable Date)	0.97	0.91

**8.    REPURCHASES OF SHARES MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Articles of Association and will be proposed to be re-elected at the Annual General Meeting are provided below.

**1. EXECUTIVE DIRECTORS****(i) Mr. E Meng**

Mr. E, aged 46, is the deputy general manager of the Company, the vice president of Beijing Enterprises and an executive director of Xteam.

Mr. E graduated from China Science and Technology University with a master's degree in engineering, and is a PRC senior accountant with the qualifications of PRC certified accountant, asset appraiser, certified real estate appraiser and tax appraiser. From 1988 to 1998, Mr. E was the deputy director of Beijing New Technology Development Zone ("BNTDZ"), the director for BNTDZ Department of Finance Auditing and State Asset Management, the manager of BNTDZ Investment Operation Company, the director of Beijing Tianping Accounting Firm and the deputy director of the State Asset Management Office of Beijing Haidian District. Mr. E has over 15 years' experience in economics, finance and enterprise management and joined the Group in April 2001.

Mr. E has personal interests in options for subscription of 2,800,000 Shares, of which, the options for subscription of 1,600,000 Shares were granted on 19 June 2001 at an exercise price of HK\$1.13 per Share and is exercisable at any time up to 26 June 2006; and the options for subscription of 1,200,000 Shares were granted on 18 January 2002 at an exercise price of HK\$1.00 per Share and is exercisable at any time up to 17 January 2007. Mr. E has further personal interests in options for subscription of 500,000 shares of Beijing Enterprises, of which, the options for subscription of 50,000 shares were granted on 3 March 1998 at an exercise price of HK\$17.03 per share and is exercisable at any time in the next 10 years commencing on 1 September 1998; and the options for subscription of 450,000 shares were granted on 23 June 1998 at an exercise price of HK\$17.03 per share and can be exercised in 9 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).

**(ii) Mr. LI Kangying**

Mr. Li, aged 48, is the deputy general manager of the Company, the assistant to the president of Beijing Enterprises, an executive director and the vice chairman of Xteam, and a director and the chairman of B E Information.

Mr. Li graduated from North China University of Electric Power majoring in telecommunications and is a qualified engineer in the PRC. Mr. Li was a university lecturer and a member of the governmental research institute in the PRC and has been responsible for the management and operational affairs in the technological field for the past decade. Mr. Li joined the Group in October 2001.

Mr. Li has personal interests in options for subscription of 2,700,000 Shares. The options were granted on 18 January 2002 at an exercise price of HK\$1.00 per Share and is exercisable at any time up to 17 January 2007.

**(iii) Mr. WANG Yong**

Mr. Wang, aged 51, is the deputy general manager of the Company, a director and the chairman of Beijing Municipal Administration & Communication Card Co., Ltd. (a jointly-controlled entity of the Company) and Shenzhen Guanshun Road & Bridge Co., Ltd. (a subsidiary of Beijing Enterprises).

Mr. Wang graduated from the Chinese faculty of Lanzhou University. From 1969 to 1989, he worked for the Chinese People's Liberation Army (Force 84501). From 1989 to 1993, he worked for the Office of Beijing Haidian District Government. From 1993 to 1998, he served as the secretary to the General Office of Beijing People's Municipal Government. Since 1998, he has been the assistant to general manager of Beijing Holdings Limited and assistant to president of Beijing Enterprises. Mr. Wang has extensive experience in investment, corporate finance and management. Mr. Wang joined the Group in March 2005.

**(iv) Mr. CAO Wei**

Mr. Cao, aged 41, is an executive director and the president of Xteam, and a director and the chief executive officer of B E Information.

Mr. Cao graduated from Harbin Industrial University and is one of the founding members of the underlying business of B E Information. Mr. Cao has over 15 years' experience in the telecommunications and information technology field. Mr. Cao joined the Group in October 2001.

Mr. Cao has personal interests in 8,000,000 Shares and options for subscription of 2,500,000 Shares. The options were granted on 18 January 2002 at an exercise price of HK\$1.00 per Share and is exercisable at any time up to 17 January 2007.

**(v) Dr. YU Xiaoyang**

Dr. Yu, aged 51, is the deputy general manager of Beijing Ever Source Science & Technology Development Co., Ltd. (a subsidiary of Beijing Enterprises).

Dr. Yu received his bachelor and master degrees from Peking University in 1982 and 1984, and obtained his Ph.D and MBA degrees from Southern Illinois University, USA in 1991 and 1993. Dr. Yu worked for US consulting and telecommunication corporations in software development and information technology management. Dr. Yu joined the Group in March 2005.

No service contract for appointment of the above retiring executive Directors has been or will be entered into. All of them have not been and will not be appointed with fixed terms of service, including length of services, but subject to retirement by rotation and re-election in accordance with the Articles of Association. Except for the options granted, they are not entitled to receive any remuneration from the Company.

Save as disclosed above, the above retiring executive Directors are independent of any Directors, senior management, substantial or controlling shareholders of the Company, do not have any interest in Shares within the meaning of Part XV of the SFO, and none of them hold any positions in the Company and hold or, in the last three years, held any other directorships or major appointments in listed public companies.

## **2. INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **(i) Prof. LIU Wei**

Prof. Liu, aged 48, is the Dean of Peking University School of Economics, the chief editor of “Economic Science”, the vice president of Chinese Research Association of Market Economy, Chinese Research Association of Private Capital Economy and Chinese Association of Productivity Science.

Prof. Liu received his bachelor degree, master degree and doctorate degree in Economics from Peking University. Since his graduate, Prof. Liu was teaching in Peking University and was conferred the tutorship of doctoral student qualification in 1994. Prof. Liu has been awarded with the “Talent across the Century” in liberal arts by the Ministry of Education and the Chief Specialist in the study of “Research of Chinese Market Economy Development”. Prof. Liu joined the Group in September 2004.

### **(ii) Dr. JIN Lizuo**

Dr. Jin, aged 48, is the chief councilor of Shanghai Institute of Law & Economics, the chairman of Zhonghe Yingtai Management Consultancy Co., Ltd., the specialist committee member of China Xinda Assets Management Corporation, the independent directors of Cosco Shipping Co., Ltd., China United Travel Co., Ltd. and Hong Yuan Securities Co., Ltd.

Dr. Jin holds a doctorate degree in Economics from Oxford University. Dr. Jin graduated from Peking University School of Economics in 1982 and has been teaching in the university. From 1983 to 1988, Dr. Jin served as the member of State Economic Structure Reforms Committee and was the First President (1988-89) of Chinese Economic Association (UK). From 1993 to 1995, Dr. Jin has worked for N.M. Rothschild and Morgan Stanley and thereafter accumulated 12 years’ extensive experience in investment banking and financial management. Dr. Jin joined the Group in September 2004.

No service contract for appointment of Prof. Liu and Dr. Jin has been or will be entered into. Both of them have not been and will not be appointed with fixed terms of service, including length of services, but subject to retirement by rotation and re-election in accordance with the Articles of Association. Prof. Liu and Dr. Jin will receive director fees as determined from time to time by the Board with reference to their duties and responsibilities, currently being HK\$100,000 per annum respectively.

Save as disclosed above and except the relationship arising from their positions as members of the audit committee of the Company, Prof. Liu and Dr. Jin are independent of any Directors, senior management, substantial or controlling shareholders of the Company, do not have any interest in Shares within the meaning of Part XV of the SFO, and neither of them holds any position within the Group and hold or, in the last three years, held any other directorships or major appointments in listed public companies,

Saved as disclosed above, there are no other matters in relation to the afore-proposed re-elections that needed to be brought to the attention of the Stock Exchange or the Shareholders.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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北京發展（香港）有限公司  
**BEIJING DEVELOPMENT (HONG KONG) LIMITED**  
*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock Code: 154)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of Beijing Development (Hong Kong) Limited (the “Company”) will be held at Chater Room II, Level B1, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 31 May 2005 at 10:00 a.m., for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and of the auditors for the year ended 31 December 2004;
2. To re-elect Mr. E Meng as Director;
3. To re-elect Mr. Li Kangying as Director;
4. To re-elect Mr. Wang Yong as Director;
5. To re-elect Mr. Cao Wei as Director;
6. To re-elect Dr. Yu Xiaoyang as Director;
7. To re-elect Prof. Liu Wei as Director;
8. To re-elect Dr. Jin Lizuo as Director;
9. To authorise the board of directors to fix directors’ remuneration;
10. To re-appoint Messrs. Ernst & Young as the Company’s auditors and to authorise the board of directors to fix their remuneration;
11. To consider as special business and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraphs (b) and (c) of this resolution, the Directors be and are hereby granted an unconditional general mandate to allot, issue and deal with additional shares of the Company and to allot, issue or grant securities convertible into such shares, or options, warrants or similar rights to subscribe for any shares of the Company or such convertible securities and to make or grant offers, agreements and options in respect thereof;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) such mandate shall not extend beyond the Relevant Period save that the Directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to paragraph (a) above, otherwise than pursuant to:
  - (i) a rights issue;
  - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
  - (iii) the exercise of the subscription rights under options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares of the Company or rights to acquire shares of the Company; or
  - (iv) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest; and



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## NOTICE OF THE ANNUAL GENERAL MEETING

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“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlement or having regard to any restrictions and obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”;

12. To consider as special business and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the Directors be and are hereby granted an unconditional general mandate to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, shares of the Company and that the exercise by the Directors of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.”; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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13. To consider as special business and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT** subject to the passing of ordinary resolutions numbered 11 and 12 set out in the Notice, of which this resolution forms part, the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the mandate granted under ordinary resolution numbered 11 set out in the Notice, of which this resolution forms part, be and is hereby increased and extended by the addition thereto of the aggregate nominal amount of the shares of the Company which may be repurchased by the Company pursuant to and in accordance with the mandate granted under ordinary resolution number 12 set out in the Notice, of which this resolution forms part, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”.

By Order of the Board  
**Wong Kwok Wai, Robin**  
*Company Secretary*

Hong Kong, 28 April 2005

*Notes:*

- (i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his stead. A proxy need not be a member of the Company. If more than one proxies is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (ii) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed, or notarially certified copy of such power of attorney or authority, must be deposited at the Company's Share Registrar, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the meeting or any adjourned meeting, or poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting, or poll.