
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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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**

**PROPOSED REFRESHMENT OF THE LIMIT OF
THE EXISTING SHARE OPTION SCHEME OF THE COMPANY**

AND

**PROPOSED REFRESHMENT OF THE LIMIT OF
THE EXISTING SHARE OPTION SCHEME OF
XTEAM SOFTWARE INTERNATIONAL LIMITED**

A notice convening an annual general meeting of Beijing Development (Hong Kong) Limited to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 18 May 2007 at 10:00 a.m. is set out on pages 16 to 21 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).

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 Level 25, Three Pacific Place, 1 Queen's Road East, 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.

26 April 2007

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DEFINITIONS

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 Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 18 May 2007 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 16 to 21 of this circular, or any adjournment thereof;
“Articles of Association”	the articles of association from time to time adopted by the Company;
“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;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“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”	23 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“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;
“Share Option(s)”	share option(s) granted, or which may be granted, pursuant to the terms of the Share Option Scheme, to subscribe for new Shares;
“Share Option Scheme”	the share option scheme of the Company adopted on 18 June 2001, details of which were set forth in the circular of the Company dated 17 May 2001;
“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 GEM;
“Xteam Annual General Meeting”	the annual general meeting of Xteam to be held on Thursday, 26 April 2007, or any adjournment thereof;
“Xteam Board”	the board of directors of Xteam;
“Xteam Director(s)”	the director(s) of Xteam;
“Xteam Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Xteam or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of Xteam, shares forming part of the ordinary equity share capital of Xteam;

DEFINITIONS

“Xteam Share Option(s)”	share option(s) granted, or which may be granted, pursuant to the terms of the Xteam Share Option Scheme, to subscribe for new Xteam Shares;
“Xteam Share Option Scheme”	the share option scheme of Xteam adopted on 21 November 2001, details of which were set forth in the prospectus of Xteam dated 30 November 2001;
“Xteam Shareholder(s)”	holder(s) of Xteam Share(s).

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)

(Stock Code: 154)

Executive Directors:

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

Registered Office:

Room 3401, West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Independent Non-Executive Directors:

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

26 April 2007

*To the Shareholders, and for information only,
the holders of Share Options*

Dear Sir or Madam,

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

**PROPOSED REFRESHMENT OF THE LIMIT OF
THE EXISTING SHARE OPTION SCHEME OF THE COMPANY**

AND

**PROPOSED REFRESHMENT OF THE LIMIT OF
THE EXISTING SHARE OPTION SCHEME OF
XTEAM SOFTWARE INTERNATIONAL LIMITED**

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; (iii) the

LETTER FROM THE BOARD

extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate; (iv) the refreshment of the limit of the Share Option Scheme; and (v) the refreshment of the limit of the Xteam Share Option Scheme.

2. BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 23 May 2006, 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.

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 numbered 7 and 8 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.

LETTER FROM THE BOARD

3. PROPOSED REFRESHMENT OF THE LIMIT OF THE SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the resolution passed by the Shareholders on 18 June 2001 and the terms of the Share Option Scheme have complied with Chapter 17 of the Listing Rules effective from 1 September 2001. The Share Option Scheme authorises the Directors to grant Share Options to subscribe for new Shares and to allot, issue and deal with new Shares pursuant to the exercise of Share Options granted under the Share Option Scheme. The aggregate number of Shares in respect of which Share Options may be granted under the Share Option Scheme may not exceed 10% of the Shares as at the date of the annual general meeting of the Company (excluding any Shares issued pursuant to the Share Option Scheme). The Company has not refreshed the limit of the Share Option Scheme after its adoption.

Reasons for the proposed refreshment

Up to the Latest Practicable Date, 73,200,000 Share Options were granted, of which 7,960,000 Share options were lapsed, 20,040,000 Share option were cancelled, 36,800,000 Share Options were exercised and the remaining 8,400,000 Share Options, which were granted to Directors, have been outstanding under the Share Option Scheme, representing approximately 1.34% of the issued share capital of the Company. The Board considers that it is necessary to “refresh” the limit of the Share Option Scheme so as to allow sufficient flexibility to grant Share Options pursuant to the Share Option Scheme as a means to provide incentive and reward to talented employees who will contribute towards the long-term success and prosperity of the Group. If the proposed refreshment is approved, based on 628,781,150 Shares in issue and assuming that there will be no issue or repurchase of Shares between the Latest Practicable Date and the date of the Annual General Meeting, the Board will be able to grant Share Options for subscription of up to a total of 62,878,115 Shares, being 10% of the issued share capital of the Company.

The maximum number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

Conditions of the proposed refreshment

The proposed refreshment is conditional upon (1) the approval of the refreshment at the Annual General Meeting and (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued upon the exercise of the Share Options which may be granted under the “refreshed” limit of the Share Option Scheme. The Company has applied to the Stock Exchange for the approval of the listing of the Shares, representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting, to be issued upon exercise of the Share Options which may be granted under the Share Option Scheme.

LETTER FROM THE BOARD

An ordinary resolution will be proposed at the Annual General Meeting to refresh, and to grant to the Directors, a general authority to grant Share Options for the subscription of new Shares representing not more than 10% of the entire issued share capital of the Company as at the date of the passing of such resolution and to allot, issue and otherwise deal with the Shares pursuant to the exercise of such Share Options.

4. PROPOSED REFRESHMENT OF THE LIMIT OF THE XTEAM SHARE OPTION SCHEME

The Xteam Share Option Scheme was adopted pursuant to the written resolution passed by all the Xteam Shareholders on 21 November 2001 and the terms of the Xteam Share Option Scheme have complied with Chapter 23 of the GEM Listing Rules. Pursuant to the resolution passed by the Xteam Shareholders at the annual general meeting of Xteam held on 28 April 2005, Xteam Board have been given a mandate to grant Xteam Share Options under the Xteam Share Option Scheme in respect of new Xteam Shares representing up to 10% (equivalent to 375,847,175 Xteam Shares) of the issued share capital of Xteam as at the date of the passing of such resolution (being 3,758,471,752 Xteam Shares).

Reasons for the proposed refreshment

Up to the Latest Practicable Date, 85,200,000 Xteam Share Options were granted, of which 21,200,000 Xteam Share options were cancelled, 40,300,000 Xteam Share Options were exercised and the remaining 23,700,000 Xteam Share Options have been outstanding under the Xteam Share Option Scheme, representing approximately 0.57% of the issued share capital of Xteam. The Board and the Xteam Board consider that it is necessary to “refresh” the limit of the Xteam Share Option Scheme so as to allow sufficient flexibility to grant Xteam Share Options pursuant to the Xteam Share Option Scheme as a means to provide incentive and reward to talented individuals and other participants who will contribute towards the long-term success and prosperity of Xteam. If the proposed refreshment is approved, based on 4,182,906,368 Xteam Shares in issue and assuming that there will be no issue or repurchase of Xteam Shares between the Latest Practicable Date and the date of the Xteam Annual General Meeting, the Xteam Board will be able to grant Xteam Share Options for subscription of up to a total of 418,290,636 Xteam Shares, being 10% of the issued share capital of Xteam.

The maximum number of Xteam Shares which may be issued upon exercise of all outstanding Xteam Share Options granted and yet to be exercised under the Xteam Share Option Scheme and any other share option schemes of Xteam must not in aggregate exceed 30% of the issued share capital of Xteam in issue from time to time.

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Conditions of the proposed refreshment

The proposed refreshment is conditional upon (1) the approval of the refreshment at the Xteam Annual General Meeting; (2) the approval of the refreshment at the Annual General Meeting and (3) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Xteam Shares to be issued upon the exercise of the Xteam Share Options which may be granted under the “refreshed” limit of the Xteam Share Option Scheme. Xteam will apply to the Stock Exchange for the approval of the listing of the Xteam Shares, representing 10% of the issued share capital of Xteam as at the date of the Xteam Annual General Meeting, to be issued upon exercise of the Xteam Share Options which may be granted under the Xteam Share Option Scheme.

An ordinary resolution has been proposed at the Xteam Annual General Meeting to refresh, and to grant to the Xteam Directors, a general authority to grant Xteam Share Options for the subscription of new Xteam Shares representing not more than 10% of the entire issued share capital of Xteam as at the date of the passing of such resolution and to allot, issue and otherwise deal with the Xteam Shares pursuant to the exercise of such Xteam Share Options. Pursuant to Rule 23.01(4) of the GEM Listing Rules, an ordinary resolution will be proposed simultaneously at the Annual General Meeting to refresh the Xteam Share Option Scheme.

5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 16 to 21 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, the refreshment of the limit of the Share Option Scheme; and the refreshment of the limit of Xteam Share Option Scheme.

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). 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 Level 25, Three Pacific Place, 1 Queen’s Road East, 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.

LETTER FROM THE BOARD

6. 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.

7. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate, the granting and extension of the Issuance Mandate, the refreshment of the limit of the Share Option Scheme, and the refreshment of the limit of Xteam Share Option Scheme 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.

8. 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

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

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 628,781,150 Shares.

Subject to the passing of the ordinary resolution numbered 8 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 62,878,115 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

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

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 2006) 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 43.84% 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 48.71% of the total issued share capital of the Company. Such circumstance will give rise to Takeover Code consequence. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the circumstances, have any consequences which will arise under the Takeovers Code.

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.

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

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.

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:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2006		
April	1.00	0.71
May	0.98	0.70
June	0.88	0.70
July	0.94	0.74
August	0.88	0.80
September	0.94	0.70
October	0.98	0.80
November	1.35	0.89
December	1.77	1.25
2007		
January	3.16	1.40
February	2.92	2.10
March	2.79	2.08
April (up to the Latest Practicable Date)	2.77	2.44

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).

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

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

Mr. Zhang Honghai

Mr. Zhang, aged 54, is the chairman of the Board, a vice chairman and the CEO of Beijing Enterprises Holdings Limited, the listed holding company of the Company (stock code: 392). Mr. Zhang graduated from Beijing University in 1982 and subsequently obtained a post-graduate qualification in business studies at The International Business School of Hunan University and was awarded the title of senior economist. Mr. Zhang has worked for the Beijing Municipal Government for many years. Prior to joining the Company, Mr. Zhang was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality. He also served as vice president of the Beijing Chinese Overseas Friendship Association. Mr. Zhang initially worked as deputy general manager and was then promoted to vice chairman and general manager of Beijing International Trust Investment Limited during the period from 1990 to 1998, and has accumulated extensive experience in corporate management. Mr. Zhang joined the Group in March 2004.

No service contract for the appointment of Mr. Zhang has been or will be entered into. Mr. Zhang has 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. Mr. Zhang has personal interests in Share Options for subscription of 4,000,000 Shares at an exercise price of HK\$1 per Share. Except for the Share Options, Mr. Zhang is not entitled to receive any remuneration from the Company.

Save as disclosed above, Mr. Zhang is 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 do not 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.

Mr. Cao Wei

Mr. Cao, aged 43, is a vice president of the Company, an executive director of Xteam and a director and the CEO of Beijing Enterprises Teletron Information Technology Co., Ltd. ("Teletron", a subsidiary of the Company). Mr. Cao is the president of Union of Network Beijing and is one of the founders of Teletron. Mr. Cao graduated from Harbin Industrial University and was awarded the title of senior engineer. Mr. Cao has over 15 years' experience in the telecommunications and

NOTICE OF THE ANNUAL GENERAL MEETING



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 Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 18 May 2007 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditors’ report for the year ended 31 December 2006;
2. To re-elect Mr. Zhang Honghai as Director;
3. To re-elect Mr. Cao Wei as Director;
4. To re-elect Prof. Liu Wei as Director;
5. To authorise the Board to fix Directors’ remuneration;
6. To re-appoint Messrs. Ernst & Young as the independent auditors of the Company and to authorise the Board to fix their remuneration;
7. 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;

NOTICE OF THE ANNUAL GENERAL MEETING

- (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

NOTICE OF THE ANNUAL GENERAL MEETING

- (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

“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).”;

- 8. 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;

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- (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.”;

9. 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 7 and 8 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 7 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 numbered 8 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.”;

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

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the shares of HK\$1.00 each (the “Shares”) in the share capital of the Company to be issued pursuant to the exercise of share options which may be granted under the Refreshed Limit (as defined below), the existing scheme mandate limit (the “Scheme Mandate Limit”) under the share option scheme (the “Share Option Scheme”) of the Company adopted pursuant to the resolution of the shareholders of the Company passed on 18 June 2001 be refreshed so that the aggregate nominal amount of share capital to be allotted and issued pursuant to the grant or exercise of any share options under the Share Option Scheme and any other schemes of the Company (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme and any other schemes of the Company) shall not exceed 10 per cent. of the

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aggregate nominal amount of the share capital of the Company in issue on the date of passing this resolution (the “Refreshed Limit”) and that the directors of the Company be and are hereby unconditionally authorised to grant share options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such share options.”; and

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

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the shares of HK\$0.01 each (the “Xteam Shares”) in the share capital of Xteam Software International Limited (“Xteam”) to be issued pursuant to the exercise of share options which may be granted under the Xteam Refreshed Limit (as defined below), the existing scheme mandate limit (the “Xteam Scheme Mandate Limit”) under the share option scheme (the “Xteam Share Option Scheme”) of Xteam adopted pursuant to written resolutions of the shareholders of Xteam passed on 21 November 2001 be refreshed so that the aggregate nominal amount of share capital to be allotted and issued pursuant to the grant or exercise of any share options under the Xteam Share Option Scheme and any other schemes of Xteam (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Xteam Share Option Scheme and any other schemes of Xteam) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of Xteam in issue on the date of passing the relevant resolution by the shareholders of Xteam at the annual general meeting, being 26 April 2007, or any adjournment thereof (the “Xteam Refreshed Limit”).”

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

Hong Kong, 26 April 2007

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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 Level 25, Three Pacific Place, 1 Queen's Road East, 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.