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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 AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
OF THE COMPANY**

**AND**

**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 Tianshan Room, Level 5, The Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 9 June 2004 at 10:30 a.m. is set out on pages 14 to 22 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.

29 April 2004

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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 Tianshan Room, Level 5, The Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 9 June 2004 at 10:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 14 to 22 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 3(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;
“Current Articles of Association”	the current Articles of Association adopted by the Company on 27 June 1990;
“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 People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issuance Mandate”	as defined in paragraph 3(b) of the Letter from the Board;
“Latest Practicable Date”	26 April 2004, 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;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	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.

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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)*

*Executive Directors:*

Mr. Zhang Honghai (*Chairman*)  
Mr. Ng Kong Fat, Brian (*Managing Director*)  
Mr. E Meng (*Deputy Managing Director*)  
Mr. Zhao Jifeng (*Deputy Managing Director*)  
Mr. Cao Guixing\*\*  
Mr. Feng Ching Yeng, Frank\*\*

*Registered Office:*

M/F., Yardley Commercial Building  
No. 3 Connaught Road West  
Sheung Wan  
Hong Kong

\*\* *Independent Non-Executive Directors*

29 April 2004

To the shareholders

Dear Sir/Madam,

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
OF THE COMPANY**

**AND**

**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 amendments to the Current Articles of Association; (ii) the granting of the Buyback Mandate to the Directors; (iii) the granting of the Issuance Mandate to the Directors; and (iv) 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.

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## LETTER FROM THE BOARD

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### 2. PROPOSED AMENDMENTS TO THE CURRENT ARTICLES OF ASSOCIATION

The Current Articles of Association were adopted by the Company on 27 June 1990 and the latest amendment was made on 26 June 1996. Since then, the Stock Exchange has announced amendments to the Listing Rules which include, among other things, amendments to Appendix 3 of the Listing Rules that came into effect on 31 March 2004. Such amendments to Appendix 3 of the Listing Rules require a listed issuer's articles of association/bye-laws to conform with certain provisions. The Directors therefore propose to amend the Current Articles of Association to ensure compliance with the amended provisions of the Listing Rules in the following aspects:

- (i) Article 85(c) will be added to the Current Articles of Association to the effect that where the Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (ii) Article 103(b)(ii) of the Current Articles of Association shall be amended to the effect that a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the Listing Rules) has a material interest nor shall he be counted in the quorum present at such board meeting (subject to certain exceptions acceptable to the Stock Exchange); and
- (iii) Article 108 of the Current Articles of Association shall be amended to the effect that the minimum length of the period during which the notice to the Company of the intention to propose a person for election as a Director and during which the notice to the Company by such person of his willingness to be elected are given shall be at least 7 days and that the period for lodgement of the aforesaid notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The proposed amendments to the Current Articles of Association are stated in the proposed special resolution no. 4 in the notice convening the Annual General Meeting as set out on pages 14 to 22 of this circular. A copy of the Current Articles of Association will be available for inspection at the Company's registered office at M/F., Yardley Commercial Building, No. 3 Connaught Road West, Sheung Wan, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 3. BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 27 May 2003, 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 nos. 5 and 6 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.

### 4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 14 to 22 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the amendments to the Current Articles of Association, 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.

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## LETTER FROM THE BOARD

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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.

### 5. RECOMMENDATION

The Directors consider that the proposed amendments to the Current Articles of Association, 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), Appendix II (Procedure by which the Shareholders may demand a poll at a general meeting pursuant to the Current Articles of Association) and Appendix III (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*

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

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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. 6 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 Current 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 Current 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 2003) 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.

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

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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:

<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
<b>2003</b>		
April	0.89	0.80
May	0.90	0.84
June	0.99	0.87
July	1.00	0.89
August	0.97	0.80
September	1.25	0.89
October	1.22	1.00
November	1.20	1.00
December	1.14	1.01
<b>2004</b>		
January	1.10	1.00
February*	1.15	1.03
March*	–	–

\* At the request of the Company, trading in the Shares was suspended since 11 February 2004.

**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).

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the Current Articles of Association.

According to Article 75 of the Current 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.

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

**(1) Mr. Zhang Honghai, aged 51, an executive Director**

*Experience*

Mr. Zhang is the Chairman of the Company. 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 with the honor of Senior Economist. Mr. Zhang has worked for Beijing Municipal Government for many years. Prior to joining the Company, Mr. Zhang was the director of Foreign Affairs Office of the People's Government of Beijing Municipality & Hong Kong and Macao Affairs office of the People's Government of Beijing Municipality. He also served as Vice President of Beijing People's Association for Friendship with Foreign Countries. 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 is currently the Vice Chairman, President and executive director of Beijing Enterprises Holdings Limited, the holding company of the Company, and joined the Group in March 2004.

*Length of service*

Mr. Zhang does not have any service contract with the Company.

*Relationships*

Save as disclosed above, Mr. Zhang does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

*Interests in Shares*

As at the Latest Practicable Date, Mr. Zhang was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

*Director's emoluments*

Mr. Zhang does not entitled to receive any emoluments from the Company.

**(2) Mr. Zhao Jifeng, aged 36, an executive Director***Experience*

Mr. Zhao is the Deputy Managing Director of the Company and responsible for formulating corporate development strategies and assessing project investments of the Group. Mr. Zhao graduated from the Technology Economics Faculty of Hunan University in 1991 and has been awarded with the honor of Senior Economist. Mr. Zhao joined the group of Beijing Enterprises Holdings Limited since 1996 and has over 10 years' experience in economics and management. Mr. Zhao is currently the director and Executive Vice President of Beijing San Yuan Foods Co., Ltd. (listed on the Shanghai Stock Exchange) and joined the Group in October 2003.

*Length of service*

Mr. Zhao does not have any service contract with the Company.

*Relationships*

Mr. Zhao does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

*Interests in Shares*

As at the Latest Practicable Date, Mr. Zhao has personal interest in 2,800,000 share options under the share option scheme of the Company. These options were granted on 2 October 2003 at an exercise price of HK\$1.05 per Share. The options can be exercised in three equal portions. The first portion is exercisable at any time commencing on 2 October 2003, 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 1 October 2008. Save as disclosed above, as at the Latest Practicable Date, Mr. Zhao was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

*Director's emoluments*

Except for the share options granted, Mr. Zhao is not entitled to receive any emoluments from the Company.

**(3) Mr. Cao Guixing, aged 64, an independent non-executive Director***Experience*

Mr. Cao graduated from South China University in 1962. Mr. Cao has worked for the Liaoning Provincial Municipal Government for over 25 years, and from 1995 to 2000, he served as the Vice President and General Manager of China United Telecommunications Corporation. Mr. Cao joined the Group in June 2001.

*Length of service*

Mr. Cao does not have any service contract with the Company.

*Relationships*

Mr. Cao does not have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

*Interests in Shares*

As at the Latest Practicable Date, Mr. Cao was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO.

*Director's emoluments*

Mr. Cao is entitled to receive a director's fee of HK\$40,000 per annum (subject to annual review by the Board).

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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 Tianshan Room, Level 5, The Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 9 June 2004 at 10:30 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 2003;
2. To re-elect the retiring directors and to authorise the board of directors to fix directors’ remuneration;
3. To re-appoint the retiring auditors and to authorise the board of directors to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the existing Articles of Association of the Company be and are hereby amended in the following manner:

- (a) By adding the following new paragraph immediately after the definition of “writing” or “printing” in Article 2:

““associate” in relation to any Director shall have the same meaning as defined in the rules for the time being governing the listing of securities on The Stock Exchange of Hong Kong Limited;”;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) By deleting the existing Article 3 in its entirety and substituting therefor the following:

“3. Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, with the sanction of a special resolution, be issued on the terms it is, or at the option of the Company or the holder thereof is liable, to be redeemed. Where the Company purchase for redemption redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all members alike.”;

- (c) By adding the following new paragraph immediately after the existing Article 85(b) as Article 85(c):

“(c) Where any member is, under the rules for the time being governing the listing of securities on The Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”;

- (d) By deleting the existing Article 89 in its entirety and substituting therefor the following:

“89. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve (provided that this shall not preclude the use of the two-way form).”;

- (e) By deleting the existing Article 103(b)(ii) in its entirety and substituting therefor the following:

“(ii) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associate(s) is to his knowledge materially interested, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum of such resolution of the Board but

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## NOTICE OF THE ANNUAL GENERAL MEETING

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this prohibition shall not apply to any resolution of the Board on approving any contract, arrangement or other proposal for or concerning:

- (1) the giving of any security or indemnity either:
  - (I) to the Director of his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
  - (II) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security; and/or
- (2) an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director is or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer; and/or
- (3) any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) is/are beneficially interested in shares or securities of that company, provided that the Director, and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares or securities of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights; and/or
- (4) the benefit of employees of the Company or any of its subsidiaries including:
  - (I) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
  - (II) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of

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## NOTICE OF THE ANNUAL GENERAL MEETING

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any Director, or his associate(s) as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and/or

- (5) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.”;
- (f) By deleting the existing Article 108 in its entirety and substituting therefor the following:

“108. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company not less than seven days commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date appointed for the meeting.”;

- (g) By renumbering the existing Article 159 as Article 159.(a) and inserting thereunder the following new Article as Article 159.(b):

“(b) If any cheques, warrants or orders for dividends or other moneys payable in respect of a share sent by the Company to the person entitled thereto are left uncashed on two consecutive occasions or on one occasion if such cheque, warrant or order is returned to the Company undelivered, the Company shall not be obliged to send any dividends or other moneys payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.”;

- (h) By adding a new heading “Untraced Members” immediately under the existing Article 160 and inserting thereunder the following new Article as Article 160A:

“160A. (a) The Company shall be entitled to sell any share of a member, or any share to which a person is entitled by transmission, if and provided that:

- (i) during the period of 12 years prior to the date of the publication of the advertisements referred to in sub-paragraph (ii) below (or, if published on different dates, the earlier thereof) no

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cheque, order or warrant in respect of such share sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share, at his address on the register or other last known address given by the member or person to which cheques, orders or warrants in respect of such share are to be sent has been cashed and the Company has received no communications in respect of such share from such member or person, provided that during such period of 12 years the Company has paid at least three dividends (whether interim or final) and no dividend in respect of such share has been claimed by the person entitled to it;

- (ii) on expiry of the said period of 12 years the Company has given notice of its intention to sell such share by advertisement appearing in English in one English language daily newspaper and in Chinese in one Chinese language daily newspaper (provided that the aforesaid daily newspapers shall be included in the list of newspapers issued and published in the Hong Kong Government Gazette for the purpose of section 71A of the Companies Ordinance);
  - (iii) the said advertisements, if not published on the same day, shall have been published within 30 days of each other;
  - (iv) during the further period of three months following the date of publication of the said advertisements (or, if published on different dates, the later thereof) and prior to the exercise of the power of sale the Company has not received any communication in respect of such share from the member or person entitled by transmission; and
  - (v) if shares of the class concerned are listed or dealt in on any stock exchange, the Company has given notice to that exchange of its intention to make such sale.
- (b) The manner, timing and terms of any sale of shares pursuant to this Article (including but not limited to the price or prices at which the same is made) shall be such as the Board determines, based upon advice from such bankers, brokers or other persons as the Board considers appropriate consulted by it for the purposes, to be reasonably practicable having regard to all the circumstances including the number of shares to be disposed of and the requirement that the disposal be made without delay; and the Board shall not be liable to any person for any of the consequences of reliance on such advice.

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- (c) To give effect to any sale of shares pursuant to this Article the Board may authorise some person to transfer the shares in question and may enter the name of the transferee in respect of the transferred shares in the register notwithstanding the absence of any share certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
  - (d) If during the period of 12 years referred to in paragraph (a) of this Article, or during any period ending on the date when all the requirements of sub-paragraphs (i) to (iv) of paragraph (a) of this Article have been satisfied, any additional shares have been issued in respect of those held at the beginning of, or previously so issued during, any such period and all the requirements of sub-paragraphs (ii) to (iv) of paragraph (a) of this Article have been satisfied in regard to such additional shares, the Company shall also be entitled to sell the additional shares.
  - (e) The Company shall account to the member or other person entitled to such share for the net proceeds of such sale by carrying all moneys in respect thereof to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such member or other person in respect of such moneys. Moneys carried to such separate account may either be employed in the business of the Company or invested in such investments as the Board may from time to time think fit. No interest shall be payable to such member or other person in respect of such moneys and the Company shall not be required to account for any money earned on them.”;
5. 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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- (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,

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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).”;

6. 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

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- (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

- 7. 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 numbers 5 and 6 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 number 5 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 6 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, 15 April 2004

*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.



**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)**

**Form of proxy for use by shareholders at the annual general meeting  
to be held on 9 June 2004**

I/We<sup>(1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of<sup>(2)</sup> \_\_\_\_\_ ordinary shares of HK\$1.00 each  
in the capital of Beijing Development (Hong Kong) Limited (the "Company"), HEREBY APPOINT the Chairman of the Meeting  
or<sup>(3)</sup> \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and act for me/us at the annual general meeting (the "Meeting") of the Company to be held at Tianshan Room, Level 5, The Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 9 June 2004 at 10:30 a.m. (or at any adjournment thereof) for the purposes of considering and, if thought fit, passing the resolutions as set out in the notice convening the Meeting and at such Meeting (and at any adjournment thereof) to vote for me/us and in my/our name(s) in respect of the resolutions as hereunder indicated, or if no such indication is given, as my/our proxy thinks fit:

Resolutions	For <sup>(4)</sup>	Against <sup>(4)</sup>	Abstain <sup>(4)</sup>
1. To receive and consider the Audited Financial Statements, Report of the Directors and Report of the Auditors for the year ended 31 December 2003.			
2. (i) To re-elect Mr. Zhang Honghai as Director. (ii) To re-elect Mr. Zhao Jifeng as Director. (iii) To re-elect Mr. Cao Guixing as Independent Non-Executive Director. (iv) To authorize the Board of Directors to fix Directors' remuneration.			
3. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration.			
4. To amend existing Articles of Association of the Company.			
5. To approve a general mandate to be given to the Directors to issue shares.			
6. To approve a general mandate to be given to the Directors to repurchase shares.			
7. To extend the general mandate to be given to the Directors to issue shares by including shares which may be repurchased.			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004 Signature<sup>(6)</sup> \_\_\_\_\_

*Notes:*

- (1) Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**. The name of all joint holders should be stated.
- (2) Please insert the number of ordinary shares of the Company registered in your name(s) and to which this form of proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares of the Company registered in your name(s).
- (3) If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**
- (4) **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK THE RELEVANT BOX UNDER THE COLUMN MARKED "FOR", IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK THE RELEVANT BOX UNDER THE COLUMN MARKED "AGAINST". IF YOU WISH TO ABSTAIN, TICK THE RELEVANT BOX UNDER THE COLUMN MARKED "ABSTAIN".** Failure to tick any one of the boxes will entitle your proxy to cast your vote(s) or abstain at his discretion. Your proxy will also be entitled to vote or abstain at his discretion on any resolution properly put to the Meeting as well as those referred to in the notice convening the Meeting.
- (5) These terms are defined in the notice convening the Meeting.
- (6) This form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either under its common seal or under the hand of any officer or attorney duly authorized.
- (7) In the case of joint holders of any ordinary share any one of such joint holders may attend and vote at the Meeting either personally or by proxy in respect of such ordinary share but if more than one of such joint holders are present at the Meeting personally or by proxy, the vote(s) tendered by the senior holder, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which their names stand in the register of members in respect of the joint holding.
- (8) To be valid, this form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's share registrar, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or the adjourned meeting.
- (9) The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- (10) Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting if you so wish. In the event of your attending the Meeting, this form of proxy will be deemed to be revoked.