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If you have sold all your shares in Beijing Enterprises Holdings Limited (the “Company”), you should at once hand this circular to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

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

Executive Directors:

Hu Zhao Guang (*Chairman*)
Yi Xi Qun (*Vice Chairman*)
Xiong Da Xin (*Executive Vice Chairman and President*)
Guo Yingming
Liu Kai (*Vice President*)
Xing Chun Hua
Zheng Wan He
Wei En Hong
Li Fu Cheng
Bi Yu Xi
Li Man
Li Zhong Gen

Registered Office:

34/F., West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Independent Non-executive Directors:

Lau Hon Chuen, Ambrose
Lee Tung Hai, Leo
Wang Xian Zhang

Non-executive Director:

Fang Fang

28 April 2003

To the shareholders

Dear Sir/Madam,

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE NEW SHARES**

INTRODUCTION

The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own shares on the Stock Exchange (the “Shares Buyback Rules”).

The purpose of this circular is to provide you with information relating to the Ordinary Resolutions to be proposed at the forthcoming Annual General Meeting of the Company to be held on 20 June 2003 (the “Annual General Meeting”) to grant the Directors a general mandate to exercise the powers of the Company to undertake repurchases of the Company’s fully paid up shares representing up to a maximum of 10% of the existing issued share capital of the Company on the date of the Ordinary Resolution, to grant a general mandate to the Directors to issue new shares in total not exceeding 20% of the total nominal amount of the issued share capital of the Company on the date of passing of this Resolution and to increase the number of shares which the Directors may issue under their general mandate by the number of shares repurchased.

In accordance with the Listing Rules, this circular also serves as the explanatory statement, to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against Resolutions Nos. 5 to 7 to be proposed at the Annual General Meeting.

SECURITIES REPURCHASE MANDATE

Share Buyback Rules

Under the Share Buyback Rules, any share buyback by a company with a primary listing on the Stock Exchange has to comply with the following provisions:

Shareholders’ Approval

All on-market share repurchases by a company must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to specific transactions.

Reasons for Share Buyback

Although the Directors have no present intention of repurchasing any shares, they believe that the flexibility afforded by the buyback mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company and thereby resulting in an increase in net assets and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

Share Capital

As at 24 April 2003, the latest practicable date prior to the printing of this circular, the issued share capital of the Company comprised 622,500,000 shares of HK\$0.10 each (“Shares”).

Subject to the passing of the Ordinary Resolution No. 5, the Company would be allowed under the buyback mandate to repurchase a maximum of 62,250,000 Shares on the basis that no further shares will be issued or repurchased prior to the date of the Annual General Meeting.

Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association of the Company and the Companies Ordinance.

The Company is empowered by its Memorandum and Articles of Association and the Companies Ordinance to purchase its Shares. The Companies Ordinance provides that the amount of capital paid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant

shares, or the funds of the Company that 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 that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

There might be 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 for the year ended 31 December 2002 in the event that the repurchase mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase 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. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

MARKET PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
April	9.30	8.85
May	9.90	9.10
June	9.85	8.60
July	9.20	7.60
August	8.25	7.65
September	8.00	7.20
October	7.90	6.65
November	7.85	7.25
December	7.95	7.00
2003		
January	7.70	7.15
February	7.85	7.45
March	7.80	6.70

SHARE PURCHASE MADE BY THE COMPANY

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

RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

The Ordinary Resolution No. 5 to be proposed at the Annual General Meeting relates to the granting of a general mandate to the Directors of the Company to repurchase on the Stock Exchange, shares up to a maximum of 10% of the issued share capital of the Company on the date of the resolution (the “Repurchase Proposal”).

The Ordinary Resolution No. 6 to be proposed at the Annual General Meeting relates to the granting of a general mandate to the Directors to issue new shares up to a maximum of 20% of the issued share capital of the Company on the date of the resolution, in addition, subject to a separate approval of shareholders of Ordinary Resolution No. 7, the number of shares purchased by the Company under the Repurchase Proposal will also be added to the 20% general mandate as mentioned above.

The Ordinary Resolution No. 7 to be proposed at the Annual General Meeting relates to the extension of the general mandate to be granted to the Directors to issue new shares during the relevant period by adding to it the number of shares purchased under the Repurchase Proposal, if any.

DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Proposal in accordance with the Listing Rules and the Companies Ordinance.

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increase, such increase will be treated as an acquisition for the purpose of The Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at 24 April 2003, the latest practicable date prior to the printing of this circular, Beijing Holdings Limited, which is a substantial shareholder of the Company, held directly or indirectly approximately 62.92% of the Shares issued by the Company. In the event that the Directors exercised in full the power to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the total interests of Beijing Holdings Limited in the Shares of the Company would be increased to approximately 69.22% of the issued Shares of the Company. The Directors are not aware of any consequences which will arise under the Code as a result of any purchases to be made under the Repurchase Proposal. Moreover, the Directors will not make share repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% of the issued share capital of the Company would be in the public hands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intends to sell Shares to the Company under the Repurchase Proposal in the event that the Repurchase Proposal is approved by the shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Proposal is approved by its shareholders.

PROXY ARRANGEMENT

A form of proxy for use at the Annual General Meeting is enclosed with the Annual Report for the year ended 31 December 2002. To be valid, the form of proxy must be completed 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 notarially certified copy of that power of attorney or authority at the Company's Share Registrar, Tengis Limited, at 4/F Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting.

RECOMMENDATION

Your Directors consider that the adoption of the Repurchase Proposal and the granting of the general mandate to issue new shares are in the best interests of the Company and its shareholders and accordingly recommend that all shareholders should vote in favour of Resolutions Nos. 5 to 7 to be proposed at the Annual General Meeting.

Yours faithfully,
Hu Zhao Guang
Chairman