

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.

ING BEIJING INVESTMENT COMPANY LIMITED ING北京投資有限公司

(incorporated in Hong Kong with limited liability)

CHANGE OF DOMICILE PROPOSAL

Financial adviser and sponsor



The Board wishes to announce that the Company intends to reorganise the structure of the Group by means of a scheme of arrangement pursuant to section 166 of the Companies Ordinance. Pursuant to the Scheme, Newco, a company incorporated in the Cayman Islands with limited liability, will become the new holding company of the Group. On 9 October 2003, Newco filed an advance booking form in respect of the application for a new listing of the Newco Shares on the Stock Exchange.

Upon implementation of the Scheme:

- (i) the Company will become a direct wholly-owned subsidiary of Newco;
- (ii) all the Shareholders will become shareholders of Newco; and
- (iii) the listing of the Shares on the Stock Exchange will be withdrawn and the Newco Shares will be listed on the Stock Exchange by way of introduction.

A scheme document together with the notice of the Court Meeting and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

Shareholders should note that the Scheme is subject to a number of conditions as described in the section headed “Conditions of the Scheme” below and may or may not proceed. Shareholders should exercise caution when dealing in the Shares.

INTRODUCTION

The Board wishes to announce that the Company intends to reorganise the structure of the Group by means of a scheme of arrangement pursuant to section 166 of the Companies Ordinance. Pursuant to the Scheme, Newco, a company incorporated in the Cayman Islands with limited liability, will become the new holding company of the Group. On 9 October 2003, Newco filed an advance booking form in respect of the application for a new listing of the Newco Shares on the Stock Exchange.

Upon implementation of the Scheme:

- (i) the Company will become a direct wholly-owned subsidiary of Newco;
- (ii) all the Shareholders will become shareholders of Newco; and
- (iii) the listing of the Shares on the Stock Exchange will be withdrawn and the Newco Shares will be listed on the Stock Exchange by way of introduction.

THE SCHEME

Under the Scheme, it is proposed that on the Effective Date:

- (i) the share capital of the Company will be reduced by cancelling and extinguishing all the Scheme Shares;
- (ii) subject to and forthwith upon reduction of capital taking effect, the authorised share capital of the Company will be increased to its former amount (being HK\$120,000,000 based on the authorised share capital of the Company as at the date of this announcement or such other amount representing the authorised share capital of the Company at the Record Time) by the creation of such number of new Shares as is equal to the number of the Scheme Shares cancelled;
- (iii) the Company will apply the credit (being HK\$53,951,400 based on the issued share capital of the Company as at the date of this announcement or such other amount representing the issued share capital of the Company at the Record Time) arising in its books as a result of the reduction of its share capital in paying up in full at par for new Shares to be created which will be allotted and issued, credited as fully paid, to Newco and/or its nominees; and
- (iv) in consideration for the cancellation and extinguishment of their holdings of the Scheme Shares, the Shareholders will receive Newco Shares, credited as fully paid at par and ranking pari passu with all the Newco Shares in issue, on the following basis:

for every Scheme Share held at the Record Time one Newco Share

As a result of the implementation of the Scheme, the Company will become a direct wholly-owned subsidiary of Newco and the Shareholders will become shareholders of Newco.

REASONS FOR THE SCHEME

The Group is principally engaged in the holding of investments primarily in companies or other entities with business interests or involvement in Hong Kong or the PRC.

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to establish an overseas ultimate holding company in a jurisdiction recognised by international investors with the view to enhance the international standing of the Group and it is an appropriate time for the Company to carry out the Scheme. The proposed group structure, with a new ultimate holding company in the Cayman Islands, will also provide the Group from time to time greater flexibility in formulating its capital structure and future investment plans which, if appropriate, may be carried out by overseas subsidiaries of the new ultimate holding company.

The Cayman Islands has been chosen as the jurisdiction in which Newco was incorporated. The Cayman Islands is one of the jurisdictions specified under the Listing Rules as an acceptable place of incorporation for overseas issuers in view of its political stability, common law legal system and growing importance as an international centre with increasing number of international companies incorporated there.

EFFECTS OF THE SCHEME

Upon the implementation of the Scheme, the listing of the Shares on the Stock Exchange will be withdrawn and the Newco Shares will be listed on the Stock Exchange by way of introduction under Chapter 21 of the Listing Rules.

Implementation of the Scheme will not, of itself, alter the underlying assets, liabilities, businesses or financial position of the Group, other than payment of the expenses relating to the Scheme. The consolidated assets and liabilities of Newco upon implementation of the Scheme will, save for such expenses, be the same as those of the Group prior to the Scheme, and the proportionate interests of the Shareholders in Newco will be the same as their proportionate interests in the Company. Newco Shares will give the holders thereof the same right and obligations as attaching to the Shares.

However, given that the Company was incorporated in Hong Kong whereas Newco was incorporated in the Cayman Islands, the differences between the laws of Hong Kong and those of the Cayman Islands many result in the differences in the practicability and cost of the Shareholders to enforce their rights between the two jurisdictions. A comparison of certain provisions under the Companies Ordinance of Hong Kong and the Companies Law of the Cayman Islands will be set out in the scheme document to be despatched to the Shareholders.

CONDITIONS OF THE SCHEME

The implementation of the Scheme is conditional upon the satisfaction of the following conditions on or before the Effective Date:

- (i) the Scheme being approved by a majority in number, representing 75% in value, of the Shareholders present and voting in person or by proxy at the Court Meeting;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve and implement the Scheme;
- (iii) the Court sanctioning the Scheme, with or without modification, and an office copy of the order of the Court and the minutes containing the particulars required by Section 61 of the Companies Ordinance are delivered and registered by the Registrar of the Companies in Hong Kong;
- (iv) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Newco Shares in issue and to be issued pursuant to the Scheme and any Newco Shares which may fall to be issued upon the exercise of the subscription rights attaching to the options which may be granted under the Newco Share Option Scheme (representing not exceeding 10% of the issued share capital of Newco as at the date of the listing of the Newco Shares on the Stock Exchange); and
- (v) the obtaining of all other necessary consents or authorisations which may be required under any existing contractual arrangements or regulatory requirements.

LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange seeking approval for the listing of, and permission to deal in, the Newco Shares in issue and to be issued pursuant to the Scheme, and the Newco Shares which may fall to be issued upon the exercise of the subscription rights attached to the options which may be granted under the Newco Share Option Scheme.

Subject to the granting of the listing of, and permission to deal in, the Newco Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Newco Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Newco Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Upon the Scheme becoming effective, the existing listing of the Shares on the Stock Exchange will be withdrawn and the Newco Shares will be listed on the Stock Exchange. The Newco Shares will be traded in board lots of 10,000, which is the same as for the Shares.

ADOPTION OF NEW INVESTMENT OBJECTIVES AND POLICIES BY NEWCO

The investment objectives and policies of Newco will be different from those of the Company in order to allow the Group to enjoy a higher degree of flexibility in formulating and carrying out its future investment plans upon the implementation of the Scheme. Details of the investment objectives and policies of Newco will be set out in a document to be despatched to the Shareholders as soon as practicable.

SHARE OPTION SCHEMES

In view of the proposed withdrawal of the listing of the Shares, the Board proposes that the Existing Share Option Scheme be terminated and the Newco Share Option Scheme be adopted by Newco subject to the Scheme becoming effective.

As at the date hereof, the Company had outstanding share options granted under the Existing Share Option Scheme, upon full conversion of which 21,555,600 Shares will be issued. Such options, if remain outstanding and unexercised, will be cancelled in accordance with the rules governing the Existing Share Option Scheme upon expiry of the period of 14 days following the approval of the Scheme by the Shareholders at the Court Meeting and the EGM. No options will be issued to the holders of these share options as a result of the cancellation.

Set out below are the particulars of such outstanding share options of the Company as at the date of this announcement:

Name	Date of grant	Exercise price per Share	Exercise period	Number of Shares to be issued upon exercise of options
Mr. Liu Xiao Guang (<i>Note 1</i>)	27.11.01	HK\$0.298	28.05.02 – 27.11.04	5,388,900
Mr. Cheng Bing Ren (<i>Note 1</i>)	27.11.01	HK\$0.298	28.05.02 – 27.11.04	2,694,450
Mr. Lawrence H. Wood (<i>Note 1</i>)	27.11.01	HK\$0.298	28.05.02 – 27.11.04	5,388,900
Mr. Yu Sek Kee (<i>Note 1</i>)	11.12.01	HK\$0.300	28.05.02 – 27.11.04	2,694,450
Others (<i>Note 2</i>)	27.11.01	HK\$0.298	28.05.02 – 27.11.04	5,388,900

Notes:

1. Mr. Liu Xiao Guang, Mr. Cheng Bing Ren, Mr. Lawrence H. Wood and Mr. Yu Sek Kee are executive Directors.
2. Such share options are held by a director of the investment manager of the Company.

The Directors do not intend to grant any further share options under the Existing Share Option Scheme on or prior to the EGM. Save as disclosed herein, the Company does not have any outstanding warrants, options or other securities which are convertible into or giving rights to the holders thereof to subscribe for Shares as at the date of this announcement.

The rules of the Newco Share Option Scheme will comply with Chapter 17 of the Listing Rules. Adoption of the Newco Share Option Scheme will be conditional on the following:

- (i) the approval of the Shareholders at the EGM;
- (ii) the Scheme becoming effective; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Newco Shares which may fall to be issued upon the exercise of any options which may be granted under the Newco Share Option Scheme (representing not exceeding 10% of the issued share capital of Newco as at the date of the listing of the Newco Shares on the Stock Exchange).

WAIVER FROM THE SFC

As, technically, one of the effects of the Scheme is that the Company will be privatised, the Scheme is therefore subject to Rule 2.10 of the Takeovers Code, which imposes additional voting requirements above those imposed by law. The Company will apply to the Executive for a waiver from strict compliance with the requirements under Rule 2.10 of the Takeovers Code on the basis that the economic interests of all Shareholders will not be affected as a result of the Scheme.

GENERAL

Quam Capital Limited has been appointed the financial adviser to the Company and the sponsor for the listing of the Newco Shares on the Stock Exchange in connection with the Scheme.

Further details concerning the Scheme and information relating to Newco including its investment objectives and policies will be contained in a document to be despatched to the Shareholders as soon as practicable. The document will also contain details relating to, among other things, the expected timetable for the Scheme, a summary of the terms of the Newco Share Option Scheme, the arrangement for the exchange of certificates of the Shares, the notice of the Court Meeting and the notice of the EGM. A further announcement will be made by the Company in due course confirming the sanction by the Court of the Scheme and the Effective Date.

Shareholders should note that the Scheme is subject to a number of conditions and may or may not proceed. Shareholders should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors;
“business day”	a day on which the Stock Exchange is open for business of dealing in securities;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“Company”	ING Beijing Investment Company Limited (ING北京投資有限公司), a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the Shares of which are listed on the Stock Exchange;
“Court”	the High Court of Hong Kong, the Court of First Instance;
“Court Meeting”	the meeting of the Shareholders which is convened at the direction of the Court;
“Directors”	the directors of the Company;
“Effective Date”	the date upon which the Scheme, if approved by the Court, becomes effective;
“EGM”	the extraordinary general meeting of the Shareholders to be convened for the consideration of, among others, the Scheme;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 16 August 2001;
“Group”	the Company and its subsidiaries or, where the context so requires, upon the Scheme becoming effective, Newco and its subsidiaries;

“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Newco”	First International Investment Company Limited 第一國際投資有限公司 (formerly known as Beijing Property Investment Company Limited 北京房地產投資有限公司), an exempted company incorporated in the Cayman Islands on 1 August 2003 with limited liability and the proposed new holding company of the Group;
“Newco Share(s)”	share(s) of HK\$0.01 each in the share capital of the Newco;
“Newco Share Option Scheme”	the share option scheme proposed to be adopted by Newco on a conditional basis prior to the Effective Date;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Record Time”	4:00 p.m. (Hong Kong time) on the business day preceding the Effective Date;
“Scheme”	the reorganisation proposal whereby the Company will become a wholly-owned subsidiary of Newco to be implemented by way of a scheme of arrangement under Section 166 of the Companies Ordinance;
“Scheme Shares”	the Shares in issue at the Record Time;
“SFC”	the Securities and Futures Commission;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the ordinary share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

By order of the Board
ING Beijing Investment Company Limited
(ING北京投資有限公司)
Lawrence H. Wood
Director

Hong Kong, 9 October 2003

The Directors jointly and severally accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement in the announcement misleading.

Please also refer to the published version of this announcement in The Standard.