

DISCLOSEABLE INFORMATION

DIRECTORS' SERVICE CONTRACTS

Messrs. Yi Xi Qun and Xiong Da Xin have renewed their service contracts with the Company for a further term of 5 years with an unexpired period of 59 months as of 30th June, 2003. Mr. Lui Kai has service contract with the Company with an unexpired period of 7 months as of 30th June, 2003.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a beneficial interest in any material contract to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the period.

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES

As at 30th June, 2003, the directors, the chief executive and their respective associates have the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"):-

Name of director	Name of associated corporation	Nature of interest	Number of shares held
Li Fu Cheng	Beijing Yanjing Brewery Company Limited	Personal	18,720
Zheng Wan He	Beijing Wangfujing Department Store (Group) Co., Ltd.	Personal	45,738

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the minimum company membership requirements.

The interest of the directors in the share options of the Company and Beijing Development (Hong Kong) Company Limited ("Beijing Development"), a subsidiary of the Company, are separately disclosed in the section "Share option schemes" below.

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES (continued)

Save as disclosed above, as at 30th June, 2003, none of the directors or their associates as well as the chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Share option schemes" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

The Company

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The directors of the Company may, at their discretion, invite employees, including executive directors, of the Company and any of its subsidiaries, to take up options to subscribe for ordinary shares of the Company at HK\$1 per grant of options. The Scheme became effective on 16th May, 1997 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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SHARE OPTION SCHEMES (continued)

The Company (continued)

The maximum number of unexercised share options currently permitted to be granted under the Scheme (the "Maximum Number") is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. No option may be granted to any one person which if exercised in full would result in the total number of ordinary shares of the Company issued and issuable to him/her under all the options previously granted to him/her and the said option exceeding 25% of the Maximum Number. At 30th June, 2003, the number of shares issuable under share options granted under the Scheme was 11,150,000, which represented approximately 1.8% of the Company's shares in issue as at that date.

An option may not be transferred and is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part.

The period during which an option may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the nominal value of an ordinary share; and (ii) 80% of the average of the closing prices of the Company's ordinary shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the option.

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SHARE OPTION SCHEMES (continued)

The Company (continued)

The following share options were outstanding under the Scheme as at 30th June, 2003:

	Number of options held			
	Note (a)		Note (b)	
	30th June, 2003	31st December, 2002	30th June, 2003	31st December, 2002
Directors:				
Mr. Hu Zhao Guang (Note (c))	–	400,000	–	3,600,000
Mr. Xing Chun Hua (Note (d))	–	240,000	–	2,160,000
Mr. Zheng Wan He	200,000	200,000	1,800,000	1,800,000
Mr. Wei En Hong	200,000	200,000	1,800,000	1,800,000
Mr. Li Fu Cheng	200,000	200,000	1,800,000	1,800,000
Mr. Li Zhong Gen	200,000	200,000	1,800,000	1,800,000
	800,000	1,440,000	7,200,000	12,960,000
Employees in aggregate	320,000	320,000	2,830,000	2,830,000
	1,120,000	1,760,000	10,030,000	15,790,000

Notes:

- (a) These options were granted on 3rd March, 1998, at an exercise price per share of HK\$17.03. The cash consideration paid by each director and employee for the options granted was HK\$1 per grant of options. The options may be exercised at any time in the next 10 years commencing on 1st September, 1998. No such options were exercised during the period.
- (b) These options were granted on 23rd June, 1998 at an exercise price per share of HK\$17.03. The consideration paid by each director and employee for the options granted was HK\$1 per grant of options. The options may be exercised in 9 equal portions. The first portion is exercisable at any time commencing on 1st January, 1999, and one additional portion becomes exercisable on 1st January, in each of the following years. All of the options (to the extent not exercised) will become exercisable on 1st January, 2007, and if not otherwise exercised, will lapse on 1st January, 2009. No portion of these share options was exercised during the period.

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SHARE OPTION SCHEMES (continued)**The Company** (continued)

- (c) Owing to the resignation of Mr. Hu Zhao Guang on 29th May, 2003, a total of 4,000,000 share options granted to him on 3rd March, 1998 (400,000 share options) and 23rd June, 1998 (3,600,000 share options) lapsed on 29th May, 2003.
- (d) Owing to the resignation of Mr. Xing Chun Hua on 29th May, 2003, a total of 2,400,000 share options granted to him on 3rd March, 1998 (240,000 share options) and 23rd June, 1998 (2,160,000 share options) lapsed on 29th May, 2003.

Beijing Development

As at 30th June, 2003, the interests of a director of the Company in options to subscribe for shares of Beijing Development, an indirectly owned subsidiary of the Company listed on the Stock Exchange, under the share option scheme of Beijing Development, were as follows:

	Number of options held			
	Note (a)		Note (b)	
	30th June, 2003	31st December, 2002	30th June, 2003	31st December, 2002
Director:				
Mr. Xiong Da Xin	2,800,000	2,800,000	1,200,000	1,200,000

Notes:

- (a) These options were granted on 19th June, 2001 at an exercise price of HK\$1.13 per share. The options can be exercised in 2 or 3 equal portions. The first portion is exercisable at any time commencing on 1st January, 2002, and each further portion becomes exercisable on 1st January in each of the following years. All of the options, if not otherwise exercised, will lapse on 26th June, 2006. No portion of these share options was exercised during the period.
- (b) These options were granted on 18th January, 2002 at an exercise price of HK\$1.00 per share. The options can be exercised in 3 equal portions. The first portion is exercisable at any time commencing on 18th January, 2002, and each further portion becomes exercisable on 1st January in each of the following years. All of the options, if not otherwise exercised, will lapse on 17th January, 2007. No portion of these share options was exercised during the period.

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SHARE OPTION SCHEMES (continued)**Beijing Development** (continued)

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or the balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2003, the following persons (other than a director or the chief executive of the Company) had an interest or short position in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name	Interests in shares	Percentage of the Company's issued capital
Modern Orient Limited	100,050,000	16.07
Beijing Enterprises Investments Limited (Note a)	388,828,000	62.46
Beijing Holdings Limited (Note b)	391,701,000	62.92

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SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

- (a) The interest disclosed includes the shares owned by Modern Orient Limited. Modern Orient Limited is held directly as to 100% by Beijing Enterprises Investments Limited. Accordingly, Beijing Enterprises Investments Limited is deemed to be interested in the shares owned by Modern Orient Limited.
- (b) The interest disclosed includes the shares owned by Beijing Enterprises Investments Limited and Modern Orient Limited. Beijing Enterprises Investments Limited, the holding company of Modern Orient Limited, is held indirectly as to 50.37% by Beijing Holdings Limited. Accordingly, Beijing Holdings Limited is deemed to be interested in the shares owned by Beijing Enterprises Investments Limited and Modern Orient Limited.

Save as disclosed above, as at 30th June, 2003, there was no person (other than a director or the chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

CONNECTED TRANSACTIONS

The connected transactions undertaken by the Group during the period are set out in note 16 to the condensed consolidated financial statements.

The independent non-executive directors of the Company have reviewed and confirmed that these connected transactions entered into by the Group were (i) in the ordinary course of the Group's business either on normal commercial terms, or on terms that are fair and reasonable so far as the Company's shareholders are concerned; (ii) in accordance with the terms of the agreements governing the transactions; and (iii) within the prescribed limits as set out in the waiver letters in respect of connected transactions granted by the Stock Exchange.

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PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

LOAN AGREEMENT WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

The Company obtained a five-year US\$180 million loan facility in 2001. The loan agreement includes certain conditions imposing specific performance obligations on the Company's holding companies, among which are the following events which would constitute an event of default on the loan facility:

1. If the beneficial interest in more than 50% of the entire issued share capital of the Company ceases to be owned by persons or entities controlled by the Beijing Municipal People's Government of China; or
2. If any of the Company's holding companies stops or suspends payments to its creditors generally, or is unable or admits its inability to pay its debts as they fall due, or is declared or becomes bankrupt or insolvent.