

## General Information

### Directors' interests in Shares

At 30 June 2003, the interests and the short positions of the directors, chief executive and their respective associates in the 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 entered in the register kept under Section 352 of the SFO were as follows:

- (a) Ng Kong Fat, Brian, a director of the Company, beneficially owns 1,462,000 ordinary shares of HK\$1 each in the share capital of BD Ah Yat Abalone Group Limited, representing 21.5% of its issued share capital;
- (b) Sunbird Holdings Limited ("Sunbird") beneficially owns 2,400 ordinary shares of HK\$1 each in the share capital of H.K. Forewell Investments Limited, representing 24% of its issued share capital;
- (c) Sunbird beneficially owns 2,400 ordinary shares of HK\$1 each in the share capital of Hong Kong Fortune International Limited, representing 24% of its issued share capital; and
- (d) Sunbird beneficially owns 6,000 ordinary shares of S\$1 each in the share capital of Ah Yat Abalone Forum Restaurant Holdings Pte Ltd, representing 24% of its issued share capital.

Each of BD Ah Yat Abalone Group Limited, H.K. Forewell Investments Limited, Hong Kong Fortune International Limited and Ah Yat Abalone Forum Restaurant Holdings Pte Ltd is an associated corporation (within the meaning of Part XV of the SFO) of the Company. Mr. Ng Kong Fat, Brian has beneficial equity interests in Sunbird.

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In addition to the above, Mr. Ng Kong Fat, Brian has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

The interests of the directors in the share options of the Company are separately disclosed in the section "Share option scheme" below.

Save as disclosed above, at 30 June 2003, none of the directors, chief executive or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange. Nor any of the directors and the chief executive (including their respective spouse and children under 18 years of age) had, at any time during the six months ended 30 June 2003, any interest in, or had been granted any right to subscribe for shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

### Share Option Scheme

The Company operates a share option scheme (the "Scheme") to give executives and key employees of the Group an interest in preserving and maximising shareholder value in the longer term, to enable the Company and the relevant subsidiaries to attract and retain individuals with experience and ability and to reward individuals for future performance.

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Eligible participants of the Scheme include the executive directors and employees of the Company or any of its subsidiaries. The Scheme became effective on 18 June 2001 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. At 30 June 2003, the number of shares issuable under share options granted under the Scheme was 35,100,000, which represented approximately 7.1% of the Company's shares then in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date on which the offer of the share options is accepted or on the expiry date of the Scheme, whichever is earlier.

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

Share options do not confer rights on the holders to dividends or to vote at shareholder meetings.

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No share options were exercised during the six months ended 30 June 2003. The following share options were outstanding under the Scheme as at 30 June 2003:

Name or category of participants	Number of share options			
	Note (a)		Note (b)	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002
<b>Directors:</b>				
Mr. Xiong Da Xin	2,800,000	2,800,000	1,200,000	1,200,000
Mr. Bai Jin Rong (Note (c))	—	2,600,000	—	1,200,000
Mr. Ng Kong Fat, Brian	2,300,000	2,300,000	1,200,000	1,200,000
Mr. E Meng	1,600,000	1,600,000	1,200,000	1,200,000
Dr. Mao Xiang Dong, Peter	1,600,000	1,600,000	1,200,000	1,200,000
	8,300,000	10,900,000	4,800,000	6,000,000
<b>Other employees:</b>				
In aggregate	4,300,000	4,300,000	17,700,000	17,700,000
	12,600,000	15,200,000	22,500,000	23,700,000

## Notes:

- (a) These options were granted on 19 June 2001 at an exercise price of HK\$1.13 per share. The options can be exercised in two or three equal portions. The first portion is exercisable at any time commencing on 1 January 2002, 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 26 June 2006.
- (b) These options were granted on 18 January 2002 at an exercise price of HK\$1.00 per share. The options can be exercised in three equal portions. The first portion is exercisable at any time commencing on 18 January 2002, 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 17 January 2007.
- (c) Owing to the resignation of Mr. Bai Jin Rong on 31 December 2002, a total of 3,800,000 share options granted to him on 19 June 2001 (2,600,000 share options) and 18 January 2002 (1,200,000 share options) lapsed on 31 March 2003.

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The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 35,100,000 additional ordinary shares of the Company and additional share capital of HK\$35,100,000 and share premium of HK\$1,638,000 (before issue expenses).

The directors do not consider it appropriate to disclose a theoretical value of the share options granted because a number of factors crucial for the valuation are subjective and uncertain. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful, and would be misleading.

In addition, at 30 June 2003, the interests of a director of the Company in options to subscribe for shares of Beijing Enterprises Holdings Limited ("BEHL"), the Company's holding company, under the share option scheme of BEHL were as follows:

Name of director	Number of share options	
	Note (a)	Note (b)
Mr. E Meng	50,000	450,000

Notes:

- (a) These options were granted on 3 March 1998 at an exercise price of HK\$17.03 per share. The options can be exercised at any time in the next 10 years commencing on 1 September 1998. No such options were exercised during the six months ended 30 June 2003.
- (b) These options were granted on 23 June 1998 at an exercise price of HK\$17.03 per share. The options can be exercised in nine equal portions. The first portion is exercisable at any time commencing on 1 January 1999 and one additional portion becomes exercisable on 1 January in each of the following years. All of the options (to the extent not exercised) will become exercisable on 1 January 2007 and, if not otherwise exercised, will lapse on 1 January 2009. No such options were exercised during the six months ended 30 June 2003.

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### Substantial Shareholders

At 30 June 2003, so far as is known to the directors, the following persons were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote at general meetings of the Company:

Name	Number of shares held	Percentage of shareholding
Idata Finance Trading Limited ("IFTL")	275,675,000	55.81%
Beijing Enterprises Holdings Limited ("BEHL") ( <i>Note</i> )	275,675,000	55.81%
Beijing Holdings Limited ("BHL") ( <i>Note</i> )	275,675,000	55.81%
Illumination Holdings Limited	58,618,368	11.87%

Note: IFTL is a direct wholly-owned subsidiary of BEHL. BEHL is held indirectly as to 62.9% by BHL. Accordingly, BEHL and BHL are deemed to be interested in shares owned by IFTL.

Save as disclosed above, there is no person known to the directors who, as at 30 June 2003, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of the Company, or any options in respect of such capital.

### Purchase, Redemption or Sale of Listed Securities of The Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2003.

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### **Code of Best Practice**

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the interim report, except that the non-executive directors of the Company are not appointed for specific terms as required by Paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's articles of association, and the Company has not established an audit committee.