

## Directors' interests in securities

As at 31st December 2001, the interests of the directors and their associates in the securities of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

	Personal interests	Family interests	Corporate interests (Note 2)
<b>New World China Land Limited</b>			
(Ordinary shares of HK\$0.10 each)			
Mr. Doo Wai-hoi, William	700,000	–	–
Mr. Chan Kam-ling	100,000	–	–
Mr. Chow Kwai-cheung	126	–	–
<b>New World Development Company Limited</b>			
(Ordinary shares of HK\$1.00 each)			
Mr. Leung Chi-kin, Stewart	23,253	–	–
Mr. Chan Kam-ling	90,470	–	–
Mr. Chow Kwai-cheung	20,818	–	–
<b>New World Infrastructure Limited</b>			
(Ordinary shares of HK\$1.00 each)			
Dr. Cheng Kar-shun, Henry	–	1,000,000	–
Mr. Chan Wing-tak, Douglas	700,000	–	–
Mr. Chan Kam-ling	6,800	–	–
<b>Extensive Trading Company Limited</b>			
(Non-voting deferred shares of HK\$1.00 each)			
Mr. Cheng Kar-shing, Peter	–	–	380,000
Mr. Leung Chi-kin, Stewart	160,000	–	–
Mr. Chan Kam-ling	–	–	80,000
Mr. Chow Kwai-cheung	80,000	–	–
Mr. Chow Yu-chun, Alexander	80,000	–	–
<b>Hip Hing Construction Company Limited</b>			
(Non-voting deferred shares of HK\$100.00 each)			
Mr. Chan Kam-ling	15,000	–	–
<b>HH Holdings Corporation</b>			
(Ordinary shares of HK\$1.00 each)			
Mr. Chan Kam-ling	15,000	–	–

## Directors' interests in securities (continued)

	Personal interests	Family interests	Corporate interests (Note 2)
<b>International Property Management Limited</b>			
(Non-voting deferred shares of HK\$10.00 each)			
Mr. Chan Kam-ling	1,350	–	–
<b>Master Services Limited</b>			
(Ordinary shares of US\$0.01 each)			
Mr. Leung Chi-kin, Stewart	16,335	–	–
Mr. Chan Kam-ling	16,335	–	–
Mr. Chow Kwai-cheung	16,335	–	–
Mr. Chow Yu-chun, Alexander	16,335	–	–
<b>Matsuden Company Limited</b>			
(Non-voting deferred shares of HK\$1.00 each)			
Mr. Leung Chi-kin, Stewart	44,000	–	–
Mr. Chan Kam-ling	–	–	44,000
Mr. Chow Kwai-cheung	44,000	–	–
Mr. Chow Yu-chun, Alexander	44,000	–	–
<b>New World Services Limited</b>			
(Ordinary shares of HK\$0.10 each)			
Mr. Cheng Kar-shing, Peter	–	–	3,382,788
Mr. Leung Chi-kin, Stewart	4,214,347	–	250,745
Mr. Chan Kam-ling	–	–	10,602,565
Mr. Chow Kwai-cheung	2,562,410	–	–
Mr. Chow Yu-chun, Alexander	2,562,410	–	–
<b>Progreso Investment Limited</b>			
(Non-voting deferred shares of HK\$1.00 each)			
Mr. Leung Chi-kin, Stewart	–	–	119,000
<b>Tai Yieh Construction &amp; Engineering Company Limited</b>			
(Non-voting deferred shares of HK\$1,000.00 each)			
Mr. Chan Kam-ling	250	–	–

**Directors' interests in securities (continued)**

	<b>Personal interests</b>	<b>Family interests</b>	<b>Corporate interests</b> (Note 2)
<b>Urban Property Management Limited</b>			
(Non-voting deferred shares of HK\$1.00 each)			
Mr. Cheng Kar-shing, Peter	–	–	750
Mr. Leung Chi-kin, Stewart	750	–	–
Mr. Chow Kwai-cheung	750	–	–
Mr. Chow Yu-chun, Alexander	750	–	–
<b>YE Holdings Corporation</b>			
(Ordinary shares of HK\$1.00 each)			
Mr. Leung Chi-kin, Stewart	37,500	–	–

Notes :

- (1) Details of the directors' interests in certain share options of the Company, New World Infrastructure Limited and Pacific Ports Company Limited, are disclosed under the section "Directors' rights to acquire shares or debentures".
- (2) These shares are beneficially owned by a company in which the relevant director is deemed to be entitled under the SDI Ordinance to exercise or control the exercise of one-third or more of the voting power at its general meeting.

Save as disclosed above, as at 31st December 2001, none of the directors, chief executive or any of their associates had any beneficial or non-beneficial interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## Directors' rights to acquire shares or debentures

(A) Under the share option scheme of the Company ("Share Option Scheme") adopted on 18th December 2000, certain directors of the Company have personal interests in share options to subscribe for shares in the Company, particulars of which are as follows:

Name of director	Date of grant	Exercisable period (Note 1)	Number of share options with exercise price per share of HK\$1.955		
			Balance as at 1st July 2001	Exercised during the period	Outstanding as at 31st December 2001
Dr. Cheng Kar-shun, Henry	7th February 2001	8th March 2001 to 7th March 2006	5,000,000	–	5,000,000
Mr. Doo Wai-hoi, William	8th February 2001	9th March 2001 to 8th March 2006	3,500,000	700,000 (Note 2)	2,800,000
Mr. Cheng Kar-shing, Peter	9th February 2001	10th March 2001 to 9th March 2006	2,500,000	–	2,500,000
Mr. Chow Yu-chun, Alexander	8th February 2001	9th March 2001 to 8th March 2006	2,500,000	–	2,500,000
Mr. Leung Chi-kin, Stewart	7th February 2001	8th March 2001 to 7th March 2006	500,000	–	500,000
Mr. Chan Kam-ling	9th February 2001	10th March 2001 to 9th March 2006	500,000	100,000 (Note 3)	400,000
Mr. Chow Kwai-cheung	9th February 2001	10th March 2001 to 9th March 2006	500,000	–	500,000
Mr. Chan Wing-tak, Douglas	12th February 2001	13th March 2001 to 12th March 2006	500,000	–	500,000
Mr. So Ngok	9th February 2001	10th March 2001 to 9th March 2006	500,000	–	500,000

## Directors' rights to acquire shares or debentures (continued)

Notes:

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s).
  - (2) Exercise date was 27th July 2001. On 26th July 2001, being the trading date immediately before the share options were exercised, the weighted average closing price per share was HK\$2.924.
  - (3) Exercise date was 26th October 2001. On 24th October 2001, being the trading day immediately before the share options were exercised, the weighted average closing price per share was HK\$2.328.
  - (4) The cash consideration paid by each director for each grant of the share options is HK\$10.
- (B) Under a share option scheme of a fellow subsidiary, New World Infrastructure Limited ("NWI"), options may be granted to directors and employees of NWI or its subsidiaries to subscribe for shares in NWI. The following directors of the Company are also directors of NWI and have personal interests in share options to subscribe for shares in NWI which have been granted to them as follows:

Name of director	Date of grant	Number of share options outstanding at 31st December 2001 with exercise price per share of	
		HK\$10.20 (Note 1)	HK\$12.00 (Note 2)
Dr. Cheng Kar-shun, Henry	2nd December 1998	600,000	2,400,000
Mr. Cheng Kar-shing, Peter	1st December 1998	120,000	480,000
Mr. Doo Wai-hoi, William	16th December 1998	200,000	800,000
Mr. Leung Chi-kin, Stewart	8th December 1998	120,000	480,000
Mr. Chan Kam-ling	9th December 1998	200,000	800,000
Mr. Chan Wing-tak, Douglas	26th November 1998	320,000	1,280,000
Mr. So Ngok	26th November 1998	200,000	800,000
Mr. Cheng Wai-chee, Christopher	11th December 1998	120,000	480,000
Mr. Fu Sze-shing	23rd September 1999	240,000 (Note 3)	960,000 (Note 4)

## Directors' rights to acquire shares or debentures (continued)

Notes:

- (1) Exercisable from 1st July 1999 to 1st June 2004, unless otherwise stated.
- (2) Divided into 3 tranches exercisable from 1st July 2000, 2001 and 2002 to 1st June 2004 respectively, unless otherwise stated.
- (3) Exercisable from 1st July 2000 to 1st June 2005.
- (4) Divided into 3 tranches exercisable from 1st July 2001, 2002 and 2003 to 1st June 2005 respectively.

The cash consideration paid by each director for each grant of the share options is HK\$10. No share option has been exercised by the directors under the share option scheme of NWI for the period ended 31st December 2001.

- (C) Under another share option scheme of a fellow subsidiary, Pacific Ports Company Limited ("PPCL"), the following director of the Company, who is also a director of PPCL, has personal interests in share options to subscribe for shares in PPCL which have been granted to him as follows:

Name of director	Date of grant	Number of share options outstanding at 31st December 2001 with exercise price per share of HK\$0.693
Mr. Chan Wing-tak, Douglas	11th May 1999	10,000,000 (Note)

Note : Divided into 4 tranches exercisable from 5th November 1999, 5th May 2001, 5th May 2002, 5th May 2003 to 4th November 2004 respectively.

No share option has been exercised by the director under the share option scheme of PPCL for the period ended 31st December 2001.

Except for the foregoing, at no time during the period was the Company, its subsidiary, its fellow subsidiaries or its holding company, a party to any arrangements to enable the directors of the Company or chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial shareholders' interests in shares

As at 31st December 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the following parties had interests of 10% or more of the issued share capital of the Company:

Name	Number of shares held
Chow Tai Fook Enterprises Limited	1,050,768,800 (Note 1)
New World Development Company Limited ("NWD")	1,050,768,800 (Note 2)

## Substantial shareholders' interests in shares (continued)

Notes :

- (1) Chow Tai Fook Enterprises Limited and its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares deemed to be interested by NWD.
- (2) This represents the 1,011,714,293 shares directly held by NWD, 22,508,064 shares held by Great Worth Holdings Limited ("GWH") and 16,546,443 shares held by High Earnings Holdings Limited ("HEH"). GWH and HEH are 59% and 51.3% indirectly owned subsidiaries of NWD respectively. NWD is deemed to have interests in the shares held by GWH and HEH.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 16(1) of the SDI Ordinance as at 31st December 2001.

## Share Option Scheme

As at 31st December 2001, in addition to the share options granted to the directors as disclosed in the section headed 'Directors' Rights to acquire shares or debentures', the Company had granted share options to certain employees of the Company and/or its subsidiaries working under employment contracts that are regarded as "continuous contract" for the purposes of the Employment Ordinance to subscribe for shares of the Company pursuant to the Share Option Scheme, particulars of which were as follows :

Date of grant	Number of share options					Exercise price per share HK\$
	Balance as at 1st July 2001	Granted during the period (Note 2)	Exercised during the period (Note 3)	Lapsed during the period	Outstanding as at 31st December 2001	
5th February 2001 to 2nd March 2001	37,044,000	–	530,400	797,600	35,716,000	1.955
2nd May 2001 to 29th May 2001	458,400	–	–	–	458,400	2.605
29th June 2001 to 26th July 2001	–	2,485,200	–	–	2,485,200	3.192
31st August 2001 to 27th September 2001	–	2,149,200	19,200	–	2,130,000	2.380

## Share Option Scheme (continued)

Notes :

- (1) The share options are exercisable during a period of five years commencing from the expiry of one month after the dates of grant when the offers of the share options were accepted, provided that the maximum number of share options that can be exercised during a year is 20% of the total number of the share options granted together with any unexercised share options carried forward from the previous year(s).
- (2) The closing price per share on 28th June 2001 and 30th August 2001 was HK\$3.75 and HK\$2.75 respectively.
- (3) The weighted average closing price of the shares immediately before the dates on which share options were exercised was HK\$3.082.

The fair value of the share options granted during the period with the exercise price per share of HK\$3.192 and HK\$2.38 is estimated at HK\$1.35 and HK\$1.54 respectively using the Black-Scholes option pricing model. Value is estimated based on the risk-free rate of 5.24% per annum with reference to the rate prevailing on the Exchange Fund Notes, a one-year period historical volatility of 0.7, assuming no dividends and an expected option life of 5 years.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the period are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.