

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2003, the interests of each director, chief executive and their associates in the shares and share options of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO are as follows:

(A) Shares of the Company of HK\$0.025 each ("Shares")

	Number of Shares						Total interests
	Personal interest	Corporate interest	Family interest	Trust/similar interest	Persons acting in concert	Other interest	
Dr Victor FUNG Kwok King	—	1,180,500,000 ¹	—	50,750,000 ²	—	—	1,231,250,000
Dr William FUNG Kwok Lun	68,502,300	1,180,500,000 ¹	4,000	—	—	—	1,249,006,300
Mr Henry CHAN	3,280,000	—	—	—	—	—	3,280,000
Mr Danny LAU Sai Wing	7,240,000	—	—	—	—	—	7,240,000
Ms Annabella LEUNG Wai Ping	3,200,000	—	—	—	—	—	3,200,000
Mr Bruce Philip ROCKOWITZ	8,000	—	—	50,374,100 ³	—	—	50,382,100
Mr LAU Butt Farn	2,200,000	—	—	—	—	—	2,200,000
Professor Franklin Warren McFARLAN	—	—	—	52,000 ⁴	—	—	52,000
Mr Leslie BOYD	—	—	—	10,000 ⁵	—	—	10,000

None of the above directors has any interest of short positions in the Shares or underlying shares of the Company.

Notes:

- (1) As at 30 June 2003,
 - (a) King Lun Holdings Limited ("King Lun"), a private company incorporated in the British Virgin Islands, held 49,950,800 Shares.
 - (b) King Lun through its wholly-owned Hong Kong incorporated subsidiary, Li & Fung (1937) Limited, held 996,000,000 Shares.
 - (c) Li & Fung (1937) Limited, through Orient Ocean Holdings Limited ("Orient Ocean"), a private company incorporated in the British Virgin Islands, held 134,549,200 Shares. Li & Fung (1937) Limited held 50% voting rights with no beneficial interest in Orient Ocean.

Directors' Interests and Short Positions in Shares,
Underlying Shares and Debentures (Continued)

Dr Victor FUNG Kwok King and Dr William FUNG Kwok Lun are deemed to have interests in the 1,180,500,000 Shares, i.e. the total number of Shares mentioned in notes (1)(a), (b) and (c) above, through their personal or other interests in King Lun as set out below:

- (i) 1,332,840 shares in King Lun, representing 50% of its issued share capital, are owned by J.P. Morgan Trust Company (Jersey) Limited, the trustee of a trust established for the benefit of the family of Dr Victor FUNG Kwok King.
- (ii) 1,332,840 shares in King Lun, representing 50% of its issued share capital, are owned by Dr William FUNG Kwok Lun.
- (2) 50,750,000 Shares in the Company are held by J.P. Morgan Trust Company (Jersey) Limited, the trustee of a trust established for the benefit of the family of Dr Victor FUNG Kwok King.
- (3) 50,374,100 Shares in the Company are held by Hurricane Millennium Holdings Limited, a company beneficially owned by a trust which has been set up for the benefit of family members of Mr Bruce Philip ROCKOWITZ.
- (4) 52,000 Shares in the Company are held by a trust established for the benefit of Professor Franklin Warren McFARLAN and managed by Fleet Bank, Boston.
- (5) 10,000 Shares in the Company are held by Maitland Trustees Limited, the trustee of a trust, in respect of which the family of Mr Leslie BOYD are potential discretionary beneficiaries.

(B) Share Options

The interests of the directors and chief executives in the share options of the Company are detailed in the Share Options section stating below.

Save as disclosed above, at no time during the year, the directors and chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or its associated corporations required to be disclosed pursuant to the SFO.

Share Options

Old Share Option Scheme

The share option scheme of the Company being adopted on 2 June 1992 (the "Old Scheme") has expired on 1 June 2002. Despite the fact that no further options may be granted under the Old Scheme, all its terms will remain in force to govern the exercise of all the options previously granted. The terms of the Old Scheme were disclosed in the 2002 Annual Report. As at 30 June 2003, there are options ("Share Options") relating to 31,140,000 Shares granted by the Company pursuant to the Old Scheme which are valid and outstanding.

Details of the Share Options granted under the Old Scheme and remain outstanding as at 30 June 2003 are as follows:

	Options held at 1 January 2003	Options granted during the period	Options exercised during the period	Options lapsed during the period	Options held at 30 June 2003	Exercise Price HK\$	Grant date	Exercisable from	Exercisable until
Dr William FUNG Kwok Lun	480,000	—	—	—	480,000	15.26	7 July 2000	7 July 2001	6 July 2003
	480,000	—	—	—	480,000	10.50	18 July 2001	18 July 2002	17 July 2004
	480,000	—	—	—	480,000	7.98	28 August 2001	28 August 2003	27 August 2005
Mr Henry CHAN	240,000	—	—	—	240,000	15.26	7 July 2000	7 July 2001	6 July 2003
	240,000	—	—	—	240,000	10.50	18 July 2001	18 July 2002	17 July 2004
	240,000	—	—	—	240,000	7.98	28 August 2001	28 August 2003	27 August 2005
Mr Danny LAU Sai Wing	240,000	—	—	—	240,000	15.26	7 July 2000	7 July 2001	6 July 2003
	240,000	—	—	—	240,000	10.50	18 July 2001	18 July 2002	17 July 2004
	240,000	—	—	—	240,000	7.98	28 August 2001	28 August 2003	27 August 2005
Ms Annabella LEUNG Wai Ping	240,000	—	—	—	240,000	15.26	7 July 2000	7 July 2001	6 July 2003
	240,000	—	—	—	240,000	10.50	18 July 2001	18 July 2002	17 July 2004
	240,000	—	—	—	240,000	7.98	28 August 2001	28 August 2003	27 August 2005
Mr Bruce Philip ROCKOWITZ	240,000	—	—	—	240,000	7.98	28 August 2001	28 August 2003	27 August 2005
Continuous contract employees	7,872,000	—	—	—	7,872,000	15.26	7 July 2000	7 July 2001	6 July 2003
	9,320,000	—	—	—	9,320,000	10.50	18 July 2001	18 July 2002	17 July 2004
	10,164,000	—	—	56,000	10,108,000	7.98	28 August 2001	28 August 2003	27 August 2005

There is no share options granted or exercised under the Old Scheme during the six-month period ended 30 June 2003.

New Share Option Scheme

At the 2003 Annual General Meeting of the Company held on 12 May 2003, a new share option scheme (the "New Scheme") of the Company was adopted by the shareholders of the Company to comply with the new requirements of Chapter 17 of the Listing Rules of The Stock Exchange of Hong Kong Limited. As at 30 June 2003, there are Share Options relating to 52,310,000 Shares granted by the Company pursuant to the New Scheme which are valid and outstanding.

Details of the Share Options granted under the New Scheme and remain outstanding as at 30 June 2003 are as follows:

	Options held at 1 January 2003	Options granted during the period	Options exercised during the period	Options lapsed during the period	Options held at 30 June 2003	Exercise Price HK\$	Grant date	Exercisable from	Exercisable until
Dr William FUNG Kwok Lun	—	800,000	—	—	800,000	9.20	23 May 2003	23 May 2004	22 May 2007
	—	800,000	—	—	800,000	9.20	23 May 2003	23 May 2005	22 May 2008
	—	800,000	—	—	800,000	9.20	23 May 2003	23 May 2006	22 May 2009
Mr Henry CHAN	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2004	22 May 2007
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2005	22 May 2008
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2006	22 May 2009
Mr Danny LAU Sai Wing	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2004	22 May 2007
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2005	22 May 2008
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2006	22 May 2009
Ms Annabella LEUNG Wai Ping	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2004	22 May 2007
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2005	22 May 2008
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2006	22 May 2009
Mr Bruce Philip ROCKOWITZ	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2004	22 May 2007
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2005	22 May 2008
	—	400,000	—	—	400,000	9.20	23 May 2003	23 May 2006	22 May 2009
Continuous contract employees	—	14,390,000	—	—	14,390,000	9.20	23 May 2003	23 May 2004	22 May 2007
	—	15,360,000	—	—	15,360,000	9.20	23 May 2003	23 May 2005	22 May 2008
	—	15,360,000	—	—	15,360,000	9.20	23 May 2003	23 May 2006	22 May 2009

The closing market price per share immediately before the date on which the Share Options were granted was HK\$9.00.

The above options granted are not recognised in the accounts until they are exercised. Rule 17.08 of the Listing Rules stipulates that the listed issuer is encouraged to disclose in its annual report and interim report the value of options granted to participants as referred to in (i) to (v) of Rule 17.07 during the financial year. The Directors consider it inappropriate to value the Share Options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the Share Options based on various speculative assumptions would be meaningless and could be misleading to the shareholders. The Directors therefore consider the disclosure of only the relevant market price and exercise price, which are readily ascertainable, will be appropriate.