

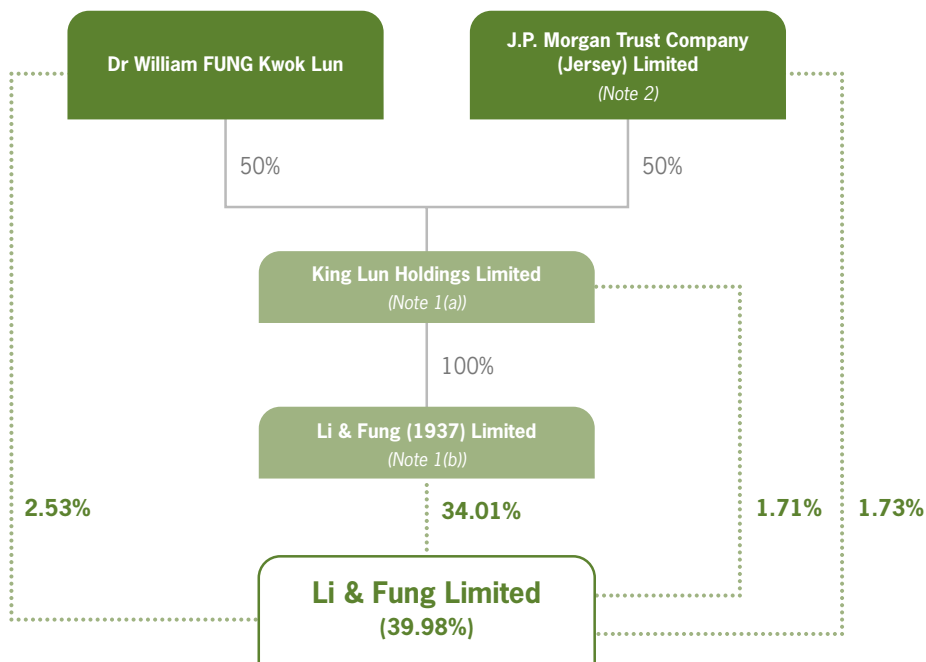
Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2005, the directors and chief executives of the Company and their associates had the following interests in the shares of HK\$0.025 each ("Shares") and 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 ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code"):

(A) Long Position in Shares and underlying shares of the Company

Name of directors	Number of Shares					Total	Percentage of issued share capital
	Personal interest	Corporate interest	Family interest	Trust/ similar interest	Equity derivatives (share options)		
Victor FUNG Kwok King	-	1,045,950,800 ¹	-	50,750,000 ²	-	1,096,700,800	37.45%
William FUNG Kwok Lun	71,062,300	1,045,950,800 ¹	4,000	-	3,200,000 ³	1,120,217,100	38.25%
Henry CHAN	3,760,000	-	-	-	2,400,000 ³	6,160,000	0.21%
Danny LAU Sai Wing	7,880,000	-	-	-	2,000,000 ³	9,880,000	0.33%
Annabella LEUNG Wai Ping	4,080,000	-	-	-	2,000,000 ³	6,080,000	0.20%
Bruce Philip ROCKOWITZ	648,000	-	-	50,374,100 ⁴	51,950,800 ⁵	102,972,900	3.51%
LAU Butt Farn	2,200,000	-	-	-	-	2,200,000	0.07%
Franklin Warren McFARLAN	-	-	-	52,000 ⁶	-	52,000	0.00%
Leslie BOYD	-	-	-	10,000 ⁷	-	10,000	0.00%

The interests of Dr Victor FUNG Kwok King and Dr William FUNG Kwok Lun in Shares of the Company are summarized in the following chart:–



Notes:

(1) As at 30 June 2005,

(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.

Dr Victor FUNG Kwok King and Dr William FUNG Kwok Lun are deemed to have interests in the 1,045,950,800 Shares, i.e. the total number of Shares mentioned in notes (1)(a) and (b) 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) These interests represent the interests in underlying shares in respect of share options granted by the Company to these directors as beneficial owners, the details of which are set out in the Share Options section stated below.
- (4) 50,374,100 Shares in the Company are held by Hurricane Millennium Holdings Limited ("HMHL"), a company beneficially owned by a trust which has been set up for the benefit of family members of Mr Bruce Philip ROCKOWITZ.
- (5) These interests represent:–
 - (a) the beneficial interest of Mr Bruce Philip ROCKOWITZ in 2,000,000 underlying shares in respect of share options granted by the Company to Mr Bruce Philip ROCKOWITZ, the details of which are set out in the Share Options section stated below; and
 - (b) the deemed interest of Mr Bruce Philip ROCKOWITZ in 49,950,800 underlying shares in the Company in respect of options granted by King Lun to HMHL to purchase such shares in the Company in ten tranches during the period from 25 December 2004 to 24 December 2019 with each tranche having an exercisable period of six years pursuant to an agreement made between King Lun and HMHL.
- (6) 52,000 Shares in the Company are held by a trust established for the benefit of Professor Franklin Warren McFARLAN.
- (7) 10,000 Shares in the Company are held by the trustee of a trust, in respect of which the family of Mr Leslie BOYD are potential discretionary beneficiaries.

(B) Short positions in Shares and underlying shares of the Company

By virtue of the SFO, each of Dr Victor FUNG Kwok King and Dr William FUNG Kwok Lun was taken as at 30 June 2005 to have short position through King Lun, in which both of them are deemed to have interests as disclosed above, in respect of an aggregate of 49,950,800 underlying shares in the Company, representing 1.71 percent of the total issued share capital of the Company. Such interest constitutes, for the purposes of the SFO, a short position of King Lun under unlisted physically settled equity derivative which arise under an agreement made between King Lun and HMHL pursuant to which options were granted by King Lun to HMHL to purchase such shares in the Company in ten tranches during the period from 25 December 2004 to 24 December 2019, with each tranche having an exercisable period of six years.

Save as disclosed above, as at 30 June 2005, none of the directors and chief executive of the Company or their associates had any short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Mode.

(C) Share Options

The interests of the directors and chief executives in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are detailed in the Share Options section stated below.

Save as disclosed above, at no time during the period, 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. As at 30 June 2005, there are options relating to 917,000 Shares granted by the Company pursuant to the Old Scheme which are valid and outstanding.

Movement of the share options under the Old Scheme during the period is as follows:

	Number of Share Options				Exercise Price HK\$	Grant Date	Exercisable Period
	As at 1/1/2005	Granted	Exercised	As at 30/06/2005			
Henry CHAN	240,000	-	240,000 ¹	-	7.98	28/8/2001	28/8/2003 - 27/8/2005
Bruce Philip ROCKOWITZ	240,000	-	240,000 ¹	-	7.98	28/8/2001	28/8/2003 - 27/8/2005
Continuous contract employees	3,109,000	-	2,192,000 ¹	917,000	7.98	28/8/2001	28/8/2003 - 27/8/2005

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. As at 30 June 2005, there are options relating to 109,459,000 Shares granted by the Company pursuant to the New Scheme which are valid and outstanding.

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

Movement of the share options under the New Scheme during the period is as follows:

	Number of Share Options					Exercise Price HK\$	Grant Date	Exercisable Period
	As at 1/1/2005	Granted	Exercised	Lapsed	As at 30/6/2005			
William FUNG Kwok Lun	800,000	-	800,000 ¹	-	-	9.20	23/5/2003	23/5/2005 - 22/5/2008
	800,000	-	-	-	800,000	9.20	23/5/2003	23/5/2006 - 22/5/2009
	-	800,000 ²	-	-	800,000	14.80	20/6/2005	20/6/2007 - 19/6/2010
	-	800,000 ²	-	-	800,000	14.80	20/6/2005	20/6/2008 - 19/6/2011
	-	800,000 ²	-	-	800,000	14.80	20/6/2005	20/6/2009 - 19/6/2012
Henry CHAN	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2004 - 22/5/2007
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2005 - 22/5/2008
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2006 - 22/5/2009
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2007 - 19/6/2010
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2008 - 19/6/2011
-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2009 - 19/6/2012	
Danny LAU Sai Wing	400,000	-	400,000 ¹	-	-	9.20	23/5/2003	23/5/2004 - 22/5/2007
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2005 - 22/5/2008
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2006 - 22/5/2009
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2007 - 19/6/2010
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2008 - 19/6/2011
-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2009 - 19/6/2012	
Annabella LEUNG Wai Ping	400,000	-	400,000 ¹	-	-	9.20	23/5/2003	23/5/2004 - 22/5/2007
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2005 - 22/5/2008
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2006 - 22/5/2009
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2007 - 19/6/2010
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2008 - 19/6/2011
-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2009 - 19/6/2012	
Bruce Philip ROCKOWITZ	400,000	-	400,000 ¹	-	-	9.20	23/5/2003	23/5/2004 - 22/5/2007
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2005 - 22/5/2008
	400,000	-	-	-	400,000	9.20	23/5/2003	23/5/2006 - 22/5/2009
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2007 - 19/6/2010
	-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2008 - 19/6/2011
-	400,000 ²	-	-	400,000	14.80	20/6/2005	20/6/2009 - 19/6/2012	
Continuous contract employees	10,113,000	-	4,450,000 ¹	-	5,663,000	9.20	23/5/2003	23/5/2004 - 22/5/2007
	13,345,000	-	1,910,000 ¹	-	11,435,000	9.20	23/5/2003	23/5/2005 - 22/5/2008
	13,870,000	-	-	560,000	13,310,000	9.20	23/5/2003	23/5/2006 - 22/5/2009
	474,000	-	-	28,000	446,000	9.90	20/8/2004	20/8/2005 - 19/8/2008
	2,387,000	-	-	137,000	2,250,000	9.90	20/8/2004	20/8/2006 - 19/8/2009
	-	21,545,000 ²	-	-	21,545,000	14.80	20/6/2005	20/6/2007 - 19/6/2010
	-	21,550,000 ²	-	-	21,550,000	14.80	20/6/2005	20/6/2008 - 19/6/2011
-	21,660,000 ²	-	-	21,660,000	14.80	20/6/2005	20/6/2009 - 19/6/2012	

Notes:

- (1) The weighted average closing market price per Share immediately before the dates on which the Share Options were exercised was HK\$14.39.
- (2) The closing market price per Share as at the date preceding the date on which the share options were granted was HK\$14.80.
- (3) The above options granted are recognized as expenses in the accounts in accordance with the Company's accounting policy as set out in note 1 to the interim financial report. Other details of share options granted by the Company are set out in note 11 to the interim financial report.