

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

As at 30 June 2004, the directors and the chief executive 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 of Hong Kong Limited ("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				Equity derivatives (share options)	Total	Percentage of issued share capital
	Personal interest	Corporate interest	Family interest	Trust/similar interest			
Victor FUNG Kwok King	-	1,045,950,800 ¹	-	50,750,000 ²	-	1,096,700,800	37.63%
William FUNG Kwok Lun	70,262,300	1,045,950,800 ¹	4,000	-	1,600,000	1,117,817,100	38.35%
Henry CHAN	3,520,000	-	-	-	1,440,000	4,960,000	0.17%
Danny LAU Sai Wing	7,480,000	-	-	-	1,200,000	8,680,000	0.29%
Annabella LEUNG Wai Ping	3,680,000	-	-	-	1,200,000	4,880,000	0.16%
Bruce Philip ROCKOWITZ	8,000	-	-	50,374,100 ³	1,440,000	51,822,100	1.77%
LAU Butt Farn	2,200,000	-	-	-	-	2,200,000	0.07%
Franklin Warren McFARLAN	-	-	-	52,000 ⁴	-	52,000	0.00%
Leslie BOYD	-	-	-	10,000 ⁵	-	10,000	0.00%

Notes:

(1) As at 30 June 2004,

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

None of the directors and the 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 the chief executive 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 the chief executive (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 2004, there are options relating to 5,244,500 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				As at 30/6/2004	Exercise Price HK\$	Grant Date	Exercisable Period
	As at 1/1/2004	Granted	Exercised	Lapsed				
Henry CHAN	240,000	-	240,000 ¹	-	-	10.50	18/7/2001	18/7/2002 - 17/7/2004
	240,000	-	-	-	240,000	7.98	28/8/2001	28/8/2003 - 27/8/2005
Danny LAU Sai Wing	240,000	-	240,000 ¹	-	-	10.50	18/7/2001	18/7/2002 - 17/7/2004
	240,000	-	240,000 ¹	-	-	7.98	28/8/2001	28/8/2003 - 27/8/2005
Annabella LEUNG Wai Ping	240,000	-	240,000 ¹	-	-	10.50	18/7/2001	18/7/2002 - 17/7/2004
	240,000	-	240,000 ¹	-	-	7.98	28/8/2001	28/8/2003 - 27/8/2005
Bruce Philip ROCKOWITZ	240,000	-	-	-	240,000	7.98	28/8/2001	28/8/2003 - 27/8/2005
Continuous contract employees	6,150,000	-	4,903,500 ¹	-	1,246,500	10.50	18/7/2001	18/7/2002 - 17/7/2004
	5,641,000	-	2,083,000 ¹	40,000	3,518,000	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 2004, there are options relating to 47,366,000 Shares granted by the Company pursuant to the New Scheme which are valid and outstanding.

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

	Number of Share Options				As at 30/6/2004	Exercise Price HK\$	Grant Date	Exercisable Period
	As at 1/1/2004	Granted	Exercised	Lapsed				
William FUNG Kwok Lun	800,000	-	800,000 ¹	-	-	9.20	23/5/2003	23/5/2004 - 22/5/2007
	800,000	-	-	-	800,000	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
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
Danny LAU Sai Wing	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
Annabella LEUNG Wai Ping	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
Bruce Philip ROCKOWITZ	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
Continuous contract Employees	13,672,000	-	1,146,000 ¹	270,000	12,256,000	9.20	23/5/2003	23/5/2004 - 22/5/2007
	15,110,000	-	-	730,000	14,380,000	9.20	23/5/2003	23/5/2005 - 22/5/2008
	15,110,000	-	-	780,000	14,330,000	9.20	23/5/2003	23/5/2006 - 22/5/2009

Notes:

- (1) The weighted average closing market price per Share immediately before the dates on which the Share Options were exercised was HK\$12.85.
- (2) 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.