

Directors' interests

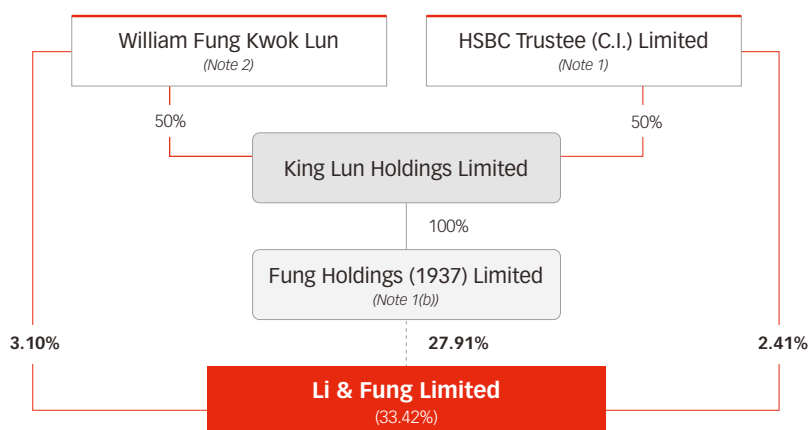
As at 30 June 2016, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying shares and debentures of the Company and its associated corporations (as defined under Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(A) Long Positions in Shares, Underlying Shares and Debentures of the Company

Name of Director	Number of Shares				Total	Percentage of Issued Share Capital
	Personal Interest	Family Interest	Trust/ Corporate Interest	Equity Derivatives (Share Options)		
Victor Fung Kwok King	2,814,444	–	2,551,966,180 ¹	–	2,554,780,624	30.35%
William Fung Kwok Lun	177,120,260	108,800 ^{2(a)}	2,425,362,472 ^{2(b)}	7,509,000 ⁷	2,610,100,532	31.01%
Spencer Theodore Fung*	1,498,000	–	2,552,686,180 ^{1&3}	11,569,000 ⁷	2,565,753,180	30.48%
Marc Robert Compagnon	976,800	14,000	12,902,980 ⁴	10,945,000 ⁷	24,838,780	0.29%
Paul Edward Selway-Swift	36,000	–	16,000 ⁵	–	52,000	0.00%
Martin Tang Yue Nien	60,000	–	60,000 ⁶	–	120,000	0.00%

* Son of Victor Fung Kwok King

The following simplified chart illustrates the deemed interests of Victor Fung Kwok King and Spencer Theodore Fung under Note (1) below and the interest of William Fung Kwok Lun under Note (2) below:



NOTES:

As at 30 June 2016,

- (1) Victor Fung Kwok King and Spencer Theodore Fung were each deemed to have interests in 2,551,966,180 Shares held in the following manner:
- (a) 203,012,308 Shares were indirectly held by HSBC Trustee (C.I.) Limited through its wholly-owned subsidiary, First Island Developments Limited. HSBC Trustee is the trustee of a trust established for the benefit of the family members of Victor Fung Kwok King (the "Trust"); and
 - (b) 2,195,727,908 Shares were directly held by Fung Holdings (1937) Limited, a wholly-owned subsidiary of King Lun Holdings Limited, and 153,225,964 Shares were indirectly held by FH (1937) through its wholly-owned subsidiary, Fung Distribution International Limited. King Lun is a company owned 50% by HSBC Trustee as trustee of the Trust and 50% by William Fung Kwok Lun.
- (2) (a) Apart from 108,800 Shares, the spouse of William Fung Kwok Lun held US\$2,000,000 of the perpetual subordinated capital securities of the Company.
- (b) Out of 2,425,362,472 Shares, 26,114,400 Shares and 50,294,200 Shares were held by Golden Step Limited and Step Dragon Enterprise Limited respectively and both companies are beneficially owned by William Fung Kwok Lun. The balance of 2,348,953,872 Shares were indirectly held by King Lun as mentioned in Note (1)(b) above.
- (3) Out of 2,552,686,180 Shares, 720,000 Shares represented the interests in Award Shares granted by the Company and remained unvested. Details on such Award Shares are set out in Share Award Scheme section stated below. The balance of 2,551,966,180 Shares represented the deemed interests of Spencer Theodore Fung as mentioned in Note (1) above.
- (4) Out of 12,902,980 Shares, 613,200 Shares represented the interests in Award Shares granted by the Company and remained unvested. Details on such Award Shares are set out in Share Award Scheme section stated below. The balance of 12,289,780 Shares were held by Profit Snow Holdings Limited, a company beneficially owned by Marc Robert Compagnon.
- (5) 16,000 Shares were held by a trust of which Paul Edward Selway-Swift is a beneficiary.
- (6) 60,000 Shares were held by a trust of which Martin Tang Yue Nien is a beneficiary.
- (7) These interests represented 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 Option Schemes section stated below.

(B) Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2016, none of the Directors and chief executives of the Company or their associates had any short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined under 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 Code.

(C) Share Options and Award Shares

The interests of the Directors and chief executives in the Share Options (being regarded as unlisted physically settled equity derivatives) and Award Shares are detailed in the Long-term Incentive Schemes section stated below.

Save as disclosed above, at no time during the period did the Directors and chief executives (including their spouses and children under 18 years of age) have any interest in, or were granted, or exercised, any rights to subscribe for Shares (or warrants or debentures, if applicable) in the Company or its associated corporations, as required to be disclosed pursuant to the SFO.

Long-term Incentive Schemes

(A) Share Option Schemes

2003 OPTION SCHEME

Pursuant to the terms of the 2003 Option Scheme, the 2003 Option Scheme is valid and effective for a period of 10 years commencing on the adoption date and expiring on the tenth anniversary of the adoption date. Accordingly, the 2003 Option Scheme expired on 11 May 2013 and no further options could thereafter be granted under the 2003 Option Scheme. However, all remaining provisions remain in full force and effect to govern the exercise of all the Share Options granted under the 2003 Option Scheme prior to its expiration.

As at 30 June 2016, there were Share Options relating to 14,000,000 Shares granted by the Company representing 0.17% of the issued Shares as at the date of this Report pursuant to the 2003 Option Scheme which were valid and outstanding.

2014 OPTION SCHEME

The 2014 Option Scheme was adopted by the Shareholders at the annual general meeting of the Company held on 15 May 2014. As at 30 June 2016, there were Share Options relating to 89,788,000 Shares granted by the Company representing 1.07% of the issued Shares as at the date of this Report pursuant to the 2014 Option Scheme which were valid and outstanding.

Details of the Share Options granted under the 2003 Option Scheme and the 2014 Option Scheme that remain outstanding as at 30 June 2016 are as follows:

Grant Date	Exercise Price HK\$	Grantees	Number of Share Options				Exercisable Period
			As at 1/1/2016	Granted	Lapsed	As at 30/6/2016	
2003 Option Scheme							
22/12/2011	12.12 ¹	Spencer Theodore Fung	8,000,000	–	(1,000,000)	7,000,000	Exercisable in seven equal tranches during the period from 1/5/2015 to 30/4/2023 with each tranche having an exercisable period of two years
		Marc Robert Compagnon	8,000,000	–	(1,000,000)	7,000,000	
2014 Option Scheme							
21/5/2015	7.49 ²	William Fung Kwok Lun	7,509,000	–	–	7,509,000	Exercisable in three tranches during the period from 1/1/2016 to 31/12/2019 with each tranche having an exercisable period of two years
		Spencer Theodore Fung	4,569,000	–	–	4,569,000	
		Marc Robert Compagnon	3,945,000	–	–	3,945,000	
		Continuous Contract Employees	72,272,000	–	–	72,272,000	
16/11/2015	5.81 ³	Continuous Contract Employees	889,000	–	–	889,000	Exercisable in two tranches during the period from 1/1/2017 to 31/12/2019 with each tranche having an exercisable period of two years
19/5/2016	4.27 ⁴	Continuous Contract Employees	–	604,000	–	604,000	Exercisable during the period from 1/1/2018 to 31/12/2019
		Total	105,184,000	604,000	(2,000,000)	103,788,000	

NOTES:

- (1) Following the spin-off and separate listing of Global Brands, the exercise price applicable to the Share Options outstanding on the record date for the distribution in specie (i.e. 7 July 2014) was adjusted from HK\$14.50 to HK\$12.12 with effect from 31 August 2014.
- (2) The closing market price per Share as at the date preceding the date on which the Share Options were granted and stated in the Stock Exchange's daily quotation sheet on 20 May 2015 was HK\$7.29.
- (3) The closing market price per Share as at the date preceding the date on which the Share Options were granted and stated in the Stock Exchange's daily quotation sheet on 13 November 2015 was HK\$5.58.
- (4) The closing market price per Share as at the date preceding the date on which the Share Options were granted and stated in the Stock Exchange's daily quotation sheet on 18 May 2016 was HK\$4.25.
- (5) Details of Share Options granted by the Company are set out in Note 12 to the condensed interim financial information.

(B) Share Award Scheme

The Share Award Scheme was adopted by the Shareholders at the annual general meeting of the Company held on 21 May 2015.

During the period, a total of 1,160,000 Award Shares were awarded to eligible persons pursuant to the Share Award Scheme, and out of which 22,000 Award Shares were awarded to a connected person. The 22,000 Award Shares were purchased from the open market. The balance of 1,138,000 Award Shares granted to non-connected persons were satisfied by the Award Shares which had not been vested and/or been forfeited in accordance with the terms of the Share Award Scheme.

During the period, a total of 3,289,800 Award Shares were unvested and/or forfeited and out of which 1,138,000 Award Shares were applied to the awards to non-connected persons. As at 30 June 2016, a balance of 3,494,800 Award Shares were forfeited and held by the trustee to be applied towards future awards.

As at 30 June 2016, 191,601,749 Award Shares are available for grant of awards in the futures under the Share Award Scheme, representing approximately 2.28% of the Shares in issue.

The movement in the Share Awards under the Share Award Scheme during the period are as follows:

Grant Date	Grantees	Number of Award Shares			As at 30/6/2016	Vesting Date
		As at 1/1/2016	Granted	Unvested/ Forfeited*		
21/5/2015	Spencer Theodore Fung	720,000	-	-	720,000	To be vested in four tranches with the vesting date on 31 December of each year from 2016 to 2019
	Marc Robert Compagnon	613,200	-	-	613,200	
	Connected Persons other than Directors	5,453,600	-	-	5,453,600	
	Non-connected Persons	47,327,400	-	(3,232,800)	44,094,600	
16/11/2015	Non-connected Persons	1,035,000	-	(57,000)	978,000	To be vested in four tranches with the vesting date on 31 December of each year from 2016 to 2019
19/05/2016	Connected Person other than Directors	-	22,000	-	22,000	To be vested in four tranches with the vesting date on 31 December of each year from 2016 to 2019
	Non-connected Persons	-	1,138,000	-	1,138,000	
	Total	55,149,200	1,160,000	(3,289,800)	53,019,400	

* Award Shares that are not vested and/or are forfeited in accordance with the terms of the Share Award Scheme are held by the Trustee to be applied towards future awards in accordance with the provisions of the Share Award Scheme. During the period, 1,138,000 Award Shares had been applied from the 3,289,800 Award Shares which were unvested and/or forfeited.