

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Li & Fung Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Incorporated in Bermuda with limited liability
Stock Code: 494

**PROPOSALS FOR
GENERAL MANDATE TO REPURCHASE SHARES
GENERAL MANDATE TO ISSUE SHARES
FINAL DIVIDEND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the 2019 annual general meeting of Li & Fung Limited to be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 23 May 2019 at 11:30 a.m. is set out on pages 17 to 20 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

You are reminded not to take bulky items such as luggage, trolley or large bags to the 2019 annual general meeting. In order to provide you with a comfortable and a safe environment, you will be requested to leave all such bulky items at the entrance of the 2019 annual general meeting venue before entering.

18 April 2019

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“2018 AGM”	The annual general meeting of the Company held on 15 May 2018
“2019 AGM”	The annual general meeting of the Company to be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 23 May 2019 at 11:30 a.m., notice of which is set out on pages 17 to 20 of this circular
“Board”	the board of Directors or a duly authorised committee thereof
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company
“Company”	LI & FUNG LIMITED, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	10 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nomination Committee”	a nomination committee of the Company
“Notice”	The notice of the 2019 AGM set out on pages 17 to 20 of this circular

DEFINITIONS

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of HK\$0.0125 each in the share capital of the Company
“Shareholder(s)” or “member(s)”	Holders of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“HK\$ and cents”	Hong Kong dollar and cents respectively, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

References to time and dates in this circular are to Hong Kong time and dates.

For the purpose of this circular and for illustrative purpose only, US\$ is converted into HK\$ at the rate of US\$1 to HK\$7.8. No representation is made that any amounts in US\$ has been or could be converted at the above rate or at any other rates.

LETTER FROM THE CHAIRMAN



Incorporated in Bermuda with limited liability

Executive Directors:

William Fung Kwok Lun
(Group Chairman)
Spencer Theodore Fung
(Group Chief Executive Officer)
Joseph C. Phi

Non-executive Directors:

Victor Fung Kwok King
(Honorary Chairman)
Marc Robert Compagnon
Allan Wong Chi Yun*
Martin Tang Yue Nien*
Margaret Leung Ko May Yee*
Chih Tin Cheung*
John G. Rice*

* Independent Non-executive Director

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Office:

11th Floor
LiFung Tower
888 Cheung Sha Wan Road
Kowloon
Hong Kong

18 April 2019

PROPOSALS FOR GENERAL MANDATE TO REPURCHASE SHARES GENERAL MANDATE TO ISSUE SHARES FINAL DIVIDEND RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

To Shareholders,

Dear Sirs or Madam,

INTRODUCTION

The purpose of this circular is to give you notice of the 2019 AGM, and information on matters to be dealt with at the 2019 AGM. They are:- (i) grant of general mandate to repurchase Shares; (ii) grant of general mandate to issue Shares; (iii) payment of final dividend and (iv) re-election of Directors.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO REPURCHASE SHARES

At the 2018 AGM, a general and unconditional mandate was given to the Directors to repurchase Shares of the Company on the Stock Exchange of up to 10% of the number of the issued Shares of the Company as at that date. No Shares have been repurchased pursuant to such repurchase mandate.

Under the terms of the repurchase mandate and the Listing Rules, such repurchase mandate will lapse at (i) the conclusion of the 2019 AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is the earliest, unless renewed at the 2019 AGM.

The Directors believe that a renewal of such repurchase mandate is in the interest of the Company and Shareholders. Accordingly, an ordinary resolution will be proposed at the 2019 AGM which will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the next annual general meeting of the Company following the passing of such resolution or such earlier period as stated in the ordinary resolution up to a maximum of 10% of the number of the issued Shares of the Company at the date of passing such resolution (the "**Repurchase Mandate**").

The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate is set out in Appendix I to this circular.

The full text of the ordinary resolution to be proposed at the 2019 AGM in relation to the Repurchase Mandate is set out in resolution no. 5 in the Notice set out on pages 17 to 18 of this circular.

GENERAL MANDATE TO ISSUE SHARES

At the 2018 AGM, a general and unconditional mandate was also given to the Directors to allot, issue and deal with additional Shares up to 10% of the number of the issued Shares of the Company as at that date. Such general mandate will cease to be effective at the conclusion of the 2019 AGM.

The Directors are aware of investor concerns on possible dilution of Shareholders' value resulting from the exercise of the general mandate to issue Shares. Accordingly, the Directors propose, as in the previous years, to limit the general mandate to 10% of the Company's number of the issued Shares as at the date of passing such resolution (the "**Issue Mandate**"). This is lower than the permissible size of 20% under the Listing Rules.

LETTER FROM THE CHAIRMAN

In addition, any Shares to be issued for cash under Issue Mandate will only be issued subject to a maximum discount of 10% to the “benchmarked price” (as defined in Rule 13.36(5) of the Listing Rules). The proposed discount limit is more restrictive than the requirements of the Listing Rules which permit a maximum discount of 20% to the benchmarked price for any issue of shares in a placement for cash pursuant to a general mandate to allot and issue shares.

The Issue Mandate is necessary to give the Directors certain flexibility to allot Shares where the Directors believe it is in the interests of Shareholders to do so, in particular pursuant to any capital raising or other strategic needs that may arise from time to time.

The full text of the ordinary resolution to be proposed at the 2019 AGM in relation to the Issue Mandate are set out in resolution no. 6 in the Notice set out on pages 18 to 20 of this circular.

RE-ELECTION OF DIRECTORS

Process for Nomination of Director

A nomination policy has been adopted by the Board in November 2018. The Board has the ultimate responsibility for the selection, appointment and re-appointment of Directors. The Nomination Committee is delegated with the duties to, inter alia, review the composition of the Board. When necessary, the Nomination Committee will identify, select and nominate suitable candidates for appointment as new Director(s), and make recommendations on the re-appointment of incumbent Directors in accordance with the said policy.

When recommending any candidate for directorship, the Nomination Committee will consider various factors including, but not limited to, the potential contribution that the candidate can bring to the Board in terms of qualifications, skills and experience, the candidate must have sufficient time available for the proper performance of Director’s duties, the candidate should be of high ethical character with reputation for integrity, the candidate will contribute optimally to diversity, and so forth.

The search process for candidates can be undertaken by the Nomination Committee itself, through referral from various sources, or by the Company’s advisors and professional search consultants. The Nomination Committee will then develop a short list of potential candidates for the Board to agree on a preferred candidate.

According to Bye-law 110(A) of the Bye-laws, at each annual general meeting, one-third of the Directors are subject to retirement by rotation. Further, the Listing Rules provide that every director should be subject to retirement by rotation at least once every three years.

LETTER FROM THE CHAIRMAN

Accordingly, Dr Victor Fung Kwok King, Dr William Fung Kwok Lun, Mr Marc Robert Compagnon and Dr Martin Tang Yue Nien will retire as Directors at the 2019 AGM by rotation. They, being eligible, will offer themselves for re-election.

Recommendation of the Nomination Committee

On 20 November 2018, the Nomination Committee, having reviewed the Board's composition, recommended Dr Victor Fung Kwok King, Dr William Fung Kwok Lun, Mr Marc Robert Compagnon and Dr Martin Tang Yue Nien, who have been longest in office since their last election, to the Shareholders for re-election at the 2019 AGM.

The nominations were made in accordance with the nomination policy and the objective criteria (including without limitation, professional experience, skill and knowledge), and with due regard to the board diversity policy of the Company.

The Nomination Committee had also taken into account the contributions of Dr Tang to the Board and his commitment to his role and it was satisfied with his independence having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules. Dr Tang has served on the Board for more than ten years by the end of the 2019 AGM. The Nomination Committee was satisfied that Dr Tang has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director, and his long service on the Board would not affect his exercise of independent judgement.

After assessment by the Nomination Committee, the Board is of the view that Dr Tang continues to be independent and provides valuable contributions, relevant insights and can contribute to the diversity of the Board in addition to his ability to fulfill his role as required and thus recommends him to be re-elected.

Details of the Directors who are proposed to be re-elected at the 2019 AGM are set out in Appendix II of this circular.

Under resolution no. 3, the re-election of Directors will be individually voted on by Shareholders.

FINAL DIVIDEND

The Board has recommended a final dividend of 4 HK cents per Share subject to Shareholders' approval at the 2019 AGM.

LETTER FROM THE CHAIRMAN

NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 17 to 20 of this circular.

There is enclosed a form of proxy for use at the 2019 AGM. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Whether or not you intend to be present at the 2019 AGM, you are requested to complete the form of proxy and return it to the Hong Kong office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the 2019 AGM (i.e. not later than 11:30 a.m. on Tuesday, 21 May 2019 (Hong Kong Time)). Such form of proxy for use at the 2019 AGM is also published on the Company's and HKEXnews websites. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2019 AGM should you so wish.

RECORD DATE AND BOOK CLOSURE

Hong Kong Time
2019

For determining Shareholder's right to attend and vote at 2019 AGM

Record Date ^(Note i)	17 May
Latest time to lodge transfer documents with share registrar ^(Note i)	4:30 p.m., 17 May

For determining Shareholder's entitlement to the proposed final dividend

Latest time to lodge transfer documents with share registrar ^(Note ii)	4:30 p.m., 27 May
Book Closure Date ^(Note ii)	29 to 30 May
Expected despatch date of dividend warrants	5 June

Notes:

- i. The record date for determining Shareholders' right to attend and vote at the 2019 AGM is Friday, 17 May 2019. Shareholders who are entitled to attend and vote at the 2019 AGM are those whose names appear on the register of members of the Company as at the close of business on Friday, 17 May 2019. In order to qualify for attending and voting at the 2019 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 17 May 2019.
- ii. The register of members of the Company will be closed from Wednesday, 29 May 2019 to Thursday, 30 May 2019 (both days inclusive), during which no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 27 May 2019.

LETTER FROM THE CHAIRMAN

VOTING BY WAY OF POLL

Since 2003, the Chairman has demanded a poll for every resolution put to the vote at general meetings of shareholders. The Chairman will continue to demand a poll on each of the resolutions to be proposed at the 2019 AGM. Pursuant to the Bye-law 78 of the Bye-laws, a poll may be demanded at the 2019 AGM by:-

- (i) the Chairman of the meeting; or
- (ii) at least three members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member(s) present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) member(s) present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The results of the poll will be published on the Company's and HKEXnews websites following the 2019 AGM.

RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Repurchase Mandate and the grant of the Issue Mandate are in the interests of the Company and the Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of all of these resolutions to be proposed at the 2019 AGM.

Yours faithfully,
William Fung Kwok Lun
Group Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued shares of the Company is 8,506,586,006. Subject to the passing of resolution no. 5 approving the Repurchase Mandate as set out in the Notice appearing on pages 17 to 18 of this circular and on the basis that no further Shares are issued or repurchased prior to the 2019 AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 850,658,600 Shares until (i) the conclusion of the next annual general meeting; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

REASONS FOR REPURCHASE

A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such purchase will be to the benefit of the Company and its shareholders.

FUNDING OF REPURCHASES

The Directors propose that repurchases of Shares under the Repurchase Mandate will be financed from the Company's distributable profits or proceeds of a new issue of Shares made for such purpose. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and the Bye-laws and the applicable laws of Bermuda.

It is envisaged that a repurchase of Shares pursuant to the Repurchase Mandate (including repurchase of the maximum number of Shares under such mandate effected in full at any time during the period of the mandate) may have a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the annual report for the year ended 31 December 2018 but the Directors do not intend to make repurchases pursuant to the Repurchase Mandate to such an extent.

DISCLOSURE OF INTERESTS

None of the Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any of their close associates (as defined in Rule 1.01 of the Listing Rules) have a present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

No core connected persons (as defined in Rule 1.01 of the Listing Rules) of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is exercised.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

SHARE PRICE

The highest and lowest prices at which Shares were traded on the Stock Exchange in each of the twelve months prior to the Latest Practicable Date were as follows:

	Share prices (per share)	
	Highest (HK\$)	Lowest (HK\$)
2018		
April	4.12	3.73
May	3.91	2.92
June	3.15	2.83
July	2.88	2.42
August	2.97	2.23
September	2.26	1.68
October	1.82	1.39
November	1.75	1.56
December	1.70	1.16
2019		
January	1.42	1.19
February	1.50	1.29
March	1.33	1.58

TAKEOVERS CODE

If as a result of a share repurchase a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, King Lun Holdings Limited is indirectly interested in approximately 27.61% of the Company's issued Shares and is one of the substantial shareholders (as defined in Rule 1.01 of the Listing Rules) of the Company. Based on the said interest of King Lun Holdings Limited in the issued Shares of the Company as at the Latest Practicable Date, in the event that the Directors exercise in full the power to repurchase Shares of the Company in accordance with the terms of the resolution to be proposed at the 2019 AGM, the indirect interest of King Lun Holdings Limited in the issued Shares of the Company will be increased from approximately 27.61% to approximately 30.68% and they would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of such increase. The Directors have no intention to exercise the Repurchase Mandate to such extent that would give rise to an obligation on the part of King Lun Holdings Limited to make a mandatory general offer under Rule 26 of the Takeovers Code.

SHARE REPURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its Shares (on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

The following are details of Dr Victor Fung Kwok King, Dr William Fung Kwok Lun, Mr Marc Robert Compagnon and Dr Martin Tang Yue Nien, all of whom will retire at the 2019 AGM in accordance with the Bye-law 110(A) of the Bye-laws and the Listing Rules, and being eligible, offer themselves for re-election.

Save as disclosed below, there is no other matter that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in respect of the following Directors who stand for re-election at the 2019 AGM.

Victor Fung Kwok King, aged 73, is the brother of Dr William Fung Kwok Lun and father of Mr Spencer Theodore Fung. Dr Fung is Group Chairman of the Fung Group, a Hong Kong-based multinational which comprises major operating groups engaging in trading, logistics, distribution and retailing. They include publicly-listed Convenience Retail Asia Limited, Global Brands Group Holding Limited and the Company, and other privately held entities. He has become Honorary Chairman of the Company after stepping down as Group Chairman since May 2012. He joined the Group in 1973 as Manager and became Managing Director of the Group's export trading business in 1977. He became Group Managing Director in 1981 and Group Chairman in 1989. He is a Director of King Lun Holdings Limited and Fung Holdings (1937) Limited, which are substantial shareholders of the Company. Dr Fung holds Bachelor's and Master's degrees in Electrical Engineering from the Massachusetts Institute of Technology, a Doctorate in Business Economics from Harvard University. He is an independent non-executive director of Chow Tai Fook Jewellery Group Limited (Hong Kong) and Koç Holding A.Ş. (Turkey). He was chairman of the Advisory Board of the Asia Global Institute at The University of Hong Kong, a multi-disciplinary think-tank to assume and carry forward the mission and operations of Fung Global Institute, of which he was a Founding Chairman (July 2010–June 2015). Dr Fung is adviser of the Infrastructure Financing Facilitation Office of The Hong Kong Monetary Authority. He is appointed as member of the Chief Executive's Council of Advisers on Innovation and Strategic Development on 21 March 2018. He is chairman of the 2022 Foundation, a non-profit entity focused on research into Hong Kong's long-term competitiveness. Dr Fung was chairman of the Hong Kong Trade Development Council (1991–2000), the Hong Kong representative on the APEC Business Advisory Council (1996–2003), chairman of the Hong Kong Airport Authority (1999–2008), chairman of The Council of The University of Hong Kong (2001–2009), chairman of the Greater Pearl River Delta Business Council (2004–2013), a member of the Commission on Strategic Development of the Hong Kong Government (2005–2012), chairman of the International Chamber of Commerce (2008–2010), a member of WTO Panel on Defining the Future of Trade (2012–2013) and a vice chairman of China Centre for International Economic Exchanges (2009–2014). He was a non-executive director of Trinity Limited (December 2006–August 2018). He was a member of the Chinese People's Political Consultative Conference (January 2003–January 2018). He was chairman of the

Steering Committee on the Hong Kong Scholarship for Excellence Scheme (September 2014–September 2018). In 2003 and 2010, the Hong Kong Government awarded Dr Fung the Gold Bauhinia Star and the Grand Bauhinia Medal respectively for his distinguished service to the community. Save as disclosed above, he has not held any other directorship in other listed public companies in the last three years.

Under the service contract between the Company and Dr Fung, he is appointed for a specific term of three years and will be subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. The director's fee under the service contract is HK\$300,000 (approximately US\$38,500) per annum, and additional annual fees are HK\$100,000 (approximately US\$12,800) as chairman of Risk Management and Sustainability Committee, HK\$50,000 (approximately US\$6,400) as member of Remuneration Committee and HK\$50,000 (approximately US\$6,400) as member of Nomination Committee. Such fees are subject to regular assessment with reference to those paid by the companies with shares listed on the Stock Exchange and approval of the Shareholders at the annual general meeting.

As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Dr Fung has personal interest of 2,814,444 Shares and trust/corporate interest of 2,551,966,180 Shares.

Save as disclosed above, Dr Fung does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interest in the Shares of the Company which is required to be disclosed pursuant to Part XV of the SFO.

William Fung Kwok Lun, aged 70, is the brother of Dr Victor Fung Kwok King and uncle of Mr Spencer Theodore Fung. Dr Fung is Group Chairman since May 2012. He was Executive Deputy Chairman from 2011 to May 2012 and before that, Group Managing Director from 1986 to 2011. He joined the Group in 1972 and became a Director of the Group's export trading business in 1976. Dr Fung graduated from Princeton University with a Bachelor of Science degree in Engineering. He holds an MBA degree from the Harvard Graduate School of Business and degrees of Doctor of Business Administration, *honoris causa*, conferred by The Hong Kong University of Science & Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University. He is an independent non-executive director of VTech Holdings Limited, Shui On Land Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited. Dr Fung is chairman and non-executive director of Global Brands Group Holding Limited and a non-executive director of Convenience Retail Asia Limited, both within the Fung Group. He is also a director of King Lun Holdings Limited and its wholly owned subsidiary, Fung Holdings (1937) Limited, substantial shareholders of the Company. Dr Fung was a non-executive director of Trinity Limited (December 2006–April 2018) and an independent non-executive

director of Singapore Airlines Limited (2009–2017). He was chairman of the Hong Kong General Chamber of Commerce (1994–1996), The Hong Kong Exporters' Association (1989–1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993–2002). He was a Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998–2003). He was awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008. Save as disclosed above, he has not held any other directorship in other listed public companies in the last three years.

Under the service contract between the Company and Dr Fung, there is no fixed period of director's service but his directorship is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. Dr Fung is entitled to a director's fee of HK\$300,000 (approximately US\$38,500) per annum. Such fee is subject to regular assessment with reference to those paid by the companies with shares listed on the Stock Exchange and approval of the Shareholders at the annual general meeting. Pursuant to his employment contract with a subsidiary of the Company, Dr Fung is entitled to a basic salary of US\$618,000 per annum plus an annual discretionary bonus to be determined with reference to the Company's performance and profitability.

As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Dr Fung has personal interest of 177,501,260 Shares, corporate interest of 2,425,362,472 Shares, trust interest of 1,943,000 Shares representing the interests in the award shares granted by the Company under the share award scheme, personal interest in 2,503,000 underlying Shares in respect of the share options granted by the Company under the share option scheme and family interest of 108,800 Shares.

Save as disclosed above, Dr Fung does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interest in the Shares which is required to be disclosed pursuant to Part XV of the SFO.

Marc Robert Compagnon, aged 60, is a non-executive Director of the Company and Senior Advisor of Fung Group since January 2019. He was formerly Group President and Executive Director of the Company. He joined the Group in 2000 at the time of the acquisition of Colby International Limited where he was Chief Merchandising Officer for 17 years and was responsible for establishing Colby's global sourcing network and sales and marketing strategies. Mr Compagnon holds a Bachelor of Arts degree from the University of Vermont. He is a member of the Board of Advisors of the School of Business Administration at The University of Vermont and a founding member of Cotton's Revolutions. Mr Compagnon is also non-executive chairman of TheAbacaGroup, Inc. (Cebu), a hotel and restaurant management group. Save as disclosed above, he has not held any other directorship in other listed public companies in the last three years.

Under the service contract between the Company and Mr Compagnon, there is no fixed period of director's service but his directorship is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. The director's fee under the service contract is HK\$300,000 (approximately US\$38,500) per annum and additional annual fee is HK\$50,000 (approximately US\$6,400) as member of Risk Management and Sustainability Committee. Such fees are subject to regular assessment with reference to those paid by the companies with shares listed on the Stock Exchange and approval of the Shareholders at the annual general meeting. Pursuant to his employment contract with a subsidiary of the Company, Mr Compagnon is entitled to a basic salary of US\$603,000 per annum plus an annual discretionary bonus to be determined with reference to the Company's performance and profitability.

As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr Compagnon has personal interest of 2,325,400 Shares, corporate interest of 12,289,780 Shares, trust interest of 4,649,600 Shares representing the interests in the award shares granted by the Company under the share award scheme and personal interest in 6,315,000 underlying Shares in respect of the share options granted by the Company under the share option scheme and family interest of 14,000 Shares.

Save as disclosed above, Mr Compagnon does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interest in the Shares which is required to be disclosed pursuant to Part XV of the SFO.

Martin Tang Yue Nien, age 69, is an Independent Non-executive Director of the Company since 2009. Dr Tang is former chairman, Asia of Spencer Stuart & Associates, a global executive search consulting firm. He is an independent non-executive director of the publicly-listed CEI Limited. He was formerly an independent non-executive director of China NT Pharma Group Company Limited (2010–2017). Dr Tang holds a Bachelor of Science degree in Electrical Engineering from Cornell University, a Master of Science degree in Management from the Massachusetts Institute of Technology and a Doctor of Letters degree (*honoris causa*) from The Hong Kong University of Science and Technology. Save as disclosed above, he has not held any other directorship in other listed public companies in the last three years.

Under the service contract between the Company and Dr Tang, he is appointed for a specific term of three years and will be subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws. The director's fee under the service contract is HK\$300,000 (approximately US\$38,500) per annum, and additional annual fees are HK\$100,000 (approximately US\$12,800) as Chairman of Nomination Committee, HK\$100,000 (approximately US\$12,800) as member of Audit Committee and HK\$50,000 (approximately US\$6,400)

as member of Remuneration Committee. Such fees are subject to regular assessment with reference to those paid by the companies with shares listed on the Stock Exchange and approval of the Shareholders at the annual general meeting.

As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Dr Tang has personal interest of 60,000 Shares and trust interest of 60,000 Shares.

Save as disclosed above, Dr Tang does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interest in the Shares which is required to be disclosed pursuant to Part XV of the SFO.

NOTICE OF ANNUAL GENERAL MEETING



Incorporated in Bermuda with limited liability
Stock Code: 494

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on Thursday, 23 May 2019 at 11:30 a.m. for the following purposes:

1. To receive and adopt the Audited Consolidated Financial Statements and the Reports of the Directors and the Auditor for the year ended 31 December 2018;
2. To declare a final dividend of 4 HK cents per share for the year ended 31 December 2018;
3. To re-elect the following Directors:
 - (a) Dr Victor Fung Kwok King;
 - (b) Dr William Fung Kwok Lun;
 - (c) Mr Marc Robert Compagnon; and
 - (d) Dr Martin Tang Yue Nien;
4. To re-appoint PricewaterhouseCoopers as Auditor and authorise the Board of Directors to fix its remuneration;
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to purchase shares of the Company be generally and unconditionally approved;
- (b) the aggregate number of shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Code on Share Buy-backs pursuant to the approval in paragraph (a)

NOTICE OF ANNUAL GENERAL MEETING

above shall not exceed 10 per cent of the number of shares of the Company in issue on the date of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”;

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) and (d), the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of options granted under any share option scheme adopted by the Company; (iii) the granting or vesting of any share award pursuant to the share award scheme or other incentive scheme adopted by the Company or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or

NOTICE OF ANNUAL GENERAL MEETING

part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the aggregate of 10 per cent of the number of shares of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly;

- (d) any shares of the Company to be allotted, issued or dealt with wholly for cash pursuant to the approval in paragraph (a) of this Resolution shall not be allotted, issued or dealt with at a price representing a discount of more than 10 per cent to the Benchmarked Price (as defined below) of such shares;
- (e) for the purposes of this Resolution:

“Benchmarked Price” means the higher of:

- (i) the closing price of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited on the date of the agreement involving the relevant proposed issue of shares of the Company; and
- (ii) the average closing price as quoted on The Stock Exchange of Hong Kong Limited of the shares of the Company for the five trading days immediately preceding the earlier of:
 - (A) the date of announcement of the transaction or arrangement involving the relevant proposed issue of shares of the Company;
 - (B) the date of the agreement involving the relevant proposed issue of shares of the Company; and
 - (C) the date on which the price of the shares of the Company that are proposed to be allotted, issued or dealt with is fixed; and

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of ordinary shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

By Order of the Board
Terry Wan Mei Chow
Company Secretary

Hong Kong, 18 April 2019

Remarks:

- (1) A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited at 11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting (i.e. not later than 11:30 a.m. on Tuesday, 21 May 2019 (Hong Kong Time)). The proxy form is published on the website of HKEXnews at www.hkexnews.hk and can also be downloaded from the Company's website at www.lifung.com.
- (3) Record Date and Book Closure

Hong Kong Time
2019

For determining shareholder's right to attend and vote at the Annual General Meeting

Record Date ^(Note i)	17 May
Latest time to lodge transfer documents with share registrar ^(Note i)	4:30 p.m., 17 May

For determining shareholder's entitlement to the proposed final dividend

Latest time to lodge transfer documents with share registrar ^(Note ii)	4:30 p.m., 27 May
Book Closure Date ^(Note ii)	29 to 30 May
Expected despatch date of dividend warrants	5 June

Notes:

- i. The record date for determining shareholders' right to attend and vote at the Annual General Meeting is Friday, 17 May 2019. Shareholders who are entitled to attend and vote at the Annual General Meeting are those whose names appear on the register of members of the Company as at the close of business on Friday, 17 May 2019. In order to qualify for attending and voting at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 17 May 2019.
- ii. The register of members of the Company will be closed from Wednesday, 29 May 2019 to Thursday, 30 May 2019 (both days inclusive), during which no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 27 May 2019.