



Incorporated in Bermuda with limited liability
Stock Code: 494

20 April 2020

To the Disinterested Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF
LI & FUNG LIMITED BY THE OFFEROR
BY WAY OF
A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
LI & FUNG LIMITED**

We refer to the announcement dated 20 March 2020 jointly issued by the Offeror and the Company in relation to the Proposal and the scheme document dated 20 April 2020 jointly issued by the Offeror and the Company in relation to the Proposal (the "**Scheme Document**"), the latter of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Founder Arrangement, details of which are set out in the "*Letter from the Board*" and the "*Explanatory Statement*" of the Scheme Document.

Platinum, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme and the Founder Arrangement. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the "*Letter from the Independent Financial Adviser*" of the Scheme Document.

In the "*Letter from the Independent Financial Adviser*" of the Scheme Document, the Independent Financial Adviser states that it considers the terms of the Proposal, the Scheme and the Founder Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned, and advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the

relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Scheme and to approve the Founder Arrangement, respectively.

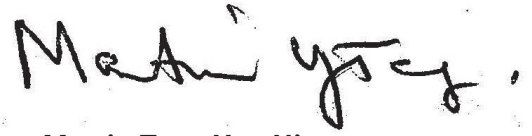
The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Founder Arrangement, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal, the Scheme and the Founder Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned.

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Disinterested Shareholders to vote in favour of the Scheme;
- (2) at the SGM:
 - (a) the Shareholders to vote in favour of:
 - (i) the special resolution to approve the reduction of the issued share capital of the Company as a result of the cancellation of the Scheme Shares; and
 - (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled; and
 - (b) the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Founder Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code.

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the “*Letter from the Board*” set out in the Scheme Document; (ii) the “*Letter from the Independent Financial Adviser*”, which sets out the factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee, set out in the Scheme Document; and (iii) the Explanatory Statement set out in the Scheme Document.

Yours faithfully,
the Independent Board Committee



Margaret Leung Ko May Yee
Independent
Non-executive Director

Allan Wong Chi Yun
Independent
Non-executive Director

Martin Tang Yue Nien
Independent
Non-executive Director

Chih Tin Cheung
Independent
Non-executive Director

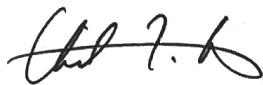
John G. Rice
Independent
Non-executive Director

Yours faithfully,
the Independent Board Committee

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