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**Incorporated in Bermuda with limited liability
Stock Code: 494**

**DISCLOSEABLE TRANSACTION
INVESTMENT OF 21.7% STAKE IN
LF LOGISTICS BY TEMASEK**

RESUMPTION OF TRADING

Reference is made to the 2018 Annual Report of the Company, where the Company had indicated that it had decided to seek a separate listing (“**spin-off IPO**”) for the Company’s Logistics business on the Stock Exchange to further accelerate the pace of its business growth.

Considering the current market conditions and geopolitical uncertainties, the Company had continued to evaluate the capital fund raising initiative for LF Logistics while continuing the preparatory work in connection with the spin-off IPO. The Board is pleased to announce that the Company and LF Logistics (a wholly-owned subsidiary of the Company) have entered into the Subscription Agreement with Dahlia Investments Pte. Ltd. (the “**Investor**”), an indirect wholly-owned subsidiary of Temasek, on 28 June 2019, pursuant to which the Investor has agreed to subscribe for the Subscription Shares on the terms and conditions set out in the Subscription Agreement for a cash consideration of US\$300 million, subject to adjustments for the Net Debt Adjustment Amount, for approximately 21.7% stake of LF Logistics.

The Investment values the Company’s Logistics business at approximately US\$1.4 billion on a post-money equity valuation basis. The Investment is subject to customary regulatory approvals, and upon Completion, LF Logistics will remain a subsidiary of the Company. As a result of the Investment, the proposed spin-off IPO will be postponed until further notice. Proceeds from the Investment, with the final proceeds subject to the adjustment of the Net Debt Adjustment Amount as of June 30, 2019, will be used to fund future capital expenditures, repay existing bank facilities, and accelerate business growth initiatives at LF Logistics. The Board believes that the Investment would allow the Company to unlock the value of LF Logistics and accelerate its business growth, as well as further enhance the capital structure and the financial flexibility of the Group.

LISTING RULES IMPLICATION

The Investment will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Investment are expected to be 5% or more but less than 25%, the Investment is expected to constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Investment will be subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement, under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules as and when necessary.

Shareholders and potential investors of the Company should note that the Investment is subject to certain conditions that may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange was halted at 10:18 a.m. on 28 June 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in its shares with effect from 1:00 p.m. today, 28 June 2019.

INTRODUCTION

The announcement is made pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the 2018 Annual Report of the Company, where the Company had indicated that it had decided to seek a spin-off IPO for LF Logistics on the Stock Exchange to further accelerate the pace of its business growth. Considering the current market conditions and geopolitical uncertainties, the Company had since continued to evaluate its capital fund raising initiative while continuing the preparatory work in connection with the spin-off IPO. The Board is pleased to announce that the Company and LF Logistics have entered into the Subscription Agreement with the Investor on 28 June 2019, pursuant to which the Investor has agreed to subscribe for the Subscription Shares on the terms and conditions set out in the Subscription Agreement for a cash consideration of US\$300 million, subject to adjustments for the Net Debt Adjustment Amount, for approximately 21.7% stake of LF Logistics.

The Investment values LF Logistics at approximately US\$1.4 billion on a post-money equity valuation basis. The Investment is subject to customary regulatory approvals, and upon Completion, LF Logistics will remain a subsidiary of the Company. As a result of the Investment, the proposed spin-off IPO will be postponed until further notice. Proceeds from

the Investment, with the final proceeds subject to the adjustment of the Net Debt Adjustment Amount as of June 30, 2019, will be used to fund future capital expenditures, repay existing bank facilities and accelerate business growth initiatives at LF Logistics. The Board believes the Investment would allow the Company to unlock the value of LF Logistics and accelerate its business growth, as well as further enhance the capital structure and the financial flexibility of the Group.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date

28 June 2019

Parties

- (1) the Company;
- (2) LF Logistics; and
- (3) the Investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investor and its respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

The Subscription

LF Logistics has agreed to issue, and the Investor has agreed to subscribe for, the Subscription Shares, representing 21.7% of the enlarged issued share capital of LF Logistics immediately after Completion.

Consideration

The Consideration under the Subscription Agreement shall be US\$300 million, subject to adjustment for the Net Debt Adjustment Amount. The Consideration was determined after arm's length negotiation among the Company, LF Logistics and the Investor with reference to the historical performance and future prospects of LF Logistics. The approximate US\$1.4 billion post-money equity valuation of LF Logistics represents a price-to-earnings ratio of approximately 22x based on the 2018 net profit after taxation of LF Logistics.

The Consideration shall be payable in cash according to the following schedule:

- (a) Initial Consideration: The Initial Consideration shall be payable in cash at Completion.
- (b) Adjustment Payment: On the Post-Completion Payment Date, the Investor shall pay an amount equal to the lower of (i) 21.7% of the Net Debt Reference Amount and (ii)

US\$3 million (if the Net Debt Reference Amount is a positive number), or LF Logistics shall pay an amount equal to 21.7% of the Net Debt Reference Amount, expressed in an absolute value (if the Net Debt Reference Amount is a negative number) (such amount of adjustment payment being the “**Net Debt Adjustment Amount**”).

Conditions

Completion is subject to the following Conditions being satisfied (or waived) on or before the Longstop Date:

- (a) the Investor having received the antitrust approval pursuant to the Monopoly Regulation and Fair Trade Act of South Korea;
- (b) no material adverse event specifically related to LF Logistics has occurred on or prior to Completion; and
- (c) no governmental authority has enacted any law, and no governmental authority has instituted or threatened in writing any action, to prohibit or challenge the consummation of the Investment.

Completion

Completion shall take place on the Completion Date.

Covenants, Representations and Warranties

The Subscription Agreement also contains interim covenants of the Company and LF Logistics, and representations and warranties of the parties, which are usual and customary for a transaction of this nature and scale.

SHAREHOLDERS' AGREEMENT

At Completion, the Company, LF Logistics and the Investor will enter into a shareholders' agreement in respect of LF Logistics, pursuant to which the Investor will be granted certain governance and exit rights.

INFORMATION ON THE GROUP AND LF LOGISTICS

The Group is recognised as the world's leader in consumer goods design, development, sourcing and logistics. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide. The Group is focused on building the supply chain of the future and accelerating the speed in the supply chain through the development of its digital platform.

LF Logistics, which is the holding company of certain subsidiaries of the Company, is a high growth pan-Asian logistics service provider focused on serving the growing consumption-led

markets in the region. LF Logistics operates two distinct but integrated segments, namely the pan-Asia in-country logistics business segment and the global freight management business segment.

The summary of the financial information of LF Logistics for the financial years ended 31 December 2017 and 2018 is as follows:

	For the year ended 31 December 2018 (Unaudited) <i>(US\$'000)</i>	For the year ended 31 December 2017 (Unaudited) <i>(US\$'000)</i>
Turnover	1,133,374	1,028,097
Core Operating Profit	86,093	75,103
Profit before taxation	82,152	68,597
Net profit after taxation	62,704	49,350

The net asset value of LF Logistics was US\$445,587,000 as at 31 December 2018.

INFORMATION ON TEMASEK

Incorporated in 1974, Temasek is a global investment company headquartered in Singapore. Supported by its network of international offices, Temasek owns a S\$308 billion (US\$235 billion) portfolio as at 31 March 2018, with significant exposure to Singapore and the rest of Asia. Temasek's investment activities are guided by four investment themes and the long term trends they represent: Transforming Economies; Growing Middle Income Populations; Deepening Comparative Advantages; and Emerging Champions.

REASONS FOR AND BENEFITS OF THE INVESTMENT

In 2019, the Group's Logistics business has continued to benefit from the tailwind of the rising middleclass consumption in Asia, growth in e-commerce logistics, and geographic and vertical expansion. The Investment will allow the Company to fund future capital expenditures, repay existing bank facilities, and further accelerate the pace of the growth and development of the Group's Logistics business. The Board believes that the Investment would allow the Company to unlock the value of LF Logistics and accelerate its business growth, as well as further enhance the capital structure and the financial flexibility of the Group. As the Investment does not result in change in control of LF Logistics, no gain or loss will therefore arise on the Investment.

As a result of the Investment, the proposed spin-off IPO will be postponed until further notice.

The terms of the Subscription Agreement were negotiated by the parties on an arm's length basis. The Directors are of the view that the terms of the Investment are made on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Investment will constitute a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Investment are expected to be 5% or more but less than 25%, the Investment is expected to constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Investment will be subject to the reporting and announcement requirements but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules as and when necessary.

Shareholders and potential investors of the Company should note that the Investment is subject to certain conditions that may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

TRADING HALT AND RESUMPTION OF TRADING

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day”	a day, other than Saturday, Sunday or other day on which commercial banks in Bermuda, Hong Kong or Singapore are authorized or required applicable laws to close
“Company”	Li & Fung Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the subscription and issue of the Subscription Shares in accordance with the Subscription

	Agreement
“Completion Date”	the fifth Business Day after all the Conditions have been satisfied (or waived) or any other date agreed in writing by the parties to the Subscription Agreement
“Conditions”	the Conditions to the Completion, further described under the paragraph “Conditions” in this announcement
“Consideration”	the consideration payable by the Investor to LF Logistics pursuant to the Subscription Agreement, as further described under the paragraph “Consideration” in this announcement
“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“Initial Consideration”	US\$300 million
“Investment”	the subscription of 21.7% of the enlarged issued share capital of LF Logistics by the Investor pursuant to the Subscription Agreement
“Investor”	Dahlia Investments Pte. Ltd., a company limited by shares incorporated and existing under the laws of the Republic of Singapore and an indirect wholly-owned subsidiary of Temasek
“LF Logistics”	LF Logistics Holdings Limited (利豐物流控股有限公司), an exempted company incorporated in Bermuda on 2 January 2014 with limited liability and a wholly-owned subsidiary of the Company as of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	15 October 2019 or such later date as may be agreed in writing by the Investor and LF Logistics
“Net Debt Reference Amount”	an amount equal to the estimated net debt amount of LF Logistics as of 30 June 2019 <i>minus</i> the reviewed consolidated net debt amount of LF Logistics as of 30

June 2019

“Post-Completion Payment Date”	the fifth Business Day after the Net Debt Reference Amount becomes final and binding upon all parties, or such other date as agreed in writing between LF Logistics and the Investor
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 28 June 2019 entered into between the Company, LF Logistics and the Investor in connection with the subscription by the Investor of the Subscription Shares
“Subscription Shares”	the total number of ordinary shares in the share capital of LF Logistics which represent 21.7% of the enlarged issued share capital of LF Logistics immediately after Completion
“Temasek”	Temasek Holdings (Private) Limited
“%”	per cent

By Order of the Board
William FUNG Kwok Lun
Group Chairman, Li & Fung Limited

Hong Kong, 28 June 2019

As at the date of this announcement, the Executive Directors of the Company are William Fung Kwok Lun (Group Chairman), Spencer Theodore Fung (Group Chief Executive Officer) and Joseph C. Phi; the Non-executive Directors are Victor Fung Kwok King (Honorary Chairman) and Marc Robert Compagnon; the Independent Non-executive Directors are Allan Wong Chi Yun, Martin Tang Yue Nien, Margaret Leung Ko May Yee, Chih Tin Cheung and John G. Rice.