

Press Release

Li & Fung Announces Shareholder Approval of US\$1.1 Billion Strategic Divestment of Three Product Verticals Businesses

- 99.94% of the independent shareholder votes were in favor of the strategic divestment
- Further simplifies business to focus on core competencies
- Special dividend of US\$520 million to return to shareholders
- Remaining proceeds of US\$580 million to further strengthen capital structure to build the supply chain of the future

Hong Kong, 31 January 2018 – Li & Fung Limited (“Li & Fung” or “the Company,” SEHK: 494), the world’s leading supply chain solutions partner for consumer brands and retailers, today announced that its independent shareholders have approved the previously announced strategic divestment for Hony Capital and the Fung Group to acquire three of Li & Fung’s product verticals businesses, Furniture, Beauty and Sweaters (“product verticals”), for a total cash consideration of US\$1.1 billion.

At a special general meeting (“SGM”) held earlier today, 99.94% of the independent shareholder votes were in favor of the strategic divestment. The transaction is still subject to clearance being obtained from the merger authorities in China and the United States.

As announced on 14 December 2017, this divestment continues Li & Fung’s strategy of simplifying its overall business and will allow the Company to focus resources on its Three-Year Plan (2017 – 2019) goal of creating the supply chain of the future. This divestment follows the spin-off of Global Brands Group in 2014 and the divestment of the Asia Consumer & Healthcare distribution business in 2016.

Spencer Fung, Group CEO of Li & Fung, said, “We are pleased to announce the approval of the strategic divestment of the three product verticals and get the endorsement of the independent shareholders on our strategy. With the divestment, Li & Fung can now focus more on creating the supply chain of the future. The three product verticals will also be able to gain from the dedicated resources and management attention to allow them to be much more nimble as a separate company. The US\$1.1 billion proceeds will allow us to pay a special dividend to all shareholders as well as to strengthen our capital structure and allow us to invest in building our digital supply chain.”

The planned special dividend of US\$520 million or HK\$0.476 per share will be more than double the total annual dividend of HK\$0.23 per share paid in 2016 and will be paid upon completion of the transaction. The remaining proceeds of approximately US\$580 million will provide Li & Fung with additional financial flexibility to strengthen its balance sheet and continue to invest in key initiatives that will help the Company build the supply chain of the future.

The transaction is expected to close in the first half of 2018.

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About Li & Fung Limited

Li & Fung (SEHK: 494), the Hong Kong-headquartered multinational group, is the world’s leading supply chain solutions partner. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide, in around 250 offices across more than 40 economies. Its goal is to create the supply chain of the future to help its customers navigate the digital economy and to improve the lives of a billion people in the supply chain.

For more information, please visit www.lifung.com

Media contacts

Kathleen Wang, FTI Consulting, Inc.
Tel: +852 3768 4538
Kathleen.Wang@fticonsulting.com

Nan Dong, FTI Consulting, Inc.
Tel: +852 3768 4569
Nan.Dong@fticonsulting.com