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**LI & FUNG LIMITED**

Incorporated in Bermuda with limited liability  
Stock Code: 494

## **PROPOSED ADOPTION OF SHARE AWARD SCHEME**

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The Board has conditionally resolved to adopt the Share Award Scheme subject to (i) the approval by the Shareholders of the Share Award Scheme and the Scheme Mandate and (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Award Shares which are new Shares underlying any Awards which may be granted under the Share Award Scheme.

Pursuant to the Share Award Scheme, Awards will be satisfied by (i) existing Shares to be acquired by the Trustee from the market, or (ii) new Shares to be allotted and issued to the Trustee by the Company, the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Participants before vesting.

The total number of Shares, whether they are new Shares to be allotted and issued by the Company or existing Shares to be purchased on-market by the Trustee, underlying all grants made pursuant to the Share Award Scheme (excluding Award Shares that have been forfeited in accordance with the Share Award Scheme) shall not exceed 3% of the total number of issued Shares as at the Adoption Date.

### **SCHEME MANDATE**

Any new Shares which may fall to be issued by the Company to satisfy Awards to be granted under the Share Award Scheme will be issued pursuant to the Scheme Mandate to be sought from the Shareholders at the Annual General Meeting.

### **GENERAL**

An ordinary resolution will be proposed at the Annual General Meeting to consider and, if thought fit, to approve the Share Award Scheme and the Scheme Mandate. A circular for the Annual General Meeting containing, among other things, details of the Share Award Scheme and the Scheme Mandate, will be dispatched to the Shareholders as soon as practicable.

The Board has conditionally resolved to adopt the Share Award Scheme, the major terms of which are summarised as follows:

## **SUMMARY OF MAJOR TERMS OF THE SHARE AWARD SCHEME**

### **Purposes**

The purposes of the Share Award Scheme are (i) to align the interests of Eligible Persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and /or the increase in value of the Shares; and (ii) to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

### **Conditions**

The Share Award Scheme is subject to:

- (i) the passing of a resolution by the Shareholders to approve the adoption of the Share Award Scheme and to authorise the Board to grant Awards under the Share Award Scheme, and to grant the Scheme Mandate; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, up to 3% of the total number of issued Shares as at the Adoption Date new Shares underlying any Awards which may be granted pursuant to the Share Award Scheme.

### **Duration**

Subject to any early termination as may be determined by the Board in accordance with the Scheme Rules, the Share Award Scheme shall be valid and effective for 10 years from the Adoption Date, and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Award Period, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Scheme Rules.

### **Administration**

The Board has the power to administer the Share Award Scheme, including but not limited to the power to construe and interpret the rules of the Share Award Scheme and the terms of the Awards granted under the Share Award Scheme, and where applicable, the Trust Deed.

### **Grant of Awards**

During the Award Period, the Board may, from time to time, at their absolute discretion, select any Eligible Person to be a Selected Participant and grant an Award to such Selected Participant in accordance with the Scheme Rules.

No Award shall be made to Selected Participants pursuant to the Scheme Rules:

- (i) where any requisite approval from any applicable regulatory authorities has not been granted;

- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Share Award Scheme, unless the Board determines otherwise;
- (iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where such grant of Award would result in a breach of the Scheme Limit or would otherwise cause the Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (v) where any director of the Company is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (vi) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (vii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

In the event that the grant of an Award to any connected person of the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, the Company will comply with the applicable reporting, announcement or independent shareholders' approval requirements.

### **Satisfaction of Awards**

Subject to the restrictions set forth in the Scheme Rules, on the date of grant of Awards, the Board shall determine whether the Company shall, for the purposes of satisfying the grant of Awards:

- (i) allot and issue new Shares to the Trustee; and/or
- (ii) transfer to the Trust the necessary funds and instruct the Trustee to acquire existing Shares through on-market transactions at the prevailing market price,

provided the Company shall not allot or issue new Shares to satisfy Awards granted to connected persons of the Company without, where required, the approval by disinterested Shareholders in accordance with all applicable laws and regulations (including but not limited to the Listing Rules). The costs of such allotment or purchase of Shares shall be borne by the Company.

### **Vesting of Award**

Subject to the Scheme Rules, the Board shall determine from time to time such vesting criteria and conditions or periods for the Award to be vested. Based on advice from an independent tax adviser engaged by the Company, an Award granted by the Board to a Selected Participant may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash.

Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares to or for the benefit of the Selected Participants shall be borne by the Company. Any taxes or other direct costs and expenses arising on the transfer of the Related Income to the Selected Participants, and any duty or other direct costs and expenses arising on the sale of the Award Shares due to the vesting shall be borne by the Selected Participant.

### **Forfeiture of Awards**

If a Selected Participant ceases to be an Eligible Person by reason of (i) retirement of the Selected Participant, (ii) death of the Selected Participant, (iii) termination of the Selected Participant's employment or contractual engagement with the Group or an Affiliate by reason of his/her permanent physical or mental disability, or (iv) termination of the Selected Participant's employment or contractual engagement with the Group by reason of redundancy, the Board may at its absolute discretion determine either that any outstanding Award Shares and Related Income not yet vested shall vest in such manner as it thinks fit or that they shall be forfeited.

If a Selected Participant, being an employee whose employment is terminated (i) by the Group or an Affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice or (ii) by the employee due to reasons other than set out in the paragraph above, or the Selected Participant having been convicted of any criminal offence involving his or her integrity or honesty, any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board determines otherwise at its absolute discretion.

If a Selected Participant is declared bankrupt, any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board determines otherwise at its absolute discretion.

### **Rights attached to the Award**

Save that the Board at its discretion may from time to time determine that any Related Income be paid to Selected Participants even though the Award Shares have not yet vested in such manner as it sees fit, the Selected Participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually vested in and transferred to the Selected Participant. Accordingly, save as stated above, a Selected Participant does not have any rights to any of the Related Income until the Award Shares and Related Income are vested on and transferred to them.

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

### **Scheme Limit**

The total number of Shares, whether they are new Shares to be allotted and issued by the Company or existing Shares to be purchased on-market by the Trustee, underlying all grants made pursuant to the Share Award Scheme (excluding Award Shares that have been forfeited in accordance with the Share Award Scheme) shall not exceed 3% of the total number of issued Shares as at the Adoption Date (subject to adjustment in the event of sub-division of Shares, consolidation of Shares or bonus issue in accordance with the Scheme Rules) (the "**Scheme Limit**"), i.e. 250,811,949 Shares (assuming that there is no change in the total number of issued Shares from the date of this announcement up to the Adoption Date) without Shareholders' approval.

Under the Scheme Rules, there is no specified limit on the maximum number of Award Shares which may be granted to a single Selected Participant but unvested under the Share Award Scheme.

### **Termination**

The Share Award Scheme shall terminate on the earlier of:

- (i) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares;
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder; and
- (iii) such date on which an order for the winding up of the Company is made or a resolution is passed for the voluntary winding up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

### **SCHEME MANDATE**

Pursuant to the Scheme Rules, the total number of Shares, whether they are new Shares or existing Shares purchased on-market by the Trustee, underlying all grants made pursuant to the Share Award Scheme (excluding Award Shares that have been forfeited in accordance with the Share Award Scheme) shall not exceed 3% of the total number of issued Shares as at the Adoption Date (subject to adjustment in the event of sub-division of Shares, consolidation of Shares or bonus issue in accordance with the Scheme Rules).

Any new Shares which may fall to be issued by the Company to satisfy Awards to be granted under the Share Award Scheme will be issued pursuant to a Scheme Mandate to be sought from the Shareholders at the Annual General Meeting.

As at the date of this announcement, the Company has a total of 8,360,398,306 issued Shares. Assuming that (i) all the Awards granted under the Share Award Scheme shall be satisfied by the allotment and issue of new Shares by the Company and (ii) there is no change in the total number of issued Shares from the date of this announcement up to the Adoption Date, the total number of issued Shares underlying all grants made to the Share Award Scheme (excluding Award Shares that are forfeited in accordance with the Share Award Scheme) shall not exceed 3% of the total number of issued Shares as at the Adoption Date (i.e. 250,811,949 Shares).

Accordingly, an ordinary resolution will be proposed at the Annual General Meeting to grant a mandate to the Directors to allot and issue up to not more than 3% of the total number of issued Shares as at the date of passing such resolution (subject to adjustment in the event of sub-division of Shares, consolidation of Shares or bonus issue in accordance with the Scheme Rules) (i.e. the Scheme Mandate), details of which will be set out in the circular to be dispatched by the Company.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the 250,811,949 new Shares which may be allotted and issued under the Scheme Mandate and the Share Award Scheme.

## **REASONS AND BENEFITS FOR THE ADOPTION OF THE SHARE AWARD SCHEME AND THE PROPOSED AWARDS**

The Group is recognized as the world's leader in consumer goods design, development, sourcing and logistics. It specializes in responsibly managing supply chain of high volume, and time-sensitive goods for leading retailers and brands worldwide.

The Share Award Scheme forms part of the incentive schemes of the Group. The Share Award Scheme, when adopted, would operate alongside the share option scheme of the Company adopted at its annual general meeting held on 15 May 2014 and provide an additional means for the Company to incentivize Eligible Persons. The Board considers that the grant of share awards to employees would recognise the continual support of the relevant employees to the Group and their effort in promoting the Group's long-term growth and development, without a substantial cash outflow by the Group.

## **GENERAL**

An ordinary resolution will be proposed at the Annual General Meeting to consider and, if thought fit, to approve the Share Award Scheme and the Scheme Mandate. A circular for the Annual General Meeting containing, among other things, details of the Share Award Scheme and the Scheme Mandate, will be dispatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

<b>“Actual Selling Price”</b>	the actual price at which the Award Shares are sold (net of brokerage, Stock Exchange trading fee, Securities and Futures Commission transaction levy and any other applicable costs) on vesting of an Award pursuant to the Share Award Scheme
<b>“Adoption Date”</b>	the date on adoption of the Share Award Scheme by the Shareholders
<b>“Affiliate”</b>	means a company that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an associated company of the holding company of the Company; or (i) an associated company of the Company; or (j) associated company of controlling shareholder of the Company

<b>“Annual General Meeting”</b>	the annual general meeting of the Company to be held for considering and approving, among other things, the Share Award Scheme and the Scheme Mandate
<b>“Award”</b>	an award granted by the Board to a Selected Participant, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the Scheme Rules
<b>“Award Period”</b>	the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the tenth (10 <sup>th</sup> ) anniversary of the Adoption Date (after which no further Awards will be granted)
<b>“Award Shares”</b>	Shares granted to a Selected Participant in an Award pursuant to the Scheme Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“Business Day”</b>	any day on which the Stock Exchange is open for the business of dealing in securities
<b>“Company”</b>	Li & Fung Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
<b>“connected person”</b>	has the meaning set out in the Listing Rules
<b>“control” and “controlling shareholder”</b>	shall have the same meaning as set out in the Hong Kong Code on Takeovers and Mergers and the Listing Rules respectively
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Eligible Person”</b>	any individual, being an Employee, director, officer, consultant or advisor of any member of the Group or any Affiliate who the Board considers, in its sole discretion, to have contributed or will contribute to the Group
<b>“Employee”</b>	any employee (whether full-time or part-time employee) of any members of the Group or any Affiliate, provided that an employee shall not cease to be an Employee in the case of (a) any leave of absence approved by the Company or the relevant Affiliate; or (b) transfer among the Company and any Affiliates or any successor, and provided further that an employee shall, for the avoidance of doubt, cease to be an employee with effect from (and including) the date of termination of his or her employment
<b>“Group”</b>	the Company and its subsidiaries



<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Related Income”</b>	all or such portion of cash income derived from the Award Shares (i.e. cash dividends declared and paid on the Award Shares) as may be determined by the Board from time to time (excluding any interest earned on such cash income) and held on Trust for the benefit of the Selected Participant
<b>“Scheme Limit”</b>	shall have the meaning given to it under the section headed “Summary of Major Terms of the Share Award Scheme — Scheme Limit” of this announcement
<b>“Scheme Mandate”</b>	a mandate to be granted to the Directors at the Annual General Meeting to allot and issue up to 3% of the total number of issued Shares as at the date of passing such resolution, in connection with the Share Award Scheme
<b>“Scheme Rules”</b>	the rules relating to the Share Award Scheme as amended from time to time
<b>“Selected Participant”</b>	any Eligible Person approved by the Board for participation in the Share Award Scheme and who has been granted an Award pursuant to the Share Award Scheme
<b>“Share Award Scheme”</b>	the share award scheme proposed to be adopted by the Shareholders at the Annual General Meeting
<b>“Shareholders”</b>	holders of the Shares
<b>“Shares”</b>	the ordinary shares with nominal value of HK\$0.0125 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Trust”</b>	the relevant trust(s) constituted by the Trust Deed to service the Share Award Scheme
<b>“Trust Deed”</b>	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time) in relation to the Share Award Scheme
<b>“Trustee”</b>	the trustee appointed by the Company for the purpose of the Trusts, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong



**“Vesting Date(s)”** the date or dates, as determined from time to time by the Board, on which an Award (or part thereof) is to vest in the relevant Selected Participant in accordance with the Share Award Scheme

**“%”** per cent

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

Hong Kong, 20 April 2015

Websites: [www.lifung.com](http://www.lifung.com)  
[www.irasia.com/listco/hk/lifung](http://www.irasia.com/listco/hk/lifung)

*At the date of this announcement, Executive Directors are William Fung Kwok Lun (Group Chairman), Spencer Theodore Fung (Group Chief Executive Officer) and Marc Robert Compagnon; Non-executive Director is Victor Fung Kwok King (Honorary Chairman), and Independent non-executive Directors are Paul Edward Selway-Swift, Allan Wong Chi Yun, Franklin Warren McFarlan, Martin Tang Yue Nien and Margaret Leung Ko May Yee.*