

通告 CIRCULAR

Subject: Li & Fung Limited – Proposed Privatisation

Enquiry: HKATS Hotline¹ Tel: 2211-6360
DCASS Hotline Tel: 2979-7222

Reference is made to the joint announcements made by Li & Fung Limited (Li & Fung) and the offeror (Golden Lincoln Holdings I Limited) on 20 March 2020, 25 March 2020, 9 April 2020 and 20 April 2020 in relation to a proposed privatisation (“the Scheme”).

Exchange Participants and Clearing Participants (“Participants”) are requested to note that subject to the approval of meeting of the Scheme Shareholders to be convened at the direction of the Supreme Court of Bermuda (“Court”) at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof (“Court Meeting”) and Special General Meeting on the Scheme to be held on 12 May 2020, the following corporate action will be made as below:

Underlying Stock Name of the Stock Option Contracts (Stock Code)	Li & Fung Limited (00494)
HKATS Code	LIF
Corporate Action	The Cancellation Price of HK\$1.25 per Scheme Share
Last day for dealing in Li & Fung (“LDD”)	15 May 2020

¹ All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: http://www.hkex.com.hk/eng/global/privacy_policy.htm

For details of the announcements made by Li & Fung on 20 March 2020, 25 March 2020, 9 April 2020 and 20 April 2020, please refer to the hyperlinks below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0320/2020032000519.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0325/2020032500576.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0409/2020040900599.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0419/2020041900047.pdf>

Trading Arrangements

Once the Court Meeting and Special General Meeting approve the Scheme, there will be no Li & Fung stock option contracts available for trading after the LDD.

Margining, Clearing, Settlement and Exercise Arrangements

1. Margining, clearing, settlement and exercise arrangements of Li & Fung stock option contracts, including the settlement by covered shares collateral, are as normal on or before the LDD. Delivery obligations arising from the exercise / assignment of the Li & Fung stock option contracts on or before the LDD will be settled by Li & Fung shares in CCASS according to the normal procedures.
2. Li & Fung stock option contracts (regardless of their maturities) can be exercised at any time on or before 6:45 pm on the LDD.
3. All **in-the-money** Li & Fung stock option contracts on LDD will be converted into their intrinsic values in cash based on the difference between the strike price and the cancellation price of HK\$1.25. Cash conversion will be made on the business day immediately after the LDD (i.e. 18 May 2020). No physical delivery of underlying shares will be involved and Participants will not be charged for the cash conversion.
4. Li & Fung shares will be allowed to cover short call positions on or before LDD. Those covered Li & Fung stock option positions will be decoupled on 18 May 2020 automatically.
5. Li & Fung stock option open positions on the LDD will be closed by The SEHK Options Clearing House Limited ("SEOCH") before market open on 18 May 2020 and the corresponding cash

values will be credited to / debited from the relevant CCMS collateral accounts by SEOCH on 18 May 2020.

For the avoidance of doubt, if the proposed privatisation is not sanctioned by the Court, the cash conversion will not be made and Li & Fung stock option contracts will still be available for trading (subject to further announcements of Li & Fung). Privatisation adjustments, once being made, are conclusive and binding on all relevant stock option contracts.

Inform Your Staff and Clients

Participants and their clients must understand the nature and risks of trading Li & Fung stock option contracts in relation to this corporate action and assess their ability to undertake the exposure and risks related.

Participants should notify all clients holding positions in Li & Fung stock option contracts the details of trading and clearing operational arrangements and the associated risk. In particular, Participants shall inform their clients that the trading and clearing arrangement are subject to the approval of the Court Meeting and Special General Meeting on the Scheme to be held on 12 May 2020. Participants shall also inform their clients that Li & Fung stock option contracts will no longer be available for trading after the LDD and all Li & Fung stock option positions will be closed on 18 May 2020 as stipulated in this circular.

Please ensure that your back office systems are ready for a smooth operation. In addition, all your staff should be fully aware of the trading and clearing arrangements, and should exercise caution when dealing with the exercise and settlement of Li & Fung stock option contracts and when advising your clients.

Sanly Ho
Head
Derivatives Trading
Markets Division

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.