

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Li & Fung Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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## **LI & FUNG LIMITED**

*(Incorporated in Bermuda with limited liability)*

**PROPOSALS RELATING TO  
ADOPTION OF SHARE OPTION SCHEME,  
GENERAL MANDATE TO REPURCHASE SHARES,  
GENERAL MANDATE TO ISSUE SHARES,  
AMENDMENT OF BYE-LAWS  
and  
ADOPTION OF CHINESE NAME  
and  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the 2003 annual general meeting of Li & Fung Limited to be held at Chater Rooms II-III, Conference Room Level (B1), The Ritz-Carlton, Hong Kong, 3 Connaught Road, Central, Hong Kong on 12th May, 2003 at 12:00 noon is set out on pages 20 to 26 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.



1st April, 2003

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**CONTENT**

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	<b>Page</b>
<b>Definitions</b> . . . . .	<b>1</b>
<b>Letter from the Chairman</b> . . . . .	<b>4</b>
<b>Appendix I — Principal terms of Share Option Scheme</b> . . . . .	<b>9</b>
<b>Appendix II — Explanatory Statement</b> . . . . .	<b>17</b>
<b>Notice of Annual General Meeting</b> . . . . .	<b>20</b>

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## DEFINITIONS

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

“affiliate”	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 the Company; or (c) a fellow subsidiary of the Company; or (d) the controlling shareholder of the Company; or (e) a company controlled by the controlling shareholder of the Company; or (f) a company controlled by the Company; or (g) an associated company of the holding company of the Company; or (h) an associated company of the Company
“AGM”	the 2003 annual general meeting of the Company to be held at Chater Rooms II-III, Conference Room Level (B1), The Ritz-Carlton, Hong Kong, 3 Connaught Road, Central, Hong Kong on 12th May, 2003 at 12:00 noon, notice of which is set out on pages 20 to 26 of this circular
“associate”	has the meaning set out in the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company
“Company”	Li & Fung Limited, a company incorporated in Bermuda with limited liability and whose securities are listed on the Stock Exchange
“connected person”	has the meaning set out in the Listing Rules
“control”	means the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company and any person who owns beneficially, either directly or through one or more controlled companies, more than 30% of the voting securities of a company (or such lower amount as may from time to time be specified in the Codes on Takeovers and Mergers approved by the Securities and Futures Commission (as amended from time to time) being the control for triggering a mandatory general offer) shall be deemed to control such company and “is controlled by” and “controlling” shall have the corresponding meanings

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## DEFINITIONS

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“Directors”	the directors of the Company
“Employee”	any person employed by the Company or any affiliate and any person who is an officer or director (whether executive or non-executive) of the Company or any affiliate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ Republic of China
“Latest Practicable Date”	31st March, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Mandate Limit”	means the Initial Mandate Limit (as referred to in sub-paragraph (t)(ii) of Appendix I) or the Refreshed Mandate Limit (as referred to in sub-paragraph (t)(iii) of Appendix I), as the case may be
“Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Option Holder”	any Participant who accepts an offer of the grant of an Option in accordance with the terms of the Share Option Scheme or (where the context so requires) the legal personal representatives of such Participant
“Participant”	a Qualifying Grantee or his related trust (where the Participant is a discretionary trust, includes any discretionary object of such discretionary trust)
“Qualifying Grantee”	any Employee or any consultant, agent, representative or adviser of the Company or any affiliate; or any customer or contractor of the Company or any affiliate; or any business ally or joint venture partner of the Company or any affiliate
“related trust(s)”	means, in relation to a Qualifying Grantee who is an individual, a trust solely for the benefit of the Qualifying Grantee or his immediate family members

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## DEFINITIONS

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“Shareholder(s)”	holders of Share(s) in issue
“Share Option Scheme”	the share option scheme proposed to be adopted at the AGM, the principal terms of which are set out in Appendix I
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules
“HK\$ and cents”	Hong Kong dollar and cents respectively, the lawful currency of Hong Kong
“%”	per cent



## LI & FUNG LIMITED

*(Incorporated in Bermuda with limited liability)*

### Non-Executive Directors:

Victor Fung Kwok King (*Chairman*)

Paul Edward Selway-Swift\*

Allan Wong Chi Yun\*

Franklin Warren McFarlan\*

Makoto Yasuda\*

Lau Butt Farn

Leslie Boyd

*(Steven Murray Small —*

*Alternate to Leslie Boyd)*

*\* independent non-executive director*

### Executive Directors:

William Fung Kwok Lun (*Managing Director*)

Henry Chan

Danny Lau Sai Wing

Annabella Leung Wai Ping

Bruce Philip Rockowitz

### Registered office:

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

### Principal place of business:

11th Floor

LiFung Tower

888 Cheung Sha Wan Road

Kowloon

Hong Kong

1st April, 2003

### **Proposals relating to Adoption of Share Option Scheme, General Mandate to Repurchase Shares, General Mandate to Issue Shares, Amendment of Bye-Laws and Adoption of Chinese Name and Notice of Annual General Meeting**

*To Shareholders and for information only, existing option holders*

Dear Sirs or Madam,

### **SHARE OPTION SCHEME OF THE COMPANY**

The Directors propose to adopt the Share Option Scheme which will be put to Shareholders for approval at the AGM.

The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the adoption of the Share Option Scheme is subject to the approval of Shareholders at the AGM.



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## LETTER FROM THE CHAIRMAN

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Application has been made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of Options granted under the Share Option Scheme. Implementation of the Share Option Scheme is subject to such approval being granted.

The Directors believe that attracting and motivating high quality personnel is a key in the success and growth of the Company. The Directors believe that the Share Option Scheme could provide Qualifying Grantees with the opportunity of participating in the growth of the Company by acquiring shares in the Company and could, in turn, assist in the attraction and retention of Qualifying Grantees who have made contribution to the success of the Company. The purpose of the Share Option Scheme is to provide incentives to Qualifying Grantees to contribute further to the Company. To ensure that this purpose is achieved by granting option to Qualifying Grantees who are regarded as valuable human resources of the Group based on their years of service, work experience and knowledge in the industry or who have contributed to the growth and success of the Group based on their performance, term of relationship with the Group and other relevant factors, the rules of the Share Option Scheme provide that the Board is empowered with the authority to determine the terms and conditions of any Option based in each case on relevant factors as the Board considers appropriate. The Board believes that the authority given to the Board under the Share Option Scheme to specify any minimum holding period and/or performance targets as conditions in any Option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of the Company as well as to achieve the purpose of the Share Option Scheme.

Currently, the Company has no share option scheme. The previous share option scheme of the Company was adopted on 2nd June, 1992 and has expired on 1st June, 2002. As at the Latest Practicable Date, the Company had granted options to subscribe for a total of 264,600,000 Shares to certain employees and directors of the Group pursuant to its previous share option scheme, out of which options to subscribe for 228,224,000 Shares had been exercised, options to subscribe for 5,222,000 Shares had lapsed and options to subscribe for 31,154,000 Shares are valid and outstanding and which will remain valid under the previous share option scheme.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables such as the options may become lapsed or cancelled prior to the normal expiry of their respective option periods on the happening of certain events as specified in the Share Option Scheme which are not predictable or controllable by the Directors.

A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular. This serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same. The full terms of the Share Option Scheme may be inspected at the principal place of business of the Company at 11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

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## LETTER FROM THE CHAIRMAN

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In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers an announcement on the outcome of the AGM in relation to the adoption of the Share Option Scheme on the business day following the date of the AGM.

### GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company which was held on 10th May, 2002, a general and unconditional mandate was given to the Directors to repurchase Shares of the Company on the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at that date. A further general mandate was also given to the Directors to allot and issue Shares repurchased by the Company pursuant to such repurchase mandate. No Shares have been repurchased pursuant to such repurchase mandate.

Under the terms of the repurchase mandate and the Listing Rules, such repurchase mandate will lapse at (i) the conclusion of the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; or (iii) the revocation by ordinary resolution of Shareholders in general meeting, whichever is earlier, unless renewed at the AGM.

The Directors believe that a renewal of such repurchase mandate is in the interest of the Company and Shareholders. Accordingly, an ordinary resolution will be proposed at the AGM which will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the next annual general meeting of the Company following the passing of such resolution or such earlier period as stated in the ordinary resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such resolution (the “Repurchase Mandate”). The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate is set out in Appendix II to this circular.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Repurchase Mandate is set out in resolution 6 in the Notice of the AGM set out on pages 20 to 26 of this circular.

### GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 10th May, 2002, a general and unconditional mandate was also given to the Directors to allot, issue and deal with additional Shares of the Company up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company as at that date.

Such general mandate will cease to be effective at the conclusion of the AGM. The Directors believe that the renewal of the general mandate is in the interest of the Company and Shareholders and accordingly, a renewal of the general mandate will be sought from Shareholders at the AGM to authorise the Directors to allot, issue and deal with additional Shares of the Company up to (i) 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the relevant resolution plus (ii) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of such resolution (the “Issue Mandate”).



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## LETTER FROM THE CHAIRMAN

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The full text of the ordinary resolutions to be proposed at the AGM in relation to the Issue Mandate are set out in resolutions 7 and 8 in the Notice of the AGM set out on pages 20 to 26 of this circular.

### AMENDMENT OF BYE-LAWS

According to the relevant amendments to the Listing Rules which became effective in early 2002, the Company, in accordance with the applicable laws of its place of incorporation and its constitutional documents, may offer Shareholders (i) the choice to receive a summary financial report (the “Summary Financial Report”) in place of the annual report and accounts; (ii) the choice to choose not to receive a printed copy of the Summary Financial Report or the annual report and accounts as well as notices and other documents and to receive such documents by means of electronic communication or to rely on the versions of these documents that will be published on the website of the Company; and (iii) the choice of receiving documents in either English or Chinese only or in both English and Chinese.

In order to achieve such flexibility, the Directors wish to seek the approval of Shareholders at the AGM for the proposed amendments to the Bye-laws of the Company which will enable the Company, to the extent permitted by the Listing Rules, the laws of Bermuda and the Bye-laws of the Company, to offer Shareholders the choices referred to in the paragraph above when it becomes desirable to do so. It should be noted that even if Shareholders vote in favour of the special resolution approving such amendments, they will still be able to choose to receive printed copies of the annual report and accounts, notices and other documents in the event the Company does offer the said choices to Shareholders pursuant to the amended Bye-laws.

The proposed amendments to the Bye-laws of the Company are set out in resolution 10 in the Notice of the AGM set out on pages 20 to 26 of this circular.

### ADOPTION OF CHINESE NAME

In a circular issued by the Companies Registry in June 2001, the Companies Registry announced that all existing registered overseas companies are now permitted to add either an English or Chinese corporate name not presently shown in their certificates of registration. The Companies Registry will process an application to add either an English or Chinese corporate name as a change of corporate name and a Certificate of Registration of Change of Name will be issued accordingly.

The Directors proposes to adopt “利豐有限公司” as the Chinese corporate name of the Company for the purpose of registration in Hong Kong and a special resolution regarding such adoption will be proposed at the AGM.

Should the proposed adoption of the Chinese corporate name be approved at the AGM, Shareholders should note that this will not have any effect on the right of Shareholders. Existing share certificates bearing only the corporate name of the Company in English shall continue to be evidence of title to the Shares and be accepted for trading and settlement purposes. Therefore, there would not be any arrangement for free exchange of share certificates upon obtaining the approval of registration of the Company’s Chinese corporate name from the Registrar of Companies in Hong Kong. An

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## LETTER FROM THE CHAIRMAN

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announcement will be made by the Company informing Shareholders of the effective date of the Company's adoption of its Chinese corporate name. Adoption of the Chinese corporate name will be effective upon issue of the Certificate of Registration of Change of Name by the Registrar of Companies in Hong Kong.

### NOTICE OF ANNUAL GENERAL MEETING

The notice of the AGM, which contains, inter alia, ordinary resolutions to adopt the Share Option Scheme and to approve the Repurchase Mandate and the Issue Mandate; and special resolutions to amend the Bye-laws of the Company and to adopt a Chinese corporate name, is set out on pages 20 to 26 of this circular.

There is enclosed a form of proxy for use at the AGM. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the principal place of business of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. The completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM should you so wish.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

### RECOMMENDATION

The Directors believe that the proposals for the adoption of the Share Option Scheme, the grant of the Repurchase Mandate, the grant of the Issue Mandate, the amendment of the Bye-laws of the Company and the adoption of the Chinese corporate name are in the interests of the Company and Shareholders. Accordingly, the Board recommends that Shareholders should vote in favour of all of these resolutions to be proposed at the AGM.

Yours faithfully,  
**Victor Fung Kwok King**  
*Chairman*

## SHARE OPTION SCHEME

*The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the AGM:*

(a) **Purpose**

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to Employees, consultants, agents, representatives, advisers, customers, contractors, business allies and joint venture partners; and to promote the long term financial success of the Company by aligning the interests of Option Holders to Shareholders.

(b) **Who may join**

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to any Qualifying Grantee as the Board may in its absolute discretion select. Provided the Board so agrees, such offer may be accepted by a related trust of the relevant Qualifying Grantee.

(c) **Administration**

The Share Option Scheme shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:

- (i) to select Qualifying Grantees to whom Options may be granted under the Share Option Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of Options;
- (iii) to determine the number of Shares to be covered by each Option granted under the Share Option Scheme;
- (iv) to approve forms of option agreements;
- (v) to determine the terms and conditions of any Option. Such terms and conditions may include:
  - the exercise price;
  - the period within which the Shares must be taken up under the Option, which must not be more than 10 years from the date of grant;
  - the minimum period, if any, for which an Option must be held before it can vest (the Share Option Scheme itself does not specify any minimum holding period);

- the performance targets, if any, that must be achieved before the Option can be exercised (the Share Option Scheme itself does not specify any performance targets);
- the amount, if any, payable on application or acceptance of the Option and the period within which payments or calls must or may be made or loans for such purposes must be repaid;

(vi) to construe and interpret the terms of the Share Option Scheme and Options granted pursuant to the Share Option Scheme;

(vii) to prescribe, amend and rescind rules and regulations relating to the Share Option Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Qualifying Grantees;

(viii) subject to the provisions relating to grant to substantial shareholders and independent non-executive directors and their respective associates in the Share Option Scheme, to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Share Option Scheme).

**(d) Grant of Options**

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the date of adoption to make an offer for the grant of an Option to any Qualifying Grantee as the Board may in its absolute discretion select.

**(e) Restriction on time of grant of Option**

An offer of the grant of an Option may not be made after a price sensitive event or a price sensitive matter has been the subject of a decision, until such price sensitive information has been publicly disseminated in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

**(f) Acceptance and payment on acceptance of Option offer**

An offer of the grant of an Option shall remain open for acceptance by the Qualifying Grantee concerned and, provided the Board so agrees, by a related trust of the named Qualifying Grantee for a period of 28 days from the date of the offer (or such longer period as the Board may specify in writing).

HK\$1.00 is payable by the grantee to the Company on acceptance of the Option offer.

(g) **Subscription price**

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(h) **Option period**

The period within which the Shares must be taken up under an Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant Option.

(i) **Rights are personal to grantee**

An Option shall be personal to the grantee and shall not be assignable or transferable.

(j) **Rights attaching to Shares allotted**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date of allotment (or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members) and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment (or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members), other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment (or, if later, before the date of registration of the allotment in the register of members of the Company).

(k) **Rights on retirement, death or total permanent physical or mental disability**

If an Option Holder (or in the case of an Option Holder which is a related trust of a Qualifying Grantee, the relevant Qualifying Grantee) dies or becomes totally permanently physically or mentally disabled while an Option Holder or in the case of an Option Holder being an Employee (or in the case of an Option Holder which is a related trust of an Employee, the relevant Employee), retires, the Option may be exercised within such period of time as is specified in the option agreement (but in no event later than the expiration of the term of such Option as set forth in the option agreement).

In the absence of a specified time in the option agreement, the Option shall remain exercisable for twelve (12) months (or such longer period as the Board shall decide) following the relevant Option Holder's or Qualifying Grantee's or Employee's (as the case may be) retirement, death or total permanent physical or mental disability. The Option may be exercised within that period by the personal representatives of the Option Holder.

If the Option is not so exercised within the time specified, the Option shall lapse.

**(l) Termination for misconduct**

If an Option Holder being an Employee (or in the event of an Option Holder which is a related trust of the Employee, the relevant Employee) ceases to be an Employee for being guilty of serious misconduct or having been convicted of any criminal offence involving his integrity or honesty, the Option shall immediately lapse.

**(m) Termination for cause**

If an Option Holder (or in the event of an Option Holder which is a related trust of a Qualifying Grantee, the relevant Qualifying Grantee) ceases to be a Qualifying Grantee for having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, the Option shall immediately lapse.

**(n) Rights on termination other than for retirement, death, permanent disability, termination resulting from misconduct or cause**

If an Option Holder (or in the case of an Option Holder which is a related trust of a Qualifying Grantee, the relevant Qualifying Grantee) ceases to be a Qualifying Grantee other than pursuant to paragraphs (k), (l) or (m), then, unless otherwise provided in the option agreement, an Option Holder may exercise his Option within three (3) months of such cessation (or such longer period as the Board may decide, but in no event later than the expiration of the term of such Option as set forth in the option agreement).

If the Option is not so exercised within the time specified, the Option shall lapse.

**(o) Rights on takeover**

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the general offer becomes or is declared unconditional in all respects, the Option Holder shall be entitled to exercise the Option (to the extent not already exercised) at any time within one (1) month (or such longer period as the Board shall decide) after the date on which the general offer becomes or is declared unconditional.

If the Option is not so exercised within the time specified, the Option shall lapse.

**(p) Rights on compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company or companies, the Company shall give notice to the Option Holder on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Option Holder (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date two (2) calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his Options (to the extent not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being

sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

If the Option is not so exercised within the time specified, the Option shall lapse.

**(q) Rights on voluntary winding-up of the Company**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Option Holders (together with a notice of the existence of the provisions of the Share Option Scheme relating to this paragraph (q)) and thereupon, each Option Holder (or his or her personal representatives) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Option Holder credited as fully paid.

If the Option is not so exercised within the time specified, the Option shall lapse.

**(r) Lapse of Option**

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (c), (k), (n) and (w), and without prejudice to the authority of the Board to provide for additional situations where an Option shall lapse in any option agreement, an Option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o), (p) and (q); and (iii) the date on which the Board certifies that for the reason of a breach of paragraph (i), the Option should be terminated.

**(s) Cancellation of Options**

Options granted but not exercised or lapsed in accordance with the terms of the Share Option Scheme may be cancelled by the Company with the consent of the Participant. Where the Company cancels Options and offers to issue new ones to the same Qualifying Grantee, the issue of such new Options may only be made under the Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limits set out in paragraph (t) below.

**(t) Maximum number of Shares available under the Share Option Scheme****(i) *Overriding Limit***

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

**(ii) *Mandate Limit***

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a Refreshed Mandate Limit as referred to in sub-paragraph (t)(iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of adoption, being 289,001,200 Shares (“Initial Mandate Limit”) based on 2,890,012,000 issued Shares as at the Latest Practicable Date and assuming there is no change in the issued share capital of the Company prior to the date of adoption. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

**(iii) *Refreshing of Mandate Limit***

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit provided the Company shall issue a circular containing such information as required by the Listing Rules to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed (“Refreshed Mandate Limit”) must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

**(iv) *Grant to specifically identified Participants***

Specifically identified Participants may be granted Options beyond the Mandate Limit. The Company may in addition seek separate approval by its Shareholders in general meeting for granting Options beyond the Mandate Limit provided the Options in excess of the limit are granted only to Participants specifically identified by the Company and a circular containing such information as required by the Listing Rules is issued to Shareholders before such approval is sought. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.



(v) *Limit for each Participant*

The total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) granted in any 12-month period to each Participant must not exceed 1% of the Shares in issue. Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by Shareholders in general meeting with the relevant Participant and his associates abstaining from voting. Prior to seeking such approval, the Company shall issue a circular containing such information as required by the Listing Rules to Shareholders. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(u) **Grant of Option to connected persons**

Insofar and for so long as the Listing Rules so require, where any offer of an Option is proposed to be made to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is or whose associate is the Participant to whom the Option is proposed to be granted). Insofar and for so long as the Listing Rules so require, no Option may be granted to any substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant (i) representing in aggregate over 0.1% of the share capital of the Company in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5 million, unless such further grant is approved by Shareholders in general meeting. Prior to seeking such approval, the Company shall issue a circular containing such information as required by the Listing Rules to Shareholders. At such general meeting, the grant of Options to the substantial shareholder or independent non-executive director of the Company, or any of their respective associates shall, for so long and insofar as the Listing Rules so require, be approved by Shareholders by way of poll with all connected persons of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to Shareholders. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(v) **Effects of reorganisation of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue or other general offer of securities made by the Company to holders of its securities, consolidation, subdivision, reduction or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the Option so far as unexercised; and/or the subscription price; and/or the maximum

number of Shares subject to the Share Option Scheme, as the auditors shall certify in writing to the Board either generally or as regards any particular Option Holder to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an Option Holder on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Option Holder is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

**(w) Alteration to the Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Option Holders or proposed Option Holders except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Option Holders as would be required of Shareholders under the Bye-laws for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature and any change to the terms of the Options granted, shall be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme shall be approved by Shareholders. Subject to the Listing Rules and the terms of the Share Option Scheme the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

**(x) Termination of Share Option Scheme**

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered after the Share Option Scheme is terminated but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

**SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,890,012,000 Shares. Subject to the passing of resolution 6 as set out in the Notice of the AGM set out on pages 20 to 26 of this circular approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 289,001,200 Shares.

**REASONS FOR REPURCHASE**

A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such purchase will be to the benefit of the Company and its shareholders.

**FUNDING OF REPURCHASES**

The Directors propose that repurchases of Shares under the Repurchase Mandate will be financed from the Company's distributable profits or proceeds of a new issue of Shares made for such purpose. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda.

It is envisaged that a repurchase of Shares pursuant to the Repurchase Mandate (including repurchase of the maximum number of Shares under such mandate effected in full at any time during the period of the mandate) may have a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2002 but the Directors do not intend to make repurchases pursuant to the Repurchase Mandate to such an extent.

**DISCLOSURE OF INTERESTS**

None of the Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates of Directors have a present intention, in the event that the proposed Repurchase Mandate is approved by shareholders, to sell Shares to the Company.

No connected persons of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares to the Company in the event that the Repurchase Mandate is exercised.

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

SHARE PRICE

The highest and lowest prices at which Shares were traded on the Stock Exchange in each of the twelve months prior to the Latest Practicable Date were as follows:

	Highest (HK\$)	Lowest (HK\$)
2002		
April	13.40	11.85
May	13.20	11.45
June	11.60	9.60
July	11.10	8.50
August	9.50	7.85
September	8.60	6.90
October	8.65	6.90
November	8.70	7.45
December	9.05	7.25
2003		
January	8.50	7.30
February	8.15	7.15
March	8.55	7.30

TAKEOVER CODE

If as a result of a share repurchase a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the “Takeover Code”). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Li & Fung (1937) Limited is interested in (directly and indirectly) 1,130,549,200 Shares (representing approximately 39.1% of the Company’s issued share capital) and is one of the substantial shareholders (as defined in Rule 1.01 of the Listing Rule) of the Company. Based on the said interests of Li & Fung (1937) Limited in the issued share capital of the Company as at the Latest Practicable Date, in the event that the Directors exercise in full the power to repurchase Shares of the Company in accordance with the terms of the resolution to be proposed at the AGM, the interests of Li & Fung (1937) Limited (direct and indirect) in the issued share capital of the Company will be increased from approximately 39.1% to approximately 43.5% and they would be obliged to make a mandatory general offer under Rule 26 of the Takeover Code as a result of such increase. The Directors have no intention to exercise the Repurchase Mandate to such extent that would give rise to an obligation on the part of Li & Fung (1937) Limited to make a mandatory general offer under Rule 26 of the Takeover Code.

SHARE REPURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its Shares (on the Stock Exchange or otherwise) in the six months prior to the date of this document.



## LI & FUNG LIMITED

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Chater Rooms II-III, Conference Room Level (B1), The Ritz-Carlton, Hong Kong, 3 Connaught Road, Central, Hong Kong on 12th May, 2003 at 12:00 noon for the following purposes:

1. To receive and adopt the Audited Consolidated Accounts and the Reports of the Directors and the Auditors for the year ended 31st December, 2002;
2. To declare a final dividend in respect of the year ended 31st December, 2002;
3. To re-elect Directors;
4. To determine the Directors' fees;
5. To re-appoint Auditors and authorise the Board of Directors to fix their remuneration;
6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to purchase shares of the Company be generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution, and the said approval shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”;

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c), the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue; (ii) the exercise of options granted under any share option scheme adopted by the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the aggregate of (aa) 20 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution plus (bb) (if the Directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution), and the said approval shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda (as amended) to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of ordinary shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”;

8. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT:**

the Directors of the Company be authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out as resolution 7 in the notice of this meeting in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”;

9. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT:**

conditionally on the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular to shareholders of the Company dated 1st April, 2003, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman thereof (the “Share Option Scheme”), the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”;



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## NOTICE OF ANNUAL GENERAL MEETING

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10. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

**“THAT:**

the Bye-laws of the Company be amended as follows:

- (a) By inserting the following new definition for “electronic communication” after the existing definition for “corporate representative” in Bye-law 1:

““electronic communication” shall mean a communication sent by electronic transmission in any form through any medium;”

- (b) By inserting the words “(including an electronic communication)” after the words “legible and non-transitory form” in the definition of “writing” or “printing” in Bye-law 1.

- (c) By inserting immediately after the following paragraph in Bye-law 1:

“References to any Bye-laws by number are to the particular Bye-law of these Bye-laws.”

the following additional paragraph:

“References to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”

- (d) By inserting the words “(collectively the “Relevant Financial Documents”)” between the words “Auditors’ report” and “, shall” in the sixth line of paragraph (B) of Bye-law 173.

- (e) By inserting the following as paragraphs (C) and (D) of Bye-law 173:

“(C) To the extent permitted by and subject to due compliance with all applicable Statutes and other applicable laws, rules and regulations (including, without limitation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force) and to obtaining all necessary consents, if any, required thereunder, the requirements in paragraph (B) of this Bye-law shall be deemed satisfied in relation to any person if the Company send to that person, instead of a copy of the Relevant Financial Documents, a summary financial report derived from the Relevant Financial Documents which shall be in the form and containing the information required by all applicable Statutes and other applicable laws, rules and regulations, provided that any person who is otherwise entitled to the Relevant Financial Documents may, if he so requires and in accordance with all applicable Statutes and other applicable

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## NOTICE OF ANNUAL GENERAL MEETING

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laws, rules and regulations (including, without limitation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force ), by notice in writing served on the Company, demand that the Company send to him, in addition to a summary financial report, a complete printed copy of the Relevant Financial Documents.

- (D) The requirement to send to a person the Relevant Financial Documents as referred to in paragraph (B) of this Bye-law or a summary financial report in accordance with paragraph (C) of this Bye-law shall be deemed satisfied where, in accordance with all applicable Statutes and other applicable laws, rules and regulations (including, without limitation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force), the Company publishes copies of the Relevant Financial Documents and, if applicable, a summary financial report complying with paragraph (C) of this Bye-law, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of the Relevant Financial Documents or summary financial report."

- (f) By deleting Bye-law 177 in its entirety and substituting therefor the following:

"177. Any notice or document to be given or issued by the Company to a member, whether or not under these Bye-laws, shall be given in writing or by cable, telex or facsimile transmission message or any form of electronic communication or transmission and any such notice and document may be served or delivered by the Company on or to any member (1) personally or (2) by sending it through the post in a prepaid letter, envelope or wrapper addressed to such member at his registered address as appearing in the register or by delivering it or leaving it at such registered address as aforesaid or (3) as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by that member to the Company for the giving of notice or document to that member or (4) (in the case of a notice) by advertisement in English in a leading English language daily newspaper and (if the Relevant Territory is Hong Kong) in Chinese in a leading Chinese language daily newspaper circulating in the Relevant Territory or (5) subject to due compliance with all applicable Statutes and other applicable laws, rules and regulations, by publishing it on the Company's computer network, giving access to such network to the member and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). In the case of joint holders of a share, all notices or documents shall be given to that one of the joint holders whose name stands first in the register and any notice so given shall be deemed a sufficient service to all the joint holders."

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## NOTICE OF ANNUAL GENERAL MEETING

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(g) By deleting Bye-law 179 in its entirety and substituting therefor the following:

“179. Any notice or other document given or issued by the Company:

- (i) if served by post, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is posted and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice was properly prepaid, addressed and posted and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (ii) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice or document placed on the Company’s website is deemed given by the Company to a member on the day on which a notice of availability is deemed served on the member;
- (iii) if served or delivered in any other manner contemplated by these Bye-laws other than by advertisement in newspapers in accordance with Bye-law 177, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other person appointed by the Board as to the fact and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof;
- (iv) if served by advertisement in newspapers in accordance with Bye-law 177, shall be deemed to have been served on the day on which the notice is first published; and
- (v) may be given to a member either in the English language or the Chinese language only or in both the English language and Chinese language, subject to due compliance with all applicable Statutes and other applicable laws, rules and regulations.”

(h) By deleting Bye-law 180 in its entirety and substituting therefor the following:

“180. A notice or document may be given by or on behalf of the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member in such manner as provided in Bye-law 179 in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.”

- (i) By deleting the words “by post to, or left at the registered address of any member” from the first and second lines of Bye-law 182 and substituting therefor the words “to any member in such manner as provided in Bye-law 179”.

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## NOTICE OF ANNUAL GENERAL MEETING

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(j) By deleting Bye-law 183 in its entirety and substituting therefor the following:

“183. The signature to any notice or document to be given by the Company may be written, printed or made electronically.””;

11. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

**“THAT:**

“利豐有限公司” be adopted as the Company’s Chinese name for the purpose of the Company’s registration in Hong Kong.”.

By Order of the Board  
**Terry Wan Mei Chow**  
*Company Secretary*

Hong Kong, 24th March, 2003

**Notes:**

- (1) A member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the principal place of business of the Company at 11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong not less than 48 hours before the time for holding the Meeting.
- (3) The Register of Members will be closed from 5th May, 2003 to 12th May, 2003 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch registrars, Abacus Share Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 2nd May, 2003.
- (4) The Bye-laws of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of Resolution 10 above on amendments of Bye-laws is purely a translation only. Should there be any discrepancies, the English version will prevail.
- (5) A circular containing further details regarding Resolutions 6 to 11 above will be sent to members together with the 2002 Annual Report.