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# **LI & FUNG LIMITED**

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

## **CONNECTED TRANSACTION**

### **ACQUISITION OF C.D.P. ASIA LIMITED**

The Board announces that on 18 January 2008, the Group entered into the Agreement to acquire the entire issued share capital of CDP for a cash consideration of approximately HK\$1.57 million. The Purchaser also agreed to advance a loan of up to approximately HK\$31.74 million to CDP at Completion for CDP to repay all outstanding indebtedness owed by it to the Sellers. Completion took place upon signing of the Agreement.

As the Sellers are directors of certain subsidiaries of the Company, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. As each of the relevant percentage ratios for the Acquisition other than the consideration ratio is more than 0.1% but less than 2.5%, the Acquisition is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirements under the Listing Rules.

## **THE AGREEMENT DATED 18 JANUARY 2008**

### **Parties**

**Purchaser:** CGroup HK Limited, an indirect wholly-owned subsidiary of the Company.

**Sellers:** Mr. Guy d'AURIOL and Mr. Yan d'AURIOL, each of whom holds 50% of the entire issued share capital of CDP.

The Sellers are directors of certain subsidiaries of the Company, and are therefore connected persons of the Company within the meaning of the Listing Rules.

### **Assets to be acquired**

The entire issued share capital of CDP which is an investment holding company, and the principal investment of which is its 90.9% shareholding in Imagine.

## **Consideration**

The cash consideration of approximately HK\$1.57 million is payable to the Sellers on Completion. The Purchaser also agreed to advance a loan of up to approximately HK\$31.74 million to CDP at Completion for CDP to repay all the outstanding indebtedness owed by it to the Sellers. The cash consideration and the loan are financed from the Company's internal cash reserves.

The said consideration was arrived at after arm's length negotiations between the parties with reference to the combined profit after tax of CDP and Imagine of approximately HK\$11.3 million based on the audited accounts of CDP and Imagine for the year ended 31 December 2006 and prepared in accordance with HK GAAP.

## **Completion**

Completion took place upon signing of the Agreement.

## **INFORMATION ON CDP**

The business activities of CDP and its subsidiaries include, without limitation, the design, procurement, manufacturing, and sales of all types of point-of-purchase systems and solutions for the leading global health, beauty and cosmetic manufacturing brands and the prestige and mass-market brands. CDP has offices in Hong Kong, Paris and China.

The combined net profits before and after tax and extraordinary items of CDP and Imagine for the year ended 31 December 2006 prepared based on their audited accounts in accordance with HK GAAP were approximately HK\$13.7 million and HK\$11.3 million respectively. The corresponding figures for the year ended 31 December 2005 were approximately HK\$12.3 million and HK\$10.1 million respectively. The combined value of the net asset of CDP and Imagine as at 31 December 2006 was approximately HK\$23.5 million.

On 18 January 2008, the Purchaser also entered into an agreement with a third party independent of the Company and its connected person to acquire the remaining 9.1% of the issued share capital of Imagine whereupon Imagine became a wholly-owned subsidiary of the Purchaser. Such transaction does not constitute a notifiable transaction for the Company as the relevant percentage ratios for such transaction are below 5% under Listing Rules.

## **REASONS FOR THE ACQUISITION**

The Group is the world's leading buying agency for consumer goods, managing the supply chain for retailers and brands worldwide. It is anticipated that the Acquisition will complete the full service strategy for the Group's health, beauty and cosmetic business by provision of resources in engineering, prototyping, production supervision and assembly.

The Directors, including independent non-executive directors of the Company, consider that the terms of the Acquisition are fair and reasonable, and are in the interests of the Group and the shareholders of the Company as a whole.

## **GENERAL**

As the Sellers are directors of certain wholly-owned subsidiaries of the Company, they are connected persons of the Company within the meaning of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. As each of the relevant percentage ratios for the Acquisition other than the consideration ratio is more than 0.1% but less than 2.5%, the Acquisition is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirements under the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition by the Purchaser of the entire issued share capital of CDP subject to and upon the terms and conditions as set out in the Agreement
“Agreement”	the agreement for the sale and purchase of the entire issued share capital of CDP dated 18 January 2008 between the Sellers and the Purchaser as described in this announcement
“percentage ratios”, “consideration ratio” and “connected person”	each of them has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CDP”	C.D.P. Asia Limited, a company incorporated in Hong Kong
“Company”	Li & Fung Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK GAAP”	Hong Kong Generally Accepted Accounting Principles
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Imagine”	Imagine POS Limited, a company incorporated in Hong Kong, held as to 90.9% of its issued share capital by CDP and the remaining 9.1% by a third party independent of the Company and its connected person
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	CGroup HK Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Sellers”	Mr. Guy d’Auriol and Mr. Yan d’Auriol, each of whom holds 50% of the entire issued share capital of CDP
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## BOARD OF DIRECTORS

As at the date hereof, the Board comprises the following Directors:–

*Non-Executive Directors:-*

Victor Fung Kwok King (*Chairman*)  
 Paul Edward Selway-Swift\*  
 Allan Wong Chi Yun\*  
 Franklin Warren McFarlan\*  
 Makoto Yasuda\*  
 Lau Butt Farn

*Executive Directors:-*

William Fung Kwok Lun (*Managing Director*)  
 Bruce Philip Rockowitz  
 Henry Chan  
 Danny Lau Sai Wing  
 Annabella Leung Wai Ping

\* *Independent Non-executive Directors*

By Order of the Board  
**Victor FUNG Kwok King**  
*Chairman*




Member of the Li & Fung Group

Hong Kong, 18 January 2008

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