LI & FUNG LIMITED

(incorporated in Bermuda with limited liability)

STRATEGIC ACQUISITION OF PRODUCT VERTICALS
REUNITING FOR GROWTH

Li & Fung Limited (the "**Company**" or "**Li & Fung**", together with its subsidiaries, the "**Group**") is pleased to announce that it has entered into a Sale and Purchase Agreement ("**SPA**"), on 31 May 2026, to acquire a 55% equity interest (the "**Acquisition**") in New Advent Global Limited ("**New Advent**", or the "**Target**"), a business comprising three product verticals, for a total consideration of US$250 million (the "**Consideration**"). The Acquisition strengthens Li & Fung's product capabilities, expands its customer reach, and enhances the scale and competitiveness of the Group's global supply chain platform. The Consideration will be satisfied through an initial payment of US$130 million in 2026 and deferred payments totaling US$120 million payable over four years from 2027 to 2030. The transaction structure preserves the Group's liquidity position and supports continued balance sheet discipline.

INFORMATION OF THE TARGET

New Advent, a product vertical focused platform, is a principal supplier to leading global retailers and brands across three product verticals: furniture (the "**Furniture Vertical**"), knitwear (the "**Knitwear Vertical**"), and beauty (the "**Beauty Vertical**") with total net sales of approximately US$1.7 billion for FY 2025. It operates an integrated, asset-light model spanning design, product development, sourcing, production management, quality control, and logistics, with each vertical led by a dedicated management team to support speed, agility, and customer responsiveness.

New Advent comprises the businesses divested by the Group to an investor consortium led by Fung Holdings 1937 Limited ("**Fung Holdings**") and a leading private equity investor in 2018 as part of the Group's strategic simplification and operational transformation initiatives. Since then, New Advent has evolved into a scaled, design-led product platform with established positions across its core verticals.

- **Furniture Vertical —** A leading supplier in focused categories, particularly home office seating, with strong positions in club and discounter channels. The business operates a diversified, asset-light production network serving global customers with speed and flexibility.

- **Knitwear Vertical —** A design-led knitwear specialist combining product development, material innovation, traceability, and data-driven trend identification. The business serves clubs, discounters, and specialty retailers through an agile speed-to-market model.

- **Beauty Vertical —** A business spanning fragrance packaging and skincare formulation with integrated R&D and production capabilities, serving global beauty groups and independent brands.

Together, the three verticals position New Advent as a diversified, design-led product specialist, supported by a geographically diversified production footprint and longstanding blue-chip customer relationships.

STRATEGIC RATIONALE

The Acquisition represents an important strategic milestone at an optimal point in Li & Fung's transformation journey. Over the past several years, the Group has strengthened its customer portfolio, expanded strategic accounts, enhanced digital and supply chain capabilities, and further developed its integrated global sourcing platform. The Acquisition is expected to expand the Group's scale, deepen customer relationships, broaden product capabilities, and enhance the overall competitiveness of the platform.

The Group believes that New Advent's product vertical expertise and complementary customer base fit well with Li & Fung's platform-centric operating model. The Acquisition extends the Group's product capabilities into furniture and knitwear while adding exposure to the beauty segment. The Group also expects to realize operational and commercial benefits over time through broader vendor networks, shared infrastructure, and expanded deployment of digital and AI-enabled capabilities across the enlarged platform.

The Acquisition builds on the development of both businesses since the 2018 spin-off. New Advent has evolved into a focused, product-led platform with established positions across its three verticals, while Li & Fung has continued to strengthen its integrated supply chain platform and digital capabilities. The Board believes the transaction creates a stronger combined platform with enhanced scale, diversified product capabilities, and additional long-term growth opportunities.

The 55% equity interest is being acquired from Fung Holdings, a controlling shareholder of the Company, and accordingly the Acquisition constitutes a related party transaction. The transaction has been reviewed and approved in accordance with applicable governance procedures and is expected to remain fully compliant with the Group's applicable financing and bond covenant obligations. The remaining 45% equity interest in New Advent will continue to be held by the original consortium investor.

The Board considers the Acquisition an important strategic step that supports the Group's long-term growth objectives while maintaining prudent financial management and balance sheet discipline.

Hong Kong, 1 June 2026

Spencer Theodore Fung
Group Executive Chairman, Li & Fung Limited

As at the date of this announcement, the directors of the Company are Spencer Theodore FUNG; Joseph C. PHI; Edward Sung Lai LAM; Ming Zhi MEI; and Michihiro HIGASHI.