

Financial Reporting Act (Li & Fung Limited) Exemption Notice 2013

Pursuant to section 35A of the Financial Reporting Act 1993, the Financial Markets Authority gives the following notice (to which is appended a statement of reasons of the Financial Markets Authority).

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Notice

- 1 Title**
This notice is the Financial Reporting Act (Li & Fung Limited) Exemption Notice 2013.
- 2 Commencement**
This notice comes into force on 21 December 2013.
- 3 Expiry**
This notice expires on the close of 30 November 2016.
- 4 Application**
An exemption granted by this notice applies to the following accounting periods of the exempt issuer:
 - (a) the accounting period that ended on 31 December 2013; and
 - (b) subsequent accounting periods.
- 5 Interpretation**
 - (1) In this notice, unless the context otherwise requires, —
Act means the Financial Reporting Act 1993



exempt issuer means Li & Fung Limited, an issuer that is incorporated in Bermuda

HKFRS means the financial reporting standards of Hong Kong, including the Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, that comply with IFRS as adopted by Hong Kong

Hong Kong Stock Exchange means the main board of the Stock Exchange of Hong Kong Limited

IFRS means—

- (a) International Financial Reporting Standards and International Accounting Standards that have been issued or adopted by the International Accounting Standards Board in accordance with the constitution of the International Accounting Standards Committee Foundation; and
- (b) final interpretations by the International Financial Reporting Interpretations Committee approved by the International Accounting Standards Board in accordance with that constitution

specified financial statements means the financial statements or group financial statements that are required to be prepared in respect of the exempt issuer in accordance with the laws of Bermuda and the requirements of the Hong Kong Stock Exchange.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

6 Exemptions

- (1) Every director of the exempt issuer is exempted from sections 10(1), 11, 13 to 16, and 18 of the Act in respect of the exempt issuer.
- (2) However, the directors of the exempt issuer are not exempted from sections 13 to 16 and 18 of the Act to the extent that those sections impose requirements relating to financial statements for its group's New Zealand business (see section 9(2) of the Act).

7 Conditions of exemptions

The exemptions in clause 6 are subject to the conditions that—

- (a) the exempt issuer has not offered, and does not offer, securities to the public in New Zealand otherwise than in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (or a notice that, with or without modification, replaces or corresponds to that notice); and
- (b) the exempt issuer must comply with the laws of Bermuda and the requirements of the Hong Kong Stock Exchange that relate to the preparation, content, auditing, and public filing of the specified financial statements; and,

- (c) the specified financial statements comply with HKFRS; and
- (d) if, in complying with HKFRS, the specified financial statements do not give a true and fair view of the matters to which they relate, the directors of the exempt issuer must add information and explanations that will give a true and fair view of those matters; and
- (e) the exempt issuer remains listed on the Hong Kong Stock Exchange.

Dated at Wellington this 20th day of December 2013.



Simone Robbers
Head of Primary Market Operations
Financial Markets Authority

Statement of reasons

This notice comes into force on 21 December 2013, and expires on 30 November 2016, exempts the directors of Li & Fung Limited (**Li & Fung**) from various provisions of the Financial Reporting Act 1993 (**Act**).

Li & Fung is incorporated in Bermuda. Its ordinary shares are quoted on the Hong Kong Stock Exchange (**HKSE**).

The effect of the exemptions is to provide relief to the directors of Li & Fung from the preparation, content, auditing and filing requirements of the Act, where Li & Fung has offered securities in New Zealand under the Securities Act (Overseas Companies) Exemption Notice 2002 (the **Overseas Companies notice**).

These exemptions are granted on the conditions that Li & Fung prepares financial statements in accordance with the laws of Bermuda and the requirements of the HKSE.

The Financial Markets Authority (**FMA**), after satisfying itself of the matters set out in section 35A(2) of the Act, considers that it is appropriate to grant the exemptions for the following reasons—

- there will not be any significant detriment to investors, because financial reporting requirements, and the nature and extent of regulatory oversight, for issuers listed on the Hong Kong Stock Exchange are equivalent to those that exist for issuers in New Zealand. As such, investors in the securities issued by Li & Fung will have access to broadly similar, and equivalent, information to that which they would otherwise receive:
- additionally, the exemptions in this notice only apply in the circumstances that Li & Fung offered the securities in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002, which permits companies listed in certain overseas jurisdictions to extend offers of securities to existing security holders in New Zealand using their overseas offer documents. The requirements of this notice for the preparation and auditing of the financial statements of Li & Fung reflect the requirements with which Li & Fung has previously complied in the preparation of its financial statements and on the basis of which investors subscribed for or purchased the securities. Consequently, there will be no change to the financial statements which have been received by the holders of Li & Fung shares in previous years:
- the exemptions granted in this notice are consistent with the policy of the Financial Reporting Act (Overseas Companies) Exemption Notice 2013, a class exemption which provides relief for issuers from specified jurisdictions who have offered securities in New Zealand only in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. Li & Fung cannot rely on that class exemption solely because it is incorporated in Bermuda, rather than one of the jurisdictions specified in the notices:
- the costs associated with a requirement that Li & Fung prepares NZ GAAP-compliant financial statements and have those audited by a New Zealand licensed auditor or registered audit firm would outweigh the benefits to investors of having available NZ GAAP financial statements rather than the financial statements prepared in accordance with HK FRS:
- the exemptions only address the particular difficulties experienced by Li & Fung as a company that is listed in Hong Kong, and is an issuer for the purposes of New Zealand law. Given the limited application of the exemptions and that financial statements are still required to be prepared and made available to investors, the exemptions are not broader than is reasonably necessary to address the matters to which they relate.