

## Li & Fung Announces 2015 Annual Results

- Turnover resilient despite deflationary environment and structural changes at retail
- Reorganized to deliver innovation, product differentiation and focused customer solutions
- Second half operating costs were flat despite long-term investment in infrastructure, Logistics and Vendor Support Services
- Trading unit volume increased overall due to strength of multi-channel sourcing strategy
- Logistics delivered 15% growth and Vendor Support Services remains key growth area
- Focus on building a long-term sustainable business

**Hong Kong, 17 March 2016** – Li & Fung Limited (“Li & Fung,” “the Group,” or “the Company;” SEHK: 494), the world’s leader in consumer goods design, development, sourcing and logistics, today announced its full-year results for the year ended 31 December 2015.

For 2015, the Company reported results which reflect the challenging macroeconomic environment and disruption at retail. Despite headwinds, including downward pressures from the deflationary environment and currency depreciation, the Company preserved its top line growth with core trading customers and increased its trading unit volume. The logistics business continued to deliver double-digit growth.

Total turnover decreased 2.4% to US\$18,831 million. Turnover in the trading business decreased 2.8%, while the logistics business continued its high growth with turnover increasing by 6.7%. Operating costs were flat in the second half of the year, despite ongoing investments in infrastructure, Logistics and Vendor Support Services. Core operating profit decreased 15.2% to US\$512 million. Profit attributable to shareholders decreased by 4.6% to US\$421 million. Basic earnings per share were 39.1 HK cents (equivalent to 5.04 US cents), a decrease from 41.1 HK cents (equivalent to 5.29 US cents) in 2014. Excluding the results from discontinued operations in 2014, basic earnings per share would have decreased from 50.3 HK cents (equivalent to 6.46 US cents) to 39.1 HK cents (equivalent to 5.04 US cents). The Board of Directors has proposed a final dividend of 15 HK cents per share (2014 final: 21 HK cents).

Spencer Fung, Group Chief Executive Officer of Li & Fung, said “2015 was a challenging year. Our major markets in US, Europe and Asia all experienced strong headwinds. However, our business foundation remains solid and our turnover was resilient. There was an increase in trading unit volume and continued growth with our core customers. Our logistics business continued to be high-growth despite economic challenges across Asia and in the global freight market.”

William Fung, Group Chairman of Li & Fung, said “The retail industry is facing unprecedented changes. Brands and retailers are challenged globally, to meet evolving consumer expectations against the backdrop of weak macroeconomic conditions.”

Spencer Fung continued, “The changes happening at retail are impacting everyone along the value chain. Our customers are looking to us to help them navigate these changes with innovative products and increased speed to market across all available consumer buying channels, especially mobile and e-commerce.”

In 2015, the Company reorganized to focus even more on core customers and product innovation in three initial areas of sweaters, furniture and beauty to help customers differentiate product offerings and increase margins.

William Fung, said, “Along the supply chain, these changes at retail are having enormous impact. Vendors and factories globally need help to increase speed to market, improve margins and produce unique products for changing and demanding consumers. Vendor Support Services is helping factories gain operational efficiencies and migrate production geographically while the retail industry is in flux.”

Spencer Fung concluded, “All indications so far point to a challenging 2016 for both retail and the world’s economy. Increasing our market share and growing with our customers remains a key priority. We’ve aligned our teams to core customers and key product verticals, continue to simplify our structure to improve speed and flexibility, and have introduced technology and innovation to drive product development and operational

efficiency. We are also partnering with technology and innovative companies to offer products with more excitement to our customers. I am confident in the strength of our business and the tremendous abilities of our people. We are building a long-term sustainable business for the future, with a solid foundation. I am excited about the opportunities that lie ahead.”

*For details of Li & Fung's 2015 Annual Results, please refer to the announcement posted on the HKExnews website <http://www.hkexnews.hk/> and the Li & Fung website [www.lifung.com](http://www.lifung.com).*

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**About Li & Fung Limited**

Li & Fung (SEHK: 494), the Hong Kong-headquartered multinational group, is the world's leader in consumer goods design, development, sourcing and logistics. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide, in more than 300 offices across 40 economies.

For more information, please visit [www.lifung.com](http://www.lifung.com)

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