

LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)

PRESS RELEASE

Li & Fung Announces 2012 Annual Results

- Core operating profit was down by 42.0% to US\$511 million
- Decline mainly due to costs of restructuring LF USA's business and reduction in the number of brands distributed in the US
- Profit attributable to shareholders decreased by 9.4% to US\$617 million
- Turnover increased by 1% to US\$20,222 million, reflecting ongoing strength of core trading business
- Benefits from LF USA restructuring and cost control measures across the Group targeted by 2013
- Solid balance sheet with 13% gearing ratio and operating cash flow of US\$586 million

Hong Kong, 21 March, 2013 – Hong Kong-based Li & Fung Limited (“Li & Fung”, or “the Group”, SEHK: 494), the multinational consumer goods sourcing, logistics, and distribution group, today announced that turnover achieved in the year ended 31 December 2012 was US\$20,222 million, 1% higher than the year before. Trading Network, Logistics Network and Distribution Network accounted for 70%, 2%, and 28% respectively of the Group's turnover in 2012.

In line with the Group's profit alert announced on 11 January 2013, core operating profit declined by 42% to US\$511 million in 2012, largely due to costs of restructuring LF USA's business and reduction in the number of brands distributed in the US.

Profit attributable to shareholders was US\$617 million, representing a decrease of 9.4% compared to 2011. Basic earnings per share was 58.1 HK cents (equivalent to 7.45 US cents), a decrease of 11.6% compared to 65.8 HK cents (equivalent to 8.43 US cents) in 2011.

The Board of Directors has proposed a final dividend of 16 HK cents (equivalent to 2.1 US cents) per share (2011: 34 HK cents – equivalent to 4.4 US cents).

Mr. Bruce Rockowitz, Group President and CEO of Li & Fung Limited, said, “We recognized that our biggest management challenge was the restructuring of LF USA, which became more costly than originally envisioned. We took swift, decisive action to address the issue and also introduced strict cost control measures across the Group.”



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He added, “We target to realize the benefits of these measures by this year. Meanwhile, we are putting into place the optimum organization to support the business of LF USA for the longer term.”

“The Group’s revenues tend to be skewed towards the second half of the year, which is traditionally when consumers in Western markets spend the most. This is no exception for this year as our customers assess economic trends and observe prevailing market conditions,” he said.

Mr Rockowitz observed that the global economic environment in 2012 had been more demanding than expected and the retail business was impacted by lackluster consumer sentiment in the US and Europe.

“Despite this market condition, we are encouraged by the number of new customers attracted to us for the scale and depth of our operations. We believe the trend for outsourcing will continue as more and more retailers and fashion brands appreciate the competitive advantages offered by one-stop-shop supply chain solutions,” he concluded.

Dr. William K Fung, Group Chairman of Li & Fung Limited, said, “We remain resolute about the fundamental strengths of our core trading business, in which Li & Fung has excelled for over a century of constant change both in the global economy and how trade is conducted.”

He continued, “The distribution business performed weakly in 2012, which was the main factor taking the Group as a whole off its profit growth trend-line. To ameliorate this anomaly, we will continue to adjust our business model and seek out new opportunities. At the same time, we are encouraged by the prospects for our logistics business whose customer base is growing nicely.”

“We are confident about the prospects offered by our three interconnected Business Networks, especially in Asia, in driving Li & Fung’s growth in 2013 and beyond. We will also continue to look for strategic acquisition opportunities to complement our organic growth,” he concluded.

- Ends -



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* *For details of Li & Fung's 2012 annual results, please refer to the announcement posted on the Stock Exchange of Hong Kong Limited website (www.hkex.com.hk).*

About Li & Fung Limited

Li & Fung Limited (SEHK:494), the Hong Kong-headquartered multinational group, is recognized as the world's leader in consumer goods design, development, sourcing and distribution. It manages the supply chain for retailers and brands worldwide with over 300 offices and distribution centers in more than 40 economies spanning across the Americas, Europe, Africa and Asia. Through its three interconnected Business Networks – Trading, Logistics and Distribution – the Group offers a spectrum of services that covers the entire supply chain end-to-end. Corporate website: www.lifung.com

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