



LI & FUNG LTD

PRESS RELEASE

Li & Fung Reaches Next Milestone of Spin-Off and Separate Listing of Global Brands Group on the Main Board of the Hong Kong Stock Exchange

- *Separating Li & Fung and Global Brands Group into two distinct companies will deliver benefits to both businesses as they grow*
- *If spin-off occurs, Bruce Rockowitz will become Chief Executive Officer of the new entity and Spencer Fung will assume the Chief Executive Officer role at Li & Fung*

Hong Kong, 21 May 2014 – Li & Fung Limited (“Li & Fung,” “the Group,” or “the Company,” SEHK: 494), the world’s leading multinational consumer goods sourcing, logistics, and distribution group, today announced an important milestone with the acceptance for review of its listing application (“Form A1”) to The Stock Exchange of Hong Kong Limited (“Stock Exchange”) for the listing of Global Brands Group Shares on the Main Board of the Stock Exchange. The application is now subject to the approval of the Stock Exchange and, if successful, will result in the listing of Global Brands Group. The listing of Global Brands Group Shares will be by way of a 100 per cent distribution in specie with no capital market fundraising activities, whereby each Li & Fung shareholder will receive one Global Brands Group share for every share it owns in Li & Fung.

Clear Rationale for the Spin-Off

The intention to spin-off and list Global Brands Group as a separate publicly-listed entity was announced on 20 March 2014 at the same time the new Three-Year Plan was unveiled. At that time, the Company announced the reorganization of the distribution network by aligning the private label business to the trading business and creating the new standalone Global Brands Group, which consists of the brands and licensing businesses. The decision to spin-off and list Global Brands Group is a natural extension of this strategic realignment.

Given the separate needs and different business models of Li & Fung and Global Brands Group, creating two companies will enable the management of each to pursue their own specific and focused strategy. Li & Fung will be able to concentrate on its sourcing and logistics focus, which requires sourcing skills and product development and supply chain management for retailers and brands globally. On the other hand, Global Brands Group requires fashion-forward design capabilities as well as brand development, licensing, and marketing skills.

Significant Benefits to Both Businesses

Creating two companies will bring significant benefits to both Li & Fung and Global Brands Group. Both Li & Fung and Global Brands Group will be able to grow faster by operating separately and executing their distinct growth strategies. Each company will also have enhanced financial flexibility when running the different businesses that have distinct capital allocation needs.

For Li & Fung, this will allow for a simplification of the business and will help the Company streamline operations into its core areas. Li & Fung will also continue to benefit from Global Brands Group’s growth through a seven year sourcing agreement.

For Global Brands Group, an uninterrupted focus on the brands business will allow its management team to fully build out the business and leverage a new dedicated capital structure able to fund its further growth and development.



The move will also bring significant benefits to Li & Fung's and Global Brands Group's many stakeholders. Customers will continue to have collaborative relationships with financially strong organizations that are focused on meeting their specific needs, and shareholders will benefit from diversifying their holdings into two strong entities with solid growth prospects.

Experienced Management Teams Will Lead Both Entities

The leadership teams of both businesses will be very strong. For Global Brands Group, Bruce Rockowitz will assume the role of Chief Executive Officer and a very strong management team has been put in place, the majority of whom have been involved in the running of the brands and licensing business at Li & Fung. Dow Famulak will become President and manage business operations, Ron Ventricelli will be the Chief Operating Officer, Jason Rabin will become the Chief Merchandising Manager, and Frank Leong will join as Chief Financial Officer. William Fung will become the non-Executive Chairman.

At Li & Fung, as previously announced, William Fung will remain Chairman and Spencer Fung, currently Chief Operating Officer, will assume the role of Chief Executive Officer. Spencer has worked in the business for 13 years in different locations around the world. There are currently no other changes in the Li & Fung management team.

Dr. William K. Fung, Chairman of Li & Fung Limited, said "In March we announced our new Three-Year Plan and the reorganization of our distribution network by aligning our private label businesses, which relies more on our core sourcing skills, to our trading business and creating the new standalone Global Brands Group, which consists of the existing brands and licensing businesses.

"Our decision to spin-off and list Global Brands Group as a separate publicly-listed entity on the Hong Kong Stock Exchange is a natural extension of this strategic realignment of our business. We view this as a separation of equals with each company having strong growth prospects, and we believe that separating Li & Fung and Global Brands Group into two distinct companies will deliver meaningful benefits to each of the businesses, our customers, and our shareholders.

"We believe the core Li & Fung business will be well positioned to move forward very effectively. We are looking forward to further enhancing our status as the leading global supply chain and logistics company with operations in more than 40 markets around the world."

Mr. Bruce Rockowitz, Group President & CEO of Li & Fung Limited, stated "This is a very exciting milestone for all of us at Li & Fung and Global Brands Group. In 2005, we began the brands and licensing business to capitalize on Li & Fung's expertise, global network, and history in the apparel industry. It has since grown into a very sizable and renowned business that manages a portfolio of some of the strongest global brands that exist today.

"All of us at Li & Fung see great opportunity to develop this business further through a growth strategy that will include further building out the portfolio of licensed brands, adding new categories to the current brand portfolio, and increasing the geographic and channel footprint. We believe that allowing Global Brands Group to focus on this strategy as a standalone business will be the best way forward.

"I am excited about the prospects for Global Brands Group and looking forward to maximizing the opportunity before us. I am also pleased that Global Brands Group will maintain a commercial relationship with Li & Fung going forward, to the benefit of both companies well into the future."

A redacted form of the Form A1 is currently available for public viewing on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>.

- Ends -

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

Important disclaimer

This press release is for information purposes only and is not an offer to sell or a solicitation of an offer to purchase or subscribe for securities. The Global Brands Group Shares will be distributed as a distribution in specie to existing Li & Fung shareholders and there will be no sale of securities or capital raising in connection with the Spin-off.

The listing of the Global Brands Group Shares pursuant to the Spin-off is subject to, among other things, the approval of the Stock Exchange and the final decision of the Board. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Spin-off and the separate listing of the Global Brands Group Shares will take place or as to when it may take place. If the Spin-off does not proceed for any reason, the proposed distribution in specie of Global Brands Group Shares will not be made. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Media Contacts

Lale Kesebi
Chief Communications Officer & Head of Strategic Engagement, Li & Fung
Tel: + (852) 2300 4988
lalekesebi@lifung.com.hk

Leo Wood, FTI Consulting, Inc.
Tel: +852 3768 4538
leo.wood@fticonsulting.com

Cora Wan, FTI Consulting, Inc.
Tel: +852 3768 4542
cora.wan@fticonsulting.com