

Li & Fung teams up with Chinese retailers Bailian Group and Wangfujing Department Store to form joint venture

- *Joint venture aims to transform China's retail industry through enhancing supply chain efficiency*
- *Deal extends global supply chain into a retail network serving China's growing middle class*

Hong Kong, 23 June 2015 – Li & Fung Trading (China) Holdings Ltd., a wholly-owned subsidiary of Li & Fung Limited (“Li & Fung”, “the Company”, SEHK: 494), today announced a strategic partnership with two of China's largest retail groups, Shanghai Bailian Group Co. Ltd. (“Bailian Group”) and Beijing Wangfujing Department Store (Group) Co. Ltd. (“Wangfujing Department Store”), with the establishment of a joint venture (“JV”) in the Shanghai free trade zone. A signing ceremony was held at Shanghai Expo Centre with the presence of Chen Xiao Hong, Group Chairman of Bailian Group, Madam Liu Bing, Group Chairman of Wangfujing Department Store and William Fung, Group Chairman of Li & Fung.

The JV is owned by Bailian Group (40% stake), Wangfujing Department Store (40% stake) and Li & Fung (20% stake). Under the terms of the partnership, Li & Fung will provide expertise to design, source and produce private labels and licensed brands tailored to the requirements of Bailian Group and Wangfujing Department Store. The JV combines the strengths and capabilities of two of China's largest retailers, Bailian Group and Wangfujing Department Store and global supply chain manager, Li & Fung.

Amid increasing competition in a fast-evolving retail landscape and growing importance of e-commerce, Chinese multi-brand retailers are looking to develop private and proprietary brands so as to differentiate themselves from competitors, increase margins and improve customer loyalty.

The key business of the JV includes facilitating the development and management of private labels and licensed brands. In the first three-year plan, the JV will focus on the development of product categories including menswear, womenswear, children's wear and home products. It will develop 1 to 3 private labels and up to 6 licensed brands over this three year period, and may involve the opening of up to 300 stores or store-in-stores and realize up to 1 billion yuan in sales.

In the long run, the JV aims to be at the forefront of a new breed of brand development and management companies giving strong own-brand capabilities to traditional retailers that will contribute to the transformation and sustainable development of China's retail industry.

“We are excited to join forces with two of China's largest retail companies to bring forth the transformation of China's retail industry. Through this strategic partnership, Li & Fung is able to extend the global supply chain into a substantial retail network that serves a large growing middle class in China,” said William Fung, Group Chairman of Li & Fung.

“Through the introduction of private brands and exclusive brands, the joint venture will enable its retail partners to effectively increase its competitiveness by offering a different and cost effective product offering. The joint venture also aims to introduce globally sourced products that offer Chinese consumers a wider variety of foreign goods,” William added.

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About Li & Fung Trading (China) Holdings Ltd.

Li & Fung Trading (China) Holdings Ltd. is a wholly owned subsidiary of 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 information, please visit www.lifung.com

About Shanghai Bailian Group Co. Ltd.

Shanghai Bailian Group Co. Ltd. ("Bailian Group") is a leading integrated shareholding commercial company listed on Shanghai Stock Exchange. The company is ranked at the forefront among commercial companies listed on Shanghai Stock Exchange A Share in terms of key indicators such as assets owned and sales volume. With almost \$50 billion yuan in annual revenue, Bailian Group owns a total commercial space of over six million square meters. It has over 5,000 sales outlets in more than 20 provinces and cities throughout China, covering a variety of retail formats including department stores, supermarkets, convenience stores, shopping malls, discount stores and franchise stores. Headquartered in Shanghai, Bailian Group was listed on Shanghai Stock Exchange A Share (stock code: 600827) and Shanghai Stock Exchange B Share (stock code: 900923) on 4 February 1994 and 5 January 1994 respectively. Bailian Group Company Limited is its largest shareholder.

The general merchandise division of the Bailian Group operates 47 department stores in China, its main department stores include Shanghai First Department Store, Wing On Department Store, No. 1 Yaohan Department Store, Oriental Department Store, Bailian Shopping Mall and Bailian Outlets, etc. In 2014, the division achieved 38 billion yuan in sales and a total profit of 1.51 billion yuan.

About Beijing Wangfujing Department Store (Group) Co. Ltd.

Beijing Wangfujing Department Store (Group) Co. Ltd. ("Wangfujing Department Store") is a listed company that primarily focuses on retailing and is the largest retail group with a special focus on the development of department stores in China. Founded in 1955, Wangfujing Department Store is well-known as China's first department store. It was restructured to use the shareholding system in 1993 and is listed on the Shanghai Stock Exchange. Its stock code in A Share is 600859.

The sales network of Wangfujing Department Store covers the five major economic zones in the southern, southwestern, central, northwestern and northern parts of China. It operates 45 chain stores in various retail formats in 30 cities, including department stores, shopping malls, outlets, e-commerce and so.

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