LI & FUNG

2016 Interim Results Presentation

Analyst Meeting

Highlights

- Three-Year Plan strategic goals are on track
- Macro and retail environment continues to be difficult
- Logistics sustained growth momentum
- Vendor Support Services ahead of plan
- Successful divestment of Asia distribution business for US$350 million
- Next Three-Year Plan focusing on speed, innovation and digitalization of supply chain

Three-Year Plan (2014-16)

Sustainable Enterprise

- Reinforce our LF values
- Innovation
- Invest in IT & productivity

Simplicity

- Spun-off Global Brands
- Divested Asia distribution business
- Core customer focus
- 3 product verticals

Organic Growth

- Logistics
- Cross-selling
- Increase share of wallet
- End-to-end supply chain customers
- Strong pipeline & conversion
- VSS

Macro & Results

External Headwinds More Extreme

- Deflationary environment continued, driven by over-capacity, soft commodity prices and weak consumer demand
- Persistently highly promotional landscape leading to margin squeeze
- Shipment delays reflect retail channel overstocking and reduction of lead time
- Demand for general apparel remained subdued, while home and athleisure categories were strong
- Expect macro to remain tough in 2016

2016 Interim Results Highlights

	1H 2015 US$M	1H 2016 US$M	Change %
Turnover	8,626	8,071	(6.4%)
Total Margin	984	935	(4.9%)
% of Turnover	*11.4%*	*11.6%*	
Operating Costs	801	779	(2.8%)
% of Turnover	*9.3%*	*9.7%*	
Core Operating Profit	182	156	(14.2%)
% of Turnover	*2.1%*	*1.9%*	
Profit Attributable to Shareholders	149	72	
% of Turnover	*1.7%*	*0.9%*	
Adjusted Profit Attributable to Shareholders (1)	110	92	(16.5%)
% of Turnover	*1.3%*	*1.1%*	

- Soft turnover due to price deflation, currency depreciation & decline in volume
- Total margin percentage increased to 11.6% boosted by Logistics Network
- Decline in operating costs due to improved operational efficiency
- Like-for-like decrease of 4.7%
- Declared interim dividend of 11 HK cents / share

(1) Adjusted profit attributable to Shareholders excludes non-cash M&A items (write-back of acquisition payable, amortization of intangible assets and non-cash interest expenses)

2016 Interim Results – Net Profit Analysis

	1H 2015 US$M	1H 2016 US$M	Change %
Core Operating Profit	182	156	(14.2%)
Write-back of Acquisition Payable	60	-	
Amortization of Other Intangible Assets	(18)	(17)	
Gain on Disposal of Business	-	8	
One-off Reorganization Cost	-	(6)	
Operating Profit	225	141	(37.2%)
Non-cash Interest Expenses	(4)	(2)	
Net Cash Interest Expenses	(42)	(39)	
Share of Profits from Associated Companies	1	2	
Taxation	(18)	(15)	
Distribution to Perpetual Securities	(15)	(15)	
Non-controlling Interests	1	1	
Profit Attributable to Shareholders	149	72	
Adjusted Profit Attributable to Shareholders (1)	110	92	(16.5%)

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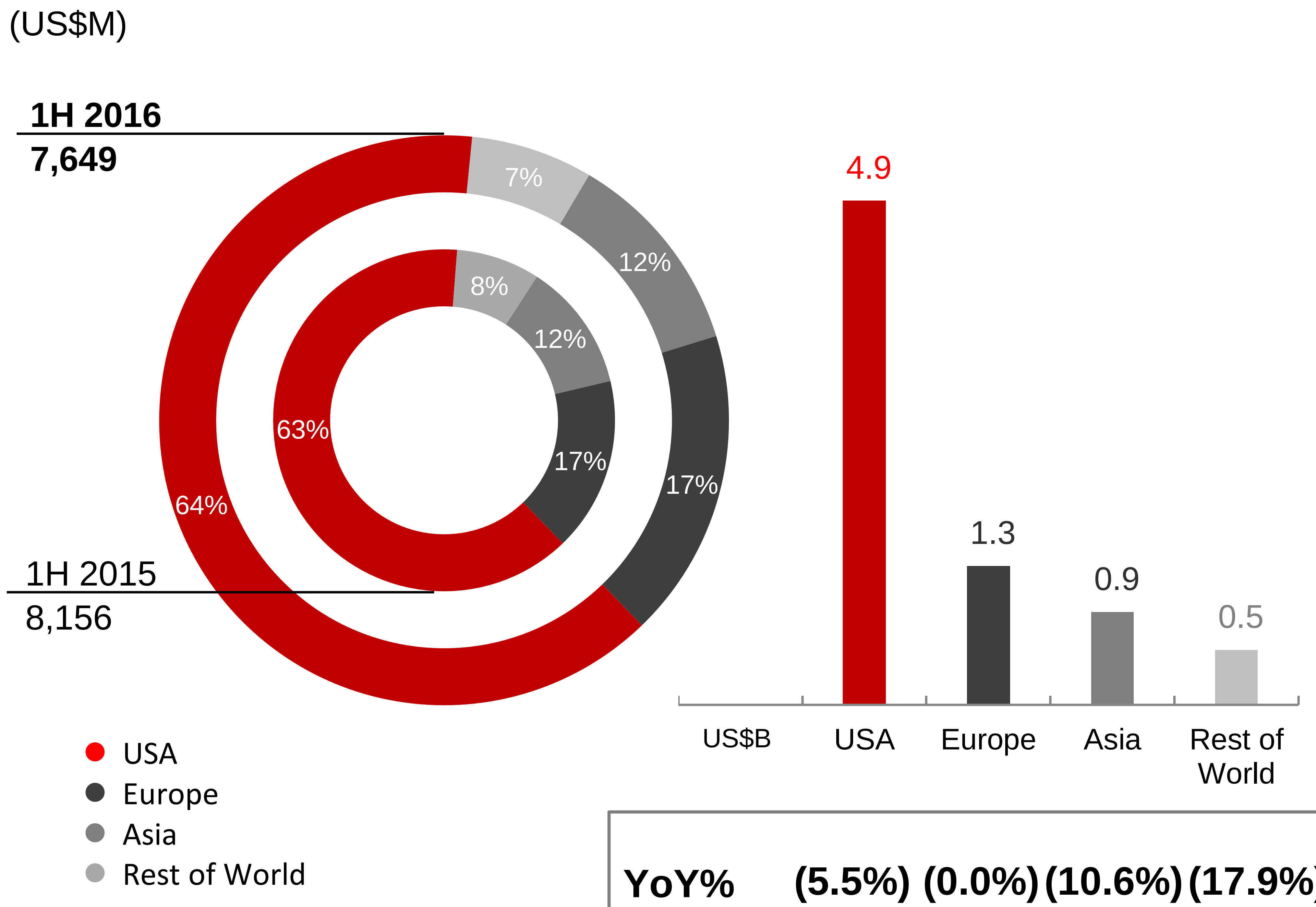
- No write-back of acquisition payable in 1H 2016
- Net cash interest expenses and taxation remained stable
- Adjusted profit attributable to Shareholders of US$92m represents a 16.5% decline from last year
  - The number was adjusted for non-cash M&A charges
  - Results include the Asia consumer and healthcare distribution business which was divested at the end of June; this business will not be consolidated going forward

Trading Network

	1H 2015 US$M	1H 2016 US$M	Change %
Turnover	8,156	7,649	(6.2%)
Total Margin	855	788	(7.8%)
% of Turnover	*10.5%*	*10.3%*	
Operating Costs	695	659	(5.2%)
% of Turnover	*8.5%*	*8.6%*	
Core Operating Profit	160	129	(19.1%)
% of Turnover	*2.0%*	*1.7%*	

Turnover breakdown



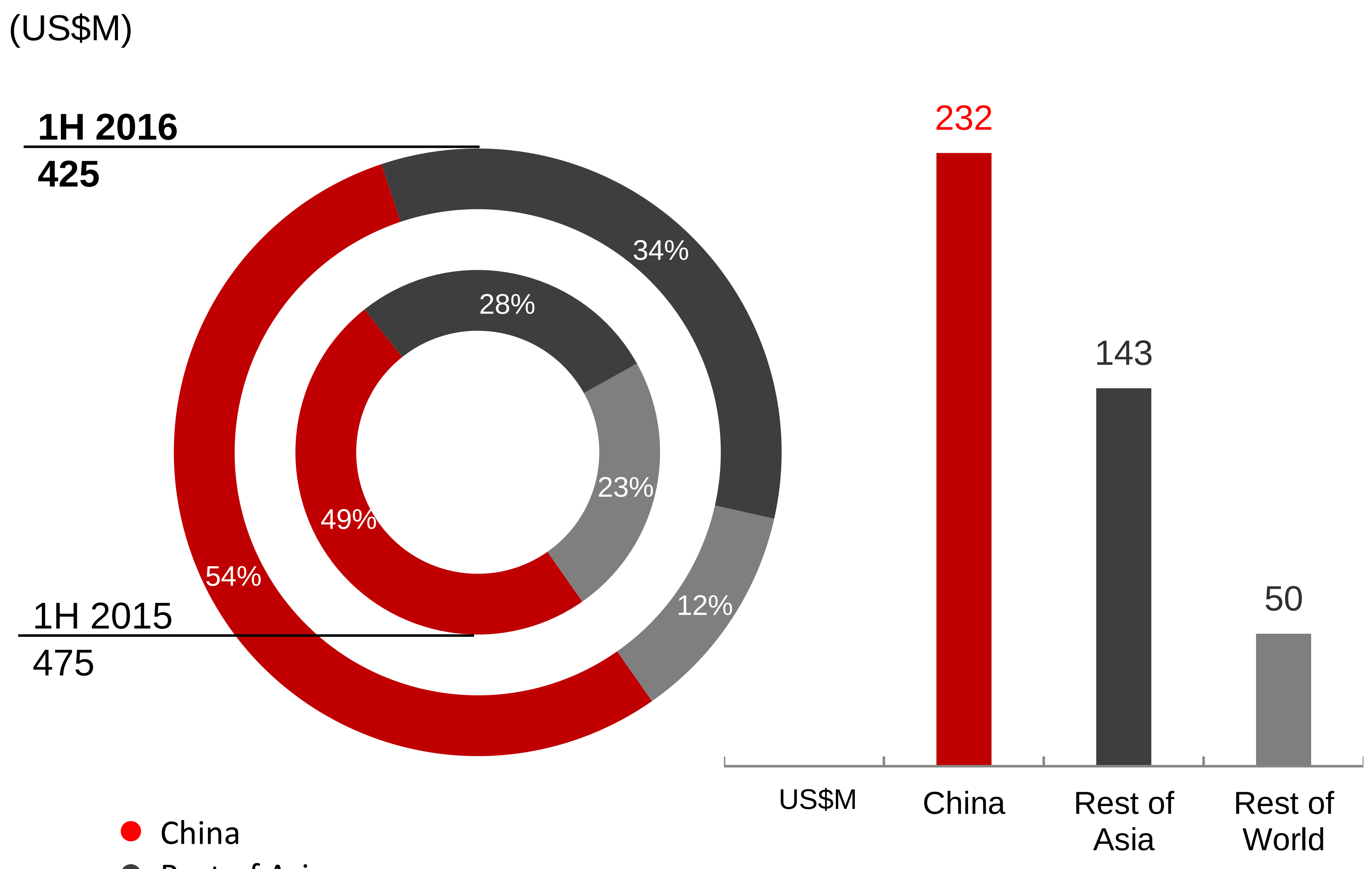
YoY%	(5.5%)	(0.0%)	(10.6%)	(17.9%)

- Turnover declined due to soft recovery in the US, slowdown in Europe and Asia, persistent price deflation and currency depreciation, and volume decrease
- Customers destocking and more cautious in placing orders due to uncertain end-consumer demand
- Maintained share of wallet with core customers
- Total margin decreased as a result of decline in turnover and continued margin pressure on the principal business
- Effective cost control is reflected in lower operating costs in 1H 2016

Logistics Network

	1H 2015 US$M	1H 2016 US$M	Change %
Turnover	475	425	(10.5%)
Total Margin	129	148	+14.6%
Operating Costs	106	120	+13.3%
Core Operating Profit	23	27	+20.8%
% of Turnover	*4.8%*	*6.4%*	

Turnover breakdown



YoY%	(0.7%)	+9.3%	(54.6%)

- In-country logistics maintained strong organic growth with customer wins and geographical expansion
- Sustained momentum in gaining market leadership through e-logistics
- Global freight rates still under pressure in all routes, but prudent freight procurement and value-added services continued to support the growth in bottom line profitability
- Gained market share through geographical expansion and successful cross-selling of freight services

Capital Structure

	Dec 2015 US$M	Jun 2016 US$M
Bonds	1,254	1,254
Bank Loans	196	207
Total Debt	1,450	1,461
Cash	342	531
Net Debt	1,107	930
Total Equity	3,010	2,872
Total Capital (1)	4,118	3,802
Gearing Ratio (2)	27%	24%

- Total debt of US$1.5b remained stable
- Cash position of US$531m with proceeds from divestment of Asia consumer and healthcare distribution business and payment of US$163m in dividends
- Total available bank facilities of US$1.6b and undrawn facilities of US$1.4b
  - Committed facilities of US$726m with 3-year tenure due in 2019, of which US$551m was unused (3)
  - More than sufficient funding from 3-year facilities to cover the upcoming US$500m bond due in May 2017
  - Maximum flexibility to determine the exact refinancing timing and amount
- Reduced gearing ratio and maintained solid investment grade ratings

(1) Sum of net debt and total equity
(2) Net debt divided by total capital
(3) Secured committed facilities with extended term in early 2016

Industry Developments

E-commerce Development

- E-commerce contributes ~10% of total US retail[1]
- Continues to gain market share at the expense of profits
- Different business and financial model creates unlevel playing field
- Brick-and-mortar retailers investing in omni-channel and acquiring e-commerce companies to compete
- Li & Fung continues to serve omni-channel retailers selling both offline and online
- We are also helping more and more pure-play e-com companies going into private label with their supply chain strategies
- LF Logistics growing the e-logistics piece-picking business double digit on the back of e-com growth in China and Asia

[1] US retail sales exclude automobile and gasoline

Our Responses to Industry Changes & Headwinds

	Challenges	What is Needed	Our Responses
1	Low organic growth in the industry	Improve organic growth by increasing market share	Reorganize core customer teams to focus on growing market share by customer
2	Promotional environment; muted gross margin	Product differentiation to enhance margins	Creation of product vertical strategy
3	Global sourcing continues to migrate	Maintain global network and expand services	Created Vendor Support Services to help vendors climb up the value chain

Core Customer Focus

- Customer needs are increasingly complex
- Increased focus on core customers to better serve them and help fill in white space for growth
- Opportunity to increase share of wallet
- Corresponds to Three-Year Plan strategic goals
  - Building a Sustainable Enterprise
  - Keeping Things Simple
  - Focusing on Organic Growth

Product Verticals – Asset-light Strategy

Sweaters

- Factory base consolidation
- Virtual fitting
- Yarn purchase consolidation
- Consolidation of design and QC

Furniture

- Core customer focus
- Product innovation and materials development

Beauty

- Creative days in Paris and Shanghai
- New formulations
- Smart and recyclable packaging

Manufacturing (factories)

Raw materials sourcing
- Better prices from scale
- Certified origin tracing
- Explore new raw material technology & substitutes

Product design & development
- Aggregate internal design resources
- Focused & interactive product development cycle
- Partner with R&D institutions

Factory sourcing & manufacturing control
- Strategic tie-up and leverage with critical players in value chain

Value added services
- Aggregate customer's POS info and data
- Data analytics, providing feedback to design & production

Brand management & marketing

Retail / E-commerce

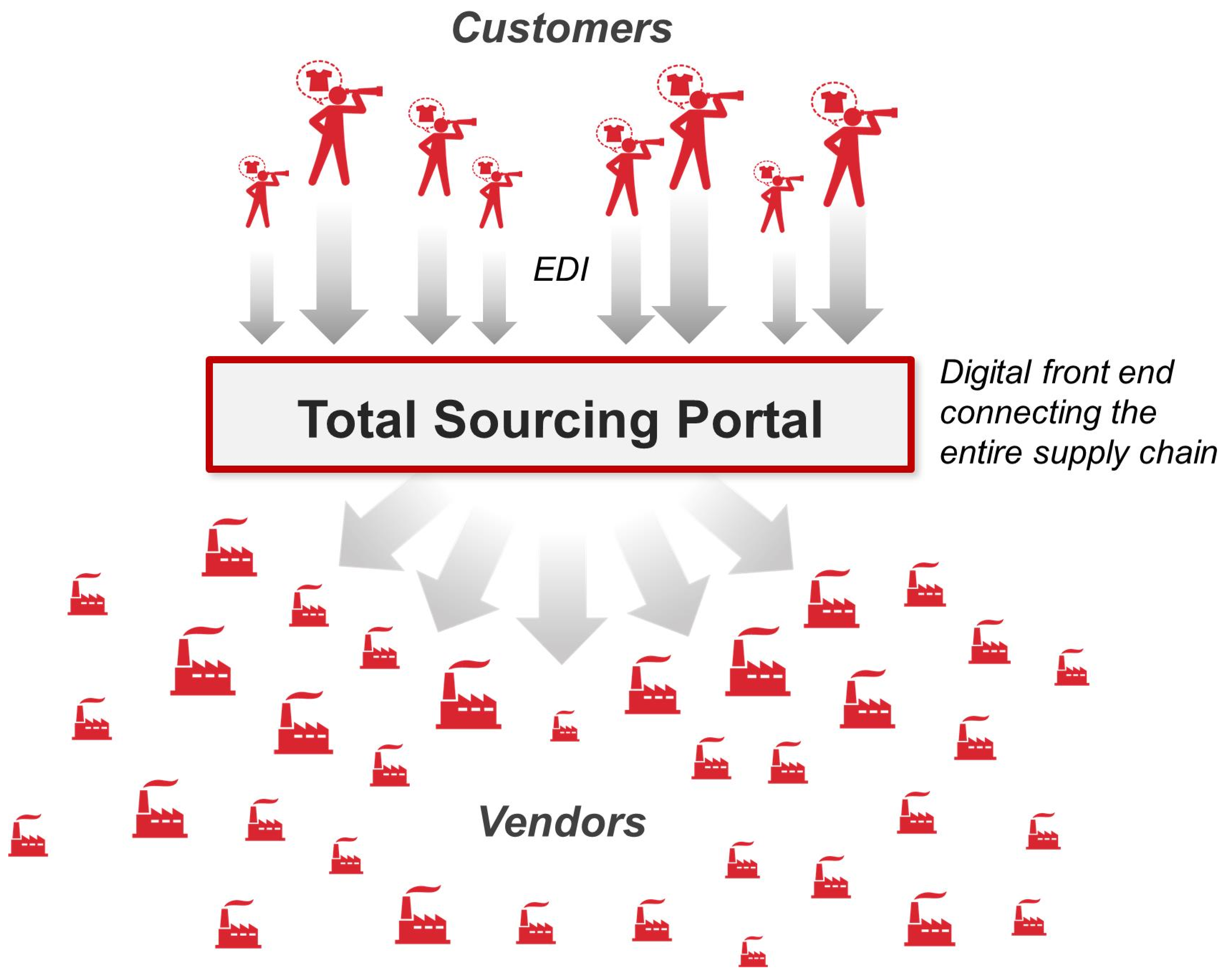
Vendor Support Services (VSS)

- 15,000+ vendors as our customers
- Helping vendors navigate supply chain complexity and compliance as production migrates
- Improving efficiency across the supply chain

2013 Planning	2014	2015	2016
• Strategic planning as part of 3YP	• VSS announcement • Assembled core team • Fully implemented Total Sourcing Portal to connect suppliers • 3 key areas: Vendor Supply Chain Services, Trade Credit Services, Vendor Compliance & Sustainability	• Successful pilots in 2015 with positive feedback • Exceeded 2015 target	• Continue gradual roll-out • Target 5% of 2016 COP • Ahead of plan

Total Sourcing Portal Digitalizing the Supply Chain

- Digital portal connecting customers data platform with our global vendor base
- Digitize paper processes
  - Order processing, monitoring and changes, inspection approvals and shipping
- Orchestrate billing and payment
- Resource center on compliance and sustainability



Organic Growth Drivers

Organic Growth Drivers

Growth Segments

- Logistics – In-country, e-logistics, global freight management continue multi-year double digit growth
- Vendor Support Services – ahead of plan
- Home & Furniture area has strong growth

Growth Customers

- Ascena relationship develops further on top of Ann Inc.
- Kaufhof business started to be transferred
- Solid growth from new customers
- Strong pipeline and systematic conversion

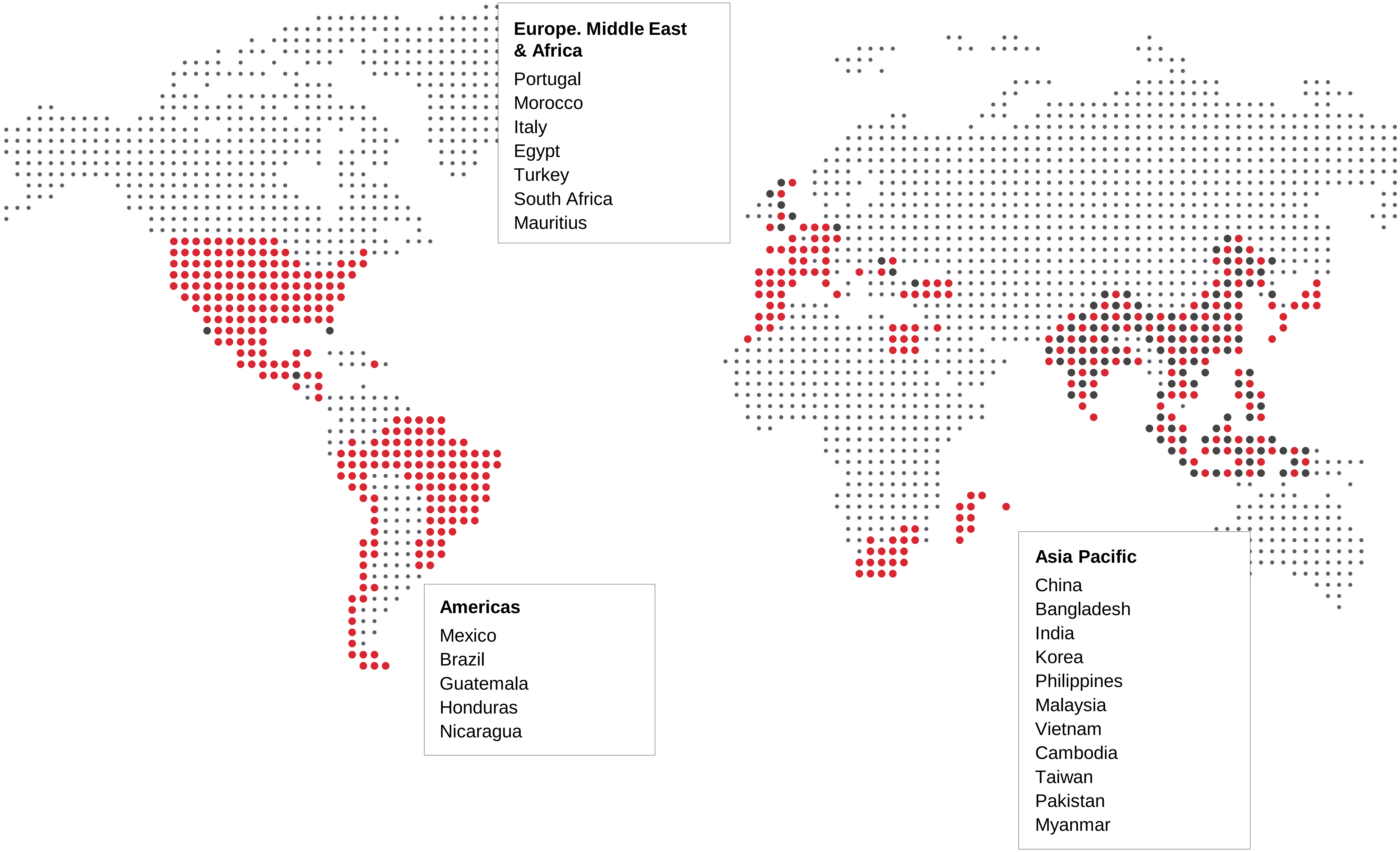
Strong Foundation

Core Business Model – Multi-Channel Sourcing Platform

- Customers are increasingly buying multi-channel and outsourcing
- Li & Fung has developed one of the only global multi-channel sourcing platforms
- Flexibility to accommodate customer's changing sourcing strategy
- Allow customers to focus on retailing and branding, while ensuring speed to market and better cost and quality control
- Multi-channel sourcing helping to increase share of wallet
- No matter which sourcing strategy our customer adopts, each step in the chain is required

Global Network of Sourcing Countries

- Global footprint provides flexibility and diversification
- Strong network of offices and vendors across 40+ economies
- No. 1 or no. 2 exporter in most countries with 40+ years of history and deep roots
- Increased complexities due to FTAs, geopolitical instability, terrorism and rising costs
- Extensive network ever more important in evolving sourcing landscape



Future Direction

Creating a Culture of Innovation

- Our Silicon Valley office is bringing innovative ideas and technology partners to the company
- Partnering with Singularity University to educate our senior leaders
- Establishing innovation process & funnel to absorb and incubate new ideas & products
- Upcoming Three-Year Plan will focus on speed, innovation, and digitalization of the end-to-end supply chain
- Leveraging advanced analytics to drive efficiency in supply chain

End-to-end Digital Supply Chain

Product Design & Development	Vendor Compliance	Raw Material Sourcing	Factory Sourcing & Manufacturing Control	DC & Freight Forwarding	Value Added Services	Wholesaler	Retailer	Consumer

End-to-end Digital Supply Chain

WAREHOUSE

OPEN

Product Design & Development	Vendor Compliance	Raw Material Sourcing	Factory Sourcing & Manufacturing Control	DC & Freight Forwarding	Value Added Services	Wholesaler	Retailer	Consumer

Analog

Digitalized

End-to-end Digital Supply Chain

Product Design & Development	Vendor Compliance	Raw Material Sourcing	Factory Sourcing & Manufacturing Control	DC & Freight Forwarding	Value Added Services	Wholesaler	Retailer	Consumer

Digitalized

Summary

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