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Incorporated in Bermuda with limited liability
Stock Code: 494

Announcement of Results for the Year Ended 31 December 2014

- 2014 a year of transition and investment to position for future growth
- Simplified business model post spin-off of Global Brands
- Turnover increased by 1% driven by continued growth in the logistics business
- Core operating profit decreased by 18% impacted by decrease in margin and increase in operating cost related to key investments
- Profit attributable to shareholders from Continuing Operations decreased by 12%

HIGHLIGHTS

(US\$ million)	2014	2013 ⁽¹⁾ (Restated)	Change
Turnover	19,288	19,026	+1.4%
Total margin	2,244	2,294	(2.2%)
As % of turnover	11.6%	12.1%	
► Core operating profit	604	737	(18.0%)
As % of turnover	3.1%	3.9%	
► Profit attributable to shareholders (excluding (loss)/profit from Discontinued Operations)	539	612	(11.8%)
Earnings per share – Basic (excluding (loss)/profit from Discontinued Operations) (equivalent to)	50 HK cents 6.46 US cents	57 HK cents 7.32 US cents	(11.8%)
Dividend per share			
- Interim	13 HK cents	13 HK cents ⁽²⁾	
- Final	21 HK cents	28 HK cents ⁽²⁾	
- Special	7 HK cents	-	
Total	41 HK cents	41 HK cents	

(1) Following the spin-off of Global Brands in July 2014, we have restated our financials and reclassified Global Brands Group as Discontinued Operations.

(2) Restated 2013 dividend per share based on pro rata share of core operating profit for Li & Fung excluding Global Brands Group. Actual 2013 interim and final year dividend per share with Global Brands Group on a consolidated basis were 15 HK cents and 34 HK cents, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

- **2014 Year of Transition and Investment**
- **Simplified Business Model**
- **Refocused Back to Core Business**
- **Less Volatility**
- **Asset Light and Strong Cash Flow Generation**

In the first half of 2014, we took a strategic decision to simplify our organization and put focus back on our core business and strengthen our multi-channel sourcing platform. The resultant spin-off of Global Brands by way of a distribution in specie was completed in July.

Today, Li & Fung's supply chain solutions business is reorganized into two Networks: Trading and Logistics. The Trading Network focuses on providing global and multi-channel sourcing solutions for customers' brands on either an agency or principal basis. The Logistics Network encompasses in-country logistics as well as global freight management capabilities. This simplified business model will remain asset light and aims to reduce earnings volatility over the long term and to continue to generate strong cash flow for our shareholders.

Our product range includes fashion apparel, children's wear, sportswear, outerwear, handbag and accessories, footwear, beauty, home furniture and decor, home textiles, seasonal products and gifts. Our customer base includes a diverse range of brands and retailers including national brands, specialty stores, department stores, e-commerce, clubs, hypermarkets, and off-price retailers.

We continue to be the supply chain partner of choice by providing best-in-class sourcing and logistics solutions for brands and retailers worldwide.

2014 PERFORMANCE

Results

	2014 US\$m	2013 US\$m	Change %
Turnover	19,288	19,026	+1.4%
Total margin	2,244	2,294	(2.2%)
As % of turnover	11.6%	12.1%	
Operating costs	1,640	1,557	+5.3%
As % of turnover	8.5%	8.2%	
Core operating profit	604	737	(18.0%)
As % of turnover	3.1%	3.9%	
Profit attributable to shareholders ⁽¹⁾	539	612	(11.8%)
EPS	50 HK cents	57 HK cents	(11.8%)

(1) Excluding results from Discontinued Operations

Following the spin-off of Global Brands in July 2014, we have restated our results and reclassified Global Brands as Discontinued Operations in this 2014 annual report. Our discussion of the results and financial positions, therefore, does not include contribution from Global Brands for the year ended both 31 December 2013 and 31 December 2014.

Overall, 2014 was a challenging year for our customers. Macroeconomic conditions were difficult for brands and retailers globally, set against a backdrop of continuing promotional discounting brought on by online competition and slowed consumer spending in our sector.

2014 was also a year of transition and investment for Li & Fung. As in previous three year plans, our first year is always a period of investment for the Group. Over 2014, we invested across a number of initiatives to strengthen and improve our core business, simplifying the business and accelerating organic growth. Major new initiatives include setting up Vendor Support Services to tap into our over 15,000 vendor base as new customers and the acquisition of China Container Line (CCL) to enhance global freight management for our logistics business.

Our return to a simplified core business has allowed us to focus on ways to create value for our customers across both our trading and logistics businesses. We are committed to finding new ways to meet customers' changing needs in a retail environment increasingly impacted by e-commerce. In the global supply chain arena, we remain the "go to" partner of choice.

Turnover

Despite the challenging macro-economic environment, Group turnover increased by 1%. Turnover in the Trading Network was stable and the Logistics Network increased substantially by 66%. Turnover in our US business was stable for the year, while our European business declined by 1%, Asian business increased by 14% and the rest of world decreased by 3%.

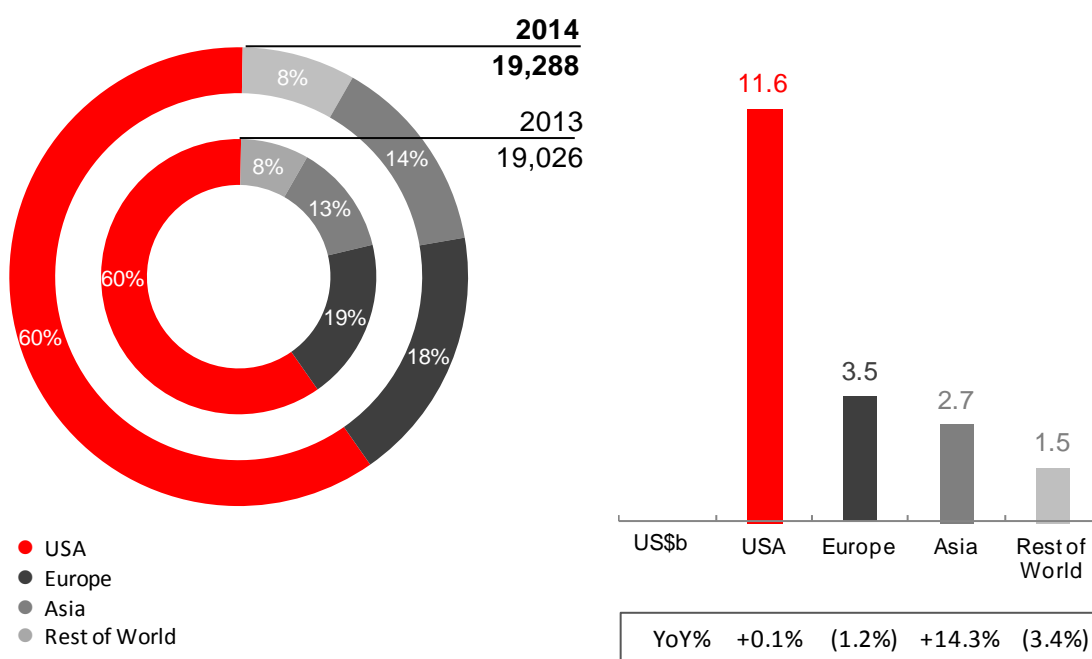
The retail environment in the United States improved in 2014. Consumers, however, opted for bigger ticket items such as autos and electronics on the back of cheap financing and a rebound in the US real estate market. Apparel and accessories purchases lost their share of consumer spending to these bigger ticket items. As a result, our US business, which represented 60% of our total turnover, remained flat year-on-year.

Overall weakness in the European economies negatively impacted our European brand and retail customers, which in turn affected our business in Europe, representing 18% of our total turnover. In the UK, retail markets at the start of the year had better than expected consumer traffic, which tapered off in the second half. In other parts of the Eurozone, soft economies and the Russia/Ukraine situation negatively impacted tourism and retail sales.

Our business in Asia, which represents 14% of our total turnover was strong despite political and other disruptions in markets, such as Thailand, Hong Kong and China. Our logistics businesses in particular recorded a very good year with many new customer wins in in-country logistics and enhanced capabilities in global freight management from the acquisition of CCL.

Group Geographical Market Turnover

US\$m



Total Margin

Total margin decreased by 2%. This was due to a reduction in business and margin associated with our trade with customers on a principal basis, which was offset by new customers and increased sales from our direct agency business side and Logistics Network.

Operating Cost

Operating cost increased by 5%. This was primarily due to our investment in our logistics business, as well as strategic investments geared towards delivering the goals outlined in our Three-Year Plan.

In 2014, we invested in new expertise and presence in new markets and services, new product categories, as well as support infrastructure to drive organic growth in the business over the next three years. Furthermore, we have invested in the required infrastructure and resources for Vendor Support Services, which will begin to gain traction in the coming years.

Finally, we incurred one-time reorganization costs relating to redundancies and asset write-offs to facilitate the spin-off of Global Brands and to enhance our multi-channel sourcing platform.

Core Operating Profit

Core operating profit decreased by 18% due to a reduction in total margin as a percentage of turnover from 12.1% to 11.6%. Operating cost as a percentage of turnover increased from 8.2% to 8.5% as a result of investments made during the year.

Profit Attributable to Shareholders

Profit attributable to shareholders (excluding results from Discontinued Operations) decreased by 12%, which included a non-cash gain of US\$176 million on the write-back of contingent considerations.

STRONG CASH POSITION

Li & Fung has a strong and stable cash flow conversion business, which more than adequately funded its working capital, dividends, interest expenses and capital expenditure in 2014.

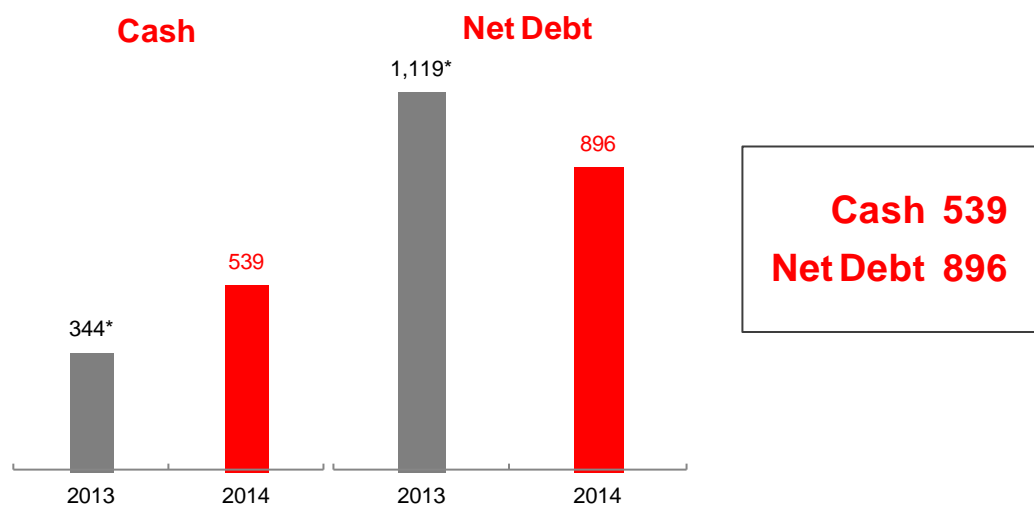
- Operating cashflow of US\$638 million is in line with core operating profit after working capital and depreciation adjustments and tax payments
- US\$594 million shareholders' loans repayment from Global Brands, offset by capital injection of US\$15 million to Global Brands
- Capital expenditure of US\$86 million and acquisition-related payments of US\$224 million, including consideration payable for previous acquisitions and for new acquisitions such as China Container Line
- Dividends paid for the 2014 financial year of US\$507 million
- Net interest expenses paid of US\$88 million and distribution to perpetual capital securities holders of US\$30 million

SOLID BALANCE SHEET

Our balance sheet remained strong with a cash position of US\$539 million, and a decrease in the Group's net debt (total borrowings minus cash) from US\$1,119 million as of 31 December 2013 to US\$896 million as of 31 December 2014. The Group's gross debt was US\$1,434 million as of 31 December 2014, with a weighted average tenor of over 3 years. The majority of the Group's debt is at a fixed rate and denominated in US dollars.

Cash and Net Debt

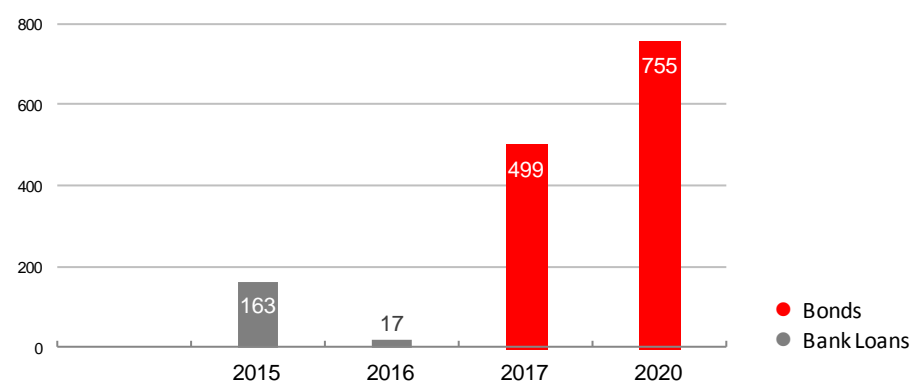
US\$m



* Exclude cash and debt from Discontinued Operation

Debt Maturity Schedule

US\$m



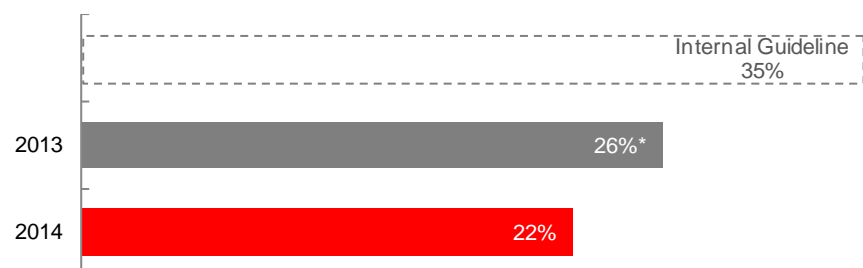
NET GEARING AND NET CURRENT ASSETS

Our net gearing ratio as stated in the audited consolidated balance sheet was 22% as of 31 December 2014 (versus pro forma gearing ratio of 26% as of 31 December 2013 as if the spin-off and distribution of Global Brands had occurred on 31 December 2013).

The Group continued to adopt a conservative approach in managing its balance sheet and capital structure. As at 31 December 2014, the Group maintained credit ratings from Moody's of Baa1 (stable outlook) and Standard & Poor's of BBB+ (stable outlook). The Group is committed to maintaining a solid balance sheet, healthy cash flow and strong credit ratios, with the overall long-term target of retaining an investment grade rating to support our growth.

Our current ratio as stated in the audited consolidated balance sheet was 1.0 as of 31 December 2014.

Net Gearing



* As if the spin-off and distribution of Global Brands had occurred on 31 December 2013

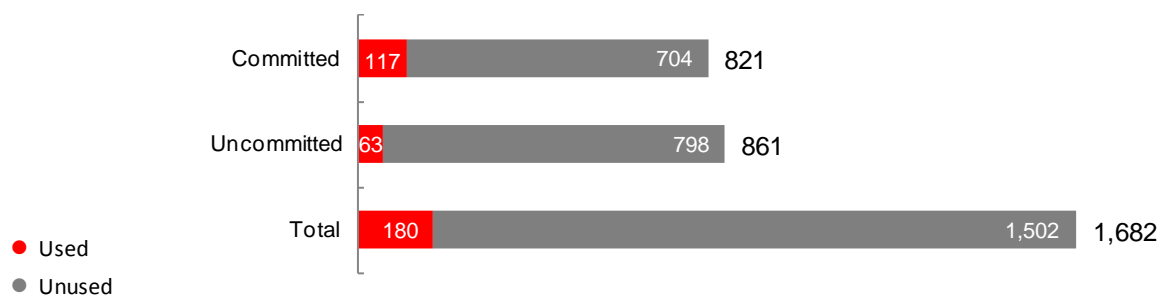
BANKING FACILITIES

Bank Loans and Overdrafts

The Group (excluding Global Brands) had available bank loans and overdraft facilities of US\$1,682 million, out of which US\$821 million were committed facilities. As at 31 December 2014, US\$180 million of the Group's bank loans and overdraft facilities were drawn down, with US\$117 million being committed facilities. The unused limits on bank loans and overdraft facilities amounted to US\$1,502 million, with US\$704 million being unused committed facilities.

Unused Bank Loans

US\$m



Excluding bank loans and overdraft from Discontinued Operations

Trade Finance

The Group's normal trading operations are well supported by over US\$2.5 billion in bank trading facilities including mainly letters of credit issued to suppliers and bills discounting. A letter of credit is a common means of payment to suppliers to support cross-border trades. The Group's payment obligations on letters of credit issued to suppliers is only crystallized when our suppliers have delivered the merchandise to our customers or to the Group in accordance with all of the terms and conditions specified in the related contractual documents. As at 31 December 2014, approximately 24% of the bank trade facilities were utilized.

SEGMENT ANALYSIS

TRADING NETWORK

Results

	2014 US\$m	2013 US\$m	Change %
Turnover	18,431	18,514	(0.5%)
Total margin	2,004	2,100	(4.6%)
<i>As % of turnover</i>	10.9%	11.3%	
Operating costs	1,446	1,398	+3.4%
<i>As % of turnover</i>	7.8%	7.6%	
Core operating profit	558	701	(20.4%)
<i>As % of turnover</i>	3.0%	3.8%	

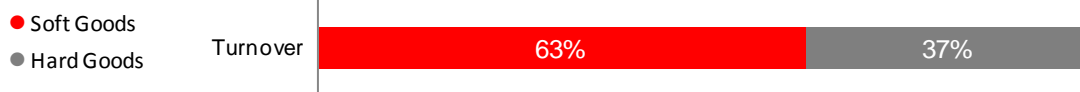
Turnover

Turnover in the Trading Network was flat in 2014 and comprised 63% softgoods and 37% hardgoods. In terms of regions, turnover in our US business was flat while turnover in our European business declined by 1% due to overall macroeconomic conditions. Turnover in our Asia business increased by 4% despite the slowdown in China and unexpected geo-political events in other parts of Asia.

We signed a number of new sourcing deals with major customers in the US at the beginning of 2014, and continued to increase turnover via cross-selling activities. In Asia in the beauty area, we secured the China distribution business for Coty.

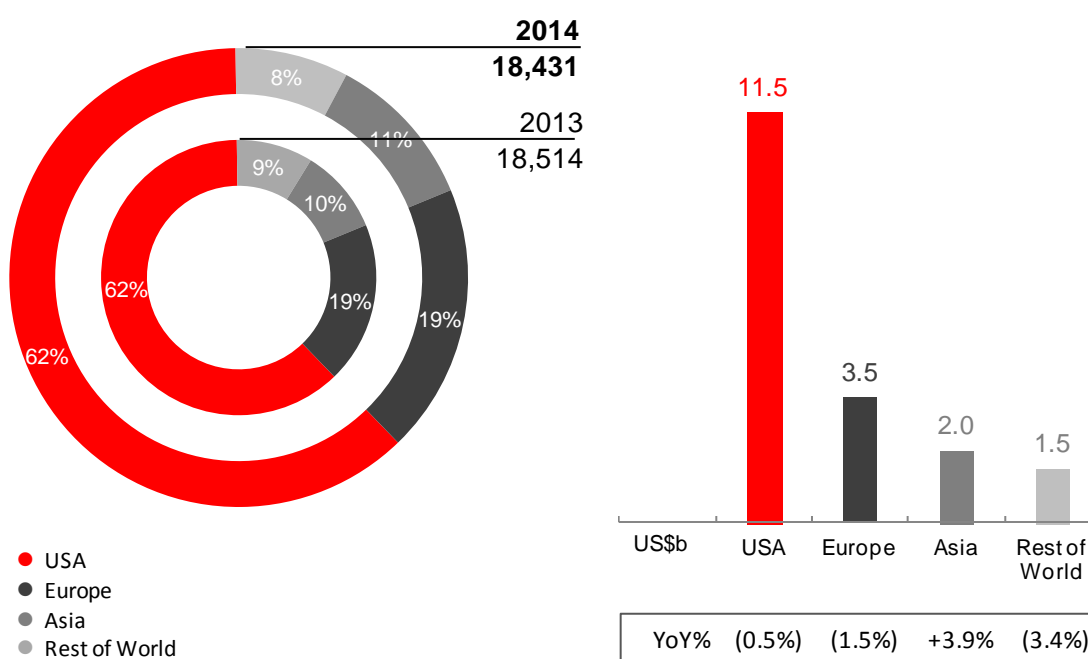
On the e-commerce front, our customers' online sales have increased substantially leading to an increase in our Internet market share due to our role as a product supplier to these customers. In addition, we are making inroads into e-commerce pure play customers as their purchase volume reaches a level that would benefit from using our supply chain expertise.

Product Mix



Trading Network Geographical Market Turnover

US\$m



Total Margin

Total margin decreased by 5%. This was due to an overall reduction in business and margin in our trade with customers on a principal basis due to market conditions described above, which was somewhat offset by increased customers and business on our direct agency business side. Given that we serve customers on a multi-channel sourcing basis and that the margin differential between the two sourcing channels (long-term contracts with lower margin versus short-term principal trading with higher margin) differs, the shift in our turnover mix in 2014 impacted our overall total margin.

In addition, promotional activities were heavier in 2014 than previous years. For example, US stores began promotions before Black Friday, breaking from the norm, during the Holiday period. For the first time, retailers in Europe also offered similar promotions over the same period to counteract weak demand. Although promotions boosted sales, retailers' gross margins were impacted detrimentally. As a result, our product-led principal side faced pricing pressure during the year.

Operating Cost

Operating cost increased by 3% in 2014, the first year of our Three-Year Plan when historically we invest in infrastructure, new product categories and new markets and services in preparation for a new plan.

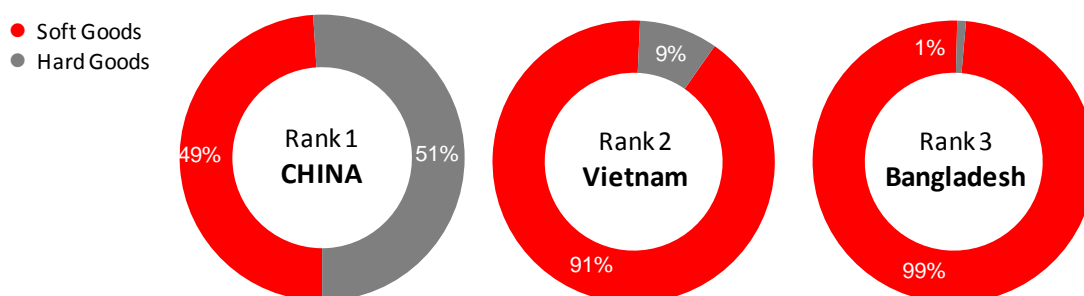
In addition, we have built up our Vendor Support Services team as a new initiative to improve supply chain sustainability and create the foundation for a whole new business whereby we provide services to our over 15,000 vendors. These services are organized into the three areas of Vendor Compliance & Sustainability Services, Trade Credit Services and Vendor Supply Chain Services, which includes digitization of our dealings with the vendor base via the Vendor Portal.

Core Operating Profit

The 20% decline in core operating profit was mainly attributed to the reduction in total margin as a percentage of turnover from 11.3% to 10.9%. Operating cost as a percentage of turnover increased from 7.6% to 7.8% as a result of investments made during the year.

Top Sourcing Countries

We have a global trading network covering more than 40 economies, which allows for flexibility when moving orders from one production country to another to handle capacity constraints and satisfy customers' needs. Within this global network, the Group's top three sourcing countries remained China, Vietnam, and Bangladesh.



LOGISTICS NETWORK

Results

	2014 US\$m	2013 US\$m	Change %
Turnover	874	526	+66.0%
Total margin	240	194	+23.6%
Operating costs	194	159	+22.5%
Core operating profit	46	36	+28.1%
<i>As % of turnover</i>	5.2%	6.8%	

The Logistics Network comprises our in-country logistics and global freight management businesses.

In-country logistics offers Asia-focused logistics and supply chain solutions, and specializes in key verticals of footwear and apparel, fast-moving consumer goods, food and beverage, retail and electronics. Our Pan-Asian network and deep market knowledge allow us to customize hub-and-spoke logistics solutions for our customers. Riding on the rise of e-commerce and omni-channel retailing, we have deployed our best-in-class technology solution to re-design our distribution center and operational flow. This has allowed us to optimize order fulfillment processes for both store distribution and direct-to-consumer delivery.

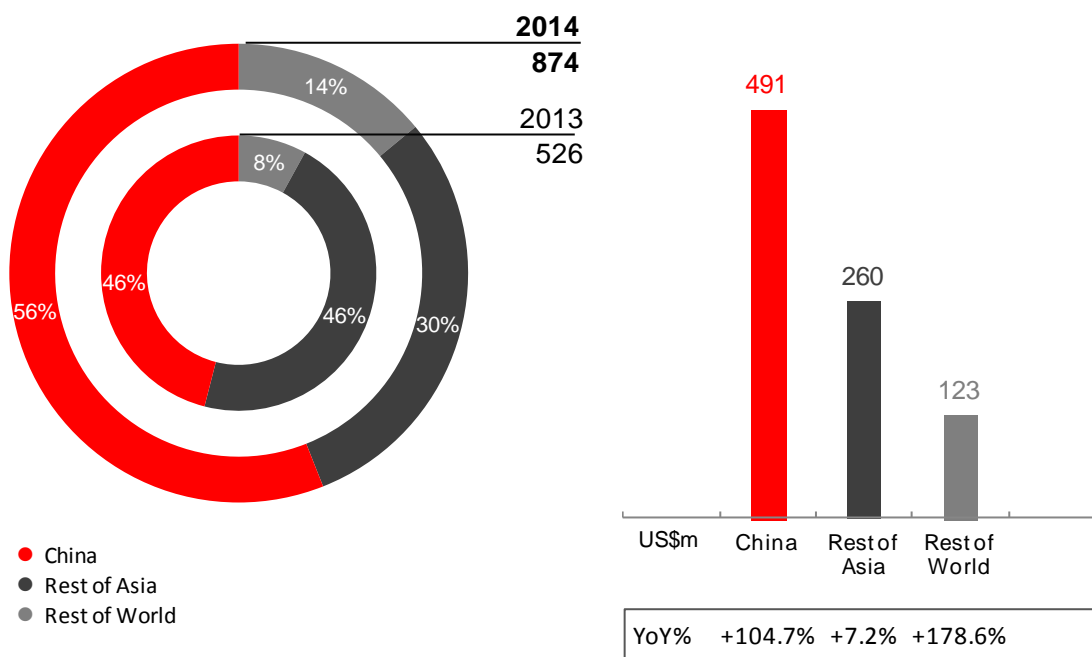
Global freight management offers cross-border logistics services at origin and destination to supplement our in-country logistics solutions and is particularly relevant for our sourcing customers. The scale of this business has increased significantly subsequent to the acquisition of CCL, a leading sea-freight forwarder in China, in the first half of 2014. This increased scale has given us the volume necessary to obtain highly favorable commercial arrangement with the global ocean carriers. As a result, we can offer our customers full container loads or consolidate less-than container load freight services in a cost effective and competitive manner.

Turnover

Turnover increased by 66% due to across-the-board robust organic growth driven by new business wins, geographic expansion and increased market share. For in-country logistics, China (despite a general slowdown), Malaysia and the Philippines registered strong performance. For global freight management, the acquisition of CCL significantly added scale to our freight forwarding business.

Logistics Network Geographical Market Turnover

US\$m


Core Operating Profit

Core operating profit increased by 28%. Core operating margin declined from 6.8% to 5.2% because of a change in business mix after the acquisition of CCL. Compared with our existing in-country logistics business, global freight management has a lower operating margin, in line with the industry standard.

PEOPLE

As an asset light business, our success is overwhelmingly dependent on our people. We are very grateful for their expertise, dedication and hard work. As at 31 December 2014, Li & Fung had a total workforce of 25,781, of which over 6,772 are warehouse related workers for our logistics and distribution businesses. In terms of geography, 4,125 of our people were based in Hong Kong, 9,499 were based in Mainland China and 12,157 were based overseas.

Total manpower costs, excluding Global Brands, for 2014 were US\$995 million, compared with US\$951 million for 2013.

OUTLOOK

For 2015, we believe the United States economy, which accounts for 60% of our business, should improve against the backdrop of an improving labor market, brighter consumer sentiment and increased consumer spending aided by falling oil prices. However, increasing online sales and the promotional environment in 2014 may become the new normal. Such a trend will continue to place pricing pressure on retailers and their supply chain, which may mitigate the anticipated improvement in the US market. We believe Eurozone on the other hand will face ongoing challenges as both slowing economic growth and further devaluation of the Euro takes their toll. We also expect China's economy to continue to slow.

Despite anticipated market conditions, we will continue to focus on winning new customers especially in Asia. We aim to significantly strengthen our product dominance in key product categories while we continue to leverage our global production and sourcing base. Building on our success, we will accelerate the growth of our logistics business and fully roll out Vendor Support Services.

We expect our existing customers to add an e-commerce dimension to their business as part of their overall omni-channel strategies. As a supplier to our customers, we expect the e-commerce related portion of our business to increase commensurately. In addition, we are pursuing opportunities to supply the appropriate pure play online retailers who have their own brands. As they mature and require supply chain management services, we anticipate further opportunities in this new channel of growth.

Our customers are challenged by the disruptions taking place at retail. Innovations in technology, evolving consumer expectations for seamless and exciting on-line to off-line shopping experiences, coupled with significant changes in the industry are challenging retailers globally. As the world's leading global supply chain manager, we are at the forefront of these changes. We are committed to creating value for our customers by sharing our thought leadership, experimenting with new technologies and ideas for products, and being the "go to" partner of choice for retailers and brands globally.

CONTINGENT LIABILITIES AND GOODWILL

Adjustments to Purchase Consideration Payables

Given the unique nature of the Group's acquired businesses, which are private enterprises relying on their respective entrepreneurs' commercial skills to drive their success, we generally structure our acquisitions with incentive schemes and contingent payments on purchase consideration payables linking to the future performance of the acquired businesses.

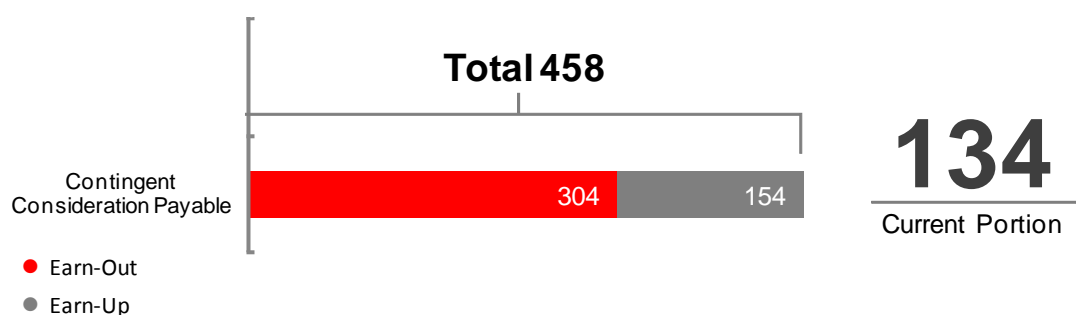
Li & Fung follows a stringent internal financial and accounting policy in evaluating potential adjustment to the estimated fair value of purchase consideration payable in accordance with the accounting standard HKFRS 3 (Revised) "Business Combination."

Our contingent consideration payables are performance based payments in the form of "earn-out" and "earn-up" payments depending on a set of predetermined performance targets mutually agreed with the entrepreneurs in accordance with the sale & purchase agreement.

Earn-out payments are generally payable within three to four years upon completion of a transaction.

Earn-up payments have a higher performance target threshold and are typically payable over a period of up to five to six years upon completion of a transaction.

US\$m



While many of our acquired businesses remain profitable and are growing, the Group may still be required to make a downward fair value adjustment to certain consideration payable should the acquired businesses be unable to achieve the predetermined performance threshold within the specific timeframe as stipulated in the sale & purchase agreement. Given that the contingent consideration entitlement is usually contractual in nature and is based on a specific formula linking to a particular threshold, the underlying business performance of the acquired businesses could continue to perform and grow, yet the Group may still be required to adjust the consideration payable, especially if the high performance thresholds of earn-ups are not reached. For the year

ending 31 December 2014, there was approximately US\$176 million of write-back of contingent considerations, the majority of which was earn-ups.

Goodwill Impairment Tests

We performed goodwill impairment tests based on the cash generating units (“CGU”) which manage the acquired businesses in accordance with HKAS 36. Based on the Group’s assessment of all of the CGUs under the current operating structure, the Group has determined that there is no goodwill impairment as of 31 December 2014, as the recoverable amount of each CGU was in excess of its respective carrying value of the goodwill. The Group will continue to perform goodwill impairment tests on an on-going basis.

RISK MANAGEMENT

Li & Fung has strict policies governing accounting control, credit and foreign exchange risk and treasury management.

Credit Risk management

Credit risk mainly arises from trade and other receivables. The Group has stringent policies in place to manage its credit risk with such receivables, which include, but are not limited to, the measures set out below:

- The Group selects customers in a cautious manner. Its credit control team has implemented a risk assessment system to evaluate the financial strength of individual customers prior to agreeing on trade terms. It is not uncommon for the Group to require securities (such as standby or commercial letters of credit, or bank guarantees) from a small number of its customers who fall short of the required minimum score under its Risk Assessment System;
- A significant portion of trade receivable balances are covered by trade credit insurance or factored to external financial institutions on a non-recourse basis;
- A system with a dedicated team and tightened policies has been established to ensure on-time recoveries from trade debtors; and
- Rigid internal policies which govern provisions made for both inventories and receivables are in place to motivate business managers to step up their efforts in these two areas and to avoid any significant impact on their financial performance.

Foreign Exchange Risk Management

Most of the Group's cash balances are deposits in HK\$ and US\$ with major global financial institutions, and most of the Group's borrowings are denominated in US\$.

The Group's revenues and payments are transacted mainly in the same currency, and are predominantly in US\$. Therefore, the Group does not believe there is significant risk exposure in relation to foreign exchange rate fluctuations. There are small portions of sales and purchases transacted in different currencies for which the Group arranges hedging by means of foreign exchange forward contracts.

The Group's net revenues are substantially in US\$. A portion of our net revenues and operating costs in selected sourcing countries are exposed to changes in foreign exchange rates. In order to mitigate the impact from changes in foreign exchange rates, we regularly review our operations in these selected countries and make necessary hedging arrangements in certain currency against the US\$. From a medium to long term perspective, we manage our operations in the most cost effective way possible within our global network.

The Group in general does not enter into foreign currency hedges with respect to its long-term equity investment. In particular, the Group's net equity investments in non-US\$ denominated on-shore wholesale businesses are subject to unrealized translation gain or loss on consolidation. Fluctuation of relevant currencies against the US\$ will result in unrealized gain or loss from time to time, which is reflected as movement in exchange reserve in the consolidated statement of changes in equity.

The Group strictly prohibits any financial derivative arrangement merely for speculation.

TAX DISPUTE UPDATE

In December 2014, the Group reached a settlement with the Hong Kong Inland Revenue ("HKIR") in relation to disputes involving additional tax assessments amounting to approximately US\$251 million on both the non-taxable claim of certain non-Hong Kong sourced income ("Offshore Claim") and the deduction claim of marketing expenses ("Deduction Claim") for the years of assessment from 1992/93 to 2012/13.

Under the terms of the settlement, the appeal by one of the subsidiaries of the Group, Li & Fung (Trading) Limited, on the Deduction Claim for the years of assessment from 1992/93 to 2001/02 before the Court of First Instance and the Board of Review was settled and discontinued. The Group's dispute with the HKIR regarding the additional tax assessments in respect of certain other

subsidiaries for the years of assessment from 1992/93 to 2001/02, and in respect of the Group for the period from 2002/03 to 2012/13 were also resolved as part of this settlement.

Having taken into account the assessment of the Group's professional advisors and the impact and ramifications of the judicial rulings, the directors consider that the settlement reached with the HKIR is in the interest and benefit of the Group, and brings certainty and finality to the tax affairs of the Group for the years of assessment from 1992/93 to 2012/13. The directors consider that the settlement does not have any material impact on the Group's financial position.

We announce the audited consolidated profit and loss account, audited consolidated statement of comprehensive income and audited consolidated cash flow statement of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 and the audited consolidated balance sheet of the Group as at 31 December 2014 together with the comparative figures in 2013. The annual results have been reviewed by the Company's audit committee and the Company's auditor.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2014 US\$'000	2013 US\$'000 (Restated)
<u>Continuing Operations</u>			
Turnover	2	19,288,499	19,025,512
Cost of sales		(17,106,990)	(16,806,590)
Gross profit		2,181,509	2,218,922
Other income		62,724	75,318
Total margin		2,244,233	2,294,240
Selling and distribution expenses		(617,178)	(572,498)
Merchandising and administrative expenses		(1,022,912)	(984,648)
Core operating profit		604,143	737,094
Gain on remeasurement of contingent consideration payable	3	176,007	112,648
Amortization of other intangible assets		(35,462)	(32,009)
One-off reorganisation costs		(19,763)	-
Other non-core operating expenses		(1,300)	(6,007)
Operating profit	2&3	723,625	811,726
Interest income		6,984	9,177
Interest expenses			
Non-cash interest expenses		(9,976)	(13,274)
Cash interest expenses		(95,203)	(94,301)
		(105,179)	(107,575)
Share of profits less losses of associated companies		1,373	442
Profit before taxation		626,803	713,770
Taxation	4	(59,035)	(72,011)
Profit for the year from Continuing Operations		567,768	641,759
<u>Discontinued Operations</u>			
(Loss for the period)/profit for the year from Discontinued Operations	12	(98,122)	113,528
Net profit for the year		469,646	755,287
Attributable to:			
Shareholders of the Company		441,276	725,337
Holders of perpetual capital securities		30,000	30,000
Non-controlling interests		(1,630)	(50)
		469,646	755,287

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

	<i>Note</i>	2014 US\$'000	2013 US\$'000 (Restated)
Attributable to Shareholders of the Company arising from:			
Continuing Operations		539,398	611,809
Discontinued Operations		(98,122)	113,528
		441,276	725,337
Earnings/(losses) per share for profit/(loss) attributable to the Shareholders of the Company during the year	5		
- basic from Continuing Operations (equivalent to)		50.3 HK cents 6.46 US cents	57.1 HK cents 7.32 US cents
- basic from Discontinued Operations (equivalent to)		(9.2) HK cents (1.17) US cents	10.6 HK cents 1.36 US cents
- diluted from Continuing Operations (equivalent to)		50.3 HK cents 6.46 US cents	57.1 HK cents 7.32 US cents
- diluted from Discontinued Operations (equivalent to)		(9.2) HK cents (1.17) US cents	10.6 HK cents 1.36 US cents
Dividends (<i>Note</i>)	6	440,275	525,205

Note: Dividends for 2013 have not been restated to exclude contribution from Global Brands Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 US\$'000	2013 US\$'000
Net profit for the year	469,646	755,287
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements from post employment benefits recognized in reserve, net of tax	(728)	4,440
Total items that will not be reclassified to profit or loss	(728)	4,440
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences *	(92,158)	11,195
Net fair value gains/(losses) on cash flow hedges, net of tax	10,302	(398)
Net fair value gains on available-for-sale financial assets, net of tax	40	71
Total items that may be reclassified subsequently to profit or loss	(81,816)	10,868
Other comprehensive (expense)/income for the year, net of tax	(82,544)	15,308
Total comprehensive income for the year	387,102	770,595
Attributable to:		
Shareholders of the Company	358,556	741,260
Holders of perpetual capital securities	30,000	30,000
Non-controlling interests	(1,454)	(665)
Total comprehensive income for the year	387,102	770,595
Attributable to Shareholders of the Company arising from:		
Continuing Operations	457,778	630,998
Discontinued Operations	(99,222)	110,262
	358,556	741,260

* Exchange differences resulting from translation of the results and financial positions of the Group entities with functional currencies other than the Group's presentation currency.

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2014 US\$'000	2013 US\$'000
Non-current assets			
Intangible assets		4,349,083	7,608,556
Property, plant and equipment		244,907	439,599
Prepaid premium for land leases		2,498	2,789
Associated companies		11,890	7,598
Joint ventures		-	14,515
Available-for-sale financial assets		3,709	3,669
Other receivables and deposits		7,570	15,623
Deferred tax assets		32,493	75,364
		4,652,150	8,167,713
Current assets			
Inventories		565,291	1,100,486
Due from related companies		511,965	67,670
Trade and bills receivable	7	1,864,021	2,220,841
Other receivables, prepayments and deposits		333,743	446,520
Derivative financial instruments		11,323	2,664
Cash and bank balances		538,529	459,559
		3,824,872	4,297,740
Current liabilities			
Due to related companies		48	14,682
Trade and bills payable	8	2,561,172	2,552,495
Accrued charges and sundry payables		692,427	837,790
Purchase consideration payable for acquisitions	10	134,468	409,512
Taxation		116,719	127,035
Derivative financial instruments		-	8,275
Bank advances for discounted bills	7	33,834	38,190
Short term bank loans		162,850	94,145
		3,701,518	4,082,124
Net current assets		123,354	215,616
Total assets less current liabilities		4,775,504	8,383,329

CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Note</i>	2014 US\$'000	2013 US\$'000
Financed by:			
Share capital		13,398	13,398
Reserves		2,284,969	4,658,811
Proposed dividend		300,117	364,428
		2,585,086	5,023,239
<hr/>			
Shareholders' funds attributable to the Company's shareholders		2,598,484	5,036,637
Holders of perpetual capital securities		503,000	503,000
Non-controlling interests		8,594	10,048
Total equity		3,110,078	5,549,685
Non-current liabilities			
Long term notes	10	1,254,369	1,254,915
Purchase consideration payable for acquisitions	10	323,612	988,487
Other long-term liabilities	10	25,375	471,779
Post-employment benefit obligations		22,299	24,330
Deferred tax liabilities		39,771	94,133
		1,665,426	2,833,644
		4,775,504	8,383,329

CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	2014 US\$'000	2013 US\$'000 (Restated)
<u>Continuing Operations</u>			
Operating activities			
Net cash inflow generated from operations	11	692,565	913,261
Hong Kong profits tax paid		(12,584)	(9,691)
Overseas taxation paid		(42,042)	(50,401)
Net cash inflow from operating activities		637,939	853,169
Investing activities			
Purchases of property, plant and equipment		(75,299)	(59,208)
Payments for system development, software, license and other intangible assets		(11,124)	(7,369)
Settlement of consideration payable for prior years acquisitions of businesses		(189,930)	(150,114)
Acquisitions of businesses		(34,285)	(128,079)
Proceeds from disposal of property, plant and equipment		2,678	275
Interest income		6,984	9,177
Settlement from debt security		-	57,000
Payment on behalf of a related company		(57,134)	-
Dividends received from associated companies		595	516
Addition of premium for land leases		-	(71)
Net cash outflow from investing activities		(357,515)	(277,873)
Net cash inflow before financing activities		280,424	575,296
Financing activities			
Interest paid		(95,203)	(94,301)
Net proceeds from issuance of shares upon exercise of share options		-	1,935
Distributions made to holders of perpetual capital securities		(30,000)	(31,415)
Dividends paid		(506,937)	(332,272)
Net repayment of bank loans		(28,594)	(9,075)
Net cash outflow from financing activities		(660,734)	(465,128)
(Decrease)/increase in cash and cash equivalents from Continuing Operations (Note)		(380,310)	110,168
<u>Discontinued Operations</u>			
Increase/(decrease) in cash and cash equivalents from Discontinued Operations (Note)		668,374	(333,619)
Increase/(decrease) in cash and cash equivalents		288,064	(223,451)

Note: Change in cash and cash equivalents before financing activities between Continuing Operations and Discontinued Operations.

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	<i>Note</i>	2014 US\$'000	2013 US\$'000 (Restated)
Cash and cash equivalents at 1 January			
Continuing Operations		344,471	613,037
Discontinued Operations		115,088	67,342
		459,559	680,379
Increase/(decrease) in cash and cash equivalents		288,064	(223,451)
Effect of foreign exchange rate changes		(4,493)	2,631
Distribution in specie		(204,601)	-
Cash and cash equivalents of Continuing Operations at 31 December		538,529	459,559
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		538,529	459,559

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

<u>Movement of cash and cash equivalents*</u>	2014 US\$'000	2013 US\$'000 (Restated)
Cash and cash equivalents at 1 January		
Continuing Operations	344,471	613,037
Discontinued Operations	115,088	67,342
	459,559	680,379
<u>Continuing Operations</u>		
(Decrease)/increase in cash and cash equivalents	(380,310)	110,168
Loan repayment from/(finance to) Discontinued Operations	593,821	(225,529)
Capital injection to Discontinued Operations	(15,000)	(155,180)
Net cash inflow/(outflow) from Continuing Operations	198,511	(270,541)
<u>Discontinued Operations</u>		
Increase/(decrease) in cash and cash equivalents	668,374	(333,619)
Loan (repayment to)/finance from Continuing Operations	(593,821)	225,529
Capital injection from Continuing Operations	15,000	155,180
Net cash inflow from Discontinued Operations	89,553	47,090
Effect of foreign exchange rate changes	(4,493)	2,631
Distribution in specie	(204,601)	-
Cash and cash equivalents of Continuing Operations at 31 December	538,529	459,559

* Additional information to illustrate the cash flow effect including financing activities between the Continuing Operations and the Discontinued Operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company					Holders of		Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000	perpetual capital securities US\$'000	Non-controlling interests US\$'000	
Balance at 1 January 2014	13,398	3,699,476	6,503	1,317,260	5,036,637	503,000	10,048	5,549,685
Comprehensive income/(expense)								
Profit or loss	-	-	-	441,276	441,276	30,000	(1,630)	469,646
Other comprehensive (expense)/income								
Currency translation differences	-	-	(92,334)	-	(92,334)	-	176	(92,158)
Net fair value gains on available-for-sale financial assets, net of tax	-	-	40	-	40	-	-	40
Net fair value gains on cash flow hedges, net of tax	-	-	10,302	-	10,302	-	-	10,302
Remeasurements from post employment benefits recognized in reserve, net of tax	-	-	(728)	-	(728)	-	-	(728)
Total other comprehensive (expense)/income	-	-	(82,720)	-	(82,720)	-	176	(82,544)
Total comprehensive (expense)/income	-	-	(82,720)	441,276	358,556	30,000	(1,454)	387,102
Transactions with owners								
Employee share option scheme:								
- value of employee services	-	-	228	-	228	-	-	228
Distribution to holders of perpetual capital securities	-	-	-	-	-	(30,000)	-	(30,000)
Share premium reduction	-	(3,000,000)	3,000,000	-	-	-	-	-
Transfer to capital reserve	-	-	87	(87)	-	-	-	-
2013 final dividend paid	-	-	-	(366,779)	(366,779)	-	-	(366,779)
2014 interim dividend paid	-	-	-	(140,158)	(140,158)	-	-	(140,158)
Distribution in specie	-	-	(2,290,000)	-	(2,290,000)	-	-	(2,290,000)
Total transactions with owners	-	(3,000,000)	710,315	(507,024)	(2,796,709)	(30,000)	-	(2,826,709)
Balance at 31 December 2014	13,398	699,476	634,098	1,251,512	2,598,484	503,000	8,594	3,110,078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to Shareholders of the Company					Holders of		Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000	perpetual capital securities US\$'000	Non-controlling interests US\$'000	
Balance at 1 January 2013	13,396	3,697,012	(12,504)	924,288	4,622,192	504,415	10,713	5,137,320
Comprehensive income/(expense)								
Profit or loss	-	-	-	725,337	725,337	30,000	(50)	755,287
Other comprehensive income/(expense)								
Currency translation differences	-	-	11,810	-	11,810	-	(615)	11,195
Net fair value gains on available-for-sale financial assets, net of tax	-	-	71	-	71	-	-	71
Net fair value losses on cash flow hedges, net of tax	-	-	(398)	-	(398)	-	-	(398)
Remeasurements from post employment benefits recognized in reserve, net of tax	-	-	4,440	-	4,440	-	-	4,440
Total other comprehensive income/(expense)	-	-	15,923	-	15,923	-	(615)	15,308
Total comprehensive income/(expense)	-	-	15,923	725,337	741,260	30,000	(665)	770,595
Transactions with owners								
Employee share option scheme:								
- value of employee services	-	-	3,522	-	3,522	-	-	3,522
- proceeds from shares issued	2	1,933	-	-	1,935	-	-	1,935
- transfer to share premium	-	531	(531)	-	-	-	-	-
Distribution to holders of perpetual capital securities	-	-	-	-	-	(31,415)	-	(31,415)
Transfer to capital reserve	-	-	93	(93)	-	-	-	-
2012 final dividend paid	-	-	-	(171,495)	(171,495)	-	-	(171,495)
2013 interim dividend paid	-	-	-	(160,777)	(160,777)	-	-	(160,777)
Total transactions with owners	2	2,464	3,084	(332,365)	(326,815)	(31,415)	-	(358,230)
Balance at 31 December 2013	13,398	3,699,476	6,503	1,317,260	5,036,637	503,000	10,048	5,549,685

Notes:**1 Basis of preparation and accounting policies**

The consolidated accounts of Li & Fung Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). They have been prepared under the historical cost convention, as modified by the inclusion of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments and contingent consideration payable) at fair value through profit or loss.

The consolidated accounts are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of accounts in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

Changes in accounting policy and disclosures

- (a) New standards, new interpretations and amendments to existing standards adopted by the Group

The following new standards, new interpretations and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendment	Recoverable Amount Disclosures for Non- Financial Assets
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above new or revised HKFRSs in the current year has had no material effect on the Group’s reported financial performance and position for the current and prior years and/or disclosures set out in these consolidated accounts.

Notes:
1 Basis of preparation and accounting policies (Continued)

- (b) New standards, new interpretations and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

The following new standards, new interpretations and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but the Group has not early adopted them:

HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation ²
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants ²
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions ¹
HKAS 27 Amendment	Equity Method in Separate Financial Statements ²
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 9	Financial Instruments ⁴
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations ²
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Annual Improvements Project	Annual Improvements 2010-2012 Cycle ¹
Annual Improvements Project	Annual Improvements 2011-2013 Cycle ¹
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ²

Notes:

- 1 Effective for annual periods beginning on or after 1 January 2015
- 2 Effective for annual periods beginning on or after 1 January 2016
- 3 Effective for annual periods beginning on or after 1 January 2017
- 4 Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new standards, new interpretations and amendments to existing standards upon initial application.

Notes:**2 Segment information**

The Company is domiciled in Bermuda. The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its Hong Kong office is at 11/F, Li Fung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong. The Group is principally engaged in managing 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. Turnover represents revenue generated from sales and services rendered at invoiced value to customers outside the Continuing Operations less discounts and returns.

During the year, the Group has accomplished a major restructuring of its operations. After the restructuring, the Group spun-off its licensed brands and controlled brands businesses primarily under Distribution Network, named as the Global Brands Group (the "Discontinued Operations"), via a distribution in specie on 8 July 2014. After the spin-off, the Group has grouped the remaining business under Distribution Network into Trading Network and continued to operate under two business networks, namely the Trading Network and the Logistics Network (collectively referred to as the "Continuing Operations"). The Trading Network focuses on provision of the global sourcing services via multiple channels, either as buying agent or trading-as-principal for private label merchandise. The Logistics Network focuses on provision of logistics solutions and freight forwarding services. The Group's Management (Chief Operating Decision-Maker) considers the business principally from the perspective of the two networks. Prior year comparative segment information has been restated to conform with the current year presentation accordingly.

The Group's management assesses the performance of the operating segments based on a measure of operating profit, referred to as core operating profit. This measurement basis includes profit of the operating segments before share of results of associated companies, interest income, interest expenses, tax, material gains or losses which are of capital nature or non operational related, acquisition related cost. This also excludes any gain or loss on remeasurement of contingent consideration payable and amortization of other intangible assets which are non-cash items. Other information provided to the Group's management is measured in a manner consistent with that in the accounts.

Notes:
2. Segment information (Continued)

	Trading Network US\$'000	Logistics Network US\$'000	Elimination US\$'000	Total US\$'000
<u>Year ended 31 December 2014</u>				
Turnover	18,430,816	873,577	(15,894)	19,288,499
Total margin	2,003,932	240,301		2,244,233
Operating costs	(1,445,648)	(194,442)		(1,640,090)
Core operating profit	558,284	45,859		604,143
Gain on remeasurement of contingent consideration payable				176,007
Amortization of other intangible assets				(35,462)
One-off reorganization costs				(19,763)
Other non-core operating expenses				(1,300)
Operating profit				723,625
Interest income				6,984
Interest expenses				
Non-cash interest expenses				(9,976)
Cash interest expenses				(95,203)
				(105,179)
Share of profits less losses of associated companies				1,373
Profit before taxation				626,803
Taxation				(59,035)
Profit for the year from Continuing Operations				567,768
Loss for the period from Discontinued Operations				(98,122)
Net profit for the year				469,646
Depreciation and amortization	100,922	14,198		115,120
<u>31 December 2014</u>				
Non-current assets (other than available-for-sale financial assets and deferred tax assets)	3,974,971	640,977		4,615,948

Notes:
2. Segment information (Continued)

	Trading Network US\$'000 (Restated)	Logistics Network US\$'000 (Restated)	Elimination US\$'000 (Restated)	Total US\$'000 (Restated)
<u>Year ended 31 December 2013</u>				
Turnover	18,514,259	526,259	(15,006)	19,025,512
Total margin	2,099,751	194,489		2,294,240
Operating costs	<u>(1,398,463)</u>	<u>(158,683)</u>		<u>(1,557,146)</u>
Core operating profit	<u>701,288</u>	<u>35,806</u>		737,094
Gain on remeasurement of contingent consideration payable				112,648
Amortization of other intangible assets				(32,009)
Other non-core operating expenses				<u>(6,007)</u>
Operating profit				811,726
Interest income				9,177
Interest expenses				
Non-cash interest expenses				(13,274)
Cash interest expenses				<u>(94,301)</u>
				(107,575)
Share of profits less losses of associated companies				<u>442</u>
Profit before taxation				713,770
Taxation				<u>(72,011)</u>
Profit for the year from Continuing Operations				641,759
Profit for the year from Discontinued Operations				<u>113,528</u>
Net profit for the year				<u>755,287</u>
Depreciation and amortization	<u>100,019</u>	<u>10,588</u>		<u>110,607</u>
<u>31 December 2013</u>				
Non-current assets (other than available-for-sale financial assets and deferred tax assets) (Note)	<u>N/A</u>	<u>N/A</u>		<u>8,088,680</u>

Note: Balance as of 31 December 2013 included non-current assets attributable to the Discontinued Operations which could not be allocated to the Trading Network and the Logistics Network.

Notes:
2. Segment information (Continued)

The geographical analysis of the Continuing Operations' turnover and the Group's non-current assets (other than available-for-sale financial assets and deferred tax assets) is as follows:

	Turnover		Non-current assets (other than available-for-sale financial and deferred tax assets) As at 31 December	
	2014 US\$'000	2013 US\$'000 (Restated)	2014 US\$'000	2013 US\$'000
United States of America	11,587,145	11,572,310	1,981,767	4,944,414
Europe	3,488,136	3,531,988	1,264,408	1,591,060
Asia	2,744,264	2,400,867	1,116,474	1,218,857
Rest of the world	1,468,954	1,520,347	253,299	334,349
	19,288,499	19,025,512	4,615,948	8,088,680

Turnover of the Continuing Operations consists of sales of softgoods, hardgoods and logistics income is as follows:

	2014 US\$'000	2013 US\$'000 (Restated)
Softgoods	11,674,826	11,572,574
Hardgoods	6,727,997	6,910,459
Logistics	885,676	542,479
	19,288,499	19,025,512

For the year ended 31 December 2014, approximately 14% (2013 (restated): 14%) of the Continuing Operations' total turnover of US\$19,288 million is derived from a single external customer, which is wholly attributable to the Trading Network.

Notes:
3 Operating profit from Continuing Operations

Operating profit from Continuing Operations is stated after crediting and charging the following:

	2014 US\$'000	2013 US\$'000 (Restated)
<i>Crediting</i>		
Gain on remeasurement of contingent consideration payable *	176,007	112,648
<i>Charging</i>		
Cost of inventories sold	17,106,990	16,806,590
Amortization of system development, software and other license costs	14,574	12,336
Amortization of other intangible assets *	35,462	32,009
Amortization of prepaid premium for land leases	137	144
Depreciation of property, plant and equipment	64,947	66,118
Loss on disposal of property, plant and equipment, net	1,363	3,959
Operating leases rental in respect of land and building	146,292	149,562
Provision for impaired receivables	31,083	9,512
Staff costs including directors' emoluments	995,208	951,476
Business acquisition-related costs *	1,300	6,007
Net exchange losses	4,611	4,237

* Included below the core operating profit

Notes:
4 Taxation from Continuing Operations

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2014 US\$'000	2013 US\$'000 (Restated)
Current taxation		
- Hong Kong profits tax	11,394	12,220
- Overseas taxation	51,463	85,342
(Over)/underprovision in prior years	(9,251)	11,839
Deferred taxation	5,429	(37,390)
	59,035	72,011

5 Earnings/(losses) per share

The calculation of basic earnings/(losses) per share is based on the Group's profit attributable to Shareholders arising from the Continuing Operations of US\$539,398,000 (2013 (restated): US\$611,809,000) and the Group's losses attributable to Shareholders arising from the Discontinued Operations of US\$98,122,000 (2013 (restated): profit of US\$113,528,000) and on the weighted average number of 8,356,317,000 (2013: 8,356,237,000) shares in issue during the year.

The diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share for the year ended 31 December 2014 as the potential ordinary shares in respect of outstanding share options are anti-dilutive. The diluted earnings per share for the year ended 31 December 2013 was calculated by adjusting the weighted average number of 8,356,237,000 ordinary shares in issue by 34,000 to assume conversion of all dilutive potential ordinary shares granted under the Company's Option Scheme. For the determination of dilutive potential ordinary share granted under the Company, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes:
6 Distribution in specie and dividends

	2014 US\$'000	2013 US\$'000 (Note (b))
Interim, paid, of HK\$0.13 (equivalent to US\$0.017) (2013: HK\$0.15 (equivalent to US\$0.019)) per ordinary share	140,158	160,777
Final, proposed, of HK\$0.21 (equivalent to US\$0.027) (2013: HK\$0.34 (equivalent to US\$0.044)) per ordinary share (Note (a))	225,088	364,428
	<hr/>	<hr/>
Full year	365,246	525,205
Special, proposed, of HK\$0.07 (equivalent to US\$0.009) (2013: Nil) per ordinary share (Note (a))	75,029	-
	<hr/>	<hr/>
	440,275	525,205
	<hr/>	<hr/>
Distribution in specie (Note (c))	2,290,000	-
	<hr/>	<hr/>

Notes:

- (a) At a meeting held on 19 March 2015, the Directors proposed final dividend and special dividend of HK\$0.21 (equivalent to US\$0.027) and HK\$0.07 (equivalent to US\$0.009) per share, respectively. The proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as appropriation of retained earnings for the year ending 31 December 2015.
- (b) Dividend for 2013 has not been restated to exclude contribution from Global Brands Group.
- (c) The entire issued share capital of Global Brands was spun-off via a distribution in specie completed on 8 July 2014. Global Brands then became a separate listing company on the Stock Exchange.

The transaction was recognized and measured in accordance with “HK(IFRIC) 17 – Distribution of Non-cash Assets to Owners”, which resulted in a non-cash gain of approximately US\$1,003,000 (Note 12(a)).

Notes:
7 Trade and bills receivable

The ageing of trade and bills receivable based on invoice date is as follows:

	Current to 90 days US\$'000	91 to 180 days US\$'000	181 to 360 days US\$'000	Over 360 days US\$'000	Total US\$'000
Balance at 31 December 2014	<u>1,783,736</u>	<u>69,773</u>	<u>8,580</u>	<u>1,932</u>	<u>1,864,021</u>
Balance at 31 December 2013	<u>2,112,726</u>	<u>93,213</u>	<u>9,569</u>	<u>5,333</u>	<u>2,220,841</u>

The fair values of the Group's trade and bills receivable were approximately the same as their carrying values as at 31 December 2014.

A significant portion of the Group's business are on sight letter of credit, usance letter of credit up to a tenor of 120 days, documents against payment or customers' letter of credit to suppliers. The balance of the business is on open account terms which is often covered by customers' standby letters of credit, bank guarantees, credit insurance or under a back-to-back payment arrangement with suppliers.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers internationally dispersed.

Certain subsidiaries of the Group transferred bills receivable balances amounting to US\$33,834,000 (2013: US\$38,190,000) to banks in exchange for cash as at 31 December 2014. The transactions have been accounted for as collateralized bank advances.

Notes:
8 Trade and bills payable

The ageing of trade and bills payable based on invoice date is as follows:

	Current to 90 days US\$'000	91 to 180 days US\$'000	181 to 360 days US\$'000	Over 360 days US\$'000	Total US\$'000
Balance at 31 December 2014	<u>2,491,454</u>	<u>55,420</u>	<u>12,241</u>	<u>2,057</u>	<u>2,561,172</u>
Balance at 31 December 2013	<u>2,452,932</u>	<u>66,220</u>	<u>6,725</u>	<u>26,618</u>	<u>2,552,495</u>

The fair values of the Group's trade and bills payable were approximately the same as their carrying values as at 31 December 2014.

9 Business combinations

During the year, the Group completed a series of acquisitions to expand the Group's existing scale of operation and enlarge the Group's market presence. Details of principal acquisitions were listed as below.

In April 2014, the Group's Continuing Operations acquired China Container Line Limited, a global sea freight forwarders based in China.

In January 2014, the Group's Discontinued Operations acquired The Licensing Company Limited, a global licensing agent based in UK.

In June 2014, the Group's Discontinued Operations acquired the business and assets of Cocaban Co. Ltd., a licensing brand management specialist in Korea.

The Group was not required to make any announcement in accordance with Chapter 14 of the Listing Rules for any individual acquisition completed during the year since none of the acquisitions, on a standalone basis, would be of sufficient material to be recognized as a notifiable transaction, and, accordingly no disclosure is provided for the details and impact of any individual acquisition.

Notes:
10 Long-term liabilities

	2014	2013
	US\$'000	US\$'000
Long-term bank loans – unsecured	17,000	116,640
Long-term notes – unsecured	1,254,369	1,254,915
Purchase consideration payable for acquisitions (<i>Note</i>)	458,080	1,397,999
Brand license payable	-	266,541
Other non-current liability (non-financial liability)	8,375	88,598
	1,737,824	3,124,693
Current portion of purchase consideration payable for acquisitions	(134,468)	(409,512)
	1,603,356	2,715,181

Note:

Balance of purchase consideration payable for acquisitions as at 31 December 2014 amounted to US\$458,080,000 (2013: US\$1,397,999,000), of which US\$304,440,000 (2013: US\$693,549,000) was primarily earn-out and US\$153,640,000 (2013: US\$704,450,000) was earn-up. Earn-out is a contingent consideration that will be realized if the acquired businesses achieve their respective base year profit target, calculated on certain predetermined basis, during the designated periods of time. Earn-up is contingent consideration that will be realized if the acquired businesses achieve certain growth targets, calculated based on the base year profits, during the designated period of time.

Notes:
11 Notes to the consolidated cash flow statement

Reconciliation of profit before taxation to net cash inflow generated from operations of Continuing Operations

	2014 US\$'000	2013 US\$'000 (Restated)
Profit before taxation	626,803	713,770
Interest income	(6,984)	(9,177)
Interest expenses	105,179	107,575
Depreciation	64,947	66,118
Amortization of system development, software and other license costs	14,574	12,336
Amortization of other intangible assets	35,462	32,009
Amortization of prepaid premium for land leases	137	144
Share of profits less losses of associated companies	(1,373)	(442)
Employee share option expenses	228	2,963
Loss on disposal of property, plant and equipment, net	1,363	3,959
Gain on remeasurement of contingent consideration payable	(176,007)	(112,648)
Operating profit before working capital changes	664,329	816,607
Decrease/(increase) in inventories	31,434	(63,060)
(Increase)/decrease in trade and bills receivable, other receivables, prepayments, deposits and amount due from related companies	(60,690)	174,889
Increase/(decrease) in trade and bills payable, accrued charges and sundry payables and amount due to related companies	57,492	(15,175)
Net cash inflow generated from operations	692,565	913,261

12 Discontinued Operations

The consolidated results of Global Brands Group are presented in the consolidated profit and loss account as Discontinued Operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The consolidated statement of comprehensive income and consolidated cash flow statement distinguish the Discontinued Operations from the Continuing Operations. Comparative figures have been restated.

Notes:
12 Discontinued Operations (Continued)

- (a) Results of the Discontinued Operations have been included in the consolidated profit and loss account as follows:

	For the period from 1 January 2014 to 8 July 2014 US\$'000	For the year ended 31 December 2013 US\$'000
Turnover	1,393,940	3,288,132
Cost of sales*	(981,285)	(2,292,597)
Gross profit	412,655	995,535
Other income	32	14,263
Total margin	412,687	1,009,798
Selling and distribution expenses	(235,439)	(400,448)
Merchandising and administrative expenses	(240,469)	(475,653)
Core operating (loss)/profit	(63,221)	133,697
Gain on remeasurement of contingent consideration payable	19,667	74,752
Amortization of other intangible assets	(25,801)	(46,254)
Gain on disposal of businesses/licensing rights	-	5,317
Professional fees for Spin-off	(11,860)	-
One-off reorganisation costs for Spin-off	(16,880)	-
Other non-core operating expenses	(2,001)	(3,414)
Operating (loss)/profit	(100,096)	164,098
Interest income	29	334
Interest expenses		
Non-cash interest expenses	(9,736)	(15,844)
Cash interest expenses	(6,852)	(9,118)
	(16,588)	(24,962)
Share of profits less losses of joint ventures	324	409
(Loss)/profit before taxation	(116,331)	139,879
Taxation	17,206	(26,351)
(Loss for the period)/profit for the year	(99,125)	113,528
Net gain on distribution in specie (Note 6(c))	1,003	-
Net (loss)/profit attributable to Shareholders of the Company	(98,122)	113,528

* Amounts before elimination of transactions between Continuing Operations and Discontinued Operations of US\$782,598,000 (2013: US\$1,568,234,000).

Notes:
12 Discontinued Operations (Continued)
(a) Results of the Discontinued Operations have been included in the consolidated profit and loss account as follows: (Continued)

Operating (loss)/profit is stated after crediting and charging the following:

	For the period from 1 January 2014 to 8 July 2014 US\$'000	For the year ended 31 December 2013 US\$'000
<i>Crediting</i>		
Gain on remeasurement of contingent consideration payable	19,667	74,752
Gain on disposal of businesses/licensing right	-	5,317
<i>Charging</i>		
Cost of inventories sold	981,285	2,292,597
Amortization of system development, software and other license costs	78,834	132,112
Amortization of other intangible assets	25,801	46,254
Depreciation of property, plant and equipment	22,118	29,997
Loss on disposal of property, plant and equipment, net	1,734	-
Operating leases rental in respect of land and building	32,176	73,529
Provision for impaired receivables	1,919	1,409
Staff costs including directors' emoluments	181,932	369,066
Business acquisition-related costs	2,001	3,414
Net exchange losses	1,200	579

(b) Segment information

Turnover of the Discontinued Operations consisting of sales of Licensed Brands and Controlled Brands are as follows:

	For the period from 1 January 2014 to 8 July 2014 US\$'000	For the year ended 31 December 2013 US\$'000
Controlled Brands	205,212	607,959
Licensed Brands	1,188,728	2,680,173
	1,393,940	3,288,132

Notes:
12 Discontinued Operations (Continued)
(b) Segment information (Continued)

The geographical analysis of turnover of the Discontinued Operations is as follows:

	For the period from 1 January 2014 to 8 July 2014 US\$'000	For the year ended 31 December 2013 US\$'000
United States of America	1,128,235	2,808,141
Europe	194,155	350,905
Asia	71,550	129,086
	<u>1,393,940</u>	<u>3,288,132</u>

(c) Cumulative expense recognized in other comprehensive income relating to the Discontinued Operations

	For the period from 1 January 2014 to 8 July 2014 US\$'000	For the year ended 31 December 2013 US\$'000
Currency translation differences	<u>1,100</u>	<u>3,266</u>

(d) An analysis of the cash flows of the Discontinued Operations is as follows:

	For the period from 1 January 2014 to 8 July 2014 US\$'000	For the year ended 31 December 2013 US\$'000
Net cash generated from operating activities	64,689	89,604
Net cash used in investing activities	(114,576)	(416,446)
Net cash generated from/(used in) financing activities*	<u>718,261</u>	<u>(6,777)</u>
Total cash flow	<u>668,374</u>	<u>(333,619)</u>

* Amounts adjusted to eliminate impact from financing activities between the Discontinued Operations and the Continuing Operations.

CORPORATE GOVERNANCE

The Board and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence.

The role of the Group Chairman is separate from that of the Group Chief Executive Officer to enhance their respective independence, accountability and responsibility. Their respective responsibilities are clearly established and defined in writing by the Board.

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board has established the following committees (all chaired by an Independent Non-executive Director or a Non-executive Director) with defined terms of reference (available on our corporate website under the Corporate Governance section), which are in line with the Corporate Governance Code of the Listing Rules:

- Nomination Committee
- Audit Committee
- Risk Management and Sustainability Committee
- Remuneration Committee

Full details on the Company's corporate governance practices are set out in the Company's 2014 Annual Report.

AUDIT COMMITTEE

The Audit Committee met four times in 2014 (with an average attendance rate of 92%) to review, with management and the Company's internal and external auditors, the internal controls and financial matters as set out in the Committee's written terms of reference and make relevant recommendations to the Board.

In 2014, the Committee's review covered the audit plans and findings of internal and external auditors, the external auditor's independence and performance, provision of non-audit services by our external auditor, the Group's accounting principles and practices, goodwill assessment, Listing Rules and statutory compliance, connected transactions, risk management and internal controls, treasury, financial reporting matters (including the interim and annual financial reports for the Board's approval) and the adequacy of resources, qualifications and experience of employees of the Group's accounting and financial reporting team as well as its training programs and budget.

The Audit Committee has reviewed the annual results for the year ended 31 December 2014.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of risk management and internal controls at Li & Fung and for reviewing its effectiveness through the Audit Committee.

Based on the respective assessments made by management and the Corporate Governance team (Internal Audit) and also taking into account the results of the work conducted by the external auditor for the purpose of their audit, the Audit Committee considered that for 2014:

- the risk management and internal controls and accounting systems of the Group were in place and functioning effectively, and were designed to provide reasonable but not absolute assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorization and the accounts were reliable for publication.
- there was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.
- the resources, qualifications, experience, training programs and budget of the employees of the Group's accounting and financial reporting team were adequate.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices and is satisfied that it has been in full compliance with all of the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code. Relevant employees who are likely to be in possession of unpublished price-sensitive information ("Inside Information") of the Group are also subject to compliance with written guidelines in line with the Model Code. For 2014, specific confirmation of compliance has been obtained from each Director and relevant employee. No incident of non-compliance by Directors and relevant employees was noted in 2014.

We have also established a Policy on Inside Information to comply with our obligations under the Securities and Futures Ordinance and the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board of Directors recommended to pay to the shareholders final dividend and special dividend of 21 HK cents (2013 (restated): 28 HK cents) and 7 HK cents (2013: Nil) per share, respectively for the year ended 31 December 2014 absorbing US\$300 million (2013 (restated): US\$308 million). An interim dividend of 13 HK cents (2013 (restated): 13 HK cents) per share was paid by the Company on 19 September 2014. The actual final and interim dividend for 2013 before restatement of excluding Global Brands Group were 34 HK cents (absorbing US\$364 million) and 15 HK cents (absorbing US\$161 million), respectively.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on 21 May 2015 at 11:30 a.m. The Notice of Annual General Meeting will be published on the Company's website at www.lifung.com and HKExnews website at www.hkexnews.hk and despatched to the shareholders on or about 21 April 2015.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

Hong Kong Time
2015

For determining shareholder's right to attend and vote at the Annual General Meeting

Record Date:	20 May
Latest time to lodge transfer documents with Share Registrar:	4:30 p.m., 20 May

For determining shareholder's entitlement to the proposed final dividend

Latest time to lodge transfer documents with Share Registrar:	4:30 p.m., 27 May
Book Closure Date ^(Note) :	28 to 29 May
Expected despatch date of dividend warrants:	5 June

Note: No transfer of shares will be registered during the book closure date.

PUBLICATION OF ANNUAL REPORT

The 2014 annual report will be despatched to the shareholders and available on the Company's website at www.lifung.com and HKExnews website at www.hkexnews.hk on or about 21 April 2015.

By Order of the Board
William FUNG Kwok Lun
Group Chairman, Li & Fung Limited

Hong Kong, 19 March 2015

Websites: www.lifung.com
www.irasia.com/listco/hk/lifung

As at the date of this announcement, Executive Directors of the Company are William Fung Kwok Lun (Group Chairman), Spencer Theodore Fung (Group Chief Executive Officer) and Marc Robert Compagnon; Non-executive Director is Victor Fung Kwok King (Honorary Chairman); Independent Non-executive Directors are Paul Edward Selway-Swift, Allan Wong Chi Yun, Franklin Warren McFarlan, Martin Tang Yue Nien and Margaret Leung Ko May Yee.