

Li & Fung Announces 2014 Annual Results

- 2014 a year of transition and investment to position the business for future growth
- Turnover increased by 1.4% driven by continued growth of core customers in Trading and high growth in the Logistics business
- Heavy promotions by retailers and shift in mix of business impacted margins across supply chains
- Core operating profit decreased by 18% due to decreased margins and an increase in operating costs related to key investments in the business

Hong Kong, 19 March 2015 – Li & Fung Limited (“Li & Fung,” “the Group,” or “the Company,” SEHK: 494), the world’s leader in consumer goods design, development, sourcing and logistics, today announced its full-year results for the period ended 31 December 2014.

** Following the spin-off of Global Brands in July 2014, the Company restated its financials and has reclassified Global Brands as Discontinued Operations. The discussion of results and financial position does not therefore include contribution from Global Brands for the year-ended both 31 December 2013 and 31 December 2014.*

“2014 was a year of transition and investment for Li & Fung. The successful spin-off of Global Brands has allowed us to focus on ways to create value for our customers across our core businesses of Trading and Logistics and this positions us well for the future,” said Spencer Fung, Group Chief Executive Officer, Li & Fung.

Overview of 2014 Annual Results

For 2014, the Company reported solid results against a challenging macroeconomic environment. Despite difficult retail conditions in a number of key markets, the business delivered overall growth in turnover. As part of the transition and in line with investments historically made in the first year of a new Three-Year Plan, the Company took the opportunity to invest in strategic initiatives for future growth. The increase in top-line turnover was offset by reduced margins and required investments which had an adverse impact on core operating profit.

William Fung, Group Chairman of Li & Fung, said, “2014 was a challenging year for our customers and retail generally. We navigated difficult global market conditions and made necessary investments for the future.”

Spencer Fung added, “In spite of tough headwinds, our core customers in our Trading business grew and our Logistics business continued to have high growth. We fully expect that the investments we have made will position the Company for growth in the short, medium and long term.”

Total turnover increased by 1.4% to US\$19,288 million. Total turnover in Logistics increased by 66% and the Trading business was stable.

Total margin decreased by 2.2% due to an overall reduction in margin across the supply chain as a result of brands and retailers conducting heavy promotional sales. In addition, total margin was also impacted negatively by the shift in the mix of our business from principal to the lower margin agency business.

The Company made investments across a number of initiatives to strengthen and improve its core business aligned to its Three-Year Plan goals of building a sustainable enterprise, simplifying the business and accelerating organic growth. Strategic areas of investment included strengthening the Logistics network and also adding significant freight forwarding capabilities through the China Container Line (CCL) acquisition. The Company also made investments in setting up the new Vendor Support Services unit which will gain traction in the coming years. Further investments included new talent and expertise, presence in new markets, new product categories, and support infrastructure to drive organic growth in the business over the coming years.

Excluding the result of Global Brands, profit attributable to shareholders decreased by 12% to US\$539 million. Basic earnings per share was 50 HK cents (equivalent to 6.46 US cents), a decrease from 57 HK cents (equivalent to 7.32 US cents) in 2013. The Board of Directors has proposed a final dividend of 21 HK cents (equivalent to 2.69 US cents) per share, and a special dividend of 7 HK cents (equivalent to 0.90 US cents) per share. Total dividend, including the special dividend, for 2014 would be 41 HK cents (equivalent to 5.26 US cents) per share. (2013 final and total dividend restated to exclude Global Brands were 28 HK cents (equivalent to 3.59 US cents) and 41 HK cents (equivalent to 5.32 US cents) per share, respectively).

Spencer Fung continued, "As we enter into 2015, we remain focused on executing our growth strategies with the added benefit of a simpler and more nimble operating model. We are committed to creating value for our customers and developing key product expertise to position us for future opportunities. Despite ongoing economic uncertainty, we are confident that we have taken the right steps to ensure we are well positioned to build a long-term sustainable business. We have tremendous opportunities ahead of us for the remainder of our Three-Year Plan and beyond."

For details of Li & Fung's 2014 Annual Results, please refer to the announcement posted on the HKExnews website <http://www.hkexnews.hk/> and the Li & Fung website www.lifung.com.

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About 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 more information, please visit www.lifung.com

Media contacts

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

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