

## Li & Fung Announces 2016 Interim Results

- Macro and retail environment continues to be difficult
- Logistics sustained growth momentum; Vendor Support Services (VSS) ahead of plan
- Successful divestment of Asia distribution business for US\$350 million
- Next Three-Year Plan (2017-2019) will focus on speed, innovation and digitalization of the supply chain

**Hong Kong, 25 August 2016** – 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 interim results for the six months ended 30 June 2016.

The Company reported first half 2016 results against the background of a tough economic and retail environment. However, during the first six months of the year the Company further strengthened its business foundation, grew new customer accounts and built a strong pipeline. Importantly, the Company remains on track to deliver on its Three-Year Plan strategic goals of building a long-term sustainable enterprise, simplifying the business and focusing on organic growth. The strategic divestment of the Asia consumer and healthcare distribution business, for US\$350 million, contributed to the effort of simplification and focus on the core businesses of trading and logistics. Further, the logistics business continued to deliver strong organic growth in core operating profit and VSS is ahead of plan to exceed 5% of core operating profit. These actions as well as efforts to increase productivity and efficiency have all worked together to enhance the business foundation and build a sustainable enterprise.

Performance in the first half of the year reflects the challenges of the retail and economic environment which resulted in a volume decrease. For the first half, total turnover decreased 6.4% to US\$8,071 million. Sustained efforts to improve operating efficiency and productivity through the use of technology resulted in an operating cost decrease of 2.8%. The difficult trading conditions impacted core operating profit which decreased 14.2% to US\$156 million. Profit attributable to shareholders was US\$72 million. Profit attributable to shareholders adjusted to exclude the write-back of acquisition payable and other non-cash M&A related items was US\$92 million, a decrease of 16.5% year-on-year. Basic earnings per share were 6.7 HK cents (equivalent to 0.87 US cents) and the Board of Directors declared an interim dividend of 11 HK cents per share (2015 interim: 13 HK cents).

Spencer Fung, Group Chief Executive Officer of Li & Fung, said “2016 is one of the toughest trading periods we have ever seen. Retailers are extremely challenged right now. They are grappling with the impact of e-commerce, a pervasive promotional environment and high levels of inventory. This translated to a lower order volume for our business during the first six months of the year.”

William Fung, Group Chairman of Li & Fung, added “The retail environment continues to be very weak. In the first half of 2016 we have seen disruption to production markets, an uncertain trade policy environment and historically low freight rates.”

“Despite the difficult trading conditions and external environment, we are focused on what we can control and are executing strategies to position Li & Fung for the long-term,” continued Spencer Fung. “We are gaining share of wallet with our existing customers. Our operating and business development efforts are gaining traction and our investment in high growth areas is yielding returns. We are winning new customers and there is a strong pipeline of new business. We have a solid foundation for our business, on which we will continue to build.”

Spencer Fung, concluded, “We are currently in the process of formulating our next Three-Year Plan for 2017-2019 which will be announced early next year. Speed, innovation and digitalization of the supply chain will be at the heart of the new plan. Despite challenges in the surrounding environment we are excited and optimistic about the next phase in our evolution. As a company we are looking forward to making a positive impact from the consumer to the factory worker in supply chains around the world.”

*For details of Li & Fung’s 2016 Interim Results, please refer to the announcement posted on the HKExnews website <http://www.hkexnews.hk/> and the Li & Fung website [www.lifung.com](http://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 250 offices across 40 economies.

For more information, please visit [www.lifung.com](http://www.lifung.com)

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