

LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)

PRESS RELEASE

Li & Fung reports robust core operating profit growth for first half 2008 due to strong market share gains

Li & Fung also announces acquisition of Van Zeeland Inc today

Hong Kong, 13 August 2008 – Hong Kong-based global consumer goods exporter Li & Fung Limited (“Li & Fung” or “the Group”, SEHK: 494) today announced strong interim results for 2008.

For the first six months ended 30 June 2008, the Group’s turnover was HK\$47,393 million (US\$6,076 million), 25% higher than the same period last year. The Group’s core operating profit increased by 30% to HK\$1,532 million, in line with our Three-Year Plan target. Profit attributable to shareholders reached HK\$1,238 million, an increase of 18% over the same period in 2007. Basic earnings per share were 36.0 HK cents, an increase of 17% compared to 30.8 HK cents for the same period in 2007. The strong growth in turnover and core operating profits reflects the Group’s success in growing market share despite weaker consumer sentiment.

The Board of Directors has proposed an interim dividend of 24 HK cents per share (2007 interim: 21 HK cents).

Mr William Fung, Group Managing Director of Li & Fung Limited, commented: “We are very pleased to report strong growth in the first half of this year. The macroeconomic conditions were challenging but we were successful in gaining market share during this period. At the same time, we have been very successful in further diversifying geographically with our share of European business growing from 23% to 30% in the first half. This strong growth is



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driven by our significant increase in business with the Arcandor Group and Tommy Hilfiger's European business.

Outsourcing Deals

Li & Fung also announced that so far this year it has executed more than five outsourcing deals with customers to take over their buying offices, including with Toys“R”Us, Sanrio, Timberland, Kellwood and others.

Mr Bruce Rockowitz, President of Li & Fung (Trading) Limited, said: “We are delighted to see the execution of a number of strategic outsourcing deals and six acquisitions so far this year despite weak macroeconomic conditions. Undoubtedly, these outsourcing deals, together with our acquisitions, will further solidify our market share in the respective business areas and will contribute positively to our bottomline in the years ahead. They will also add strong expertise and capabilities to our product design and development function in our hardgoods, softgoods as well as health, beauty and cosmetics businesses.”

Acquisitions

The Group has continued to pursue its two-pronged acquisition strategy to further its product offer and geographical diversification. With that, we have made five smaller, roll-up acquisitions so far this year and one large acquisition which we announce today.

The Group increased its presence in the better priced fashion label arena by acquiring the Silvereed Group in February 2008 and Wilson & Wong Trading Company Limited in July 2008. Both are based in Hong Kong and are “virtual manufacturers” with focus on design and product development of ladies



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fashion garments. These deals will add a new portfolio of fashion customers for us.

The Group also continued to strengthen its capabilities in the Health, Beauty and Cosmetics (“HBC”) sector by acquiring Imagine in January and RT Sourcing in July 2008. Imagine is one of the leading companies in Asia designing and developing point-of-sale displays for retailers and manufacturers globally. RT Sourcing is a sourcing and development company that specializes in primary packaging and components for beauty brands and full service beauty products for retailers. With the addition of these two companies, the Group has greatly enhanced its capability to provide products in the HBC sector to brands and retailers alike.

In April 2008, the Group continued to further our US onshore business by acquiring the trademark and assets relating to the T-Shirt licensed business of Giant Merchandising. The transaction helps to provide further category and brand expansion in our licensed products business.

Today Li & Fung announced that it has entered into an agreement to acquire all of the assets of Van Zeeland, Inc., a leading New York based importer of mid-tier and department store handbag brands including its flagship labels Kathy Van Zeeland Handbags, B. Makowsky and Tignanello. These brands are available in more than 1,300 retail locations including Macy’s and JC Penney. The purchase price was approximately US\$330 million (HK\$2,574 million) with additional incentives based on company performance. This acquisition will significantly strengthen the Group’s presence in the fashion accessories market and will establish Li & Fung as the leading handbag supplier in the US across all retail distribution channels. Kathy Van Zeeland and Bruce Makowsky will remain co-presidents of the Van Zeeland businesses.

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The Group is consolidating the back offices of these acquired companies for integration into the Group's under proper internal control and management systems.

Outlook

Mr William Fung said: "This is the first year of the Group's 2008-2010 Three-Year Plan. While our new Three-Year Plan started against the backdrop of uncertain global economic conditions, we are pleased to report that the Group has made satisfactory progress towards achieving the two main targets of the Plan i.e. turnover target of US\$20 billion and a core operating profit target of US\$1 billion by 2010. Our growth will continue to reflect the strong growth momentum driven by both organic business expansion and our acquisitions. We also expect the strong pipeline of outsourcing deals to continue to provide new sources of growth for the rest of the year."

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About Li & Fung Limited

Li & Fung Limited is the world's leading consumer goods supply chain management company, managing the supply chain for retailers and brands worldwide. Headquartered in Hong Kong, the Group services its customers globally through a sourcing network of over 80 offices in more than 40 economies. Corporate website: www.lifung.com

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