

# LI & FUNG LIMITED

*(Incorporated in Bermuda with limited liability)*

## PRESS RELEASE

### **Li & Fung's first foray into the health and beauty business through its acquisition of CGroup**

Hong Kong, 15 June 2007 – Hong Kong-based global consumer goods exporter Li & Fung Limited (“Li & Fung” or “the Company”, SEHK: 494) today announced that it has entered into an agreement to acquire the shares of CGroup, a Hong Kong based international health, beauty and cosmetics (“HBC”) supply chain company.

Mr. William Fung, Group Managing Director of Li & Fung Limited, said, “We have been on the lookout for opportunities that would provide a platform for a new source of long term growth and product diversification. This first foray into HBC business will be a great complement to our existing hardgoods and softgoods businesses and we see tremendous opportunities to leverage potential synergies with our existing customers. Our bond issuance in May has given us a war chest to capture opportunities like this.”

The purchase consideration is approximately US\$120 million, with two contingent amounts of up to a total of US\$80 million payable if certain profit targets are met. The consideration will be satisfied in cash and by the issue of new shares of the Company.

CGroup is one of the world's premier companies in the global HBC supply chain business. Through its Hong Kong head office, Hong Kong and China production offices and strong sales and marketing offices in New York and Paris, CGroup co-ordinates and manages the supply of HBC products to premier cosmetics brands and retailers globally.

The profit before and after tax and extraordinary items of CGroup for the year ended 31 December 2006 based on unaudited combined accounts after adjustment of non-recurring items were approximately HK\$90.6 million (US\$11.6 million) and HK\$73.3 million (US\$9.4 million) respectively. Sales for 2006 were approximately US\$120 million. The value of the net asset attributable to CGroup to be delivered at completion is approximately HK\$97.3 million (US\$12.5 million).



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Mr. Bruce Rockowitz, President of Li & Fung (Trading) Limited, said, "We are very excited about this opportunity as CGroup will provide a strategic platform for Li & Fung to develop a strong HBC business with our existing customers and new customers in the continually expanding health and beauty world. We are confident that this new health and beauty initiative will be one of the drivers for our next Three-Year Plan."

Yan and Guy d'Auriol, the principals of CGroup said, "From the inception of our business 20 years ago, we have experienced strong and continued growth. We are excited about joining the Li and Fung family and working in the Company to build a dominant HBC supply chain management business."

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## **About Li & Fung Limited**

Li & Fung Limited is the world's leading buying agency for consumer goods, 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 70 offices in more than 40 economies. Corporate website: [www.lifung.com](http://www.lifung.com)

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