

LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)

PRESS RELEASE

Li & Fung reports robust turnover and profit growth of 22% and 23% respectively for 2006

Strong growth momentum driven by organic business expansion and acquisitions continues into 2007

Hong Kong, 21 March 2007 -- Hong Kong-based global consumer goods exporter Li & Fung Limited ("Li & Fung" or "the Group"; SEHK: 494) today announced strong full-year results for 2006.

2006 is the second year of the Group's current Three-Year Plan 2005-2007. The Group has made good progress in line with the Plan's target of achieving a turnover of US\$10 billion by the end of 2007.

Group turnover was HK\$68,010 million (US\$8.7billion), 22% higher than 2005. Profit attributable to shareholders increased by 23% to HK\$2,202 million. Earnings per share were 67.1 HK cents, compared to 55.6 HK cents in 2005 (adjusted for effect of a Bonus Issue in May 2006).

The Board of Directors has proposed a final dividend of 39 HK cents per share (2005 final: 32.3 HK cents, adjusted for effect of a Bonus Issue in May 2006). Together with an interim dividend of 16 HK cents, total dividend per share for 2006 was 55 HK cents (2005: 45.5 HK cents, adjusted for effect of Bonus Issue).

Mr. William K. Fung, Group Managing Director of Li & Fung Limited, commented, "2006 was a year of solid growth for Li & Fung. The Group has continued to grow organically and gain market share in the markets in which it operates.

"The strong results also demonstrated that the Group has a very scalable business in which growth rates have not slowed down despite achieving a very high turnover. We see an increasing number of retailers worldwide recognizing the strategic value of partnering with Li & Fung to enable them to focus on their core competencies."



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The robust increase in turnover reflects Li & Fung's success in growing organically and through new acquisitions.

Mr. Bruce Rockowitz, President of Li & Fung (Trading) Limited, said, "The increase reflected expansion among the Group's existing and new customers, demand for more value-added services along the supply chain, particularly in design and product development services as well as our increasing involvement in replenishment orders. We are also benefiting from the growth and success of some of our key customers who have consolidated their buying and are outsourcing more to the Group."

The Group's core operating profit rose by 26% to HK\$2,344 million during 2006. The increase in profit was attributed to a continued gain in market share across various markets in which the Group operates.

In addition, the steady progress of the US onshore business strategy followed a restructure of the branded and wholesale business into one business unit that resulted in a more cohesive approach to the market and allowed the Group to leverage the resulting synergies.

New Acquisitions

Li & Fung has continued to pursue its two-pronged acquisition strategy which has yielded fruitful results. During 2006, the Group acquired smaller companies such as Homestead in the US to further enhance the existing product range within home textiles businesses. The Group also continued to pursue larger acquisitions including Oxford Womenswear Group and the Rosetti handbag business to further augment the onshore business in the US.

In the last quarter of 2006, the Group completed its acquisition of the sourcing arm of KarstadtQuelle in Germany. This acquisition will help to rebalance the Group's geographical mix of business and provide the Group with further access to production capabilities in the Eastern bloc and Italy.

In addition, the Group acquired the global sourcing operations of Tommy Hilfiger in the first quarter of 2007. The Acquisition will bring to the Group substantial additional sourcing volume and reinforce diversification into branded apparel in the Group's sourcing portfolio.



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Mr. Rockowitz added, "All in all, we see acquisitions as complementary to the Group's organic business growth as they broaden our sourcing power on a global scale, provide the means to expand the customer base and further enhance our geographical diversification. Integration of these newly acquired companies is well underway and they have already started to contribute to our bottom line."

The Group has funded these acquisitions through a combination of internal cash flow and funds raised through a share placement last year. The Company raised HK\$2,723 million through share placement in September 2006.

Outlook and Progress on Three-Year Plan 2005-2007

Mr. Fung said, "The Group is well on track to meet its US\$10 billion turnover target by the end of 2007. The Group made a good start to realizing the Plan's target in 2005, and 2006 proved to be another solid year. We expect the good momentum to continue with strong orders placed to date."

"Our consistently strong growth and the scale of our operations have provided us with increasing capabilities to provide even large concerns such as KarstadtQuelle and Tommy Hilfiger with outsourcing solutions. We expect this outsourcing business growth to continue and together with our organic business growth will help to further strengthen our leadership position in the market," Mr. Fung concluded.

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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

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