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LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 494)

ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF VISAGE GROUP LIMITED

DISCLOSEABLE TRANSACTION

The Directors announce that on 25 February 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement to acquire from the Sellers the entire issued share capital of Visage Group Limited for a total consideration of not exceeding £173 million (HK\$2,076 million).

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 25 February 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Sellers and the Guarantor to acquire from the Sellers the entire issued share capital of Visage Group Limited for a total consideration of not exceeding £173 million (HK\$2,076 million). The obligations of the Purchaser under the Agreement are guaranteed by the Guarantor, which is also a wholly-owned subsidiary of the Company. Completion of the Acquisition took place immediately after the signing of the Agreement.

To the best of knowledge, information and belief of the Directors of the Company, having made all reasonable enquiry, the Sellers and their ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company (as defined in the Listing Rules).

THE CONSIDERATION

The Consideration, financed from the Company's internal cash reserves, was determined after arm's length negotiation with the Sellers and based upon various factors including provision of a substantial platform and suitable infrastructure for the future development of the Group's apparel business in Europe.

The Consideration comprises the following:-

- (i) an upfront consideration of up to £55.5 million (HK\$666 million), which has been satisfied at Completion by the payment of £13 million (HK\$156 million) in cash and issue of loan notes in respect of the balance;
- (ii) an additional guaranteed consideration of £2 million (HK\$24 million), through the issue of loan notes at Completion, £1 million (HK\$12 million) of which are to be redeemed 1 year after Completion and £1 million (HK\$12 million) of which are to be redeemed 2 years after Completion;
- (iii) a contingent amount of up to £52.5 million (HK\$630 million) payable by way of issue of loan notes in three annual installments for each of the three years ending 31 December 2010-2012 if the EBT for each of these years meets the agreed threshold; and
- (iv) a further contingent amount of up to £63 million (HK\$756 million) payable by way of issue of loan notes in 2015 if the aggregate EBT for the years ending 31 December 2010 to 2014 meets an agreed threshold.

The consideration mentioned in items (i), (iii) and (iv) above is subject to downward adjustment if the EBT for the financial year ending 31 January 2010 is less than an agreed threshold provided that in any event, the Consideration will not exceed £173 million (HK\$2,076 million).

All of the loan notes are guaranteed by the Guarantor. The loan notes under items (i), (iii) and (iv) above shall have a term of three years from the date of issue and are redeemable after 6 months from the date of issue. Interest is payable by the Purchaser on the nominal amount of each note at an interest rate based on the prevailing Sterling denominated 6-month High Interest Deposit Bond (or similar 6-month term deposit) rate offered by HSBC Bank plc on the date of issue.

INFORMATION ON VISAGE GROUP

Visage Group is a leading private-label apparel supplier to leading high street and mass retailers in the UK. Visage Group has strong expertise and capabilities in design and product development in men's, ladies and childrenswear. Visage Group employs approximately 500 people in various countries with its head office in Manchester, UK and overseas branch offices in Hong Kong, Shanghai, Guangzhou, Dhaka and Delhi.

Pursuant to the Agreement, Visage Limited, an indirect wholly-owned subsidiary of Visage Group Limited, has entered into service or consultancy agreements with each of the Individual Sellers at Completion.

The profits before and after tax and extraordinary items of Visage Group for the year ended 31 January 2009 were approximately £19.4 million (HK\$233 million) and £14.0 million (HK\$168 million) respectively. The corresponding figures for the year ended 31 January 2008 were approximately £20.5 million (HK\$246 million) and £14.4 million (HK\$172 million) respectively.

The value of net assets of Visage Group as at 31 January 2009 was £22.9 million (HK\$274 million). The agreed net tangible asset position of Visage Group as at 31 January 2010 is not less than £1 ("Agreed NAV"). Any shortfall or surplus compared to the Agreed NAV will be adjusted against the Consideration, subject to the maximum cap on Consideration.

The above figures are based on the consolidated audited accounts of Visage Group Limited prepared in accordance with UK GAAP (after adjustments to conform with HKFRS and for non-recurring items).

REASONS FOR THE ACQUISITION

The Group including the Purchaser is the world's leading consumer goods supply chain management company, managing the supply chain for retailers and brands worldwide. The Directors, including the independent non-executive Directors, consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole. The Acquisition will enable the Group to add substantial scale to the existing operation and will support the objective of developing a significant European onshore presence.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:-

"Acquisition"	the acquisition of the entire issued share capital of Visage Group Limited under the Agreement
"Agreement"	the agreement dated 25 February 2010 between the Sellers, the Purchaser and the Guarantor relating to the Acquisition
"Board"	the board of Directors
"Company"	Li & Fung Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
"Completion"	completion of the Acquisition in accordance of the terms and conditions of the Agreement

“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	a total sum up to £173 million (HK\$2,076 million) payable partly in cash and partly in the form of loan notes
“Directors”	the directors of the Company
“EBT”	profits before tax audited in accordance with (or to the extent consistent with) the Relevant Accounting Standards
“Group”	the Company and its subsidiaries
“Guarantor”	Li & Fung (Trading) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“HKFRS”	Hong Kong Financial Reporting Standards
“Individual Sellers”	individuals who are identified in (4), (5), (6) in the definition of "Sellers"
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Relevant Accounting Standards”	any applicable Statement of Standard Accounting Practice, Financial Reporting Standard, Urgent Issues Task Force Abstract or Statement of Recommended Practice issued by the UK Accounting Standards Board
“Purchaser”	Centennial (Luxembourg) S.a.r.l., a company incorporated under the laws of Luxembourg and a wholly-owned subsidiary of the Company
“Sellers”	<p>(1) BOSIF Investments Limited, a company incorporated in UK whose principal activity is investment holding;</p> <p>(2) Jeremy Hacking Scholes;</p> <p>(3) Jeremy Hacking Scholes and Susan Scholes (as trustees of the Scholes Family Trust 2010);</p> <p>(4) Anita Mehan;</p> <p>(5) Raj Kumar Sehgal; and</p> <p>(6) Sanjeev Mehan</p>
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UK”	the United Kingdom

“UK GAAP”	UK generally accepted accounting principles
“Visage Group”	Visage Group Limited, a company incorporated in England, and its subsidiaries

BOARD OF DIRECTORS

As at the date hereof, the Board comprises the following:-

Non-Executive Directors:-

Victor Fung Kwok King (*Chairman*)
 Paul Edward Selway-Swift*
 Allan Wong Chi Yun*
 Franklin Warren McFarlan*
 Makoto Yasuda*
 Martin Tang Yue Nien*

Executive Directors:-

William Fung Kwok Lun (*Managing Director*)
 Bruce Philip Rockowitz
 Annabella Leung Wai Ping
 Spencer Theodore Fung

* *Independent Non-executive Directors*

Unless otherwise stated, all references in this Announcement to HK\$ stated in brackets are for illustration only and are referenced to Hong Kong Dollars based on an approximate exchange rate of £1 = HK\$12. No representation is made that any amount in £ had been or could be converted at the above rate or at any other rate or at all.

By Order of the Board
Victor FUNG Kwok King
Chairman




Member of the Li & Fung Group

Hong Kong, 25 February 2010

Websites: www.lifung.com
www.irasia.com/listco/hk/lifung