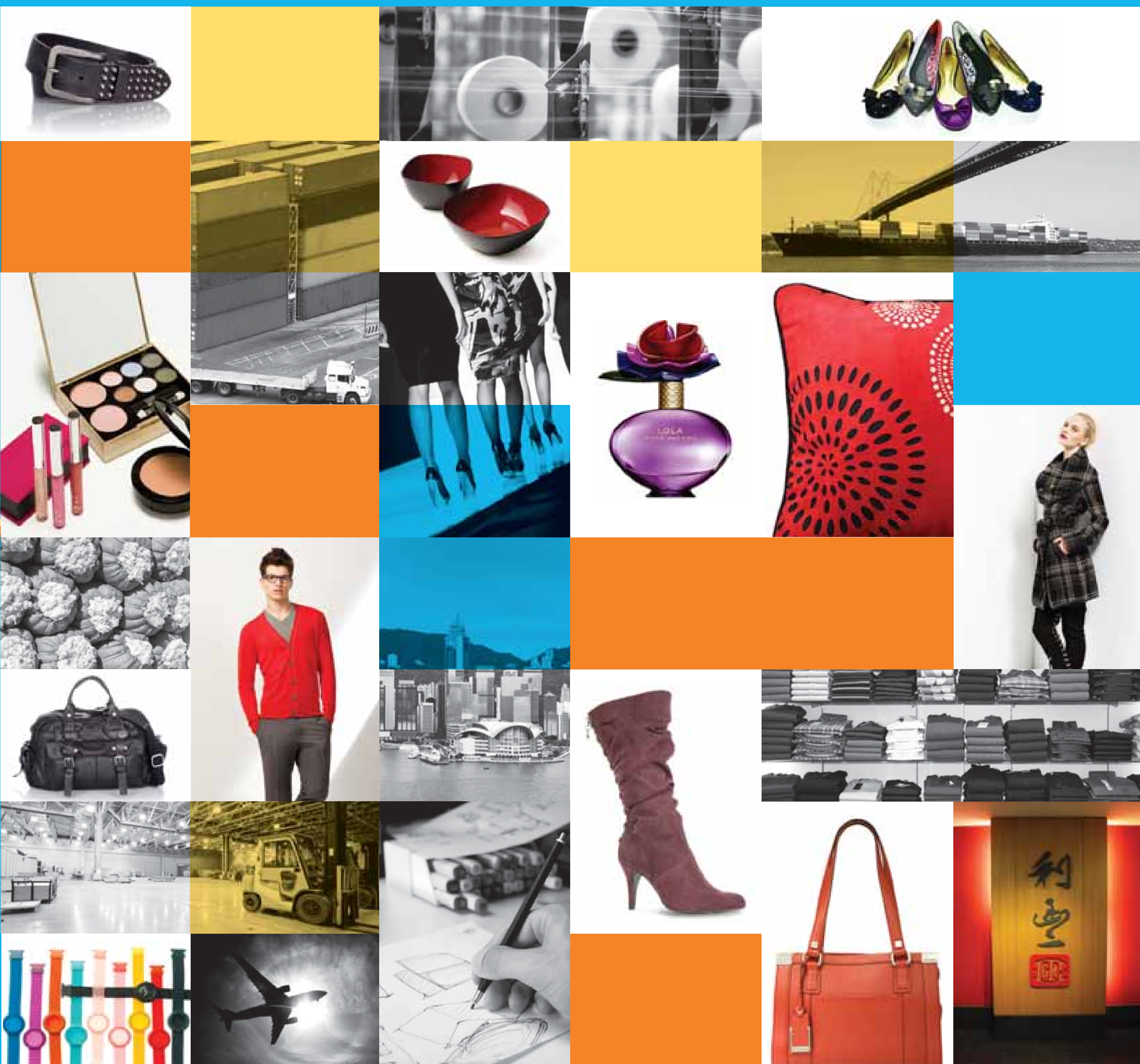
LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 494

中期業績報告
INTERIM REPORT 2011



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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS
Victor FUNG Kwok King, *Chairman*
Paul Edward SELWAY-SWIFT*
Allan WONG Chi Yun*
Franklin Warren McFARLAN*
Martin TANG Yue Nien*
Benedict CHANG Yew Teck

**Independent Non-executive Directors*

GROUP CHIEF COMPLIANCE OFFICER
James SIU Kai Lau

COMPANY SECRETARY
Terry WAN Mei Chow

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HONG KONG OFFICE
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EXECUTIVE DIRECTORS
William FUNG Kwok Lun, *Deputy Chairman*
Bruce Philip ROCKOWITZ, *Group President & Chief Executive Officer*
Spencer Theodore FUNG

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.
JPMorgan Chase Bank, N.A.
Standard Chartered Bank (Hong Kong) Limited

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building, Central
Hong Kong

HIGHLIGHTS

HALF YEAR RESULTS TO 30 JUNE 2011

(US$ million)	**2011**	2010 (Restated)	**Change**
Turnover	**8,798**	6,640	**+33%**
Core Operating Profit	**282**	338	**-16%**
As % of Turnover	**3.21%**	5.09%	
Profit attributable to shareholders of the Company	**236**	278	**-15%**
Earnings per Share – Basic	**2.92 US cents**	3.69 US cents*	**-21%**
Dividend per Share	**19 HK cents**	19 HK cents*	**–**

- Core operating profit down by 16% due to higher operating costs arising from recent acquisitions and investing in the new Three-Year Plan
- Strong turnover increase of 33%
- While total margin increased by 40%, they were negatively impacted primarily by LF USA
- Cash flow remains strong
- We are in the process of major offshoring and streamlining of certain areas of the Group to reduce operating costs

* *Adjusted for the effect of Share Subdivision in May 2011*

CHAIRMAN'S STATEMENT

Li & Fung has experienced an extraordinary period of transformation over the past year. The Group was reorganized into three interconnected global Networks of Trading, Logistics and Distribution, and nine president positions were built into its leadership structure. With about 27,000 employees and 240 offices and distribution centers spread across more than 40 economies, plus access to a network of 15,000 suppliers, Li & Fung is well placed to capitalize on the emerging opportunities – and realities – of the global marketplace.

The Group continues to operate in a world of macroeconomic uncertainty, headlined by the European debt crisis, fears of a double-dip recession in the US, housing and unemployment issues in advanced economies, and high prices. It is in such an environment that Li & Fung will carefully but confidently seek to consolidate its leadership position as we enter the second half of 2011.

PERFORMANCE

In the first half of the year, Group turnover increased by 33% to US$8,798 million. Profit attributable to shareholders was US$236 million, a decrease of 15% compared to the same period last year (US$278 million for 2010). Earnings per share were 2.92 US cents compared with 3.69 US cents for 2010.

The Board of Directors has resolved to declare an interim dividend of 19 HK cents per share (2010 interim: 19 HK cents, adjusted for the effect of Share Subdivision in May 2011).

MARKET & BUSINESS

The ability to foresee changing trends and market conditions and adapt accordingly continues to benefit Li & Fung's development during this time. One example is our continuous diversification of source markets to find high-quality, low-cost solutions for customers.

Production from other markets, particularly in South and Southeast Asia, has increased as the cost of manufacturing in Chinese coastal areas continues to swell. The current network also reflects how certain aspects of the supply chain are moving toward lower-cost inland areas of the mainland. However, China remains a key sourcing country for Li & Fung; in fact, production from the mainland grew 30% in the first half of 2011.

Around the world, our supplier network and business model remain solid. With access to over 15,000 manufacturers, we are very confident in our ability to meet customer demand efficiently with strong emphasis on quality and reliability.

Another example that underpinned growth is our acquisition strategy that allowed us to gain market share in a difficult operating environment and to enter new niche markets.

Over the years we have employed a two-pronged strategy of acquisitions and organic growth to expand the business, and we will maintain this approach moving forward. As always, potential acquisitions will be meticulously analyzed across a number of criteria, most importantly their strategic fit, to ensure Li & Fung's growth as the industry leader.

The expansion of the Logistics business, which operates at the nexus of Trading and Distribution, should become another growth engine for Li & Fung. The acquisition of IDS in 2010 will provide increasing revenue to the Group and facilitate our growth in mainland China.

As Li & Fung's business continues to grow, sustainability remains a pillar of our corporate culture. The Group will continue to improve the sustainability of our operations and supply chain, through our own actions as well as in partnership with our suppliers, customers and other organizations.

PROSPECTS

This year marks the beginning of Li & Fung's Three-Year Plan 2011-2013, which outlines a strategic path that will help us reach our goal of US$1.5 billion in core operating profit at the end of 2013. This is an ambitious target, but one that we feel is achievable based on the strengths of our networks, our leadership position and the restructuring of our business lines to emphasize the three key areas of Trading, Logistics and Distribution.

We also have every confidence in our newly reorganized leadership, which comprises some of the most able and effective business managers in the industry today. It has been noted that I will be stepping down as Chairman of Li & Fung Limited, a position that will pass to Dr. William Fung, our Executive Deputy Chairman, at our next Annual General Meeting. William oversaw a period of great growth and expansion together with Bruce Rockowitz, who has been named the Group's new President and CEO. I am sure they will be instrumental in helping us achieve the goals set out in our Three-Year Plan 2011-2013 and forging an even more promising future for Li & Fung.

Victor FUNG Kwok King
Chairman

Hong Kong, 11 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

The Group's turnover in the first six months of 2011 increased by 33% to US$8,798 million (approximately HK$69 billion), reflecting the continuing expansion of its market share through both organic growth and acquisitions.

- Core operating profit down by 16%; core operating profit margin decreased from 5.1% to 3.2%
- Total margin increased by 40%, increasing as a percentage of turnover from 13.5% to 14.3%
- Profit attributable to shareholders reached US$236 million, representing a decrease of 15% compared to 2010

Core operating profit was down due to higher operating expenses arising from recent acquisitions and investing in the Group's new Three-Year Plan.

While total margin increased by 40%, they were negatively impacted primarily by LF USA.

Meanwhile, the Group is rationalizing operations and reducing costs, the benefits of which will keep us on track for the year and to meet our targets of this Three-Year Plan by 2013.

Furthermore, the integration of the Group's three business Networks is progressing well and the Group is realizing encouraging results from cross-selling opportunities.

SEGMENTAL ANALYSIS

With the new Three-Year Plan 2011-2013 and new organizational structure, we are also disclosing segmental information based on the three Networks: Trading, Logistics and Distribution.

The **Trading Network** represented 70% of total turnover, up 18% from the same period last year, reflecting strong organic growth from existing customers. Largely due to increased operating costs, core operating profit grew only 4%.

The **Logistics Network** accounted for 2% of total turnover. As the logistics business is a newly acquired business, there is no direct year-on-year comparison regarding growth of turnover and core operating profit.

The **Distribution Network** represented 28% of total turnover, and it grew 85% compared to the same period last year. The growth was mainly due to contributions from acquisitions including Jimlar Corporation, Oxford Apparel and IDS. Core operating profit declined by 48% from last year, reflecting higher operating costs.

In the first half of 2011, softgoods and hardgoods accounted for 64% and 34% of turnover respectively. Logistics represented approximately 2%, which is attributed to the logistics business that we took over from IDS. **Softgoods** turnover grew 16%, which was largely due to the organic growth of some existing customers, together with contributions from acquisitions such as Oxford Apparel, Loyaltex Apparel, HTP Group and Just Jamie & Paulrich.

Turnover from the **hardgoods** business increased by 66%, attributed mainly to acquisitions like IDS, Jimlar Corporation and Jackel Group.

Geographically, while the **US** continued to be the Group's key export market, representing 58% of total turnover during the period under review, the share came down from 67% of first half of 2010. The change was caused by increased share from other markets, in particular China and rest of Asia, as a result of the acquisition of IDS. Turnover increased by 15%, reflecting growth in both trading and distribution businesses.

Europe accounted for 22% of turnover, compared to 25% in 2010. The overall drop in percentage of total turnover was attributed to the increase in share from the China market after the acquisition of IDS. Turnover increased by 15%, which was caused by the continued progress made in the European distribution business and contributions from acquisitions like Jimlar Europe as well as the logistics business in UK.

China accounted for 6.0% of turnover, compared to 0.6% same period last year. **Rest of Asia** including Japan also accounted for 6.8% of turnover, compared to 0.6% same period last year. Turnover increased by 1,184% for China and 1,430% for rest of Asia including Japan. Both were caused by the flow of business in LF Asia and LF Logistics as a result of the acquisition of IDS at the end of last year. Japan itself represented 0.3% of total turnover in first half of the year.

Turnover in **Canada, Central & Latin America**, and **Australasia** accounted for 4%, 1% and 2% of the Group's total turnover respectively, representing increases of 78%, 42% and 8% over those geographies' previous turnover. **South Africa & Middle East** represented less than 1% of Group's turnover, an increase of 16% in turnover from first half last year.

ACQUISITIONS

During the first half of 2011, the Group signed ten deals which included seven acquisitions for the Group's Trading Network and three acquisitions for its Distribution Network. Turnover and profit before tax of the ten newly acquired companies were approximately US$800 million and US$100 million respectively for last year.

TRADING NETWORK

The new additions to Li & Fung's Trading Network include the acquisitions of Modium, Stone Sapphire/Gemstone Printing, Celissa, Techno Source, Loyaltex Apparel, Collection 2000 and Exim Designs.

Modium was acquired in January and is a virtual manufacturer of ladies' and men's woven apparel based in Istanbul, Turkey. Key competencies are its strong product development skills and short leadtimes.

Celissa was acquired in March and is a trading company based in Istanbul, Turkey, supplying wovens and knits to customers in Europe. Key competencies are short leadtimes and access to key customers.

In March, Li & Fung also acquired Techno Source USA, Inc., one of the fastest-growing toy companies and a toy innovator with a track record of successfully introducing electronic and non-electronic games. This acquisition provides a platform for Li & Fung to continue to build and expand its toy business globally.

In the same month, Li & Fung acquired Stone Sapphire, a company specializing in the supply of printed paper products and technical packaging. The acquisition provides Li & Fung with a platform to source specialty paper products and complex packaging solutions for our customers, and it further complements our expertise in the "Stationery and Supplies" category.

In May, Li & Fung acquired Loyaltex Apparel Ltd. Loyaltex is a sourcing and development company specialized in knits, woven/denim and sweater. This acquisition will add a new portfolio of customers including Aeropostale, which sells casual clothing to 14-to-17-year-olds through over 900 stores in the United States, Canada and Puerto Rico; Sanmar, a major supplier of apparel to screen printers, embroiderers and promotional product distributors; and Alfred Dunner, the leading manufacturer of moderately priced ladies coordinated sportswear in the United States and Canada. This will further strengthen the Group's capabilities in global sourcing, as well as create significant synergies with its existing business.

During the same month, Li & Fung acquired Collection 2000. It specializes in fashion color cosmetics products for the beauty industry in the UK, with a range of products available in the majority of the country's leading mass color cosmetics retailers. This acquisition is expected to further category and customer base expansion in Li & Fung's Health, Beauty, and Cosmetics (HBC) business in the UK.

In June, Li & Fung acquired Exim Designs Co., Ltd., a Thai-based furniture trading company that specializes in ready-to-assemble, flat-pack furniture. This acquisition will help strengthen Li & Fung's capabilities in the furniture business with mass-market and traditional furniture retailers and the Group expects additional synergies to be created with its existing customers in this product category.

DISTRIBUTION NETWORK

In addition, the Group has acquired Beyond Productions, TVMania and Hampshire Designers for its Distribution Network.

In January, Li & Fung acquired Beyond Productions, LLC, a leading designer and licensor of women's fashion apparel and accessories. The deal broadens the Group's range of offerings for the retail channel and further strengthens its position as an innovative, design-driven company.

In May, Li & Fung acquired TVMania, the leading Pan-European supplier of character licensed and branded merchandize with the most comprehensive set of licenses across Europe. Its portfolio of character licenses include Hello Kitty, Mickey Mouse, Cars, Batman, Ben 10, Bakugan, Star Wars, Barbie, Pokémon, Bob the Builder, Sponge Bob, Spiderman Movies, Smurf, Dora the Explorer as well as the surf brand Gotcha. Major licensors include Sanrio, Disney, Marvel, MTV/Nickelodeon, Hit, Cartoon Network, Lucas Films and Mattel. The company's main product categories are casual, nightwear and underwear. This acquisition will help to further expand the Group's licensed apparel business alongside its private label apparel business across Europe. The acquisition of TVMania underlines the Group's strategy of creating synergies between its US and European distribution businesses. Together with Kids Headquarters, a US deal which was acquired in 2009, this acquisition will allow the Group to become the largest global player in licensed apparel trading, and hence a stronger and even more valuable partner to licensors and retailers.

In May, Li & Fung acquired Hampshire Designers, Inc., the women's division of Hampshire Group Limited in the US. The acquisition includes Designers Originals, Mercer Street Studio and Hampshire Studio, and it is expected to further expand the Group's women's knitwear and woven product offerings and capabilities.

The above acquisitions will further expand our customer base and strengthen our product offerings, creating growth potential across our Networks.

The focus on both acquisitions and organic growth has demonstrated the resilience of Li and Fung's model throughout the years. The Group has relied on sustained organic growth in the business over the last 20 years and has complemented that with an acquisition strategy which could be especially relevant during times of uncertain economic conditions when excellent deals are available at attractive prices.

The Group will continue to pursue acquisitions to complement our organic business growth during this new Three-Year Plan 2011-2013.

DISPOSAL OF PROPERTIES AND MEDICAL EQUIPMENT BUSINESSES (CONNECTED TRANSACTIONS)

In June, the Group announced the disposal of IDS Group's medical equipment businesses to Li & Fung Distribution Limited, a wholly owned subsidiary of Li & Fung (1937) Limited, which is a substantial shareholder of the Group. The reason for disposal was that the medical equipment businesses, which involved the distribution of durable medical equipment and required provision of long-term maintenance services, were not consistent with the Group's overall on-shore distribution business strategy. This disposal generated a gain of approximately US$47 million for the Group.

At the same time, the Group also announced the sale of two properties in Turkey and Taiwan as well as a property company in China, and a lease back of the property in Turkey. The Group believes the disposal and leaseback allow the Group to achieve its asset light strategy while obtaining a long lease for the Group's use. The disposal resulted in a gain of approximately US$14 million.

THE NEW THREE-YEAR PLAN 2011-2013

This is the first year of the current Three Year-Plan. The targets of this new Three-Year Plan 2011-2013 are to achieve core operating profit of US$1.5 billion by 2013, with Trading, Logistics and Distribution expected to contribute US$0.7 billion, US$0.1 billion and US$0.7 billion respectively.

We have grown from one global network to three – Trading, Logistics and Distribution – but the whole is much greater than the sum of its parts. While the Three-Year Plan targets are once again ambitious, we are confident about achieving them because the Group now covers the entire supply chain end to end and is well positioned to grow across these three distinct yet interconnected Networks.

Li & Fung will also continue to monitor market conditions to ensure the continuing strength of its franchise, and to meet its responsibilities to all its stakeholders, including customers, employees, vendors and shareholders.

Li & Fung has maintained strong credit ratings from Moody's and Standard & Poor's, at A3 (stable) and A– (stable) respectively. The Group continues to enjoy healthy cash flow and has strong credit ratios. For details, please refer to the following "Financial Position and Liquidity" section.

PEOPLE

The Group aims to attract, develop and promote the best talent. The strategy is to offer innovative, practical opportunities to learn allowing each employee develop the right capabilities that support the mission and goals of the Company.

As of 30 June 2011, the Group had a total workforce of 27,542, of whom 4,506 were based in Hong Kong and 23,036 were located overseas. With the increase in size, ensuring that our people – regardless of where they are located – have the resources they need to learn and grow is critical. Besides formal classroom learning, the Group enables merchandising e-learning across the enterprise through our internally developed knowledge platform inaugurated in February this year. This e-learning platform includes a spectrum of core and discretionary online courses that are specific to job-role learning. It also contains a deep mine of searchable knowledge related to sourcing, business trends and management practices that employees can access at their fingertips. In the last six months, over 3,000 employees have participated in these learning activities.

Other than core functional skills, the Group continues to invest in building leading capabilities. The Leadership Development Program is running for its second year in conjunction with the MIT Sloan School of Management and The University of Hong Kong. A group of 53 senior executives participated in the two learning weeks in March and June respectively. The Group is planning on the next-level Leadership Program to be launched in the second half of the year.

In 2010, Li & Fung also launched our corporate Program for Management Development (PMD) focusing on attracting and developing talent for future business leadership positions. A total of 43 Management Associates will graduate from this Program in the second half of 2011.

The investments we make in learning help our people for the future. When we invest in our people, we are creating a sustainable competitive advantage.

Total manpower costs for the Group for the six months ending 30 June 2011 were US$556 million, compared with US$320 million for the same period in 2010.

CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCIES

In prior years, the Company regarded HK dollars as its functional currency. However, as a result of the Group's continuous acquisitions in recent years, the Company and most of its major operating subsidiaries' business transactions in terms of operating, investing and financing activities have increasingly placed greater reliance on US dollars. As such, effective from 1 January 2011, the Company and certain of its subsidiaries have changed their functional currency from Hong Kong dollars to US dollars. US dollars have also been adopted as the presentation currency of the Group's interim financial report. The Group's businesses as well as interests of its stakeholders are becoming more globalized and the change in presentation currency to US dollars will result in a more appropriate presentation of the Group's financial position and performance. The comparative figures in this interim report are translated accordingly. The changes in functional and presentation currencies have no significant impact on the financial positions of the Group as at 31 December 2010 and 30 June 2011, or the results and cash flows of the Group for periods ended 30 June 2010 and 2011.

FINANCIAL POSITION AND LIQUIDITY

The Group continued to be in a strong financial position for the period under review with cash and cash equivalents amounting to US$573 million as of the end of June 2011.

Normal trading operations were well supported by more than US$2 billion in bank trading facilities. In addition, the Group had available bank loans and overdraft facilities of US$1,108 million, out of which US$496 million were committed facilities. As of 30 June 2011, only US$340 million of the Group's bank loan and overdraft facilities was drawn down, out of which utilization of committed facilities was US$145 million.

At balance sheet date, the Group's gearing ratio was 22%, calculated as net debt divided by total capital. Net debt of US$1,022 million was calculated as total borrowings (i.e. the aggregate of long-term bonds and bank loans of US$1,595 million) less cash and cash equivalents of US$573 million. Total capital was calculated as total equity of US$3,697 million plus net debt. The current ratio was 1.1, based on current assets of US$4,040 million and current liabilities of US$3,610 million.

CREDIT RISK MANAGEMENT

Credit risk mainly arises from trade and other receivables.

The Group has stringent policies in place to manage its credit risk with trade and other receivables, which include but are not limited to the measures set out below:

(i) A significant portion of business is secured by back-to-back payment arrangement with vendor or covered by letters of credit, customers' standby letters of credit, bank guarantees or credit insurance;
(ii) Certain trade receivable balances on open account term are factored to external financial institutions without recourse;
(iii) The Group's credit control team makes an ongoing assessment of each counter party and determines the credit limits based on, among other factors, their trading and settlement history as well as their respective financial background.

FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's cash balances were deposits in HK$ and US$ with major global financial institutions, and most of the Group's assets, liabilities, revenues and payments were held in either HK$ or US$. Therefore, we consider that the risk exposure to foreign exchange rate fluctuations is minimal.

Foreign exchange risks arising from sales and purchases transacted in different currencies are managed by the Group treasury through the use of foreign exchange forward contracts. Pursuant to the Group policy in place, foreign exchange forward contracts, or any other financial derivatives, are entered into by the Group for hedging purposes. The Group has not entered into any financial derivatives for speculation.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As of the date of this interim report, the Group has disputes with Hong Kong Inland Revenue ("HKIR") involving additional tax assessments amounting to approximately US$247 million on both the non-taxable claim of certain non-Hong Kong sourced income ("Offshore Claim") and the deduction claim of marketing expenses ("Deduction Claim") for the years of assessment from 1992/1993 to 2009/2010.

The Commissioner of the HKIR issued a determination on 14 June 2004 to one of our subsidiaries, Li & Fung (Trading) Limited ("LFT"), confirming additional tax assessments totaling US$43 million relating to the years of assessment from 1992/93 to 2001/02. Under further legal advice from the Group's counsel, the directors believed that the Group had meritorious defense to appeal against the Commissioner's determination. Accordingly, LFT served a notice of appeal to the Board of Review on 13 July 2004. The appeal was heard before the Board of Review in January 2006.

The Board of Review issued its decision on 12 June 2009 ("the Board of Review Decision") and held partially in favour of LFT. It agreed that the Offshore Claim for the years of assessment from 1992/93 to 2001/02 is valid. In other words, the relevant assessments in respect of such Offshore Claim shall be annulled. On the other hand, the Board of Review disagreed with the Deduction Claim for the years of assessment from 1992/93 to 2001/02. Therefore, the relevant assessments in respect of such Deduction Claim should be confirmed.

The Group considered the reasoning of the Board of Review Decision and, having obtained professional advice, decided to lodge an appeal against the Board of Review Decision in respect of the Deduction Claim. An application requiring the Board of Review to state a case on questions of law for the opinion of the High Court was made by LFT on 10 July 2009.

On the other hand, the HKIR also lodged an appeal against the Board of Review Decision in respect of the Offshore Claim. An application requiring the Board of Review to state a case on questions of law for the opinion of the High Court was made by the HKIR on 10 July 2009.

On 19 March 2010, the Board of Review stated a case on questions of law in respect of both LFT's appeal in respect of the Deduction Claim, and the HKIR's appeal in respect of the Offshore Claim. On 1 April 2010, both LFT and the HKIR transmitted the stated case to the High Court for determination. On 15 July 2010, the HKIR applied to the High Court to remit the stated case to the Board of Review for amendment so as to include certain evidence and additional questions of law in the stated case. On 11 February 2011, the HKIR amended its application to remit the case stated to the Board of Review to include a further request that further findings of fact be made by the Board of Review and be set out in the case stated.

The HKIR's application to amend the stated case was heard by the Court on 17 February 2011. The Court did not allow the Commissioner's application to remit the case stated to the Board in respect of the Offshore Claim. The Court also disallowed the Commissioner's application to set out the requested evidence and pose the requested additional questions of law on the Offshore Claim in the case stated. Nevertheless, the Court directed the parties to try to agree some neutral facts in respect of the Offshore Claim on which the Court can rely in determining the appeal. As regards the requested additional questions of law on the Deduction Claim, the Court directed the parties to try to agree on the reformulation of those questions, and on directions for the case stated to be remitted to the Board for amendment.

As LFT and the HKIR were not able to reach agreement on all the facts propounded by the HKIR in respect of the Offshore Claim, the Court fixed another hearing on 28 March 2011 to give further directions. At that hearing, the Court dismissed the HKIR's application to remit the stated case to the Board of Review in respect of the Offshore Claim.

Accordingly, the appeal by the HKIR in respect of the Board of Review Decision on the Offshore Claim was heard before the Court of First Instance on 6 April 2011 as scheduled.

On 18 April 2011, the Court of First Instance delivered its judgment. It upheld the Board of Review Decision in respect of the Offshore Claim and dismissed the HKIR's appeal. LFT was also awarded costs of the appeal. On 16 May 2011, the HKIR has lodged an appeal against the judgment of the Court of First Instance to the Court of Appeal, which appeal is fixed to be heard on 14 and 15 February 2012 before the Court of Appeal.

As regards LFT's appeal on the Deduction Claim, upon the consent of the parties, the Court of First Instance has remitted the case stated to the Board of Review and directed it to make further findings of fact and to determine certain issues. As of the date of this interim report, further directions/decisions from the Board of Review are awaited.

The Group has also filed objections with the HKIR against the remaining additional tax assessments of US$204 million. The case before the Board of Review and now the Court of Appeal only applies to the additional tax assessments in respect of LFT for the years of assessment from 1992/93 to 2001/02. The Group's dispute with the HKIR regarding the remaining additional tax assessments in respect of certain other subsidiaries for the years of assessment from 1992/93 to 2001/02, and in respect of the Group for the period after the 2001/02 assessment years, is ongoing and has not yet been determined. It is therefore not yet before the Board of Review, and no hearing is currently scheduled.

Based on the assessment of the Group's legal counsel on the merits of LFT's further appeal in respect of the Deduction Claim and the HKIR's further appeal in respect of the Offshore Claim, and having taken into account the impact and ramification that the Board of Review Decision has on the tax affairs of LFT, the directors consider that no material tax liabilities will finally crystallize and sufficient tax provision has been made in the accounts in this regard.

On 11 June 2010, the Group also applied for a judicial review of the HKIR Commissioner's decision rejecting LFT's application for an unconditional holdover of tax for the year of assessment 2008/09 pending the determination of the objection lodged with the HKIR. The Group has purchased tax reserve certificates in respect of LFT for the year of assessment 2008/09 as directed by the Commissioner of the HKIR pending the decision of the judicial review application. As of the date of this interim report, the hearing date for the judicial review application is yet to be fixed.

Other than the above, there are no material capital commitments, contingent liabilities or off-balance sheet obligations.

CORPORATE GOVERNANCE

The Board of Directors and management are committed to principles of good corporate governance consistent with prudent management and enhancement of **shareholder value**. These principles emphasize transparency, accountability and independence.

Corporate governance practices adopted by the Company during the six-month period to 30 June 2011 are in line with those practices set out in the Company's 2010 Annual Report and on the Company's corporate website (*www.lifung.com*).

THE BOARD

The Board is currently composed of the Group Non-Executive Chairman, Executive Deputy Chairman, Group President and Chief Executive Officer, one Executive Director, four Independent Non-executive Directors and one Non-executive Director.

The role of the Group Chairman is separate from that of Executive Deputy Chairman, Group President and Chief Executive Officer. This is to enhance their respective independence, accountability and responsibility.

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board held **eight** meetings to date in 2011 (with an **average attendance rate of 92%**).

BOARD COMMITTEES

The Board has established the following committees (all chaired by Independent Non-executive Director or Non-executive Director) with defined terms of reference (available to shareholders upon request), which are on no less exacting terms than those set out in the Code on Corporate Governance Practices of the Listing Rules:

- Nomination Committee
- Audit Committee
- Risk Management and Sustainability Committee
- Compensation Committee

NOMINATION COMMITTEE

The Nomination Committee was established to make recommendations to the Board on the appointment of Directors, evaluation of board composition, assessment of the independence of Independent Non-executive Directors and the management of board succession. To further reinforce independence, the Committee was restructured to be chaired by an Independent Non-executive Director.

The Committee met **twice** to date in 2011 (with a **100% attendance rate**) to review the board composition, the retirement of directors by rotation, the re-appointment of retiring directors at 2011 Annual General Meeting and the nomination of directors to fill board vacancies in 2011, and to assess the independence of Independent Non-executive Directors. Its current members include:

Mr Paul Edward SELWAY-SWIFT* (appointed as Committee Chairman on 11 August 2011)
Dr Victor FUNG Kwok King (retired as Committee Chairman on 11 August 2011 and remains as Committee member)
Professor Franklin Warren McFARLAN* (appointed on 18 May 2011)
Mr Makoto YASUDA* (retired on 18 May 2011)

AUDIT COMMITTEE

The Audit Committee was established to review the Group's financial reporting, internal controls and corporate governance issues and make relevant recommendations to the Board. All Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee met **three times** to date in 2011 (with a **100% attendance rate**) to review with management and the Company's internal and external auditors, the Group's significant internal controls and financial matters as set out in the Committee's written terms of reference and make relevant recommendations to the Board.

The Committee's review covers the audit plans and findings of internal and external auditors, external auditor's independence and performance, provision of non-audit services by our external auditor, the Group's accounting principles and practices, goodwill assessment, listing rules and statutory compliance, connected transactions, internal controls, risk management, treasury, financial reporting matters (including the interim financial report for the six months ended 30 June 2011 for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. Its current members include:

Mr Paul Edward SELWAY-SWIFT* – *Committee Chairman*
Mr Allan WONG Chi Yun*
Professor Franklin Warren McFARLAN*
Mr Makoto YASUDA* (retired on 18 May 2011)
Mr Martin TANG Yue Nien*

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

The Risk Management Committee was re-named as the Risk Management and Sustainability Committee on 24 March 2011. It was established to make recommendations to the Board on the Group's risk management and internal control systems, and the Company's policies, practices and strategies on corporate responsibility and sustainability. The Committee reports to the Board in conjunction with the Audit Committee.

The Risk Management and Sustainability Committee met **three times** to date in 2011 (with an **average attendance rate of 85%**) to review risk management procedures pertinent to the Group's significant investments and operations. The scope of review covers receivables management, credit risk management, inventory management, goodwill assessment, tax compliance issues, litigation exposures, acquisitions and integration, contingency plans, other operational and financial risk management as well as corporate responsibility and sustainability. Its current members include:

Dr Victor FUNG Kwok King – *Committee Chairman*
Dr William FUNG Kwok Lun
Mr Bruce Philip ROCKOWITZ
Mr Martin TANG Yue Nien* (appointed on 24 March 2011)
Mr James SIU Kai Lau (Group Chief Compliance Officer)

COMPENSATION COMMITTEE

The Compensation Committee was established to approve the remuneration policy for all Directors and senior executives, and the granting and allocation of share options to employees under the Company's Share Option Scheme. It annually reviews the Group's remuneration policy. Details of the Company's remuneration policy for Executive Directors, Senior Management and Non-executive Directors are set out in the Corporate Governance Section on the Company's corporate website (*www.lifung.com*).

The Committee met **twice** to date in 2011 (with a **100% attendance rate**) to review and approve all Executive Directors' remuneration packages and the granting of share options under the current Three-Year Plan (2011-2013). Its current members include:

Mr Allan WONG Chi Yun* – *Committee Chairman*
Dr Victor FUNG Kwok King
Professor Franklin Warren McFARLAN*
Mr Martin TANG Yue Nien*

* *Independent Non-executive Director*

INTERNAL CONTROL AND RISK MANAGEMENT

The interim financial information is reviewed by the external auditor and an unmodified review report on the interim financial information has been issued.

The Board is responsible for maintaining a sound and an effective system of internal controls in Li & Fung and for reviewing its effectiveness. Such system is designed to manage the risk of failure to achieve corporate objectives. It aims to provide reasonable but not absolute assurance against material misstatement, loss or fraud. Details of the Company's internal control and risk management processes are set out in the Corporate Governance Section on pages 31 to 34 of the Company's 2010 Annual Report.

The Group's Internal Audit team within the **Corporate Governance Division** (CGD), under the supervision of our Group Chief Compliance Officer, independently reviews the internal controls and evaluates their adequacy, effectiveness and compliance. Our Group Chief Compliance Officer **reports major findings and recommendations to the Audit Committee** on a regular basis.

Based on the respective assessments made by management and the Group's CGD, the Audit Committee considered that for the six months ended 30 June 2011:

- the internal controls and accounting systems of the Group were in place and functioning effectively and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorization and the interim financial information were reliable for publication.

- there was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

CODE OF CONDUCT AND BUSINESS ETHICS

The Group's **reputation capital** is built on its long-established standards of ethics in conducting business. Guidelines of the Group's core business ethical practices as endorsed by the Board are set out in the Company's **Code of Conduct and Business Ethics for all Directors and staff**. All the newly joined staff are briefed and requested to acknowledge the understanding of the Code. For ease of reference and as a constant reminder, a copy of the Code is posted in the Company's internal electronic portal for reference by all staff.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in full compliance with all of the applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from each Director to confirm compliance with the Model Code for the six months ended 30 June 2011. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance by Directors and relevant employees was noted by the Company for the six months ended 30 June 2011.

INVESTOR RELATIONS AND COMMUNICATIONS

Li & Fung has a proactive policy for promoting investor relations and communications by maintaining regular dialogue and fair disclosure with institutional shareholders, fund managers, analysts and the media. Management attends investor meetings on a regular basis and has participated in a number of major investor conferences in Asia and North America. The Group is followed by a large number of analysts, and many of them publish reports on it regularly.

Li & Fung's corporate website (*www.lifung.com*) facilitates effective communications with shareholders, investors and other stakeholders by making corporate information and other relevant financial and non-financial information available electronically and on a timely basis. This includes extensive information about the Group's performance and activities via the Annual Report, Interim Report, press releases and announcements. Webcasts of results presentations for analysts are also made available.

In order to promote better communications with stakeholders, the Group has recently revamped its corporate website. With a fresh look and feel and a host of new, interactive functions, the website provides easily access information about Li & Fung. In June, Li & Fung also conducted an Analyst Day in Hong Kong, providing analysts and investors a discussion with the Group's senior management team which includes the Executive Deputy Chairman, the Group's President and CEO and nine Presidents of the major business units. Webcast of the event was also made available on Li & Fung's corporate website.

INFORMATION TECHNOLOGY

The Company continued to demonstrate its commitments to investments in Information Technology in 2011, with strategic focus on platforms driving core operations, process efficiency and information transparency. Vendor Portal continues to be a strategic platform for the Company in the current Three-Year Plan 2011-2013, extending to carriers, freight and banking processes, as well as integrating the current QC, compliance and logistics platforms. In addition this year we renewing our commitment to customer integration and service, by launching a series of Customer Focused enhanced collaboration tools and portals.

SUSTAINABILITY

Li & Fung continued to implement our corporate sustainability strategy that includes actions to improve the sustainability of our own operations and facilities as well as the work we do with our suppliers, customers and industry partners to continually enhance our global supply chain.

During 2011, we expanded our global initiatives in raising sustainability awareness amongst our colleagues, reducing our energy, water and paper consumption and carbon footprint, making our offices more sustainable and planning for the implementation of a group-wide information management and measurement system.

Li & Fung has also begun the important task of updating the standards and tools that we use to monitor and build capacity within our supply chain. Later this year we aim to launch our updated Supplier Code of Conduct, guidelines and audit tools, as well as process for monitoring and building the capacity of our suppliers and factories towards sustainable compliance. To support our supply chain partners, we have continued our industry partnerships with, for example, the Sustainable Business Apparel Coalition, As You Sow and Business for Social Responsibility's Energy Efficiency Program.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Victor FUNG Kwok King
Group Non-executive Chairman
Chairman of Risk Management and Sustainability Committee

Aged 65. Brother of Dr William Fung Kwok Lun and father of Mr Spencer Theodore Fung. Group Chairman of Li & Fung group companies including the Company and the publicly listed Convenience Retail Asia Limited and Trinity Limited. A director of King Lun Holdings Limited and its wholly owned subsidiary, Li & Fung (1937) Limited, substantial shareholders of the Company. Joined the Group in 1973 as Manager and became Managing Director of the Group's export trading business in 1977. Became Group Managing Director in 1981 and Group Chairman in 1989. Holds Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University. An independent non-executive director of BOC Hong Kong (Holdings) Limited in Hong Kong and Baosteel Group Corporation in the People's Republic of China. An independent non-executive director of Koc Holding A.S. since 7 April 2011. Honorary Chairman of International Chamber of Commerce. A member of Chinese People's Political Consultative Conference. A vice chairman of China Centre for International Economic Exchanges. A member of the Commission on Strategic Development of the Hong Kong Government. Chairman of the Greater Pearl River Delta Business Council. From 1991 to 2000, Chairman of the Hong Kong Trade Development Council. From 1996 to 2003, the Hong Kong representative on the APEC Business Advisory Council. From 1999 to 2008, Chairman of the Hong Kong Airport Authority. From 2001 to November 2009, Chairman of The Council of The University of Hong Kong. From July 2008 to June 2010, Chairman of the International Chamber of Commerce. From September 2004 to September 2010, Chairman of the Hong Kong – Japan Business Co-operation Committee. Awarded the Gold Bauhinia Star in 2003 and Grand Bauhinia Medal in 2010 for distinguished service to the community.

William FUNG Kwok Lun
Executive Deputy Chairman

Aged 62. Brother of Dr Victor Fung Kwok King and uncle of Mr Spencer Theodore Fung. Group Managing Director since 1986 until becoming Executive Deputy Chairman in May 2011. Joined the Group in 1972 and became a Director of the Group's export trading business in 1976. Graduated from Princeton University with a Bachelor of Science degree in Engineering. Holds an MBA degree from the Harvard Graduate School of Business. Degrees of Doctor of Business Administration, *honoris causa*, were conferred by the Hong Kong University of Science & Technology and by the Hong Kong Polytechnic University. An independent non-executive director of VTech Holdings Limited, Shui On Land Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited. An independent director of Singapore Airlines Limited. A non-executive director of various companies within the Li & Fung Group including Convenience Retail Asia Limited and Trinity Limited. A director of King Lun Holdings Limited and its wholly owned subsidiary, Li & Fung (1937) Limited, substantial shareholders of the Company. Past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. Awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008.

DIRECTORS (CONTINUED)

Bruce Philip ROCKOWITZ

Group President and Chief Executive Officer

Aged 52. Group President and Chief Executive Officer since May 2011. An Executive Director since 2001 and in 2004, took over day to day oversight of the Group's operations as President. In 1981, co-founded Colby International Limited, a large Hong Kong buying agent, and was the Chief Executive Officer until 2000 when Colby was acquired by Li & Fung. Member of the Advisory Board for the Wharton School's Jay H Baker Retailing Initiative, an industry research center for retail at the University of Pennsylvania. Board member of the Educational Foundation for the Fashion Industries, the private fund-raising arm of the Fashion Institute of Technology. In December 2008, ranked first by Institutional Investor for the Asia's Best CEOs in the consumer category. In the years 2010 and 2011, ranked as one of the world's 30 best CEOs by Barron's. Non-Executive Chairman of the Pure Group, a lifestyle, fitness and yoga group operating in Hong Kong, Singapore and Taiwan. An independent non-executive director of Wynn Macau, Limited.

Spencer Theodore FUNG

Executive Director

Aged 38. An Executive Director since 2008. President of LF Europe, managing the Group's European distribution business. Joined the Group in 2001. Holds a Bachelor of Arts degree from Harvard College and Master of Science in Accounting and Master in Business Administration degrees from Northeastern University. A U.S. Certified Public Accountant. The son of Dr Victor Fung Kwok King, Group Chairman, and nephew of Dr William Fung Kwok Lun, Deputy Chairman.

Paul Edward SELWAY-SWIFT

Independent Non-executive Director

Chairman of Audit Committee and Nomination Committee

Aged 67. An Independent Non-executive Director since 1992. Chairman of Pure Circle Ltd, a producer of natural food ingredients, which is quoted on the London Stock Exchange. Also, Chairman of Atlantis Investment Management (Ireland) Ltd. A director of several other companies including Temenos Group AG. Formerly, Deputy Chairman of HSBC Investment Bank PLC, a director of The Hongkong and Shanghai Banking Corporation Limited in Hong Kong and Harvard International PLC, Chairman of Singer & Friedlander Group PLC, a banking and investment management group, and Novae Group PLC, a specialist insurance group.

Allan WONG Chi Yun

Independent Non-executive Director

Chairman of Compensation Committee

Aged 60. An Independent Non-executive Director since 1999. Chairman and Group Chief Executive Officer of VTech Holdings Limited. Co-founded VTech Group in 1976. Holds a Bachelor of Science degree in Electrical Engineering from The University of Hong Kong, a Master of Science degree in Electrical and Computer Engineering from the University of Wisconsin and an Honorary Doctorate of Technology from the Hong Kong Polytechnic University. A board member of the Airport Authority Hong Kong. Deputy Chairman and independent non-executive director of The Bank of East Asia, Limited. An independent non-executive director of China-Hongkong Photo Products Holdings Limited. Awarded the Silver Bauhinia Star and the Gold Bauhinia Star in 2003 and 2008 respectively.

DIRECTORS (CONTINUED)

Franklin Warren McFARLAN
Independent Non-executive Director

Aged 73. An Independent Non-executive Director since 1999. Professor Emeritus of Business Administration at Harvard University. Guest Professor and Co-Director of the China Business Case Center at Tsinghua University-SEM. A Professor at the Harvard Graduate School of Business Administration since 1973. Formerly, Faculty Chairman of Advanced Management Program and Chairman of Executive Education Programs. Graduated from the Harvard Business School with a doctorate. Senior Associate Dean from 1990 to 2004. An independent non-executive director of Computer Sciences Corporation. An independent non-executive director of thinkorswim Group Inc from 2004 to 2009.

Martin TANG Yue Nien
Independent Non-executive Director

Aged 62. An Independent Non-executive Director since 2009. Former Chairman, Asia of Spencer Stuart & Associates, a global executive search consulting firm. An independent non-executive director of the publicly-listed CEI Contract Manufacturing Ltd and China NT Pharma Group Limited. Formerly, a member of the Professional Service Advisory Committee of the Hong Kong Trade Development Council. Holds a Bachelor of Science degree in Electrical Engineering from Cornell University and Master of Science in Management from the Massachusetts Institute of Technology.

Benedict CHANG Yew Teck
Non-executive Director

Aged 57. A Non-executive Director since February 2011. Previously, group managing director of Integrated Distribution Services Group Limited ("IDS") which was privatized on 29 October 2010. A director of IDS from 2003 to April 2011. A director of Li & Fung (1937) Limited, a substantial shareholder of the Company. Graduated from the University of Surrey, United Kingdom, with a Bachelor of Science Degree (First Class Honours) in Marine Engineering. Chairman of the Advisory Committee of the Li & Fung Institute of Supply Chain Management and Logistics of The Chinese University of Hong Kong. A member of the Advisory Board of the School of Information Systems, Singapore Management University.

GROUP CHIEF COMPLIANCE OFFICER

James SIU Kai Lau

Aged 67. Joined the Group in 1993 as Chief Financial Officer and as the Chief Compliance Officer since 1996. An executive director of Li & Fung (1937) Limited, a substantial shareholder of the Li & Fung Group of companies including publicly listed Convenience Retail Asia Limited and Trinity Limited of which he is also their respective Group Chief Compliance Officers. Formerly, partner-in-charge (1981-1989) of the Hong Kong audit practice of Coopers & Lybrand (currently PricewaterhouseCoopers) specializing in advising corporate clients on mergers, acquisitions, finance and on public listings. Community work includes currently serving as member of the Supervisory Board of the Hong Kong Housing Society and Chairman of its Audit Committee (2001 to 2006). A member of the Professional Accountants in Business Committee of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (2002 – 2006). The Deputy Chairman of the Corporate Governance Committee of the HKICPA (2007). A member of the Securities and Futures Commission Dual Filing Advisory Group (2004 – 2010). A Fellow of both the Institute of Chartered Accountants in Australia and the HKICPA. A Fellow member of the Hong Kong Institute of Directors. Holds a Bachelor of Economics degree from University of Tasmania, Australia.

SENIOR MANAGEMENT

Henry CHAN
President of LF Products

Aged 61. President of LF Products managing the Group's hardlines principal business globally. Joined the Group in 1972. An Executive Director of the Company from 1992 to May 2009. Graduated from The University of Hong Kong with a Bachelor of Social Science degree. Holds an MBA degree from The Chinese University of Hong Kong. A member of The Hong Kong Institute of Directors.

Annabella LEUNG Wai Ping
President of LF Fashion

Aged 58. President of LF Fashion managing the Group's apparel and fashion accessories principal business globally. Formerly, the Regional Director of North Asia Apparel for Inchcape, a global sourcing network acquired by the Company in 1995. An Executive Director of the Company from 2000 to May 2010. Holds a Master of Science degree in Biology from Northeastern University. Served on various advisory boards in the Hong Kong Exporters' Association, Hong Kong Trade Development Council, Clothing Industry Training Authority, and Hong Kong Export Credit Insurance Corporation. Now serving as Chairman for the Vetting Committee for the Professional Services Development Assistance Scheme of Commerce, Industry and Technology Bureau.

SENIOR MANAGEMENT (CONTINUED)

Richard Nixon DARLING

President of LF USA

Aged 58. President of LF USA overseeing the Group's distribution model in the U.S. which has built a unique portfolio of well-known consumer and fashion brands, licensed and private label products. The founder of The Millwork Trading Co., Ltd (now known as "LF USA Inc."), a joint venture with Li & Fung that became a wholly owned subsidiary in 1999. Serves as Chairman of the Board of Directors of the American Apparel and Footwear Association and as a board member for "Fashion Delivers" and Board of Governors for the Parson's School of Design.

Marc Robert COMPAGNON

President of LF Sourcing

Aged 52. President of LF Sourcing overseeing the Group's global agency business for apparel and hard goods as well as the sourcing for the Group's distribution business. Joined the Group in 2000 at the time of the acquisition of Colby International Limited where he was Chief Merchandising Officer for 17 years and was responsible for establishing Colby's global sourcing network and sales and marketing strategies. Holds a Bachelor of Science degree from the University of Vermont. Founding member of Cotton's Revolutions, and the Global Apparel, Footwear and Textile Initiative (GAFTI). Non-Executive Chairman of Cebu Dream Realized, INC, a hotel and restaurant group.

Dow Peter FAMULAK

President of DSG

Aged 50. President of the DSG group of companies, a dedicated sourcing group servicing Wal-Mart globally. Instrumental in leading and developing the Group's health, beauty and cosmetic business and previously, Chief Executive Officer of LF Europe, the Group's European distribution business. Joined the Group in 2000 at the time of the acquisition of Colby International Limited where he was an Executive Vice President. Former partner in the law firm of Baker & McKenzie, Hong Kong office where he worked from 1992 until he joined Colby. Graduated from the University of British Columbia with a BA Economics (Honours) and from law school at the University of Saskatchewan. A member of The Law Society of Hong Kong, The Law Society of England and Wales and The Law Society of British Columbia (Canada).

Emily MAK MOK Oi Wai

Chief Operating Officer of DSG

Aged 50. Chief Operating Officer of the DSG group of companies, a dedicated sourcing group servicing Wal-Mart globally. Previously managing the Group's department store, mass market, supermarket and specialty store apparel business in the Americas, as well as the Southern Hemisphere and Japan. Joined the Group in 2000 with the acquisition of Colby International Limited where Emily was the Chief Operating Officer and directly responsible for the operational and merchandising matters for Colby's apparel business worldwide. Graduated from The University of Hong Kong with a Bachelor of Social Sciences degree. A Member of the Garment Advisory Committee of the Hong Kong Trade Development Council.

SENIOR MANAGEMENT (CONTINUED)

Joseph Chua PHI
President of LF Logistics

Aged 48. President of LF Logistics managing the Group's logistics, freight services, and supply chain management. An Executive Director of Integrated Distribution Services Group Limited from 2004 to April 2011. Joined the Group in 1999. Graduated *magna cum laude* from the University of The Philippines with a Bachelor of Science degree in Industrial Engineering and attained an MBA degree with top honors from the same university. Member of Phi Kappa Phi and Pi Gamma Mu international honor societies. Co-convener of the Li & Fung China Advisory Council. Chairman of GS1 Hong Kong. Director of GS1 Management Board. Member of the Advisory Committee, Centre for Marketing and Supply Chain Management at Hong Kong University of Science and Technology (HKUST).

Gerard Jan RAYMOND
President of LF Asia – Food, Health, Beauty & Cosmetics

Aged 54. President of LF Asia managing the Group's food, health, beauty and cosmetics distribution business in Asia. Previously, an Executive Vice President, Distribution and Regional Managing Director of Integrated Distribution Services Group Limited. Joined the Group in 2003. Educated in Australia with a Bachelor's degree in Business. A Fellow of the Australian Marketing Institute.

Jason Andrew RABIN
President of LF Asia – Hard & Soft Goods

Aged 41. President of LF Asia managing the Group's hard and soft goods distribution business in Asia. The founder of Kids Headquarters, children's and young men's apparel manufacturer, which he began in 1994. Joined the Group in 2009 when Kids Headquarters was acquired by Li & Fung. Graduated from the University of Miami in 1992. Received awards from the children's clothing industry, such as SPARC, Ernie Awards & LIMA.

Lale KESEBI
Executive Director of Li & Fung (Trading) Limited

Aged 42. Executive Director of Li & Fung (Trading) Limited. Responsible for the Group's corporate operations teams including legal, vendor compliance, human resources, corporate services and internal corporate communications. Joined the Group in 2003. Holds a Bachelor of Science (Honours) degree and a Bachelor of Law degree from Dalhousie University. Past member of The Law Society of British Columbia (Canada). Formerly, Chair of the Canadian Chamber's Business Policy & Government Relations committee and the Debenture and Scholarship committee of the Canadian International School in Hong Kong. Chair of the Corporate Sustainability Committee of the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

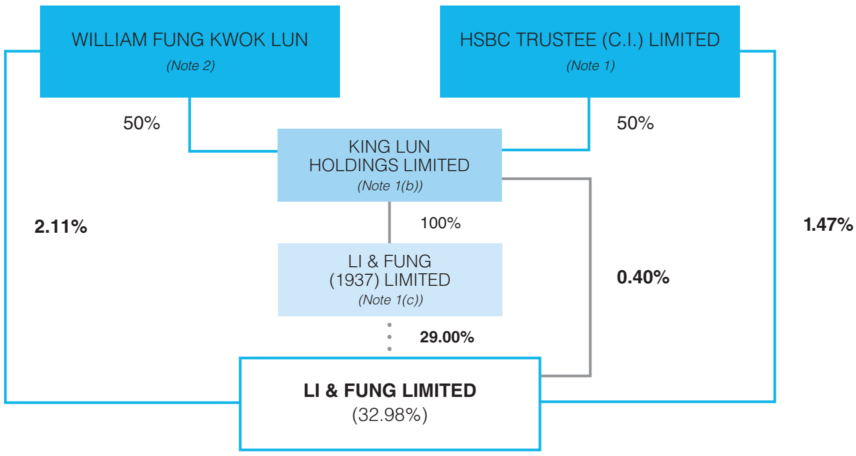
As at 30 June 2011, the directors and chief executives of the Company and their associates had the following interests in the shares of HK$0.0125 each ("Shares") and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code"):

(A) LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

	Number of Shares					
	Personal interest	Family interest	Trust/ Corporate interest	Equity derivatives (share options)	Total	Percentage of issued share capital
Victor Fung Kwok King	2,814,444	–	2,501,008,540[1]	–	2,503,822,984	30.90%
William Fung Kwok Lun	144,342,660	8,800	2,406,160,032[2]	2,430,000[3]	2,552,941,492	31.51%
Spencer Theodore Fung*	1,056,000	–	2,501,008,540[1]	2,678,000[3]	2,504,742,540	30.91%
Bruce Philip Rockowitz	7,175,600	–	45,823,020[4]	36,671,760[5]	89,670,380	1.10%
Paul Edward Selway-Swift	16,000	40,000	16,000[6]	–	72,000	0.00%
Franklin Warren McFarlan	–	–	114,400[7]	–	114,400	0.00%
Martin Tang Yue Nien	–	–	40,000[8]	–	40,000	0.00%
Benedict Chang Yew Teck	4,053,200	–	–	–	4,053,200	0.05%

* *Son of Dr Victor Fung Kwok King*

The following simplified chart illustrates the interests of Dr Victor Fung Kwok King and Mr Spencer Theodore Fung under *Note (1)* below and the interest of Dr William Fung Kwok Lun under *Note (2)* below:



NOTES:

As at 30 June 2011,

(1) each of Dr Victor Fung Kwok King and Mr Spencer Theodore Fung was deemed to have interests in 2,501,008,540 Shares held in the following manner:

(a) 111,650,000 Shares were directly held by HSBC Trustee (C.I.) Limited ("HSBC Trustee") as trustee of a trust established for the benefit of the family members of Dr Victor Fung Kwok King (the "Trust"), and 7,512,908 Shares were indirectly held by HSBC Trustee through its wholly owned subsidiary, First Island Developments Limited;

(b) 32,891,760 Shares were directly held by King Lun Holdings Limited ("King Lun"), a private company incorporated in the British Virgin Islands owned as to 50% by HSBC Trustee as trustee of the Trust and 50% by Dr William Fung Kwok Lun; and

(c) 2,195,727,908 Shares were directly held by Li & Fung (1937) Limited ("LF (1937)"), a wholly owned subsidiary of King Lun, and 153,225,964 Shares were indirectly held by LF (1937) through its wholly owned subsidiary, Li & Fung (Distribution) Limited ("LFD").

(2) 24,314,400 Shares of these 2,406,160,032 Shares were held by Golden Step Limited, a company beneficially owned by Dr William Fung Kwok Lun. The balance of 2,381,845,632 Shares were directly and indirectly held by King Lun as mentioned in *Note (1) (b) and (c)* above.

(3) these interests represented the interests in underlying shares in respect of share options granted by the Company to these directors as beneficial owners, the details of which are set out in the Share Options section stated below.

(4) 45,823,020 Shares in the Company were held by Hurricane Millennium Holdings Limited ("HMHL"), a company beneficially owned by a trust which had been set up for the benefit of family members of Mr Bruce Philip Rockowitz.

(5) these interests represented:

(a) the beneficial interest of Mr Bruce Philip Rockowitz in 3,780,000 underlying shares in respect of share options granted by the Company to Mr Bruce Philip Rockowitz, the details of which are set out in the Share Options section stated below; and

(b) the deemed interest of Mr Bruce Philip Rockowitz in 32,891,760 underlying shares in the Company in respect of options granted by King Lun to HMHL to purchase such shares in the Company in three tranches during the period from 25 December 2011 to 24 December 2019 with each tranche having an exercisable period of six years pursuant to an agreement made between King Lun and HMHL.

(6) 16,000 Shares in the Company were held by a trust of which Mr. Paul Edward Selway-Swift is a beneficiary.

(7) 114,400 Shares in the Company were held by a trust established for the benefit of Professor Franklin Warren McFarlan.

(8) 40,000 Shares in the Company were held by a trust of which Mr Martin Tang Yue Nien was a beneficiary.

(B) SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

By virtue of the SFO, each of Dr Victor Fung Kwok King, Dr William Fung Kwok Lun and Mr Spencer Theodore Fung was taken as at 30 June 2011 to have short position through King Lun, in which all of them were deemed to have interests as disclosed above, in respect of an aggregate of 32,891,760 underlying Shares, representing 0.40% of the total issued share capital of the Company. Such interest constitutes, for the purposes of the SFO, a short position of King Lun under unlisted physically settled equity derivative which arise under an agreement made between King Lun and HMHL pursuant to which options were granted by King Lun to HMHL to purchase 54,945,880 Shares (before adjustment of Share Subdivision mentioned in *Note (1)* under Share Options below) in the Company in ten tranches during the period from 25 December 2004 to 24 December 2019, with each tranche having an exercisable period of six years.

Save as disclosed above, as at 30 June 2011, none of the directors and chief executive of the Company or their associates had any short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(C) SHARE OPTIONS

The interests of the directors and chief executives in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are detailed in the Share Options section stated below.

Save as disclosed above, at no time during the period, the directors and chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or its associated corporations required to be disclosed pursuant to the SFO.

SHARE OPTIONS

SHARE OPTION SCHEME

At the 2003 Annual General Meeting of the Company held on 12 May 2003, a share option scheme (the "Option Scheme") of the Company was adopted by the shareholders of the Company. As at 30 June 2011, there are options relating to 249,237,400 Shares granted by the Company pursuant to the Option Scheme which are valid and outstanding.

Movement of the share options under the Option Scheme during the period is as follows:

	Number of Share Options											
		Before Share Subdivision				Adjustment for Share Subdivision[1]	After Share Subdivision					
	As at 1/1/2011	Granted	Exercised	Cancelled	Lapsed		Exercised	Lapsed	As at 30/06/2011	Exercise Price[1]	Grant Date	Exercisable Period
William Fung Kwok Lun	440,000	–	(440,000)	–	–	–	–	–	–	12.77	24/1/2008	01/3/2010 – 29/2/2012
	880,000	–	(880,000)	–	–	–	–	–	–	12.77	24/1/2008	01/3/2011 – 28/2/2013
	–	270,000	–	–	–	270,000	–	–	540,000	20.21	11/4/2011	01/5/2012 – 30/4/2015
	–	270,000	–	–	–	270,000	–	–	540,000	20.21	11/4/2011	01/5/2013 – 30/4/2015
	–	675,000	–	–	–	675,000	–	–	1,350,000	20.21	11/4/2011	01/5/2014 – 30/4/2016
Bruce Philip Rockowitz	225,000	–	–	–	–	225,000	–	–	450,000	12.77	24/1/2008	01/3/2010 – 29/2/2012
	450,000	–	–	–	–	450,000	–	–	900,000	12.77	24/1/2008	01/3/2011 – 28/2/2013
	–	270,000	–	–	–	270,000	–	–	540,000	20.21	11/4/2011	01/5/2012 – 30/4/2015
	–	270,000	–	–	–	270,000	–	–	540,000	20.21	11/4/2011	01/5/2013 – 30/4/2015
	–	675,000	–	–	–	675,000	–	–	1,350,000	20.21	11/4/2011	01/5/2014 – 30/4/2016
Spencer Theodore Fung	176,000	–	(176,000)	–	–	–	–	–	–	12.77	24/1/2008	01/3/2009 – 28/2/2011
	176,000	–	–	–	–	176,000	–	–	352,000	12.77	24/1/2008	01/3/2010 – 29/2/2012
	176,000	–	–	–	–	176,000	–	–	352,000	12.77	24/1/2008	01/3/2011 – 28/2/2013
	177,000	–	–	–	–	177,000	–	–	354,000	20.76	25/3/2010	01/3/2011 – 28/2/2013
	–	180,000	–	–	–	180,000	–	–	360,000	20.21	11/4/2011	01/5/2012 – 30/4/2015
	–	180,000	–	–	–	180,000	–	–	360,000	20.21	11/4/2011	01/5/2013 – 30/4/2015
	–	450,000	–	–	–	450,000	–	–	900,000	20.21	11/4/2011	01/5/2014 – 30/4/2016
Continuous contract Employees	1,973,600	–	(1,302,600)	–	–	671,000	(1,342,000)	–	–	6.72	20/6/2005	20/6/2008 – 19/6/2011
	5,414,200	–	(2,136,200)	–	–	3,278,000	(1,052,000)	–	5,504,000	6.72	20/6/2005	20/6/2009 – 19/6/2012
	462,000	–	(231,000)	–	–	231,000	(462,000)	–	–	6.86	23/1/2006	20/6/2008 – 19/6/2011
	462,000	–	–	–	–	462,000	–	–	924,000	6.86	23/1/2006	20/6/2009 – 19/6/2012
	194,000	–	–	–	–	194,000	(388,000)	–	–	7.82	19/6/2006	20/6/2008 – 19/6/2011
	260,000	–	–	–	–	260,000	–	–	520,000	7.82	19/6/2006	20/6/2009 – 19/6/2012
	372,000	–	(184,000)	–	–	188,000	(248,000)	(128,000)	–	12.75	02/2/2007	20/6/2008 – 19/6/2011
	1,472,000	–	(128,000)	–	–	1,344,000	–	–	2,688,000	12.75	02/2/2007	20/6/2009 – 19/6/2012
	482,000	–	–	–		482,000	–	–	964,000	14.96	13/7/2007	20/6/2009 – 19/6/2012
	6,931,000	–	(4,568,000)	(817,000)	(1,546,000)	–	–	–	–	12.77	24/1/2008	01/3/2009 – 28/2/2011
	18,325,400	–	(5,255,000)	–	–	13,070,400	(788,000)	–	25,352,800	12.77	24/1/2008	01/3/2010 – 29/2/2012
	22,872,000	–	(4,096,500)	–	–	18,775,500	(776,000)	–	36,775,000	12.77	24/1/2008	01/3/2011 – 28/2/2013
	922,000	–	(541,000)	(97,500)	(283,500)	–	–	–	–	15.00	21/5/2008	01/3/2009 – 28/2/2011
	1,020,500	–	(333,500)	–	–	687,000	–	–	1,374,000	15.00	21/5/2008	01/3/2010 – 29/2/2012
	1,370,000	–	(267,000)	–	–	1,103,000	–	–	2,206,000	15.00	21/5/2008	01/3/2011 – 28/2/2013
	389,200	–	(173,700)	(89,200)	(126,300)	–	–	–	–	13.10	13/8/2008	01/3/2009 – 28/2/2011
	1,107,900	–	(294,000)	–	–	813,900	(37,000)	–	1,590,800	13.10	13/8/2008	01/3/2010 – 29/2/2012
	1,697,100	–	(334,500)	–	–	1,362,600	(61,200)	–	2,664,000	13.10	13/8/2008	01/3/2011 – 28/2/2013
	794,000	–	(332,000)	–	–	462,000	–	–	924,000	8.61	24/2/2009	01/3/2010 – 29/2/2012
	2,348,000	–	(1,279,600)	–	–	1,068,400	(120,800)	–	2,016,000	8.61	24/2/2009	01/3/2011 – 28/2/2013
	1,274,500	–	(79,300)	–	–	1,195,200	(149,400)	–	2,241,000	13.90	14/8/2009	01/3/2010 – 29/2/2012
	2,098,200	–	(258,400)	–	–	1,839,800	(63,200)	–	3,616,400	13.90	14/8/2009	01/3/2011 – 28/2/2013
	2,556,100	–	–	–	–	2,556,100	–	–	5,112,200	20.76	25/3/2010	01/3/2011 – 28/2/2013
	1,178,600	–	–	–	–	1,178,600	–	–	2,357,200	22.42	15/11/2010	01/3/2011 – 28/2/2013
	–	15,781,000	–	–	–	15,781,000	–	–	31,562,000	20.21	11/4/2011	01/5/2012 – 30/4/2015
	–	16,057,000	–	–	–	16,057,000	–	–	32,114,000	20.21	11/4/2011	01/5/2013 – 30/4/2015
	–	39,922,000	–	–	–	39,922,000	–	–	79,844,000	20.21	11/4/2011	01/5/2014 – 30/4/2016

NOTES:

(1) At the 2011 Annual General Meeting of the Company held on 18 May 2011, an ordinary resolution was duly passed under which each of the existing issued and unissued shares of HK$0.025 each in the share capital of the Company as of 19 May 2011 was subdivided (the "Share Subdivision") into two shares of HK$0.0125 each.

All the Share Options which were granted and remained outstanding as of 19 May 2011 were adjusted with the Share Subdivision and accordingly, the number of Share Options increased by one share for each share in the Share Options and the subscription prices per Share were adjusted by half.

(2) The weighted average closing market price per Share immediately before the dates on which the Share Options were exercised was HK$21.21.

(3) The closing market price per Share as at the date preceding the date on which the share options were granted was HK$20.25.

(4) The above options granted are recognized as expenses in the interim financial report in accordance with the Company's accounting policy as set out in the annual accounts for the year ended 31 December 2010. Other details of share options granted by the Company are set out in *Note 12* to the interim financial report.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, other than the interests of the directors or chief executive of the Company as disclosed above, the following persons had interests in the Shares of the Company which fall to be disclosed to the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Percentage of issued share capital
Long Positions			
King Lun Holdings Limited	Beneficial owner (32,891,760) Interest of controlled corporation (2,348,953,872)[1]	2,381,845,632	29.40%
HSBC Trustee (C.I.) Limited	Trustee (2,501,008,540)[2]	2,501,008,540[2]	30.87%
Janus Capital Management LLC	Investment manager	567,669,020	7.00%
JPMorgan Chase & Co.	Beneficial owner (15,440,778) Investment manager (202,065,236) Custodian corporation/approved lending agent (277,308,794)	494,814,808	6.10%
Short Positions			
King Lun Holdings Limited	Beneficial owner	32,891,760[3]	0.40%
HSBC Trustee (C.I.) Limited	Trustee	32,891,760[4]	0.40%
JPMorgan Chase & Co.	Beneficial owner	5,133,938	0.06%
Lending Pool			
JPMorgan Chase & Co.	Custodian corporation/approved lending agent	277,308,794	3.42%

NOTES:

(1) 2,195,727,908 Shares were directly held by LF (1937) which also through its wholly owned subsidiary, LFD, indirectly held 153,225,964 Shares. LF (1937) was a wholly owned subsidiary of King Lun. Both of Dr Victor Fung Kwok King and Dr William Fung Kwok Lun were directors of King Lun, LF (1937) and LFD.

(2) Please refer to *Note (1)* under the Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures section stated above.

(3) This short position represented King Lun's short position in 32,891,760 underlying shares which constituted unlisted physically settled equity derivatives pursuant to arrangement as described in the Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures section stated above.

(4) HSBC Trustee was taken to have short position in the same underlying shares held by King Lun.

Save as disclosed above, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying shares of the Company as at 30 June 2011.

OTHER INFORMATION

CHANGES IN DIRECTORS' FEE

At the 2011 Annual General Meeting of the Company held on 18 May 2011, the shareholders of the Company approved to revise the directors' fee of each of the Directors and additional directors' fee payable to the Non-executive Directors who serve on the board committees of the Company at the levels as shown in the following table for each financial year starting from the financial year ending 31 December 2011 until the Company in general meeting otherwise determines:

	HK$ (per each financial year)
Board	
(i) Chairman	300,000
(ii) Members	160,000
Audit Committee	
(i) Chairman	200,000
(ii) Members	100,000
Compensation Committee	
(i) Chairman	100,000
(ii) Members	50,000
Nomination Committee	
(i) Chairman	100,000
(ii) Members	50,000
Risk Management & Sustainability Committee	
(i) Chairman	100,000
(ii) Members	50,000

The Directors' fee payable to Non-executive Directors are covered by each of their service contracts.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of 19 HK cents (2010: 19 HK cents, as adjusted for the effect of Share Subdivision in May 2011) per Share for the six months ended 30 June 2011 absorbing a total of US$197 million (2010: US$186 million).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 31 August 2011 to 6 September 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrars, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30 August 2011. Dividend warrants will be despatched on 7 September 2011.

INDEPENDENT REVIEW REPORT

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF LI & FUNG LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 33 to 59, which comprises the consolidated balance sheet of Li & Fung Limited ("Company") and its subsidiaries (together, the "Group") as at 30 June 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 August 2011

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CONDENSED INTERIM FINANCIAL REPORT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	UNAUDITED SIX MONTHS ENDED 30 JUNE 2011 US$'000	2010 US$'000 (Restated)
Turnover	*3*	**8,798,218**	6,639,990
Cost of sales		**(7,581,215)**	(5,777,564)
Gross profit		**1,217,003**	862,426
Other income		**37,991**	34,735
Total margin		**1,254,994**	897,161
Selling and distribution expenses		**(350,939)**	(128,149)
Merchandising expenses		**(564,050)**	(387,923)
Administrative expenses		**(57,564)**	(43,216)
Core operating profit		**282,441**	337,873
Gain on disposal of businesses/subsidiary	*17*	**46,544**	–
Gain on disposal of properties/property holding subsidiary	*17*	**13,670**	–
Other non-core operating expenses		**(24,549)**	(11,229)
Operating profit	*3 & 4*	**318,106**	326,644
Interest income		**6,567**	4,641
Interest expenses			
Non-cash interest expenses		**(11,008)**	(5,949)
Cash interest expenses		**(50,561)**	(28,751)
		(61,569)	(34,700)
Share of profits less losses of associated companies		**1,499**	954
Profit before taxation		**264,603**	297,539
Taxation	*5*	**(28,154)**	(19,283)
Profit for the period		**236,449**	278,256
Attributable to:			
Shareholders of the Company		**235,523**	278,371
Non-controlling interests		**926**	(115)
		236,449	278,256
Earnings per share for profit attributable to the shareholders of the Company during the period	*7*		
– basic		**2.92 US cents**	3.69 US cents
– diluted		**2.90 US cents**	3.65 US cents

Details of dividends to shareholders of the Company are set out in *Note 6.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED SIX MONTHS ENDED 30 JUNE	
	2011	2010
	US$'000	US$'000 (Restated)
Profit for the period	**236,449**	278,256
Other comprehensive income:		
Currency translation differences	**20,009**	(44,125)
Net fair value (losses)/gains on cash flow hedges, net of tax	**(4,881)**	4,028
Net fair value gains/(losses) of available-for-sale financial assets, net of tax	**129**	(198)
Other comprehensive income/(expense) for the period, net of tax	**15,257**	(40,295)
Total comprehensive income for the period	**251,706**	237,961
Attributable to:		
Shareholders of the Company	**250,526**	237,988
Non-controlling interests	**1,180**	(27)
Total comprehensive income for the period	**251,706**	237,961

CONSOLIDATED BALANCE SHEET

	Note	UNAUDITED 30 JUNE 2011 US$'000	AUDITED 31 DECEMBER 2010 US$'000 (Restated)
Non-current assets			
Intangible assets	*8*	**5,737,862**	4,882,166
Property, plant and equipment	*8*	**302,291**	309,186
Prepaid premium for land leases		**3,544**	3,814
Associated companies		**7,394**	6,140
Available-for-sale financial assets		**79,459**	84,330
Deferred tax assets		**19,981**	20,195
		6,150,531	5,305,831
Current assets			
Inventories		**986,924**	768,687
Due from related companies		**22,597**	13,163
Trade and bills receivable	*9*	**2,025,593**	2,079,012
Other receivables, prepayments and deposits		**429,684**	358,596
Cash and bank balances		**574,934**	968,530
		4,039,732	4,187,988
Current liabilities			
Due to related companies		**10,946**	6,531
Trade and bills payable	*10*	**2,331,380**	2,208,404
Accrued charges and sundry payables		**569,760**	616,767
Balance of purchase consideration payable for acquisitions to be settled by cash	*11*	**305,215**	248,314
Balance of purchase consideration payable for acquisitions to be settled by shares issued and held by escrow agent		**16,646**	16,646
Taxation		**93,611**	94,238
Derivative financial instruments		**9,115**	1,892
Bank advances for discounted bills	*9*	**67,670**	41,905
Short-term bank loans		**204,559**	89,154
Bank overdrafts		**1,533**	28,298
		3,610,435	3,352,149
Net current assets		**429,297**	835,839
Total assets less current liabilities		**6,579,828**	6,141,670

	Note	UNAUDITED 30 JUNE 2011 US$'000	AUDITED 31 DECEMBER 2010 US$'000 (Restated)
Financed by:			
Share capital	*12*	**12,982**	12,899
Reserves		**3,479,817**	3,343,896
Proposed dividend		**197,360**	269,234
		3,677,177	3,613,130
Shareholders' funds attributable to the Company's shareholders		**3,690,159**	3,626,029
Non-controlling interests		**7,229**	6,049
Total equity		**3,697,388**	3,632,078
Non-current liabilities			
Long-term liabilities	*11*	**2,849,741**	2,471,906
Post-employment benefit obligations		**7,219**	8,311
Deferred tax liabilities		**25,480**	29,375
		2,882,440	2,509,592
		6,579,828	6,141,670

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Attributable to shareholders of the Company						
	Share capital US$'000	Share premium US$'000	Other reserves *(Note 13)* US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2011	**12,899**	**3,015,794**	**(22,868)**	**620,204**	**3,626,029**	**6,049**	**3,632,078**
Comprehensive income							
Profit or loss	–	–	–	**235,523**	**235,523**	**926**	**236,449**
Other comprehensive income							
Currency translation differences	–	–	**19,755**	–	**19,755**	**254**	**20,009**
Net fair value gains on available-for-sale financial assets, net of tax	–	–	**129**	–	**129**	–	**129**
Net fair value losses on cash flow hedges, net of tax	–	–	**(4,881)**	–	**(4,881)**	–	**(4,881)**
Total other comprehensive income	–	–	**15,003**	–	**15,003**	**254**	**15,257**
Total comprehensive income	–	–	**15,003**	**235,523**	**250,526**	**1,180**	**251,706**
Transactions with owners							
Employee share option scheme:							
– value of employee services	–	–	**7,256**	–	**7,256**	–	**7,256**
– proceeds from share issued	**83**	**76,116**	–	–	**76,199**	–	**76,199**
– transfer to share premium	–	**17,757**	**(17,757)**	–	–	–	–
Transfer to capital reserve	–	–	**74**	**(74)**	–	–	–
2010 final dividend paid	–	–	–	**(269,851)**	**(269,851)**	–	**(269,851)**
Total transactions with owners	**83**	**93,873**	**(10,427)**	**(269,925)**	**(186,396)**	–	**(186,396)**
Balance at 30 June 2011	**12,982**	**3,109,667**	**(18,292)**	**585,802**	**3,690,159**	**7,229**	**3,697,388**

	Unaudited (Restated)						
	Attributable to shareholders of the Company						
	Share capital US$'000	Share premium US$'000	Other reserves *(Note 13)* US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2010	12,103	1,818,277	(50,335)	496,832	2,276,877	(4,289)	2,272,588
Comprehensive income							
Profit or loss	–	–	–	278,371	278,371	(115)	278,256
Other comprehensive income							
Currency translation differences	–	–	(44,213)	–	(44,213)	88	(44,125)
Net fair value losses on available-for-sale financial assets, net of tax	–	–	(198)	–	(198)	–	(198)
Net fair value gains on cash flow hedges, net of tax	–	–	4,028	–	4,028	–	4,028
Total other comprehensive income	–	–	(40,383)	–	(40,383)	88	(40,295)
Total comprehensive income	–	–	(40,383)	278,371	237,988	(27)	237,961
Transactions with owners							
Employee share option scheme:							
– value of employee services	–	–	3,494	–	3,494	–	3,494
– proceeds from share issued	115	92,351	–	–	92,466	–	92,466
– transfer to share premium	–	17,450	(17,450)	–	–	–	–
Release of shares held by escrow agent for settlement of acquisition consideration	–	–	12,622	–	12,622	–	12,622
Transfer to capital reserve	–	–	61	(61)	–	–	–
2009 final dividend paid	–	–	–	(239,449)	(239,449)	(118)	(239,567)
Total transactions with owners	115	109,801	(1,273)	(239,510)	(130,867)	(118)	(130,985)
Balance at 30 June 2010	12,218	1,928,078	(91,991)	535,693	2,383,998	(4,434)	2,379,564

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	UNAUDITED SIX MONTHS ENDED 30 JUNE	
	2011	2010
	US$'000	US$'000 (Restated)
Net cash inflow from operating activities	**212,548**	151,096
Net cash outflow from investing activities	**(477,705)**	(204,081)
Net cash outflow before financing activities	**(265,157)**	(52,985)
Net cash (outflow)/inflow from financing activities	**(97,444)**	221,934
(Decrease)/increase in cash and cash equivalents	**(362,601)**	168,949
Cash and cash equivalents at 1 January	**940,232**	532,686
Effect of foreign exchange rate changes	**(4,230)**	(6,372)
Cash and cash equivalents at 30 June	**573,401**	695,263
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	**574,934**	738,931
Bank overdrafts	**(1,533)**	(43,668)
	573,401	695,263

NOTES TO CONDENSED INTERIM FINANCIAL REPORT

1 GENERAL INFORMATION

Li & Fung Limited ("the Company") and its subsidiaries (together, "the Group") are principally engaged in managing the supply chain for retailers and brands worldwide from about 240 offices and distribution centers in more than 40 economies.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These condensed interim financial report are presented in US dollars *(see 2(c) below),* unless otherwise stated. This condensed interim financial report was approved for issue on 11 August 2011.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial report (the "interim financial report") has been reviewed by the Company's audit committee and, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by the Company's auditor, PricewaterhouseCoopers.

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. This interim financial report should be read in conjunction with the annual accounts for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except as described in (a) and (c) below, the accounting policies applied are consistent with those of the annual accounts for the year ended 31 December 2010, as described in those annual accounts.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended standards of HKFRSs which are mandatory for accounting periods beginning on or after 1 January 2011 and relevant to its operations:

HKAS 24 (revised)	Related party disclosures
Annual Improvements Project	Improvements to HKFRSs published in May 2010

HKAS 24 (revised) introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:

– the name of the government and the nature of their relationship;
– the nature and amount of any individually-significant transactions; and
– the extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

Annual Improvements Project 2010 consists of several amendments to existing standards and, except for the amendments to HKFRS 3 "Business combination" and HKAS 34 "Interim financial reporting" as disclosed below, all those amendments have no material impact to the Group's results of operations and financial position.

The amendment to HKFRS 3 clarifies that entities should apply the rules in HKFRS 3 (not HKFRS 7, HKAS 32 or HKAS 39) to contingent consideration that arises from a business combination with acquisition dates that precede the application of HKFRS 3.

The amendment to HKAS 34 provides guidance to illustrate how to apply disclosure principles in HKAS 34 and add disclosure requirements around:

– the circumstances likely to affect fair values of financial instruments and their classification;
– transfers of financial instruments between different levels of the fair value hierarchy;
– changes in classification of financial assets; and
– changes in contingent liabilities and assets.

The following new and amended standards and interpretations of HKFRSs are mandatory for accounting periods beginning on or after 1 January 2011 but are not relevant to the Group's operations:

HKAS 32 (amendment)	Classification of right issues
HK(IFRIC) Int 14 (amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) Int 19	Extinguishing financial liabilities with equity instruments

(b) The following are new standards, new interpretations and amendments to standards and interpretations relevant to the Group that have been issued but are not effective for the accounting period beginning 1 January 2011 and have not been early adopted:

HKAS 1 (amendment)	Presentation of financial statements [3]
HKAS 12 (amendment)	Deferred tax: recovery of underlying assets [2]
HKAS 19 (2011)	Employee benefits [4]
HKAS 27 (2011)	Separate financial statements [4]
HKAS 28 (2011)	Investments in associates and joint ventures [4]
HKFRS 1 (amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters [1]
HKFRS 7 (amendment)	Disclosures – transfers of financial assets [1]
HKFRS 9	Financial instruments [4]
HKFRS 10	Consolidated financial statements [4]
HKFRS 11	Joint arrangements [4]
HKFRS 12	Disclosures of interests in other entities [4]
HKFRS 13	Fair value measurement [4]

NOTES:

(1) Effective for financial periods beginning on or after 1 July 2011
(2) Effective for financial periods beginning on or after 1 January 2012
(3) Effective for financial periods beginning on or after 1 July 2012
(4) Effective for financial periods beginning on or after 1 January 2013

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Changes in functional and presentation currencies

Items included in the condensed consolidated interim financial report of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In prior years, the Company regarded HK dollars as its functional currency. However, as a result of the Group's continuous acquisitions in recent years, the Company and most of its major operating subsidiaries' business transactions in terms of operating, investing and financing activities have increasingly placed greater reliance on US dollars. As such, effective from 1 January 2011, the Company and certain of its subsidiaries have changed their functional currency from Hong Kong dollars to US dollars. US dollars have also been adopted as the presentation currency of the Group's interim financial report.

The change in functional currency of the Company was applied prospectively from date of change in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rate". On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss account items were translated into US dollars at the exchange rate on that date.

The change in presentation currency of the Group has been applied retrospectively in accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and the comparative figures as at 31 December 2010 and for the six months ended 30 June 2010 have also been restated to US dollars accordingly.

The changes in functional and presentation currencies have no significant impact on the financial positions of the Group as at 31 December 2010 and 30 June 2011, or the results and cash flows of the Group for periods ended 30 June 2010 and 2011.

3 SEGMENT INFORMATION

The Company is domiciled in Bermuda. The Group is principally engaged in managing the supply chain for retailers and brands worldwide from about 240 offices and distribution centers in more than 40 economies. Turnover represents revenue generated from sales and services rendered at invoiced value to customers outside the Group less discounts and returns.

In the current period, the Group has accomplished a major restructuring of its operations which resulted in three new operating segments. The Group's management (Chief Operating decision-maker) considers the business principally from the perspective of three global Networks, namely Trading Network, Logistics Network and Distribution Network. Trading Network is the operating segment that focuses on the global sourcing business. Logistics Network is the operating segment that runs both the Group's international and domestic logistics services networks globally. Distribution Network is the operating segment that operates the onshore distribution businesses in the US, Pan-European and Asian regions. Prior period comparatives segment information has been restated accordingly.

The Group's management assesses the performance of the operating segments based on the core operating profit.

3 SEGMENT INFORMATION (CONTINUED)

	Trading Network US$'000	Logistics Network US$'000	Distribution Network US$'000	Elimination US$'000	Total US$'000
Six months ended 30 June 2011 (Unaudited)					
Turnover	6,958,287	225,961	2,739,438	(1,125,468)	8,798,218
Total margin	591,083	84,360	579,551		1,254,994
Operating costs	(384,425)	(81,920)	(506,208)		(972,553)
Core operating profit	206,658	2,440	73,343		282,441
Gain on disposal of businesses/ subsidiary					46,544
Gain on disposal of properties/ property holding subsidiary					13,670
Other non-core operating expenses					(24,549)
Operating profit					318,106
Interest income					6,567
Interest expenses					
Non-cash interest expenses					(11,008)
Cash interest expenses					(50,561)
					(61,569)
Share of profits less losses of associated companies					1,499
Profit before taxation					264,603
Taxation					(28,154)
Profit for the period					236,449
Depreciation & amortization	18,617	8,643	71,416		98,676
30 June 2011 (Unaudited)					
Non-current assets (other than available-for-sale financial assets and deferred tax assets)	1,688,298	1,137,145	3,225,648		6,051,091

3 SEGMENT INFORMATION (CONTINUED)

	Trading Network US$'000	Logistics Network US$'000	Distribution Network US$'000	Elimination US$'000	Total US$'000
Six months ended 30 June 2010 (Unaudited) – Restated					
Turnover	5,903,476	–	1,477,283	(740,769)	6,639,990
Total margin	484,811	–	412,350		897,161
Operating costs	(286,760)	–	(272,528)		(559,288)
Core operating profit	198,051	–	139,822		337,873
Other non-core operating expenses					(11,229)
Operating profit					326,644
Interest income					4,641
Interest expenses					
Non-cash interest expenses					(5,949)
Cash interest expenses					(28,751)
					(34,700)
Share of profits less losses of associated companies					954
Profit before taxation					297,539
Taxation					(19,283)
Profit for the period					278,256
Depreciation & amortization	14,866	–	50,635		65,501
31 December 2010 (Audited) – Restated					
Non-current assets (other than available-for-sale financial assets and deferred tax assets)	1,243,512	1,140,964	2,816,830		5,201,306

3 SEGMENT INFORMATION (CONTINUED)

The geographical analysis of turnover and non-current assets (other than available-for-sale financial assets and deferred tax assets) are as follows:

	TURNOVER UNAUDITED SIX MONTHS ENDED 30 JUNE		NON-CURRENT ASSETS (OTHER THAN AVAILABLE-FOR-SALE FINANCIAL AND DEFERRED TAX ASSETS)	
			UNAUDITED 30 JUNE	AUDITED 31 DECEMBER
	2011 US$'000	2010 US$'000 (Restated)	**2011 US$'000**	2010 US$'000 (Restated)
United States of America	**5,091,299**	4,429,260	**3,473,992**	2,869,558
Europe	**1,928,269**	1,669,635	**1,260,162**	1,100,866
China	**526,253**	40,998	**512,218**	521,496
Rest of Asia	**601,366**	39,310	**615,958**	610,123
Canada	**321,196**	180,451	**93,128**	47,064
Australasia	**184,313**	171,076	**53,440**	28,338
Central and Latin America	**102,269**	71,916	**29,652**	17,668
South Africa and Middle East	**43,253**	37,344	**12,541**	6,193
	8,798,218	6,639,990	**6,051,091**	5,201,306

Turnover consists of sales of softgoods, hardgoods and logistics income as follows:

	UNAUDITED SIX MONTHS ENDED 30 JUNE	
	2011 US$'000	2010 US$'000 (Restated)
Softgoods	**5,587,703**	4,826,738
Hardgoods	**3,006,088**	1,813,252
Logistics	**204,427**	–
	8,798,218	6,639,990

For the six months ended 30 June 2011, approximately 12.1% (2010: 12.1%) of the Group's turnover is derived from a single external customer, of which, 10.6% (2010: 10.6%) and 1.5% (2010: 1.5%) are attributable to the Trading Network and Distribution Network segments respectively.

4 OPERATING PROFIT

Operating profit is stated after charging the following:

	UNAUDITED SIX MONTHS ENDED 30 JUNE	
	2011 **US$'000**	2010 US$'000 (Restated)
Amortization of computer software and system development costs	**3,220**	2,578
Amortization of brand licenses	**42,672**	32,817
Amortization of other intangible assets arising from business combinations	**22,164**	11,229
Amortization of prepaid premium for land leases	**38**	–
Depreciation of property, plant and equipment	**30,582**	18,877
Loss on disposal of plant and equipment	**1,243**	2,548
Staff costs including directors' emoluments	**556,134**	319,599

5 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	UNAUDITED SIX MONTHS ENDED 30 JUNE	
	2011 **US$'000**	2010 US$'000 (Restated)
Current taxation		
– Hong Kong profits tax	**4,418**	2,938
– Overseas taxation	**27,417**	15,369
Deferred taxation	**(3,681)**	976
	28,154	19,283

As of the date of this interim report, the Group has disputes with Hong Kong Inland Revenue ("HKIR") involving additional tax assessments amounting to approximately US$247 million on both the non-taxable claim of certain non-Hong Kong sourced income ("Offshore Claim") and the deduction claim of marketing expenses ("Deduction Claim") for the years of assessment from 1992/1993 to 2009/2010.

The Commissioner of the HKIR issued a determination on 14 June 2004 to one of our subsidiaries, Li & Fung (Trading) Limited ("LFT"), confirming additional tax assessments totalling US$43 million relating to the years of assessment from 1992/93 to 2001/02. Under further legal advice from the Group's counsel, the directors believed that the Group had meritorious defense to appeal against the Commissioner's determination. Accordingly, LFT served a notice of appeal to the Board of Review on 13 July 2004. The appeal was heard before the Board of Review in January 2006.

5 TAXATION (CONTINUED)

The Board of Review issued its decision on 12 June 2009 ("the Board of Review Decision") and held partially in favour of LFT. It agreed that the Offshore Claim for the years of assessment from 1992/93 to 2001/02 is valid. In other words, the relevant assessments in respect of such Offshore Claim should be annulled. On the other hand, the Board of Review disagreed with the Deduction Claim for the years of assessment from 1992/93 to 2001/02. Therefore, the relevant assessments in respect of such Deduction Claim should be confirmed.

The Group considered the reasoning of the Board of Review Decision and, having obtained professional advice, decided to lodge an appeal against the Board of Review Decision in respect of the Deduction Claim. An application requiring the Board of Review to state a case on questions of law for the opinion of the High Court was made by LFT on 10 July 2009.

On the other hand, the HKIR also lodged an appeal against the Board of Review Decision in respect of the Offshore Claim. An application requiring the Board of Review to state a case on questions of law for the opinion of the High Court was made by the HKIR on 10 July 2009.

On 19 March 2010, the Board of Review stated a case on questions of law in respect of both LFT's appeal in respect of the Deduction Claim, and the HKIR's appeal in respect of the Offshore Claim. On 1 April 2010, both LFT and the HKIR transmitted the stated case to the High Court for determination. On 15 July 2010, the HKIR applied to the High Court to remit the stated case to the Board of Review for amendment so as to include certain evidence and additional questions of law in the stated case. On 11 February 2011, the HKIR amended its application to remit the case stated to the Board of Review to include a further request that further findings of fact be made by the Board of Review and be set out in the case stated.

The HKIR's application to amend the stated case was heard by the Court on 17 February 2011. The Court did not allow the Commissioner's application to remit the case stated to the Board in respect of the Offshore Claim. The Court also disallowed the Commissioner's application to set out the requested evidence and pose the requested additional questions of law on the Offshore Claim in the case stated. Nevertheless, the Court directed the parties to try to agree some neutral facts in respect of the Offshore Claim on which the Court can rely in determining the appeal. As regards the requested additional questions of law on the Deduction Claim, the Court directed the parties to try to agree on the reformulation of those questions, and on directions for the case stated to be remitted to the Board for amendment.

As LFT and the HKIR were not able to reach agreement on all the facts propounded by the HKIR in respect of the Offshore Claim, the Court fixed another hearing on 28 March 2011 to give further directions. At that hearing, the Court dismissed the HKIR's application to remit the stated case to the Board of Review in respect of the Offshore Claim.

Accordingly, the appeal by the HKIR in respect of the Board of Review Decision on the Offshore Claim was heard before the Court of First Instance on 6 April 2011 as scheduled.

On 18 April 2011, the Court of First Instance delivered its judgment. It upheld the Board of Review Decision in respect of the Offshore Claim and dismissed the HKIR's appeal. LFT was also awarded costs of the appeal. On 16 May 2011, the HKIR has lodged an appeal against the judgment of the Court of First Instance to the Court of Appeal, which appeal is fixed to be heard on 14 and 15 February 2012 before the Court of Appeal.

As regards LFT's appeal on the Deduction Claim, upon the consent of the parties, the Court of First Instance has remitted the case stated to the Board of Review and directed it to make further findings of fact and to determine certain issues. As of the date of this interim report, further directions/decisions from the Board of Review are awaited.

5 TAXATION (CONTINUED)

The Group has also filed objections with the HKIR against the remaining additional tax assessments of US$204 million. The case before the Board of Review and now the Court of Appeal only applies to the additional tax assessments in respect of LFT for the years of assessment from 1992/93 to 2001/02. The Group's dispute with the HKIR regarding the remaining additional tax assessments in respect of certain other subsidiaries for the years of assessment from 1992/93 to 2001/02, and in respect of the Group for the period after the 2001/02 assessment years, is ongoing and has not yet been determined. It is therefore not yet before the Board of Review, and no hearing is currently scheduled.

Based on the assessment of the Group's legal counsel on the merits of LFT's further appeal in respect of the Deduction Claim and the HKIR's further appeal in respect of the Offshore Claim, and having taken into account the impact and ramification that the Board of Review Decision has on the tax affairs of LFT, the directors consider that no material tax liabilities will finally crystallize and sufficient tax provision has been made in the accounts in this regard.

On 11 June 2010, the Group also applied for a judicial review of the HKIR Commissioner's decision rejecting LFT's application for an unconditional holdover of tax for the year of assessment 2008/09 pending the determination of the objection lodged with the HKIR. The Group has purchased tax reserve certificates in respect of LFT for the year of assessment 2008/09 as directed by the Commissioner of the HKIR pending the decision of the judicial review application. As of the date of this interim report, the hearing date for the judicial review application is yet to be fixed.

6 INTERIM DIVIDEND

	UNAUDITED SIX MONTHS ENDED 30 JUNE	
	2011	2010
	US$'000	US$'000 (Restated)
Proposed, of US$0.024 (equivalent to HK$0.19) (2010: US$0.024 (equivalent to HK$0.19)) per ordinary share *(Note)*	**197,360**	185,783

A dividend of US$269,851,000 proposed for the year ended 31 December 2010 was paid in May 2011 (2010: US$239,449,000).

NOTE: Interim dividend per share of 2010 has been adjusted for the effect of Share Subdivision in May 2011.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US$235,523,000 (2010: US$278,371,000) and on the weighted average number of 8,070,223,000 (2010: 7,547,830,000) shares in issue during the period after taking into account the effect of the Share Subdivision in May 2011.

Diluted earnings per share is calculated by adjusting the weighted average number of 8,070,223,000 (2010: 7,547,830,000) ordinary shares in issue by 52,128,000 (2010: 80,716,000), after taking into account the effect of the Share Subdivision in May 2011, to assume conversion of all dilutive potential ordinary shares granted under the Company's Option Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

8 CAPITAL EXPENDITURE

	Intangible assets US$'000	Property, plant and equipment US$'000
Six months ended 30 June 2011		
Net book amount as at 1 January 2011	4,882,166	309,186
Adjustments to purchase consideration and net asset value *(Note (a))*	23,181	–
Additions	33,430	34,659
Acquisition of subsidiaries/businesses	846,959	3,729
Disposal of subsidiaries/businesses	(120)	(416)
Disposals	(314)	(17,900)
Amortization *(Note (b))*/depreciation charge	(68,056)	(30,582)
Exchange differences	20,616	3,615
Net book amount as at 30 June 2011 (unaudited)	**5,737,862**	**302,291**

NOTES:

(a) Adjustments to purchase considerations and net asset values related to certain acquisitions of subsidiaries/businesses in prior years, but previously determined on a provisional basis.

(b) Amortization of intangible assets included amortization of computer software and system development costs of US$3,220,000, amortization of brand licenses of US$42,672,000 and amortization of other intangible assets arising from business combinations of US$22,164,000.

9 TRADE AND BILLS RECEIVABLE

The ageing analysis of trade and bills receivable based on invoice date is as follows:

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 30 June 2011 (unaudited)	**1,915,544**	**86,086**	**21,321**	**2,642**	**2,025,593**
Balance at 31 December 2010 (audited) – Restated	1,994,478	69,071	7,022	8,441	2,079,012

All trade and bills receivable are either repayable within one year or on demand. Accordingly, the fair values of the Group's trade and bills receivable are approximately the same as their carrying values.

A significant portion of the Group's business is on sight letter of credit, usance letter of credit up to a tenor of 120 days, documents against payment or customers' letter of credit to suppliers. The balance of the business is on open account terms and is often covered by customers' standby letters of credit, bank guarantees, credit insurance or under a back-to-back payment arrangement with suppliers.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers internationally dispersed.

9 TRADE AND BILLS RECEIVABLE (CONTINUED)

Certain subsidiaries of the Group discounted bills receivable balances amounting to US$67,670,000 (31 December 2010: US$41,905,000) to banks in exchange for cash as at 30 June 2011. The transactions have been accounted for as collateralized bank advances.

As at 30 June 2011, trade receivables of US$30,302,000 (31 December 2010: US$14,752,000) were pledged as security for the Group's borrowings.

10 TRADE AND BILLS PAYABLE

The ageing analysis of trade and bills payable based on invoice date is as follows:

	Current to 90 days US$'000	91 to 180 days US$'000	181 to 360 days US$'000	Over 360 days US$'000	Total US$'000
Balance at 30 June 2011 (unaudited)	**2,264,470**	**42,271**	**13,119**	**11,520**	**2,331,380**
Balance at 31 December 2010 (audited) – Restated	2,107,054	77,836	7,476	16,038	2,208,404

The fair values of the Group's trade and bills payables are approximately the same as their carrying values.

11 LONG-TERM LIABILITIES

	UNAUDITED 30 JUNE 2011 US$'000	AUDITED 31 DECEMBER 2010 US$'000 (Restated)
Long-term loans from non-controlling interests	**4,910**	4,921
Long-term bank loans – unsecured	**133,946**	102,040
Balance of purchase consideration payable for acquisitions to be settled by cash	**1,571,526**	1,168,742
Long-term notes – unsecured	**1,256,279**	1,256,552
License royalty payables	**211,900**	195,518
	3,178,561	2,727,773
Current portion of balance of purchase consideration payable for acquisitions to be settled by cash	**(305,215)**	(248,314)
Current portion of license royalty payables	**(23,605)**	(7,553)
	2,849,741	2,471,906

12 SHARE CAPITAL AND OPTIONS

	No. of shares (in thousand)	HK$'000	Equivalent to US$'000
Authorized			
At 1 January 2011, ordinary shares of HK$0.025 each	6,000,000	150,000	19,231
Share Subdivision *(Note)*	6,000,000	–	–
At 30 June 2011, ordinary shares of HK$0.0125 each	**12,000,000**	**150,000**	**19,231**
Issued and fully paid			
At 1 January 2011, ordinary shares of HK$0.025 each	4,024,469	100,612	12,899
Exercise of share options before Share Subdivision	23,290	582	74
Share Subdivision *(Note)*	4,047,760	–	–
Exercise of share options after Share Subdivision	5,488	69	9
At 30 June 2011, ordinary shares of HK$0.0125 each	**8,101,007**	**101,263**	**12,982**

NOTE:

At the 2011 Annual General Meeting of the Company held on 18 May 2011, an ordinary resolution was duly passed under which each of the existing issued and unissued shares of HK$0.025 each in the share capital of the Company as of 19 May 2011 was subdivided (the "Share Subdivision") into two shares of HK$0.0125 each.

All the Share Options which were granted and remained outstanding as of 19 May 2011 were adjusted with the Share Subdivision and accordingly, the number of Share Options increased by one share for each share in the Share Options and the subscription prices per Share were adjusted by half.

12 SHARE CAPITAL AND OPTIONS (CONTINUED)

Details of share options granted by the Company pursuant to the Share Option Scheme and the share options outstanding at 30 June 2011 are as follows:

			Number of Share Options								
				Before Share Subdivision					After Share Subdivision		
Grant Date	Exercise Price HK$	Exercisable period	As at 1/1/2011	Granted	Exercised	Cancelled	Lapsed	Adjustment for Share Subdivision	Exercised	Lapsed	As at 30/6/2011
20/6/2005	6.72	20/6/2008 – 19/6/2011	1,973,600	–	(1,302,600)	–	–	671,000	(1,342,000)	–	–
20/6/2005	6.72	20/6/2009 – 19/6/2012	5,414,200	–	(2,136,200)	–	–	3,278,000	(1,052,000)	–	5,504,000
23/1/2006	6.86	20/6/2008 – 19/6/2011	462,000	–	(231,000)	–	–	231,000	(462,000)	–	–
23/1/2006	6.86	20/6/2009 – 19/6/2012	462,000	–	–	–	–	462,000	–	–	924,000
19/6/2006	7.82	20/6/2008 – 19/6/2011	194,000	–	–	–	–	194,000	(388,000)	–	–
19/6/2006	7.82	20/6/2009 – 19/6/2012	260,000	–	–	–	–	260,000	–	–	520,000
2/2/2007	12.75	20/6/2008 – 19/6/2011	372,000	–	(184,000)	–	–	188,000	(248,000)	(128,000)	–
2/2/2007	12.75	20/6/2009 – 19/6/2012	1,472,000	–	(128,000)	–	–	1,344,000	–	–	2,688,000
13/7/2007	14.96	20/6/2009 – 19/6/2012	482,000	–	–	–	–	482,000	–	–	964,000
24/1/2008	12.77	1/3/2009 – 28/2/2011	7,107,000	–	(4,744,000)	(817,000)	(1,546,000)	–	–	–	–
24/1/2008	12.77	1/3/2010 – 29/2/2012	19,166,400	–	(5,695,000)	–	–	13,471,400	(788,000)	–	26,154,800
24/1/2008	12.77	1/3/2011 – 28/2/2013	24,378,000	–	(4,976,500)	–	–	19,401,500	(776,000)	–	38,027,000
21/5/2008	15.00	1/3/2009 – 28/2/2011	922,000	–	(541,000)	(97,500)	(283,500)	–	–	–	–
21/5/2008	15.00	1/3/2010 – 29/2/2012	1,020,500	–	(333,500)	–	–	687,000	–	–	1,374,000
21/5/2008	15.00	1/3/2011 – 28/2/2013	1,370,000	–	(267,000)	–	–	1,103,000	–	–	2,206,000
13/8/2008	13.10	1/3/2009 – 28/2/2011	389,200	–	(173,700)	(89,200)	(126,300)	–	–	–	–
13/8/2008	13.10	1/3/2010 – 29/2/2012	1,107,900	–	(294,000)	–	–	813,900	(37,000)	–	1,590,800
13/8/2008	13.10	1/3/2011 – 28/2/2013	1,697,100	–	(334,500)	–	–	1,362,600	(61,200)	–	2,664,000
24/2/2009	8.61	1/3/2010 – 29/2/2012	794,000	–	(332,000)	–	–	462,000	–	–	924,000
24/2/2009	8.61	1/3/2011 – 28/2/2013	2,348,000	–	(1,279,600)	–	–	1,068,400	(120,800)	–	2,016,000
14/8/2009	13.90	1/3/2010 – 29/2/2012	1,274,500	–	(79,300)	–	–	1,195,200	(149,400)	–	2,241,000
14/8/2009	13.90	1/3/2011 – 28/2/2013	2,098,200	–	(258,400)	–	–	1,839,800	(63,200)	–	3,616,400
25/3/2010	20.76	1/3/2011 – 28/2/2013	2,733,100	–	–	–	–	2,733,100	–	–	5,466,200
15/11/2010	22.42	1/3/2011 – 28/2/2013	1,178,600	–	–	–	–	1,178,600	–	–	2,357,200
11/4/2011	20.21	1/5/2012 – 30/4/2015	–	16,501,000	–	–	–	16,501,000	–	–	33,002,000
11/4/2011	20.21	1/5/2013 – 30/4/2015	–	16,777,000	–	–	–	16,777,000	–	–	33,554,000
11/4/2011	20.21	1/5/2014 – 30/4/2016	–	41,722,000	–	–	–	41,722,000	–	–	83,444,000
		Total	78,676,300	75,000,000	(23,290,300)	(1,003,700)	(1,955,800)	127,426,500	(5,487,600)	(128,000)	249,237,400

Subsequent to 30 June 2011, 1,136,000 Shares have been allotted and issued under the Option Scheme.

13 OTHER RESERVES

	Unaudited						
	Shares held by escrow agent for settlement of acquisition consideration US$'000	**Capital reserve US$'000**	**Employee share-based compensation reserve US$'000**	**Revaluation reserve US$'000**	**Hedging reserve US$'000**	**Exchange reserve US$'000**	**Total US$'000**
Balance at 1 January 2011	**(23,385)**	**3,544**	**45,826**	**2,308**	**(752)**	**(50,409)**	**(22,868)**
Comprehensive income							
Currency translation differences	**–**	**–**	**–**	**–**	**–**	**19,755**	**19,755**
Net fair value gains on available-for-sale financial assets, net of tax	**–**	**–**	**–**	**129**	**–**	**–**	**129**
Net fair value losses on cash flow hedges, net of tax	**–**	**–**	**–**	**–**	**(4,881)**	**–**	**(4,881)**
Transactions with owners							
Employee share option scheme:							
– value of employee services	**–**	**–**	**7,256**	**–**	**–**	**–**	**7,256**
– transfer to share premium	**–**	**–**	**(17,757)**	**–**	**–**	**–**	**(17,757)**
Transfer to capital reserve	**–**	**74**	**–**	**–**	**–**	**–**	**74**
At 30 June 2011	**(23,385)**	**3,618**	**35,325**	**2,437**	**(5,633)**	**(30,654)**	**(18,292)**

	Unaudited (Restated)						
	Shares held by escrow agent for settlement of acquisition consideration US$'000	Capital reserve US$'000	Employee share-based compensation reserve US$'000	Revaluation reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Total US$'000
Balance at 1 January 2010	(59,494)	3,482	39,875	166	784	(35,148)	(50,335)
Comprehensive income							
Currency translation differences	–	–	–	–	–	(44,213)	(44,213)
Net fair value losses on available-for-sale financial assets, net of tax	–	–	–	(198)	–	–	(198)
Net fair value gains on cash flow hedges, net of tax	–	–	–	–	4,028	–	4,028
Transactions with owners							
Employee share option scheme:							
– value of employee services	–	–	3,494	–	–	–	3,494
– transfer to share premium	–	–	(17,450)	–	–	–	(17,450)
Release of shares held by escrow agent for settlement of acquisition consideration	12,622	–	–	–	–	–	12,622
Transfer to capital reserve	–	61	–	–	–	–	61
At 30 June 2010	(46,872)	3,543	25,919	(32)	4,812	(79,361)	(91,991)

14 BUSINESS COMBINATIONS

During the period, the Group has completed a series of acquisitions. These acquisitions were made with the aims to expand the Group's scale of operation and enlarge its market presence. Details of certain major acquisitions are as follows:

In January 2011, the Group completed the acquisition of substantially all of the assets of Oxford Apparel, which is one of the operating groups of Oxford Industries, Inc..

Also, in January 2011, the Group acquired Beyond Productions, LLC and Modium. Beyond Productions, LLC is a leading designer and licensor of women's fashion apparel and accessories. Modium is a virtual manufacturer of ladies' and men's woven apparel based in Istanbul, Turkey.

In March 2011, the Group acquired: (i) Celissa, a trading company based in Istanbul, Turkey, supplying wovens and knits to customers in Europe; (ii) Techno Source USA, Inc., one of the fastest-growing toy companies and a toy innovator, with a track record of successfully introducing electronic and non-electronic games; and (iii) Stone Sapphire, a company specializing in the supply of printed paper products and technical packaging.

In May 2011, the Group completed several major acquisitions. The Group acquired: (i) Loyaltex Apparel Ltd., Loyaltex is a sourcing and development company specialized in knits, woven/denim and sweater; (ii) Hampshire Designers, Inc.. It is the women's division of Hampshire Group Limited in the US; (iii) TVMania, the leading Pan-European supplier of character licensed and branded merchandize with the most comprehensive set of licenses across Europe; (iv) Collection 2000, which is specialized in fashion color cosmetics products for the beauty industry in the UK, with a range of products available in the majority of the country's leading mass color cosmetics retailers.

In June 2011, the Group acquired Exim Designs Co., Ltd., a Thai-based furniture trading company that specializes in ready-to-assemble, flat-pack furniture.

Acquisitions in this period contributed revenue of approximately US$262 million, core operating profit of approximately US$20 million and profit after tax of approximately US$9 million to the Group for the period from their respective dates of acquisition to 30 June 2011. If these acquisitions had occurred on 1 January 2011, Group revenue would have totalled approximately US$9,036 million; core operating profit would have been approximately US$314 million; profit after tax would have been approximately US$258 million. These amounts have been calculated using the Group's accounting policies, and adjusting the results of the relevant subsidiaries to reflect the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2011, together with the consequential tax effects.

14 BUSINESS COMBINATIONS (CONTINUED)

Details of provisional net assets acquired and goodwill are as follows:

	Total US$'000
Purchase consideration	917,344
Less: provisional fair value of net assets acquired	(282,403)
Goodwill	634,941
Acquisition-related costs (included in other non-core operating expenses in the consolidated profit and loss account for the period ended 30 June 2011)	2,410

As at the date of this interim financial report, the Group has yet to finalize the fair value assessments for the contingent consideration or the net assets acquired from these acquisitions. The Group expects to finalize the purchase price allocations by 31 December 2011.

The goodwill is attributable to the acquired workforces, the profitability and the synergies expected to arise from the acquired businesses. Goodwill recognized of US$68,701,000 is expected to be deductible for income tax purpose.

The carrying amounts of the assets and liabilities, other than intangible assets arising from business combinations, of the acquired businesses approximate their provisional fair values and are as follows:

	Total US$'000
Net assets acquired:	
Intangible assets (excluding goodwill)*	212,018
Property, plant and equipment	3,729
Inventories	69,247
Trade and bills receivable	29,210
Other receivables, prepayments and deposits	21,226
Cash and bank balances	2,714
Taxation	(80)
Trade and bills payables	(37,384)
Accrued charges and sundry payables	(17,735)
Bank borrowings	(542)
Fair value of net assets acquired	282,403

* *Intangible assets arising from business combinations represent customer relationships, licensor relationships, brand licenses and various other smaller intangible assets. The Group has engaged external valuers to perform fair value assessments on these intangible assets in accordance with HKAS 38 "Intangible Assets" and HKFRS 3 "Business Combination". As at the date of the interim financial report, the Group has not finalized the fair value assessments for some of the intangible assets. The relevant fair values of intangible assets stated above are on provisional basis.*

14 BUSINESS COMBINATIONS (CONTINUED)

Analysis of the net outflow of cash and cash equivalents in respect of the acquisitions:

	Total **US$'000**
Purchase consideration	917,344
Purchase consideration payable*	(540,695)
Cash and cash equivalents acquired	(2,714)
Net outflow of cash and cash equivalents in respect of the acquisitions	373,935

* *Balances are estimated fair value of contingent consideration payables for respective acquisitions. Final amounts of consideration settlements would be determined based on future performance of the acquired businesses.*

15 CONTINGENT LIABILITIES

	UNAUDITED **30 JUNE** **2011** **US$'000**	AUDITED 31 DECEMBER 2010 US$'000 (Restated)
Guarantees in respect of banking facilities granted to associated companies	**750**	750

16 COMMITMENTS

(A) OPERATING LEASE COMMITMENTS

At 30 June 2011, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	UNAUDITED **30 JUNE** **2011** **US$'000**	AUDITED 31 DECEMBER 2010 US$'000 (Restated)
Within one year	**171,037**	135,430
In the second to fifth year inclusive	**515,250**	369,879
After the fifth year	**480,666**	221,675
	1,166,953	726,984

16 COMMITMENTS (CONTINUED)

(B) CAPITAL COMMITMENTS

	UNAUDITED 30 JUNE 2011 US$'000	AUDITED 31 DECEMBER 2010 US$'000 (Restated)
Contracted but not provided for:		
Property, plant and equipment	**2,229**	1,925
Computer software and system development	**10,904**	10,809
Authorised but not contracted for:		
Property, plant and equipment	**338**	7,538
Computer software and system development	**16,203**	14,204
	29,674	34,476

17 RELATED PARTY TRANSACTIONS

Pursuant to certain sale and leaseback agreements and some other properties tenancy agreements entered into by the Group with certain entities indirectly wholly owned by Dr William Fung Kwok Lun and a trust established for the family of Dr Victor Fung Kwok King, the Group paid rental of US$11,853,000 for the six months ended 30 June 2011 (2010: US$7,141,000).

On 30 June 2011, the Group entered into agreements to dispose of properties in Turkey and Taiwan and the entire registered capital of a subsidiary incorporated in the PRC to entities indirectly wholly owned by Dr. William Fung Kwok Lun and a trust established for the family of Dr. Victor Fung Kwok King at an aggregate consideration of approximately US$26,505,000. The considerations for the properties were agreed with reference to valuations of certain independent professional valuers, which were fully paid and recognised as cash inflow from investing activities in the condensed consolidated cash flow statement. In respect of the property in Turkey, the Group also entered into a leaseback agreement for an initial term from 1 July 2011 to 30 June 2014 with two consecutive renewal options exercisable at the discretion of the Group, each of three years at the then prevailing market rent.

On the same date, the Group entered into an agreement to dispose of the Group's medical equipment businesses in East Malaysia, Indonesia, Singapore and West Malaysia to subsidiaries of Li & Fung (Distribution) Limited at an aggregate consideration of approximately US$57,700,000. The considerations were fully paid and recognised as cash inflow from investing activities in the condensed consolidated cash flow statement. Li & Fung (Distribution) Limited is a wholly owned subsidiary of LF 1937, which is a substantial shareholder of the Company.

Save as above, the Group had no material related party transactions during the period.

18 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(A) MARKET RISK

(i) Foreign exchange risk

The Group operates globally and is exposed to foreign exchange risk arising from various currency exposures mainly to the extent of its receivables and payables in currencies other than US dollar, such as HK dollar, Euro dollar and Sterling Pound. To minimize such risks, sales and purchases are generally transacted in the same currency. HK dollar is pegged to US dollar at a range between 7.75 to 7.85 and the foreign exchange exposure between US dollar and HK dollar is therefore limited.

Foreign exchange risk arising from sales and purchases transacted in different currencies are managed by the Group treasury with the use of foreign exchange forward contracts. Pursuant to the Group policy in place, foreign exchange forward contracts, or any other financial derivatives, are entered into by the Group for hedging purposes. The Group has not entered into any financial derivatives for speculation.

The Group's cash is mainly kept in either US dollar or HK dollar to minimize the foreign exchange risk.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale financial assets. The Group maintains these equity securities investments for long-term strategic purposes and the Group's overall exposure to price risk is not significant.

At 30 June 2011 and up to the date of the Group's interim financial report, the Group held no material financial derivative instruments except for certain foreign exchange forward contracts entered into for hedging of foreign exchange risk exposure on sales and purchases transacted in different currencies (*(i) above*). At 30 June 2011, fair value of foreign exchange forward contracts entered into by the Group amounting to US$9,115,000 (31 December 2010: US$1,892,000), which have been reflected in full in the Group's consolidated balance sheet as derivative financial instruments (liabilities).

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from its bank deposits of various major currencies, US dollar denominated long-term notes and the US dollar denominated available-for-sale debt security. Bank deposits at variable rates expose the Group to cash flow interest rate risk. Long-term notes and available-for-sale debt security issued at fixed interest rate expose the Group to fair value interest rate risk. However, the Group's policy is to maintain a diversified mix of variable and fixed rate borrowings based on prevailing market condition.

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK

Credit risk mainly arises from trade and other receivables and cash and bank balances of the Group.

Most of the Group's cash and bank balances are held in major global financial institutions.

The Group has stringent policies in place to manage its credit risk with trade and other receivables, which include but are not limited to the measures set out below:

(i) A significant portion of business is secured by back-to-back payment arrangement or covered by letters of credit, customers' standby letters of credit, bank guarantees or credit insurance;
(ii) Certain trade receivable balances on open account term are factored to external financial institutions without recourse;
(iii) The Group's credit control team makes assessment of each counter party and determines the credit limits based on, among other factors, their trading and settlement history and their respective financial background.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities from the Group's bankers.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

19 EVENTS AFTER BALANCE SHEET DATE

In July 2011, the Group acquired the business of Union Rich USA, LLC., which is a leading product development company specializing in storage and organization products for home and business and travel.

In August 2011, the Group acquired the businesses of Crimzon Rose Holdings, Inc. and Fishman and Tobin, Inc. Crimzon is a leading creative company of fashion costume jewelry and accessories in North America. Fishman and Tobin is a leading children's apparel company and a key supplier to the boy's dresswear market.

The aggregate consideration of these acquisitions amounting to approximately US$578 million. The Group will be verifying the fair value of assets, liabilities and contingent liabilities of these newly acquired businesses as at the respective acquisition dates and it is impracticable to disclose their respective amounts together with the goodwill arising as at of the date of these interim financial report.

20 APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board of Directors on 11 August 2011.

INFORMATION FOR INVESTORS

LISTING INFORMATION

Listing:	Hong Kong Exchange
Stock code:	494
Ticker Symbol	
Reuters:	0494.HK
Bloomberg:	494 HK Equity

INDEX CONSTITUENT

Hang Seng Index
MSCI Index Series
S&P/StanChart Greater China Index
FTSE4Good Index Series
Dow Jones Sustainability Asia Pacific Index
Hang Seng Corporate Sustainability Index Series

KEY DATES

11 August 2011
Announcement of 2011 Interim Results

31 August 2011 to 6 September 2011
(both days inclusive)
Closure of Register of Shareholders

7 September 2011
Payment of 2011 Interim Dividend

REGISTRAR & TRANSFER OFFICES

PRINCIPAL

HSBC Securities Services (Bermuda) Limited
6 Front Street, Hamilton HM 11, Bermuda

HONG KONG BRANCH

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

SHARE INFORMATION

Board lot size: 2,000 shares

Shares outstanding as at 30 June 2011
8,101,007,006 shares

Market Capitalization as at 30 June 2011
HK$125,565,608,593

Earnings per share for 2011
Interim 2.92 US cents

Dividend per share for 2011
Interim 19 HK cents

INVESTOR RELATIONS CONTACT

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