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LI & FUNG LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 494)

FULL YEAR 2012 PROFIT ALERT

Based on a preliminary review of the management accounts of the Group for the full year ended 31 December 2012, profit attributable to shareholders for the full year 2012 is unlikely to exceed 2011¹. Core operating profit for the full year 2012 is expected to be lower by approximately 40% due to ongoing restructuring costs and additional provisions associated with LF USA's business. Except for LF USA, all other parts of the Group's business have performed as expected.

This announcement is only based on the preliminary calculations by the Company's management according to the management accounts of the Group, which have not been confirmed nor audited by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

Reference is made to the announcement of Li & Fung Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 9 August 2012 of results for the half year ended 30 June 2012 in which it was noted (on page 15), under "Management Discussion and Analysis", that the turnaround of LF USA's business had been slower than expected, that this had contributed to a decrease in core operating profit and that, whilst core operating profit was relatively weak in the first half of 2012, the Group was focused on taking the necessary steps to improve the second half results. It was also noted in the Company's announcement dated 9 August 2012 that, despite a decrease in core operating profit, profit attributable to shareholders had increased by 33% as compared to the same period in 2011.

BOARD REVIEW

The board of directors of the Company (the "**Board**") has conducted a preliminary review of the management accounts of the Group for the full year ended 31 December 2012. Based on the preliminary review of the ongoing restructuring of LF USA's business, including the reduction in the number of brands distributed in the USA which negatively impacted the Company's margin, the Group's efforts to improve the second half results will not achieve an improvement in core operating profit, and core operating profit is expected to be lower by approximately 40% (compared to the corresponding period in 2011). Although there will be write backs of several contingent considerations, it is estimated that profit attributable to shareholders for the full year 2012 is unlikely to exceed the profit attributable to shareholders in 2011.¹

¹ In 2011, profit attributable to shareholders was US\$681.4 million.

See: <http://203.194.162.10/listco/hk/lifung/announcement/a87658-e00494.pdf>

Except for LF USA, all other parts of the Group's business have performed as expected. The Group is focused on taking the necessary steps to improve results in 2013, the last year of the current Three-Year Plan.

NEW LEADERSHIP IN LF USA

As of 19 December 2012, Mr. Dow Peter Famulak has been appointed as the new President of LF USA, taking over from Mr. Richard Nixon Darling. Mr. Famulak is responsible for the management of all day-to-day operations of LF USA. Mr. Darling has assumed a non-operating role in the Group.

With this management change, the Group expects to successfully complete its LF USA restructuring project in 2013 which includes a reduction in the number of brands for distribution in the USA.

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The final results for the year ended 31 December 2012 for the Group and other details will be disclosed in the Company's results announcement in March 2013 and the 2012 annual report.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

BOARD OF DIRECTORS

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

Non-executive Directors:

Victor Fung Kwok King
(Honorary Chairman)
Paul Edward Selway-Swift*
Allan Wong Chi Yun*
Franklin Warren McFarlan*
Martin Tang Yue Nien*
Benedict Chang Yew Teck
Fu Yuning*

Executive Directors:

William Fung Kwok Lun (Group Chairman)
Bruce Philip Rockowitz (Group President &
Chief Executive Officer)
Spencer Theodore Fung
(Group Chief Operating Officer)

** Independent Non-executive Directors*

By Order of the Board
William FUNG Kwok Lun
Group Chairman



Hong Kong, 11 January 2013

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