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LI & FUNG LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 494)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
GLOBAL BRANDS GROUP HOLDING LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

DECLARATION OF CONDITIONAL DISTRIBUTION IN SPECIE

We refer to our announcements on 15 May 2014, 19 June 2014 and 26 June 2014 in relation to the Proposed Spin-off. Terms defined in those announcements shall have the same meanings when used in this announcement.

The Board announces that on 1 July 2014, the Board of the Company declared a conditional distribution in specie of all of the issued share capital of Global Brands Group Holding Limited to Qualifying Li & Fung Shareholders, being registered holders of the Company's shares whose names appear on the register of members of the Company on Monday, 7 July 2014 ("**Qualifying Li & Fung Shareholders**"). The Conditional Distribution is conditional upon the Listing Approval having been granted.

If the Conditional Distribution becomes unconditional, it will be satisfied wholly by way of a distribution in specie to the Qualifying Li & Fung Shareholders of an aggregate of 8,360,398,306 Global Brands Group Shares, the entire issued share capital of Global Brands Group Holding Limited, in proportion to their respective shareholdings in the Company on the Monday, 7 July 2014 (the "**Record Date**"). The Qualifying Li & Fung Shareholders will be entitled to one Global Brands Group Share for every one share in the Company held on the Record Date. Fractional entitlements will be disregarded.

As indicated in the Company's announcement dated 19 June 2014, the register of members of the Company will be closed for one day on Monday, 7 July 2014, during which no transfer of shares will be effected. In order to qualify for entitlement to the Conditional Distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 4 July 2014.

A more detailed expected timetable for the Conditional Distribution is set out in the Company's announcement on 26 June 2014 and the Listing Document.

GENERAL

The listing of the Global Brands Group Shares pursuant to the Proposed Spin-off is subject to, among other things, the Listing Approval. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the Global Brands Group Shares will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the proposed distribution in specie of Global Brands Group Shares will not be made. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

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By Order of the Board
William FUNG Kwok Lun
Group Chairman



Hong Kong, 1 July 2014

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

As at the date of this announcement, Executive Directors of the Company are William Fung Kwok Lun (Group Chairman), Spencer Theodore Fung (Group Chief Operating Officer) and Marc Robert Compagnon; Non-executive Director is Victor Fung Kwok King (Honorary Chairman); Independent Non-executive Directors are Paul Edward Selway-Swift, Allan Wong Chi Yun, Franklin Warren McFarlan, Martin Tang Yue Nien, Fu Yuning and Margaret Leung Ko May Yee.