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LI & FUNG LIMITED

Incorporated in Bermuda with limited liability
Stock Code: 494

Announcement of Results for the Half Year Ended 30 June 2015

- Macro environment and global retail disruption present a mix of challenges and opportunities
- Turnover resilient despite deflationary environment and European currencies depreciation
- Core customers continue to grow and business foundation is solid with strong pipeline for new business
- Core operating profit impacted by annualization of operating costs associated with investments
- Strong growth in logistics business and Vendor Support Services (VSS) ahead of plan

HIGHLIGHTS

(US\$ million)	2015	2014	Change
Turnover	8,626	8,710	(1.0%)
Total margin	984	995	(1.2%)
As % of turnover	11.4%	11.4%	

Core operating profit	182	227	(19.7%)
As % of turnover	2.1%	2.6%	

Loss from Discontinued Operations	-	(98)	
Profit attributable to Shareholders	149	111	+33.4%
Profit attributable to Shareholders - Excluding loss from Discontinued Operations	149	210	
Earnings per share – Basic (equivalent to)	13.8 HK cents 1.78 US cents	10.4 HK cents 1.34 US cents	
Earnings per share – Basic - Excluding loss from Discontinued Operations (equivalent to)	13.8 HK cents 1.78 US cents	19.6 HK cents 2.51 US cents	
Dividend per share	13 HK cents	13 HK cents	

A letter from our CEO

Dear Shareholders,

After a year into my role as Group CEO, I would like to report on our performance for the first half of 2015.

Amid the challenging business environment, we continue to make strategic investments and reposition ourselves to drive organic growth and achieve our long-term Three-Year Plan's strategic objectives. I would like to outline for you some of the key highlights of our performance during the first six months of the year.

Macro environment remains weak

Current macroeconomic conditions remain tough globally for our customers and our business. While we expected lower oil prices to bolster household income, increase consumer spending and offset general economic softness, these effects have been muted so far as consumer spending continues to be impaired. Retail sales remain lackluster and have been largely boosted by promotions. Additionally, weakness in the Eurozone and the decline in the European currencies affected our business in the region. We expect this cyclical weakness to reverse as the Eurozone resolves the issues concerning Greece. In the meantime, China's economic growth continues to slow and the recent currency moves have yet to stabilize. Contending with all of these challenges, we have been working closely with our customers to adjust their supply chains to find solutions to mitigate these cyclical challenges and add greater value to their businesses.

Retail environment is in flux

The global retail industry continues to be disrupted by the rapid growth of e-commerce, which lowers the barriers to distribution globally and increases price transparency across channels and geographies. While e-commerce platform operators and pure plays benefitted from the growth in e-commerce, traditional retailers have responded by aggressively investing in their own online channels to regain lost market share. We now see brands and retailers competing both online and offline on a global basis and are using promotions to drive traffic and sales. These highly promotional activities had a negative impact on our customers and, as a result, weighed on margins in our principal business. We believe competition and promotional activities will normalize eventually and our margins will stabilize. In spite of this disruption by e-commerce, we believe this provides us with an opportunity. Not only do many of the products we source for our traditional customers end up being sold online, we also have the opportunity to work with our online customers as they develop private labels.

Our Focus and Performance

Given the overall retail landscape and tough macro environment, our first half results were in line with expectation. We managed to preserve our top line by growing with our core trading customers and continuing to deliver strong performance in our logistics business. This offset the downward pressure from

the tough retail and deflationary environment, and depreciation in the European currencies. Our total margin percentage held up well despite margin pressure on the retailers. We remain vigilant in improving cost efficiency and productivity, however, investments made in the second half of 2014 led to an increase in operating costs. As a result, core operating profits fell during the first half of 2015.

In 2015, we continue to focus and invest for the long-term to strengthen our global sourcing platform through a combination of infrastructure upgrades and deepening our product expertise. Importantly, we continue to execute our strategy to grow our logistics business and develop our Vendor Support Services (VSS).

Enhancing Product Expertise

We believe that in this changing retail environment, product differentiation and speed to market are increasingly important. Consumers are no longer limited by who they can buy from. They demand products that are unique and sustainable. Equally, our customers require a higher degree of product differentiation to remain competitive. We believe our focus on our core and new customers, key product verticals and innovation meets this need. At Li & Fung, we have the unique ability to apply our expertise in technology, design and development to further innovate products for our customers.

In addition to upstream demands for differentiated products, there is a corollary downstream demand for the supply chain coordination of raw materials and components. As sourcing operations continue to move out of China to other production markets, raw materials in China become disconnected from the manufacturing taking place elsewhere. Our product focused teams design and develop differentiated products for our customers, yet they also orchestrate the increasingly complex flow of raw materials, components and finished goods. Our goal is to achieve global leadership in particular product categories and capture new opportunities.

Our multi-channel sourcing strategy continues to work well, allowing us to capture all sourcing opportunities from customers that use various channels to procure their merchandise. Our holistic sourcing approach allows our customers to leverage their core strengths at retail and optimize their sourcing strategies by tapping into our global network and expertise. We are fortunate to serve as a trusted strategic sourcing partner for our customers and we look forward to working with them, while also attracting new customers.

Growth in Logistics; VSS ahead of Plan

Our logistics network continues to execute and grow with new customer wins, increase market share with our existing customers, and successful penetration into e-logistics and new markets. The integration of China Container Lines (CCL) was smooth and the cross-selling of global freight services has now begun. With VSS, we are converting our existing suppliers into a new customer base. By leveraging our global network and knowhow, our vendors can enhance their overall efficiency within the supply chain. This in turn, benefits all along the supply chain. We have now completed the build-out phase and VSS is progressing ahead of plan and generating positive returns.

Outlook

While we expect the macroeconomic environment to remain challenging for the rest of the year, our order book remains solid and in-line with our expectations, and I am optimistic that key prospects will be converted into new businesses this year. Incremental operating costs from investments initiated in 2014 will normalize in the second half of the year. We will continue to drive operating efficiency and productivity in our operations and that should ease the pressure on our core operating profit margin for the full year.

Our logistics business remains robust, delivering strong organic growth. We continue to invest in e-logistics to take advantage of the momentum in both domestic and cross-border e-commerce. Lastly, as an organization, we are committed to focusing on our customers' needs. Our focus on product expertise will create value for our customers by helping them develop differentiated and sustainable products at quick speed to market.

I strongly believe in our multi-channel sourcing strategy which will continue to allow us to serve our customers in whatever way they choose to procure products. Last but not least, I am grateful for the dedication and efforts of our employees, who live by the core values of entrepreneurship, humility and family every day.

Spencer Theodore Fung

Group Chief Executive Officer

Management Discussion & Analysis

Results Overview

First Half 2015 Performance

Results

	1H 2015 US\$m	1H 2014 US\$m	Change %
Turnover	8,626	8,710	(1.0%)
Total Margin	984	995	(1.2%)
<i>% of Turnover</i>	<i>11.4%</i>	<i>11.4%</i>	
Operating Costs	801	768	+4.3%
<i>% of Turnover</i>	<i>9.3%</i>	<i>8.8%</i>	
Core Operating Profit	182	227	(19.7%)
<i>% of Turnover</i>	<i>2.1%</i>	<i>2.6%</i>	
Loss from Discontinued Operations	–	(98)	
Profit Attributable to Shareholders	149	111	+33.4%
Profit Attributable to Shareholders (ex-Loss from Discontinued Operations)	149	210	
<i>% of Turnover</i>	<i>1.7%</i>	<i>2.4%</i>	

Turnover

During the first half of 2015, turnover held up with a 1% reduction despite our customers being affected by a subdued macroeconomic and retail environment, as well as turnover decline in Europe due to currency depreciation. Turnover in our trading network fell 3%. That was mainly impacted by the depreciation in the European currencies and a heightened deflationary environment, exacerbated by the drop in raw material prices. During the same period, turnover in our logistics network increased 36%. Turnover in the US was flat while Europe fell 13%. Turnover in Asia grew 14% and the rest of the world decreased by 9%.

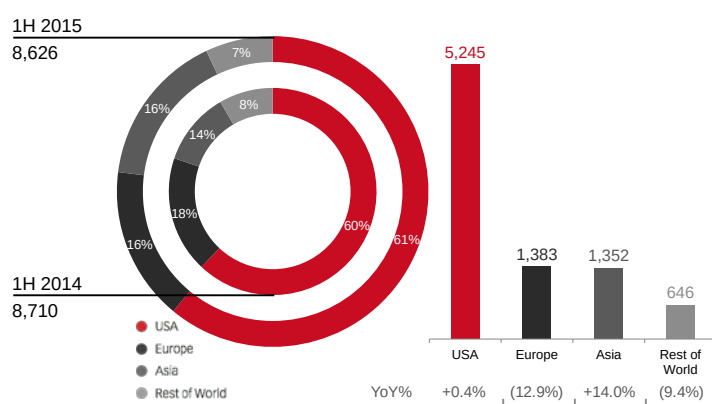
The fall in oil prices was expected to be positive for consumer spending as it should leave consumers with more money to spend in other areas. However, that expected trend failed to translate into any significant improvement in retail sales in the US. Instead, much of the savings from lower oil prices were used to pay down household debts or were converted into savings. Set against this weak consumer retail environment, our US business, which represented 61% of our total turnover, remained flat.

Political uncertainty around Greece and the Eurozone intensified at the end of 2014. Negotiations on whether Greece would stay in the Eurozone and the potential knock-on effect to the rest of Europe caused a rapid decline in the value of the European currencies. While our operations are hedged from a currency perspective, our results denominated in US dollars were affected by the currency translation. During the interim period, our turnover in Europe, which accounted for 16% of our total turnover, decreased 13%.

Our turnover in Asia, which represented 16% of total turnover, increased 14%. Business in Asia was largely boosted by our logistics business, and continued to deliver strong performance with increased sales from existing customers together with new customer wins. In addition, following the acquisition of CCL last year, we have started to cross-sell global freight management services to our global customer base.

Group Geographical Market Turnover

US\$m



Total Margin

Total margin declined by 1% due to the decrease in turnover, while the overall total margin percentage was stable at 11.4%. Total margin was further impacted by a larger contribution from the lower-margin global freight management business.

Operating Costs

Operating costs increased by 4%, mainly attributable to the increase in costs to support the growth of our logistics business, including the full period operations of CCL, which was acquired at the end of the first half of 2014. Additionally, we strategically increased spending in 2014, which was the investment year of our current Three-Year Plan, to improve infrastructure, build out our VSS team, as well as to develop new product categories, new markets and services. The full period impact of these investments increased our operating costs in the first half of 2015. The increase in operating costs was alleviated by cost efficiencies from our existing business, which will continue going forward.

Core Operating Profit

Core operating profit decreased by 20% mainly due to the margin decline in the Trading Network and increase in operating costs from the Logistics Network and investments made since 2014.

Profit Attributable to Shareholders

Profit attributable to shareholders increased by 33% from US\$111 million to US\$149 million, which included a non-cash gain of US\$60 million on the write-back of contingent considerations during this period, as compared to US\$98 million in 2014, as well as the loss from discontinued operations of US\$98 million in 2014 relating to Global Brands. Excluding results from Discontinued Operations, profit attributable to shareholders decreased from US\$210 million to US\$149 million.

Segment Analysis

Trading Network

Results

	1H 2015 US\$m	1H 2014 US\$m	Change %
Turnover	8,156	8,369	(2.5%)
Total Margin	855	893	(4.3%)
<i>% of Turnover</i>	<i>10.5%</i>	<i>10.7%</i>	
Operating Costs	695	685	+1.5%
Core Operating Profit	160	208	(23.4%)
<i>% of Turnover</i>	<i>2.0%</i>	<i>2.5%</i>	

As a multi-channel sourcing supplier, our trading network offers customers both agency-based sourcing services and product-focused principal solutions over a wide range of product categories. We act as a strategic supply chain manager responsible for the buying needs of our brand and retail customers.

Our agency-based sourcing business provides our customers with a flexible outsourcing service and global network to optimize their sourcing strategy. That gives customers the opportunity to simplify their organization and focus on their core strengths in retail. Our principal trading business, where we operate as either a domestic (onshore) or overseas (offshore) trader, provides customers fully developed and market-ready products based on their needs and brand image.

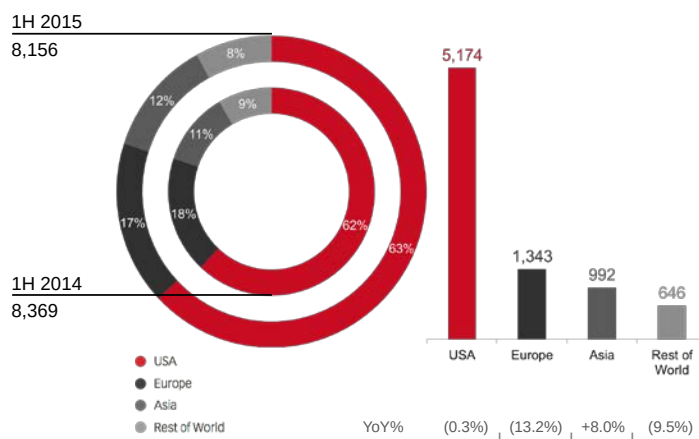
Turnover

Turnover in the trading network, comprised of 63% softgoods and 37% hardgoods, decreased by 3%. The decline in turnover was due to multiple cyclical factors, predominately due to the negative translation impact from the weaker European currencies. The drop in oil and other raw material prices also led to an unexpected deflationary environment, which served as a headwind for our agency business. The weak and highly promotional global retail landscape resulted in a relatively muted sales environment for our customers in the first half. The European political uncertainty and the resulting decline in local currencies have impacted our business in Europe. Nevertheless, our core customers, who served as a foundation for our sourcing business, continued to grow with us. By region, turnover in our US business remained flat while turnover in our European business decreased by 13%. Turnover in Asia remained stable with 8% growth.

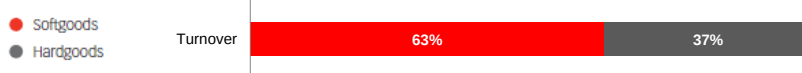
Our new business pipeline remains strong, and we successfully converted some new customers. Amid increasing competition in a fast-evolving retail landscape and the growing importance of e-commerce, our customers' online sales continued to increase. Many of the products we source for our customers are sold through their e-commerce channels. In addition, we continue to make inroads into e-commerce pure play customers. These customers are beginning to develop private label lines to capture higher margins on their customer traffic, and to differentiate their products from their peers. In China, many Chinese retailers are also looking to develop private and proprietary brands to stand out from their competitors, boost margins and improve customer loyalty. We have developed partnership relationships with various retailers in China to target the growing Chinese consumer retail market.

Trading Network Geographical Market Turnover

US\$m



Product Mix



Total Margin

Total margin decreased by 4% as a result of the decrease in total turnover and continued margin pressure on our principal business. We serve customers on a multi-channel sourcing basis across both agency and principal trading business and where margins differ. The continued shift in our turnover mix in the first half of 2015 impacted our overall total margin. The promotional retail environment continues to apply pressure to retailers' gross margins. As a result, our product-led principal business faced pricing pressure during this period.

Operating Costs

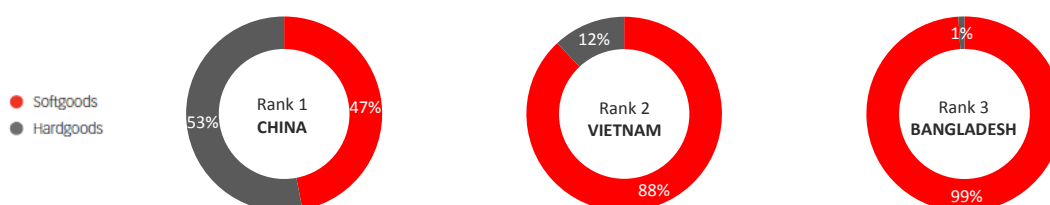
Operating costs increased by 2% as a result of annualization of the investments made last year; which was offset by the continued cost efficiency improvement throughout our global platform. While the trading network invested in many growth initiatives, we remained focused on controlling costs and increasing productivity through technology and other innovative processes.

Core Operating Profit

The 23% decline in core operating profit was mainly attributable to the fall in total margin as a result of the reduction in turnover. Coupled with higher operating costs as a percentage of turnover, core operating margin decreased from 2.5% to 2.0%.

Top Sourcing Countries

We have a global trading network spanning over 40 economies, giving us flexibility when moving orders between production bases. This allows us to serve our customers in the most effective and efficient way. Within this global network, our top three sourcing countries remain to be China, Vietnam and Bangladesh. While China continues to be our largest sourcing base, we have been increasingly switching from vendors located in coastal areas to those further in-land. In the meantime, we continue to expand our sourcing with vendors in the frontier markets.



Logistics Network

Results

	1H 2015 US\$m	1H 2014 US\$m	Change %
Turnover	475	349	+36.3%
Total Margin	129	102	+26.1%
Operating Costs	106	84	+27.2%
Core Operating Profit	23	19	+21.1%
<i>% of Turnover</i>	<i>4.8%</i>	<i>5.3%</i>	

Our logistics network comprises of in-country logistics and global freight management businesses. It continues to be one of the Group's high growth and high potential areas.

In-country logistics offers Asia-focused logistics and supply chain solutions, and specializes in the key verticals of footwear and apparel, fast-moving consumer goods, food and beverage, retail and electronics. Our Pan-Asian network and deep market knowledge allow us to customize hub-and-spoke logistics solutions for our customers. Riding on the rise of e-commerce and omni-channel retailing, we have deployed our best-in-class technology solutions to re-design our distribution center and operational flow. This has allowed our e-logistics business to optimize order fulfillment processes for both store distribution and direct-to-consumer delivery.

Global freight management offers cross-border logistics services at origin and destination to supplement our in-country logistics solutions. This is particularly relevant for our sourcing customers. The scale of this business has increased significantly following the acquisition of CCL, a leading sea-freight forwarder in China, in the first half of 2014. This increased scale has given us the volume necessary to obtain highly favorable commercial arrangements with the global ocean carriers. As a result, we can offer our customers full container loads or consolidate less-than container load freight services in a cost effective and competitive manner.

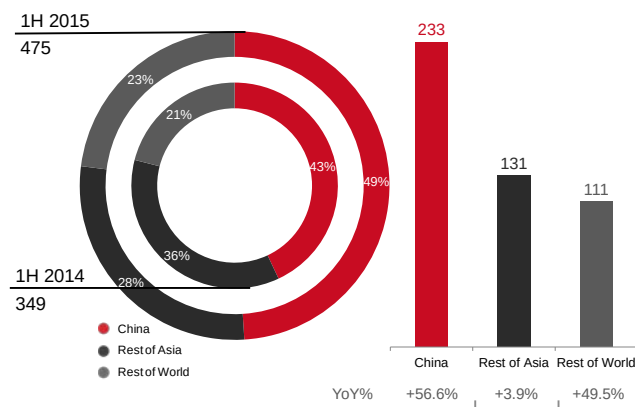
Turnover

Turnover increased by 36%. All businesses and geographies experienced strong organic growth driven by new customer wins, increased market share of existing customers, new geographic entries, as well as the expanded freight forwarding business via the CCL acquisition. In addition, the design and operations of our logistics network and IT system are quickly differentiating us as the leader in Asian e-logistics. This allows us to benefit from the booming e-commerce segment in both domestic and cross-border sales.

Post CCL integration, we were able to offer competitive shipping rates and started to cross sell our global freight management to our sourcing customers. We are only at the very beginning of providing this incremental value-added service to our global customer base.

Logistics Network Geographical Market Turnover

US\$m



Core Operating Profit

Core operating profit increased 21% and core operating margin declined from 5.3% to 4.8%. The decrease in margin mainly resulted from full period contribution from the lower-margin freight management business. Given the tremendous opportunity ahead, we have also been investing in our warehouse capacity and infrastructure to support the growth of the business.

People

As an asset-light business, our success is dependent on our people. We are very grateful for their expertise, dedication and hard work. As at 30 June 2015, we had a total workforce of 25,065, of which 6,605 were warehouse-related employees for our logistics and distribution businesses. In terms of geography, 4,031 of our employees were based in Hong Kong, 9,265 were based in Mainland China and 11,769 were based overseas.

Total manpower costs for the first half of 2015 were US\$495 million, compared with US\$479 million for the first half of 2014.

Balance Sheet and Capital Structure

Stable Cash Flow

We have a strong and stable cash flow conversion business, which more than adequately funded its working capital, interest expenses and capital expenditure in the first half of 2015.

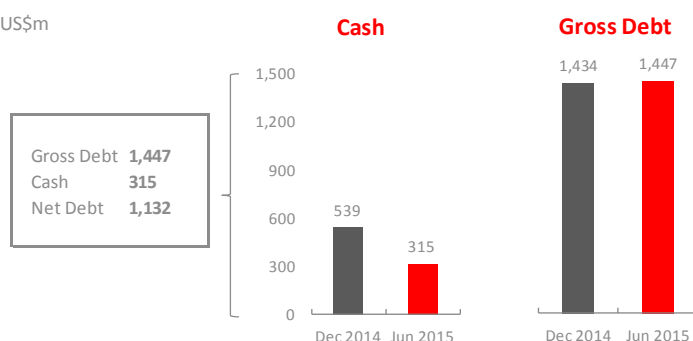
- Operating cash flow of US\$180 million in line with core operating profit after working capital and depreciation adjustments and tax payments
- Capital expenditure and acquisition-related payments of US\$53 million, including consideration payable for previous acquisitions
- Interest expenses paid and distribution to perpetual capital securities holders of US\$60 million

Balance Sheet

Our balance sheet remained solid with a cash position of US\$315 million after payment of the 2014 final and special dividends of US\$303 million during the first half of 2015. Gross debt remained largely unchanged at US\$1,447 million as of 30 June 2015, with weighted average tenor of over 3 years. The majority of our debt is at a fixed rate and denominated in US dollars. As a result of the payment of the 2014 final and special dividends with existing cash on hand, our net debt (total borrowings minus cash) increased from US\$896 million as of 31 December 2014 to US\$1,132 million as of 30 June 2015.

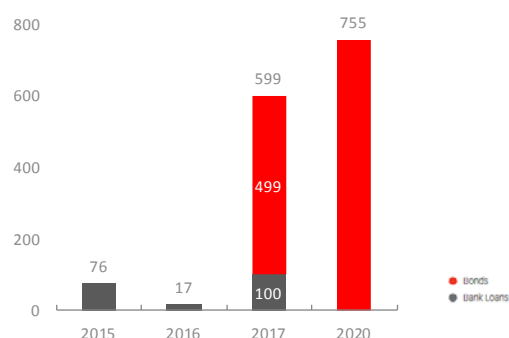
Cash and Net Debt

US\$m



Debt Maturity Schedule

US\$m



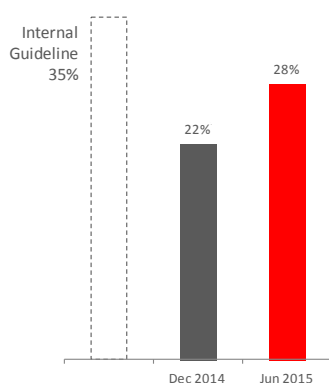
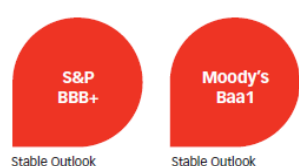
Net Gearing Ratio and Net Current Assets

Our net gearing ratio, as stated in the unaudited consolidated balance sheet, was 28% as of 30 June 2015 (versus 22% as of 31 December 2014).

We continued to adopt a conservative approach in managing our balance sheet and capital structure. As at 30 June 2015, we maintained credit ratings from Moody's Baa1 (stable outlook) and Standard & Poor's BBB+ (stable outlook). We are committed to maintaining a solid balance sheet, healthy cash flow and strong credit ratios, with the overall long-term target of retaining an investment grade rating to support our growth.

Our current ratio as stated in the unaudited consolidated balance sheet was 1.0 as of 30 June 2015.

Net Gearing Ratio



Banking Facilities

Bank Loans and Overdrafts

We had available bank loans and overdraft facilities of US\$1,682 million, out of which US\$821 million were committed facilities. As at 30 June 2015, US\$193 million of our bank loans and overdraft facilities were drawn down, with US\$168 million being committed facilities. The unused limits on bank loans and overdraft facilities amounted to US\$1,489 million, with US\$653 million being unused committed facilities.

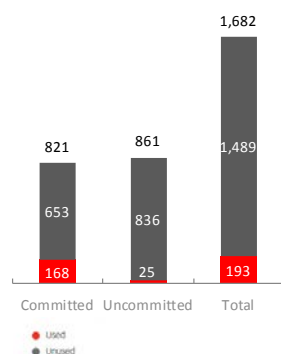
Trade Finance

Our normal trading operations are well supported by circa US\$2.6 billion in bank trading facilities including mainly letters of credit issued to suppliers and bills discounting. A letter of credit is a common means of payment to suppliers to support cross-border trades. Our payment obligations on letters of credit issued to

suppliers is only crystallized when our suppliers have delivered the merchandise to our customers or to us in accordance with all of the terms and conditions specified in the related contractual documents. As at 30 June 2015, approximately 26% of the bank facilities were utilized.

Unused Bank Loans

US\$m



Contingent Liabilities and Goodwill

Adjustments to Purchase Consideration Payables

Given the unique nature of our acquired businesses are private enterprises relying on their respective entrepreneurs' commercial skills to drive success, we generally structure our acquisitions with incentive schemes and contingent payments. These are based on purchase consideration payables that are then tied to the future performance of the acquired businesses.

We follow a stringent internal financial and accounting policy in evaluating potential adjustment to the estimated fair value of purchase consideration payable in accordance with the accounting standard HKFRS 3 (Revised) "Business Combination."

Our contingent consideration payables are performance-based payments in the form of "earnout" and "earn-up" payments. These are dependent on a set of predetermined performance targets mutually agreed with the entrepreneurs and in accordance with the sale & purchase agreement.

Earn-out payments are generally payable within three to four years upon completion of a transaction.

Earn-up payments have a higher performance target threshold and are typically payable over a period of up to five to six years upon completion of a transaction.

While many of our acquired businesses remain profitable and are growing, we may still be required to make a downward fair value adjustment to certain consideration payable. That is on the condition that the acquired businesses are unable to achieve the predetermined performance threshold within the specific timeframe, as stipulated in the sale & purchase agreement. Given that the contingent consideration entitlement is usually contractual in nature and is based on a specific formula linking to a particular threshold, the underlying business performance of the acquired businesses could continue to perform and grow. At the same time, we may still be required to adjust the consideration payable, especially if the high performance thresholds of earn-ups are not reached. As at 30 June 2015, there were approximately US\$60 million of write-back of contingent considerations, the majority of which was in the form of earn-ups.

Goodwill Impairment Tests

We performed goodwill impairment tests based on the cash generating units (CGU) which manage the acquired businesses in accordance with HKAS 36. Based on the assessment of all of the CGUs under the current operating structure, we have determined that there is no goodwill impairment as of 30 June 2015, as the recoverable amount of each CGU was in excess of its respective carrying value of the goodwill. We will continue to perform goodwill impairment tests on an ongoing basis.

Risk Management

We have strict policies governing accounting control, credit and foreign exchange risk and treasury management.

Credit Risk Management

Credit risk mainly arises from trade and other receivables. We have stringent policies in place to manage its credit risk with such receivables, which include, but are not limited to, the measures set out below:

- We select customers in a cautious manner. Our credit control team has implemented a risk assessment system to evaluate the financial strength of individual customers prior to agreeing on trade terms. It is not uncommon for us to require securities (such as standby or commercial letters of credit, or bank guarantees) from a small number of our customers who fall short of the required minimum score under our risk assessment system;
- A significant portion of trade receivable balances are covered by trade credit insurance or factored to external financial institutions on a non-recourse basis;
- A credit risk system with a dedicated team and tightened policies has been established to ensure on-time recoveries from trade debtors; and
- Rigid internal policies which govern provisions made for both inventories and receivables are in place to motivate business managers to step up their efforts in these two areas and to avoid any significant impact on their financial performance.

Foreign Exchange Risk Management

Most of our cash balances are deposits in HK\$ and US\$ with major global financial institutions, and most borrowings are denominated in US\$.

Our revenues and payments are transacted mainly in the same currency, and are predominantly in US\$. Therefore, we do not believe there is significant risk exposure in relation to foreign exchange rate fluctuations. There are small portions of sales and purchases transacted in different currencies for which we arrange hedging by means of foreign exchange forward contracts.

Our functional currency is in US\$. We are subject to exchange rate exposure from translation of foreign operations' local results to US\$ at average rate for the period for group consolidation. In order to mitigate the impact on selected sourcing countries that are subject to significant exchange rate exposure, we regularly review our operations in these selected countries and make necessary hedging arrangements in

certain currencies against the US\$. From a medium to long-term perspective, we manage our operations in the most cost effective way possible within our global network.

In general, we do not enter into foreign currency hedges with respect to non-US\$ foreign operations' local result and long-term equity investments. In particular, our net equity investments in non-US\$ denominated on-shore wholesale businesses are subject to unrealized translation gain or loss on consolidation. Fluctuation of relevant currencies against the US\$ will result in unrealized gain or loss from time to time, which is reflected as movement in exchange reserve in the consolidated statement of changes in equity.

We strictly prohibit any financial derivative arrangement merely for speculation.

We announce the unaudited consolidated profit and loss account, unaudited consolidated statement of comprehensive income, unaudited condensed consolidated cash flow statement and unaudited statement of changes in equity of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 and the unaudited consolidated balance sheet of the Group as at 30 June 2015 together with the comparative figures for 2014. The interim financial information 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. The auditor, based on their review, concluded that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The auditor's independent review report will be included in the interim financial report.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited	
		Six months ended 30 June	
		2015	2014
	<i>Note</i>	US\$'000	US\$'000
<u>Continuing Operations</u>			
Turnover	2	8,625,611	8,709,600
Cost of sales		(7,664,676)	(7,741,923)
Gross profit		960,935	967,677
Other income		22,616	27,450
Total margin		983,551	995,127
Selling and distribution expenses		(315,139)	(282,251)
Merchandising and administrative expenses		(486,142)	(485,857)
Core operating profit		182,270	227,019
Gain on remeasurement of contingent consideration payable	3	60,151	98,162
Amortization of other intangible assets		(17,742)	(16,632)
One-off reorganization costs		-	(13,363)
Other non-core operating expenses		-	(532)
Operating profit	2&3	224,679	294,654
Interest income		2,971	4,345
Interest expenses			
Non-cash interest expenses		(3,750)	(5,791)
Cash interest expenses		(44,916)	(51,085)
		(48,666)	(56,876)
Share of profits less losses of associated companies		1,475	675
Profit before taxation		180,459	242,798
Taxation	4	(17,866)	(18,904)
Profit for the period from Continuing Operations		162,593	223,894
<u>Discontinued Operations</u>			
Loss for the period from Discontinued Operations	10	-	(98,138)
Net profit for the period		162,593	125,756
Attributable to:			
Shareholders of the Company		148,685	111,421
Holders of perpetual capital securities		15,000	15,000
Non-controlling interests		(1,092)	(665)
		162,593	125,756

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

		Unaudited	
		Six months ended 30 June	
		2015	2014
	<i>Note</i>	US\$'000	US\$'000
Attributable to Shareholders of the Company arising from:			
Continuing Operations		148,685	209,559
Discontinued Operations		-	(98,138)
		148,685	111,421
Earnings/(losses) per share for profit/(loss) attributable to the Shareholders of the Company during the period	6		
Basic		13.8 HK cents	10.4 HK cents
(equivalent to)		1.78 US cents	1.34 US cents
- from Continuing Operations		13.8 HK cents	19.6 HK cents
(equivalent to)		1.78 US cents	2.51 US cents
- from Discontinued Operations		-	(9.2) HK cents
(equivalent to)		-	(1.17) US cents
Diluted		13.8 HK cents	10.4 HK cents
(equivalent to)		1.78 US cents	1.34 US cents
- from Continuing Operations		13.8 HK cents	19.6 HK cents
(equivalent to)		1.78 US cents	2.51 US cents
- from Discontinued Operations		-	(9.2) HK cents
(equivalent to)		-	(1.17) US cents
Interim dividend	5	140,980	139,340
Distribution in specie	5	-	2,308,188

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
Net profit for the period	162,593	125,756
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements from post-employment benefits recognized in reserve, net of tax	2	(13)
Total items that will not be reclassified to profit or loss	2	(13)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences *	7,052	19,084
Net fair value losses on cash flow hedges, net of tax	(8,322)	(1,693)
Net fair value gains on available-for-sale financial assets, net of tax	76	7
Total items that may be reclassified subsequently to profit or loss	(1,194)	17,398
Total other comprehensive (expense)/income for the period, net of tax	(1,192)	17,385
Total comprehensive income for the period	161,401	143,141
Attributable to:		
Shareholders of the Company	149,017	128,624
Holders of perpetual capital securities	15,000	15,000
Non-controlling interests	(2,616)	(483)
Total comprehensive income for the period	161,401	143,141
Attributable to Shareholders of the Company arising from:		
Continuing Operations	149,017	227,862
Discontinued Operations	-	(99,238)
	149,017	128,624

* Exchange differences resulting from translation of the results and financial positions of the Group entities with functional currencies other than the Group's presentation currency.

CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2015 US\$'000	Audited 31 December 2014 US\$'000
	<i>Note</i>		
Non-current assets			
Intangible assets		4,327,200	4,349,083
Property, plant and equipment		244,387	244,907
Prepaid premium for land leases		2,247	2,498
Associated companies		12,222	11,890
Available-for-sale financial assets		3,804	3,709
Other receivables and deposits		22,980	7,570
Deferred tax assets		34,847	32,493
		4,647,687	4,652,150
Current assets			
Inventories		607,675	565,291
Due from related companies		638,807	511,965
Trade and bills receivable	7	1,583,973	1,864,021
Other receivables, prepayments and deposits		310,074	333,743
Derivative financial instruments		226	11,323
Cash and bank balances		315,034	538,529
		3,455,789	3,824,872
Current liabilities			
Due to related companies		568	48
Trade and bills payable	8	2,625,273	2,561,172
Accrued charges and sundry payables		544,973	692,427
Purchase consideration payable for acquisitions	9	105,234	134,468
Taxation		48,839	116,719
Bank advances for discounted bills	7	29,641	33,834
Short term bank loans		92,862	162,850
		3,447,390	3,701,518
Net current assets		8,399	123,354
Total assets less current liabilities		4,656,086	4,775,504

CONSOLIDATED BALANCE SHEET (CONTINUED)

		Unaudited 30 June 2015 US\$'000	Audited 31 December 2014 US\$'000
	<i>Note</i>		
Financed by:			
Share capital		13,487	13,398
Reserves		2,286,510	2,284,969
Proposed dividend	5	140,980	300,117
		2,427,490	2,585,086
Shareholders' funds attributable to the Company's shareholders		2,440,977	2,598,484
Holders of perpetual capital securities		503,000	503,000
Non-controlling interests		5,978	8,594
Total equity		2,949,955	3,110,078
Non-current liabilities			
Long-term notes	9	1,254,096	1,254,369
Purchase consideration payable for acquisitions	9	280,700	323,612
Other long-term liabilities	9	108,573	25,375
Post-employment benefit obligations		22,297	22,299
Deferred tax liabilities		40,465	39,771
		1,706,131	1,665,426
		4,656,086	4,775,504

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
<u>Continuing Operations</u>		
Operating activities		
Operating profit before working capital changes	227,905	259,592
Changes in working capital	(19,330)	(31,729)
Net cash inflow generated from operations	208,575	227,863
Profits tax paid	(28,596)	(27,219)
Net cash inflow from operating activities	179,979	200,644
Investing activities		
Settlement of consideration payable for prior years		
acquisitions of businesses	(15,941)	(69,313)
Acquisitions of businesses	-	(36,534)
Capital expenditure	(37,288)	(36,814)
Other investing activities	4,004	5,777
Net cash outflow from investing activities	(49,225)	(136,884)
Net cash inflow before financing activities	130,754	63,760
Financing activities		
Interest paid	(44,916)	(51,085)
Distribution to holders of perpetual capital securities	(15,000)	(15,000)
Dividends paid	(303,388)	(366,779)
Purchase of shares for Share Award Scheme	(7,300)	-
Other financing activities	13,012	(6,508)
Net cash outflow from financing activities	(357,592)	(439,372)
Decrease in cash and cash equivalents from Continuing Operations (Note)	(226,838)	(375,612)
<u>Discontinued Operations</u>		
Increase in cash and cash equivalents from Discontinued Operations (Note)	-	626,925
(Decrease)/increase in cash and cash equivalents	(226,838)	251,313

Note: Change in cash and cash equivalents before financing activities between Continuing Operations and Discontinued Operations.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
(Decrease)/increase in cash and cash equivalents	(226,838)	251,313
Cash and cash equivalents at 1 January		
Continuing Operations	538,529	344,471
Discontinued Operations	-	115,088
	538,529	459,559
Effect of foreign exchange rate changes	3,343	(3,925)
Cash and cash equivalents transferred to assets held for distribution	-	(163,152)
Cash and cash equivalents of Continuing Operations at 30 June	315,034	543,795
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	315,034	543,795

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

<u>Movement of cash and cash equivalents*</u>		Unaudited	
		Six months ended 30 June	
		2015	2014
		US\$'000	US\$'000
Cash and cash equivalents at 1 January			
Continuing Operations		538,529	344,471
Discontinued Operations		-	115,088
		538,529	459,559
<u>Continuing Operations</u>			
Decrease in cash and cash equivalents	(226,838)	(375,612)	
Loan repayment from Discontinued Operations	-	593,821	
Capital injection to Discontinued Operations	-	(15,000)	
Net cash (outflow)/inflow from Continuing Operations	(226,838)		203,209
<u>Discontinued Operations</u>			
Increase in cash and cash equivalents	-	626,925	
Loan repayment to Continuing Operations	-	(593,821)	
Capital injection from Continuing Operations	-	15,000	
Net cash inflow from Discontinued Operations	-		48,104
Effect of foreign exchange rate changes		3,343	(3,925)
Cash and cash equivalents transferred to assets held for distribution		-	(163,152)
Cash and cash equivalents of Continuing Operations at 30 June		315,034	543,795

* Additional information to illustrate the cash flow effect including financing activities between the Continuing Operations and the Discontinued Operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited							
	Attributable to Shareholders of the Company							
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000	Holders of perpetual capital securities US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2015	13,398	699,476	634,098	1,251,512	2,598,484	503,000	8,594	3,110,078
Comprehensive income/(expense)								
Profit or loss	-	-	-	148,685	148,685	15,000	(1,092)	162,593
Other comprehensive income/(expense)								
Currency translation differences	-	-	8,576	-	8,576	-	(1,524)	7,052
Net fair value gains on available-for-sale financial assets, net of tax	-	-	76	-	76	-	-	76
Net fair value losses on cash flow hedges, net of tax	-	-	(8,322)	-	(8,322)	-	-	(8,322)
Remeasurements from post-employment benefits recognized in reserve, net of tax	-	-	2	-	2	-	-	2
Total other comprehensive income/(expense)	-	-	332	-	332	-	(1,524)	(1,192)
Total comprehensive income/(expense)	-	-	332	148,685	149,017	15,000	(2,616)	161,401
Transactions with owners								
Issue of shares for Share Award Scheme	89	-	(89)	-	-	-	-	-
Purchase of shares for Share Award Scheme	-	-	(7,300)	-	(7,300)	-	-	(7,300)
Employee Share Option and Share Award scheme:								
- value of employee services	-	-	4,164	-	4,164	-	-	4,164
Distribution to holders of perpetual capital securities	-	-	-	-	-	(15,000)	-	(15,000)
Transfer to capital reserve	-	-	92	(92)	-	-	-	-
2014 final and special dividends paid	-	-	-	(303,388)	(303,388)	-	-	(303,388)
Total transactions with owners	89	-	(3,133)	(303,480)	(306,524)	(15,000)	-	(321,524)
Balance at 30 June 2015	13,487	699,476	631,297	1,096,717	2,440,977	503,000	5,978	2,949,955

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Unaudited							
	Attributable to Shareholders of the Company							
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000	Holders of perpetual capital securities US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2014	13,398	3,699,476	6,503	1,317,260	5,036,637	503,000	10,048	5,549,685
Comprehensive income/(expense)								
Profit or loss	-	-	-	111,421	111,421	15,000	(665)	125,756
Other comprehensive income/(expense)								
Currency translation differences	-	-	18,902	-	18,902	-	182	19,084
Net fair value gains on available-for-sale financial assets, net of tax	-	-	7	-	7	-	-	7
Net fair value losses on cash flow hedges, net of tax	-	-	(1,693)	-	(1,693)	-	-	(1,693)
Remeasurements from post-employment benefits recognized in reserve, net of tax	-	-	(13)	-	(13)	-	-	(13)
Total other comprehensive income	-	-	17,203	-	17,203	-	182	17,385
Total comprehensive income/(expense)	-	-	17,203	111,421	128,624	15,000	(483)	143,141
Transactions with owners								
Employee Share Option Scheme:								
- value of employee services	-	-	1,477	-	1,477	-	-	1,477
Distribution to holders of perpetual capital securities	-	-	-	-	-	(15,000)	-	(15,000)
Share premium reduction	-	(3,000,000)	3,000,000	-	-	-	-	-
Transfer to capital reserve	-	-	87	(87)	-	-	-	-
2013 final dividend paid	-	-	-	(366,779)	(366,779)	-	-	(366,779)
Total transactions with owners	-	(3,000,000)	3,001,564	(366,866)	(365,302)	(15,000)	-	(380,302)
Balance at 30 June 2014	13,398	699,476	3,025,270	1,061,815	4,799,959	503,000	9,565	5,312,524

Selected Notes to the Condensed Interim Financial Information**1 Basis of preparation and accounting policies**

This unaudited condensed interim financial information (the “interim financial information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. This interim financial information should be read in conjunction with the annual accounts for the year ended 31 December 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Except as described in (a) below, the accounting policies applied are consistent with those of the annual accounts for the year ended 31 December 2014, 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 amendments to existing standards adopted by the Group

The following new amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2015:

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in the interim financial information and/or disclosures set out in the interim financial information.

Selected Notes to the Condensed Interim Financial Information (Continued)
1 Basis of preparation and accounting policies (Continued)

- (b) New standards and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

The following new standards and amendments to existing standards relevant to the Group have been issued but are not effective for the accounting periods beginning 1 January 2015 and have not been early adopted:

HKAS 1 Amendment	Disclosure Initiative ¹
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants ¹
HKAS 27 Amendment	Equity Method in Separate Financial Statements ¹
HKFRS 9	Financial Instruments ³
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ¹

Notes:

- 1 Effective for financial periods beginning on or after 1 January 2016
- 2 Effective for financial periods beginning on or after 1 January 2017
- 3 Effective for financial periods beginning on or after 1 January 2018

Selected Notes to the Condensed Interim Financial Information (Continued)**2 Segment information**

The Company is domiciled in Bermuda. The Group is principally engaged in managing the supply chain for retailers and brands worldwide with over 300 offices and distribution centers in more than 40 economies spanning across the Americas, Europe, Africa and Asia. Turnover represents revenue generated from sales and services rendered at invoiced value to customers outside the Continuing Operations less discounts and returns.

In 2014, the Group accomplished a major restructuring of its operations. After the restructuring, the Group spun-off its licensed brands and controlled brands businesses primarily under Distribution Network, named as the Global Brands Group (the "Discontinued Operations"), via a distribution in specie on 8 July 2014. After the spin-off, the Group has grouped the remaining business under Distribution Network into Trading Network and continued to operate under two business networks, namely the Trading Network and the Logistics Network (collectively referred to as the "Continuing Operations"). The Trading Network focuses on provision of the global sourcing services via multiple channels, such as buying agent, trading-as-principal for private label merchandise and on-shore wholesale business. The Logistics Network focuses on provision of logistics solutions and freight forwarding services. The Group's Management (Chief Operating Decision-Maker) considers the business principally from the perspective of the two networks.

The Group's management assesses the performance of the operating segments based on a measure of operating profit, referred to as core operating profit. This measurement basis includes profit of the operating segments before share of results of associated companies, interest income, interest expenses, tax, material gains or losses which are of capital nature or non-operational related, acquisition related cost. This also excludes any gain or loss on remeasurement of contingent consideration payable and amortization of other intangible assets which are non-cash items. Other information provided to the Group's management is measured in a manner consistent with that in the accounts.

Selected Notes to the Condensed Interim Financial Information (Continued)
2. Segment information (Continued)

	Trading Network US\$'000	Logistics Network US\$'000	Elimination US\$'000	Total US\$'000
<u>Six months ended 30 June 2015 (Unaudited)</u>				
Turnover	8,155,545	474,969	(4,903)	8,625,611
Total margin	854,756	128,795		983,551
Operating costs	<u>(695,063)</u>	<u>(106,218)</u>		<u>(801,281)</u>
Core operating profit	<u>159,693</u>	<u>22,577</u>		182,270
Gain on remeasurement of contingent consideration payable				60,151
Amortization of other intangible assets				<u>(17,742)</u>
Operating profit				224,679
Interest income				2,971
Interest expenses				
Non-cash interest expenses				(3,750)
Cash interest expenses				<u>(44,916)</u>
				(48,666)
Share of profits less losses of associated companies				<u>1,475</u>
Profit before taxation				180,459
Taxation				<u>(17,866)</u>
Net profit for the period				<u>162,593</u>
Depreciation and amortization	<u>48,575</u>	<u>8,301</u>		<u>56,876</u>
<u>30 June 2015 (Unaudited)</u>				
Non-current assets (other than available-for-sale financial assets and deferred tax assets)	<u>3,965,024</u>	<u>644,012</u>		<u>4,609,036</u>

Selected Notes to the Condensed Interim Financial Information (Continued)
2. Segment information (Continued)

	Trading Network US\$'000	Logistics Network US\$'000	Elimination US\$'000	Total US\$'000
<u>Six months ended 30 June 2014 (Unaudited)</u>				
Turnover	8,368,938	348,530	(7,868)	8,709,600
Total margin	892,958	102,169		995,127
Operating costs	<u>(684,584)</u>	<u>(83,524)</u>		<u>(768,108)</u>
Core operating profit	<u>208,374</u>	<u>18,645</u>		227,019
Gain on remeasurement of contingent consideration payable				98,162
Amortization of other intangible assets				(16,632)
One-off reorganization costs				(13,363)
Other non-core operating expenses				<u>(532)</u>
Operating profit				294,654
Interest income				4,345
Interest expenses				
Non-cash interest expenses				(5,791)
Cash interest expenses				<u>(51,085)</u>
				(56,876)
Share of profits less losses of associated companies				<u>675</u>
Profit before taxation				242,798
Taxation				<u>(18,904)</u>
Net profit for the period from Continuing Operations				223,894
Loss for the period from Discontinued Operations				<u>(98,138)</u>
Net profit for the period				<u>125,756</u>
Depreciation and amortization	<u>51,958</u>	<u>1,274</u>		<u>53,232</u>
<u>31 December 2014 (Audited)</u>				
Non-current assets (other than available-for-sale financial assets and deferred tax assets)	<u>3,974,971</u>	<u>640,977</u>		<u>4,615,948</u>

Selected Notes to the Condensed Interim Financial Information (Continued)
2. Segment information (Continued)

The geographical analysis of the Continuing Operations' turnover and the Group's non-current assets (other than available-for-sale financial assets and deferred tax assets) is as follows:

	Turnover		Non-current assets (other than available-for-sale financial assets and deferred tax assets)	
	Unaudited		Unaudited	Audited
	Six months ended 30 June		30 June	31 December
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
United States of America	5,244,933	5,223,830	2,099,536	1,981,767
Europe	1,383,281	1,587,430	1,202,763	1,264,408
Asia	1,351,615	1,185,490	1,044,953	1,116,474
Rest of the world	645,782	712,850	261,784	253,299
	8,625,611	8,709,600	4,609,036	4,615,948

Turnover to Continuing Operations consists of sales of softgoods, hardgoods and logistics income are as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
Softgoods	5,120,982	5,358,126
Hardgoods	3,019,829	2,989,268
Logistics	484,800	362,206
	8,625,611	8,709,600

For the six months ended 30 June 2015, approximately 14% (2014: 13%) of the Continuing Operations' total turnover is derived from a single external customer, which is wholly attributable to the Trading Network.

Selected Notes to the Condensed Interim Financial Information (Continued)
3 Operating profit from Continuing Operations

Operating profit from Continuing Operations is stated after crediting and charging the following:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
<u>Crediting</u>		
Gain on remeasurement of contingent consideration payable *	60,151	98,162
<u>Charging</u>		
Staff costs including directors' emoluments	494,577	479,140
Amortization of system development, software and other license costs	7,516	7,460
Amortization of other intangible assets *	17,742	16,632
Amortization of prepaid premium for land leases	64	71
Depreciation of property, plant and equipment	31,554	29,069
Loss on disposal of property, plant and equipment	2,311	8,547

* Excluded from the core operating profit

4 Taxation from Continuing Operations

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Continuing Operations operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
Current taxation		
- Hong Kong profits tax	5,895	7,404
- Overseas taxation	13,645	5,080
Deferred taxation	(1,674)	6,420
	17,866	18,904

Selected Notes to the Condensed Interim Financial Information (Continued)
5 Distribution in specie and interim dividend

	Unaudited	
	Six months ended 30 June	
	2015	2014
	US\$'000	US\$'000
Proposed, distribution in specie (<i>Note (a)</i>)	-	2,308,188
Proposed, of HK\$0.13 (equivalent to US\$0.017)(2014: HK\$0.13 (equivalent to US\$0.017)) per ordinary share (<i>Note (b)</i>)	140,980	139,340

Notes:

- (a) 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. The net assets value attributable to the Discontinued Operations subject to the distribution in specie, amounted to approximately US\$2,308,188,000 as of 30 June 2014.
- (b) Final and special dividends of US\$227,541,000 and US\$75,847,000 proposed for the year ended 31 December 2014 were paid in June 2015 (2014: final dividend of US\$366,779,000).

6 Earnings/(losses) per share

The calculation of basic earnings/(losses) per share is based on the Group's profit attributable to Shareholders of US\$148,685,000 (2014: US\$111,421,000), which includes the Group's profit attributable to Shareholders arising from the Continuing Operations of US\$148,685,000 (2014: US\$209,559,000) and the Group's losses attributable to Shareholders arising from the Discontinued Operations of US\$Nil (2014: US\$98,138,000) and on the weighted average number of 8,354,612,000 (2014: 8,356,317,000) shares in issue during the period.

The diluted earnings per share for the six months ended 30 June 2015 was calculated by adjusting the weighted average number of 8,354,612,000 ordinary shares in issue by 13,871,000 to assume conversion of all dilutive potential ordinary shares granted under the Company's Share Option and Share Award Scheme. The diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share for the period ended 30 June 2014 as the potential ordinary shares in respect of outstanding Share Options are anti-dilutive. For the determination of dilutive potential ordinary share granted under the Company, 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 and Share Award.

Selected Notes to the Condensed Interim Financial Information (Continued)
7 Trade and bills receivable

The ageing 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 2015 (unaudited)	<u>1,481,619</u>	<u>73,126</u>	<u>28,562</u>	<u>666</u>	<u>1,583,973</u>
Balance at 31 December 2014 (audited)	<u>1,783,736</u>	<u>69,773</u>	<u>8,580</u>	<u>1,932</u>	<u>1,864,021</u>

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 were approximately the same as their carrying values as at 30 June 2015.

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 which 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.

Certain subsidiaries of the Group transferred bills receivable balances amounting to US\$29,641,000 (31 December 2014: US\$33,834,000) to banks in exchange for cash as at 30 June 2015. The transactions have been accounted for as collateralized bank advances.

8 Trade and bills payable

The ageing 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 2015 (unaudited)	<u>2,566,824</u>	<u>41,368</u>	<u>11,832</u>	<u>5,249</u>	<u>2,625,273</u>
Balance at 31 December 2014 (audited)	<u>2,491,454</u>	<u>55,420</u>	<u>12,241</u>	<u>2,057</u>	<u>2,561,172</u>

The fair values of the Group's trade and bills payable were approximately the same as their carrying values as at 30 June 2015.

Selected Notes to the Condensed Interim Financial Information (Continued)
9 Long-term liabilities

	Unaudited 30 June 2015 US\$'000	Audited 31 December 2014 US\$'000
Long-term bank loans – unsecured	100,000	17,000
Long-term notes – unsecured	1,254,096	1,254,369
Purchase consideration payable for acquisitions (<i>Note</i>)	385,934	458,080
Other non-current liability (non-financial liability)	8,573	8,375
	1,748,603	1,737,824
Current portion of purchase consideration payable for acquisitions	(105,234)	(134,468)
	<u>1,643,369</u>	<u>1,603,356</u>

Note:

Purchase consideration payable for acquisitions as at 30 June 2015 included performance-based earn-out and earn-up contingent considerations of US\$270,209,000 and US\$115,725,000 respectively (31 December 2014: US\$304,440,000 and US\$153,640,000).

Selected Notes to the Condensed Interim Financial Information (Continued)
10 Discontinued Operations

The consolidated results of Global Brands Group for the six months ended 30 June 2014 are presented in the consolidated profit and loss account as Discontinued Operation in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The consolidated statement of comprehensive income and condensed consolidated cash flow statement distinguish Discontinued Operation from Continuing Operations.

Results of the Discontinued Operations have been included in the consolidated profit and loss account as follows:

	Unaudited Six months ended 30 June 2014 US\$'000
Turnover	1,348,883
Cost of sales*	(948,548)
Gross profit	400,335
Other income	32
Total margin	400,367
Selling and distribution expenses	(228,254)
Merchandising and administrative expenses	(235,391)
Core operating loss	(63,278)
Gain on remeasurement of contingent consideration payable	19,667
Amortization of other intangible assets	(24,650)
Professional fee for Spin-off	(11,860)
One-off reorganisation costs for Spin-off	(16,880)
Other non-core operating expenses	(2,001)
Operating loss	(99,002)
Interest income	29
Interest expenses	
Non-cash interest expenses	(9,465)
Cash interest expenses	(7,007)
	(16,472)
Share of profits of joint ventures	324
Loss before taxation	(115,121)
Taxation	16,983
Net loss attributable to Shareholders of the Company	(98,138)

* Amounts before elimination of transactions between Continuing Operations and Discontinued Operations of US\$741,248,000.

Note:

Details of other financial information of the Discontinued Operations for the six months ended 30 June 2014 were set out in 2014 interim report.

CORPORATE GOVERNANCE

The Board 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.

Our corporate governance practices adopted during the first six months of 2015 are in line with those practices set out in our 2014 Annual Report and on our corporate website (www.lifung.com).

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the interim financial information for the six months ended 30 June 2015 for the Board's approval.

RISK MANAGEMENT AND INTERNAL CONTROL

Based on the respective assessments made by management and the corporate governance division responsible for internal audit activities, the Audit Committee considered that for the first six months of 2015:

- The risk management and internal controls and accounting systems of the Company remain in place and functioning effectively, and are designed to provide reasonable but not absolute assurance that material assets are protected, business risks attributable to the Company are identified and monitored, material transactions are executed in accordance with management's authorization and the interim financial information is reliable for publication.
- An ongoing process is in place for identifying, evaluating and managing any significant risks faced by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board reviewed the Company's corporate governance practices and is satisfied that it has been in full compliance with all of the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the first six months of 2015.

DIRECTORS' AND RELEVANT EMPLOYEE'S SECURITIES TRANSACTIONS

The Company adopts stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Relevant employees who are likely to be in possession of unpublished price-sensitive information ("Inside Information") of the Group are also subject to compliance with written guidelines in line with the Model Code. Specific confirmation of compliance has been obtained from each Director for the interim reporting period and no incidents of non-compliance by Directors and relevant employees was noted.

We continue to comply with our policy on Inside Information in compliance with our obligations under the Securities and Futures Ordinance and Listing Rules.

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

The Company has not redeemed any of its listed 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 has resolved to declare an interim dividend of 13 HK cents (2014: 13 HK cents) per Share for the six months ended 30 June 2015, absorbing a total of US\$141 million (2014: US\$139 million).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 September 2015 to 11 September 2015, 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 registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 September 2015. Dividend warrants will be despatched on 18 September 2015. Shares of the Company will be traded ex-dividend as from 8 September 2015.

PUBLICATION OF INTERIM REPORT

The 2015 interim report will be despatched to the shareholders and available on the Company's website at www.lifung.com and HKExnews website at www.hkexnews.hk on or about 10 September 2015.

By Order of the Board
William FUNG Kwok Lun
Group Chairman, Li & Fung Limited

Hong Kong, 20 August 2015

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 Executive 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, Martin Tang Yue Nien and Margaret Leung Ko May Yee.