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LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

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Li Ning Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is committed to strengthening its management team and the board of directors (“**Board**”) as part of its initiatives to realise its growth potential and value as China’s leading sports brand in a dynamic and challenging industry environment.

STEPPING DOWN OF CHIEF EXECUTIVE OFFICER

The Board hereby announces that Mr. Zhang Zhi Yong (“**Mr. Zhang**”) has stepped down as the Chief Executive Officer of the Company with effect from 4 July 2012 and has ceased to be a member of the Executive Committee of the Board with effect from the same date.

With over 20 years of service, Mr. Zhang has successfully led the Group to become China’s leading sports brand. The Board highly recognises Mr. Zhang’s outstanding contributions to the Group. The Board and Mr. Zhang agree mutually that it is now the appropriate time for bringing in new leadership for the Group for its next phase of development. The Board is pleased that Mr. Zhang will continue to act as an executive director of the Company and will act as the chief advisor to the Executive Committee of the Board, so as to ensure a smooth transition of the management of the Company until the new Chief Executive Officer is in place. The Company has also started identifying suitable candidate to be the new Chief Executive Officer.

Mr. Zhang will receive an advisory fee of RMB3,700,000 for the one-year period from 4 July 2012, which has been determined by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market condition and will be subject to review and revision by the Remuneration Committee and the Board after the completion of the one-year period. Mr. Zhang confirmed that he has no disagreement with the Board and there is no other matter relating to his decision to step down as the Chief Executive Officer of the Company that needs to be brought to the attention of the shareholders of the Company.

EXPANDED ROLES AND RESPONSIBILITIES OF EXECUTIVE CHAIRMAN

Following from the above changes and Mr. Kim Jin Goon (“**Mr. Kim**”)’s redesignation as an executive director and appointment as the Executive Vice Chairman of the Company (see further below), while the recruitment process for the new Chief Executive Officer is taking place, the Company will be led by Mr. Li Ning (“**Mr. Li**”), the founder, Executive Chairman and executive director of the Company, who will focus on managing the external affairs and relationships of the Group, and by Mr. Kim, the Executive Vice Chairman and executive director of the Company, who will lead the development of the internal affairs and operations of the Group.

In recognition of the increased role and involvement of Mr. Li in leading the Group’s future development strategy, the Board has approved the revised remuneration of Mr. Li with a base salary of RMB3,700,000 per annum with effect from 4 July 2012. Mr. Li is also entitled to discretionary bonus and participation in the Company’s share schemes and other benefits and allowances. Mr. Li’s remuneration has been determined by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market condition and is subject to review and revision by the Remuneration Committee and the Board from time to time.

RE-DESIGNATION OF DIRECTOR AND APPOINTMENT OF EXECUTIVE VICE CHAIRMAN

The Board is pleased to announce that Mr. Kim, who has been appointed as a non-executive director of the Company with effect from 1 April 2012, has been redesignated as an executive director of the Company and has been appointed as the Executive Vice Chairman of the Company, both of which shall take effect from 4 July 2012.

Mr. Kim, Executive Vice Chairman and Executive Director

Mr. Kim Jin Goon, aged 44, is a partner of TPG and a member of the firm’s Operations Group. TPG is a leading global private investment firm and an affiliate of TPG Stallion Holdings, L.P., which has substantial interests in the convertible bonds and ordinary shares of the Company. Mr. Kim leads TPG’s Operations Group in Greater China, managing operations and serving on the board of several of its portfolio companies. From December 2007 to January of 2011, he was an executive director and interim chief executive officer and he is currently the vice chairman of the board of China Grand Automotive Service Co., Ltd. (廣匯汽車服務股份公司) and built China’s leading passenger car retail and service network. As a director of the board, Mr. Kim led the turnaround of UniTrust Finance & Leasing Corporation (恆信金融租賃有限公司), a leading capital equipment leasing company in China. Mr. Kim is also a non-executive director of the board of Daphne International Holdings Limited (“**Daphne**”), a leading ladies’ shoe company in China and a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), and has led TPG’s operational initiatives to help transform Daphne’s core operations and pioneer industry’s first fast retail business model. Prior to joining TPG, Mr. Kim worked for Dell Inc. as the managing director of its Korea business from 2002 to 2006. Prior to that from 2000 to 2002, Mr. Kim was vice president of Internet Business Capital Corporation in Cambridge, Massachusetts, a privately funded early-stage venture capital firm and from 1996 to 2000, he was the engagement manager at McKinsey & Company, an international management consulting firm. Mr. Kim received his undergraduate degree in Arts majored in Government and East Asian Studies from Harvard University with High Honors, conducted post graduate research in Nanjing-Hopkins Center in China, and returned to Harvard University to pursue his Master of Public Policy.

Mr. Kim has entered into an amended and restated service agreement with the Company on 4 July 2012 for his redesignation as an executive Director and his appointment as the Executive Vice Chairman of the Company with effect from 4 July 2012 for a term of three years. He will be subject to re-election at the next annual general meeting of the Company and retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Kim is entitled to a director’s fee of RMB500,000 per annum, which has been determined by the Board with reference to his duties and responsibilities with the Company, the Company’s performance and the prevailing market condition and he will also be entitled to additional fees or other remuneration for carrying out additional service for the Company as and when required.

As at the date of this announcement, Mr. Kim does not have any interest in the Company's securities within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is also pleased to announce that Mr. Su Jing Shyh, Samuel ("**Mr. Su**") has been appointed as an independent non-executive director of the Company, which shall take effect from 5 July 2012. The Board would like to take this opportunity to extend its warm welcome to Mr. Su in joining the Board. The Board believes that the Company will benefit from Mr. Su's extensive expertise in the consumer and retail market in China.

Mr. Su, Independent Non-executive Director

Mr. Su Jing Shyh, Samuel, aged 60, is the chairman and chief executive officer of the China Division of Yum! Brands, Inc. ("**Yum!**"), a company listed on the New York Stock Exchange. He also serves as an executive director and the vice chairman on Yum!'s board of directors. Mr. Su earned his undergraduate degree at the National Taiwan University, a M.Sc. degree of Chemical Engineering at Pennsylvania State University and an MBA at the Wharton School. Before joining Yum!, Mr. Su worked with Procter & Gamble in Germany and Taiwan. Mr. Su started his career with Yum! in 1989 as KFC International's director of marketing for the North Pacific region. In 1993, he became vice president of North Asia for both KFC and Pizza Hut. Mr. Su was named president of Greater China for Tricon Global Restaurants International upon Pepsi's spin-off of the restaurant business in 1997. Yum!'s China Division today leads the development of the KFC, Pizza Hut Dine-in Restaurants, Pizza Hut Home Service, East Dawning and Little Sheep brands in mainland China. Mr. Su was a non-executive director of Little Sheep Group Limited from 2 June 2009 to 2 February 2012, which was delisted from the Main Board of the Hong Kong Stock Exchange in February 2012.

Mr. Su has entered into a service agreement with the Company for a term of three years commencing from 5 July 2012 for his appointment as an independent non-executive Director of the Company. He will be subject to re-election at the next annual general meeting of the Company and retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Su is entitled to a director's fee of RMB250,000 per annum, which has been determined by the Board with reference to his duties and responsibilities with the Company and the prevailing market condition and he will also be entitled to additional fees or other remuneration for carrying out additional service for the Company as and when required.

As at the date of this announcement, Mr. Su does not have any interest in the Company's securities within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

As at the date of this announcement, none of Mr. Kim or Mr. Su has any relationships with any Director, senior management, substantial shareholder (as defined in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("**Listing Rules**")) or controlling shareholder (as defined in the Listing Rules) of the Company. Save as disclosed above, none of Mr. Kim or Mr. Su holds any other position with the Company or any member of the Group.

Save for the information disclosed in this announcement, there is no other information required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of shareholders of the Company in relation to Mr. Kim's redesignation as an executive director and appointment as Executive Vice Chairman of the Company and the appointment of Mr. Su as an independent non-executive director of the Company.

GO FORWARD PLAN AND SHORT-TERM INITIATIVES

With a long-term view of improving the Company's core strengths and profitability, the Company has laid out a three-stage transformation blueprint.

Phase one starts with certain short-term initiatives on both the strategic and operational fronts: 1) focusing on sell-through and clearance of channel inventory; 2) improving cost structure in product and operations; 3) strengthening organisation and execution capabilities; 4) improving channel productivity, profitability and performance; 5) narrowing focus to core products and domestic market; and 6) investing in brand and improving marketing effectiveness.

The plan for phase two (2013-2014) is in its pilot stages and includes improving the supply chain management, go-to-market and merchandising model, and creating more exciting products and customer experiences to solidify the brand's leading position in the China sportswear market.

The medium to long-term plan for phase three (two to four years) is under development, and will involve business model transformation to achieve: 1) improvement of profit structure for the Company and its channels; 2) close to market demand in terms of product and consumers' brand experience; and 3) virtuous cycles of higher retail productivity and return on cash and investment.

GRANT OF SHARE OPTIONS

In recognition of Mr. Zhang's role as the chief advisor to the Executive Committee of the Board, the Board has on 4 July 2012 granted options (the "**Options**") to Mr. Zhang to subscribe for a total of 1,000,000 ordinary shares of HK\$0.10 each in the capital of the Company (the "**Shares**") pursuant to the share option scheme adopted by the Company on 5 June 2004 and amended on 15 May 2009. The Options shall entitle Mr. Zhang to subscribe for the Shares at an exercise price of HK\$4.690 per Share, which is the highest of: (a) the closing price of HK\$4.690 per Share as stated in the daily quotations sheets of the Hong Kong Stock Exchange on the date of grant; (b) the average closing price of HK\$4.462 per Share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares. The Options are subject to a vesting scale in tranches of one-third each on 4 July 2013, 4 July 2014 and 4 July 2015, respectively. The Options shall be exercisable during the period of 6 years from the date of grant.

By order of the Board of
Li Ning Company Limited
Li Ning
Chairman

Hong Kong, 4 July 2012

As at the date of this announcement, the executive directors of the Company are Mr. Li Ning, Mr. Kim Jin Goon, Mr. Zhang Zhi Yong and Mr. Chong Yik Kay. The non-executive directors are Mr. Chu Wah Hui, Mr. James Chun-Hsien Wei and Mr. Chen Yue, Scott. The independent non-executive directors are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei and Mr. Chan Chung Bun, Bunny.