



LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

Corporate Presentation

5 July 2012





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In This Presentation

- ◆ What we are announcing today
 - Enhanced overall management strength and operational capabilities
 - CBA sponsorship further builds affiliation with professional sports
 - Go forward plan and short-term initiatives



Achieve Long-term and Profitable Growth



Enhanced Overall Management Strength and Operational Capabilities





Strengthened Leadership to Address Changing Market Landscape

- ◆ ZHANG Zhiyong steps down as CEO, remains as Executive Director and Chief Advisor to Executive Committee
- ◆ LI Ning, Executive Chairman and Executive Director will focus on external affairs and relationships
- ◆ Jin-Goon KIM – Executive Vice Chairman and Executive Director will focus on internal affairs and operations
 - Leads TPG's operations group in China
 - CEO/GM of leading consumer and retail companies
 - Led transformation and rapid growth of 4 industry leaders in China and Korea, including China Grand Auto and Daphne
- ◆ Work closely to drive transformation of Li Ning
- ◆ New CEO search underway



Enhancing Overall Management and Operational Strength

- ◆ Recruiting talents to improve overall organization structure
- ◆ Adding strong operational bench strength and making key senior management hires to fill the talent gap
- ◆ Support of a dedicated TPG operations team



New Board Member Brings Retail Expertise

- ◆ Samuel SU joins the Board as Independent Non-executive Director, bringing 20+ years retail experiences in China
 - Chairman and CEO of the China Division of YUM! Brands, Inc. and serves as an executive director and the vice chairman on Yum!'s board of directors
- ◆ New board composition in line with corporate governance best practice
 - 4 executive directors
 - 3 non-executive directors
 - 4 independent non-executive directors



CBA Sponsorship Further Builds Affiliation with Professional Sports



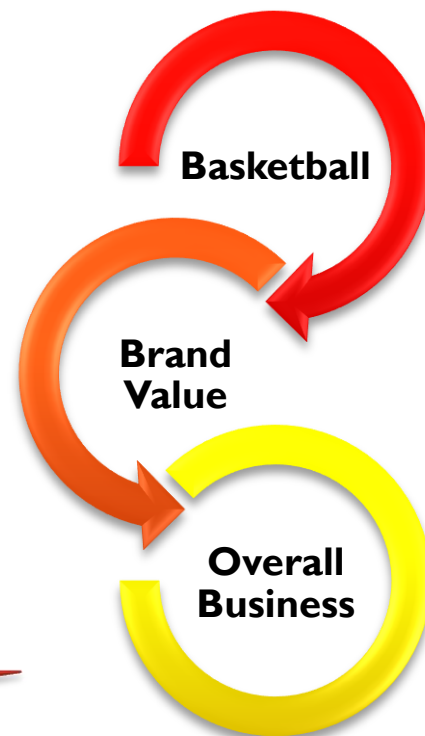


The CBA Sponsorship Brings Valuable Opportunities



- ◆ Fastest growing and most popular Chinese sports league with 350 games played between November and March
- ◆ Mature commercial operations
 - Statistics, such as its media coverage, TV viewership and number of spectators and the scale of sponsorships, attest to the strong commercial value of the CBA

- ◆ Strengthen the association between LI-NING brand and basketball via CBA, in particular the youth segment
- ◆ Increase the contribution to business from basketball products
- ◆ Enhance brand value by frequent exposure across different tiers of cities during and around the game season
- ◆ Differentiate the brand and improve the brand image by showing strong commitment to China's sports
- ◆ Further develop the overall business by leveraging the enhanced brand value and recognition



Exciting opportunity to sponsor the No. 1 sports league in China



Focus on Core Resources and Core Sports Categories

Chinese National Teams

National Teams

- ◆ Five gold medal teams, representing over 1/2 of gold medals that China won at the last Olympics



Key Sports for China

Basketball

- ◆ Main professional basketball league in China
- ◆ Largest and most popular sports league in China



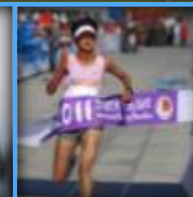
Badminton

- ◆ Dominating sponsorships including national team and players (e.g. Lin Dan) in China



Running

- ◆ A key driving force of China's running culture through sponsorship of large-scale marathons and grassroots events
- ◆ Industry leader with technologically advanced functional products (e.g. LI-NING Ultralight, LI-NING ARC, LI-NING Bow)



Continuous commitment to sports investment;
Leading sportswear brand and closest association with Chinese sports

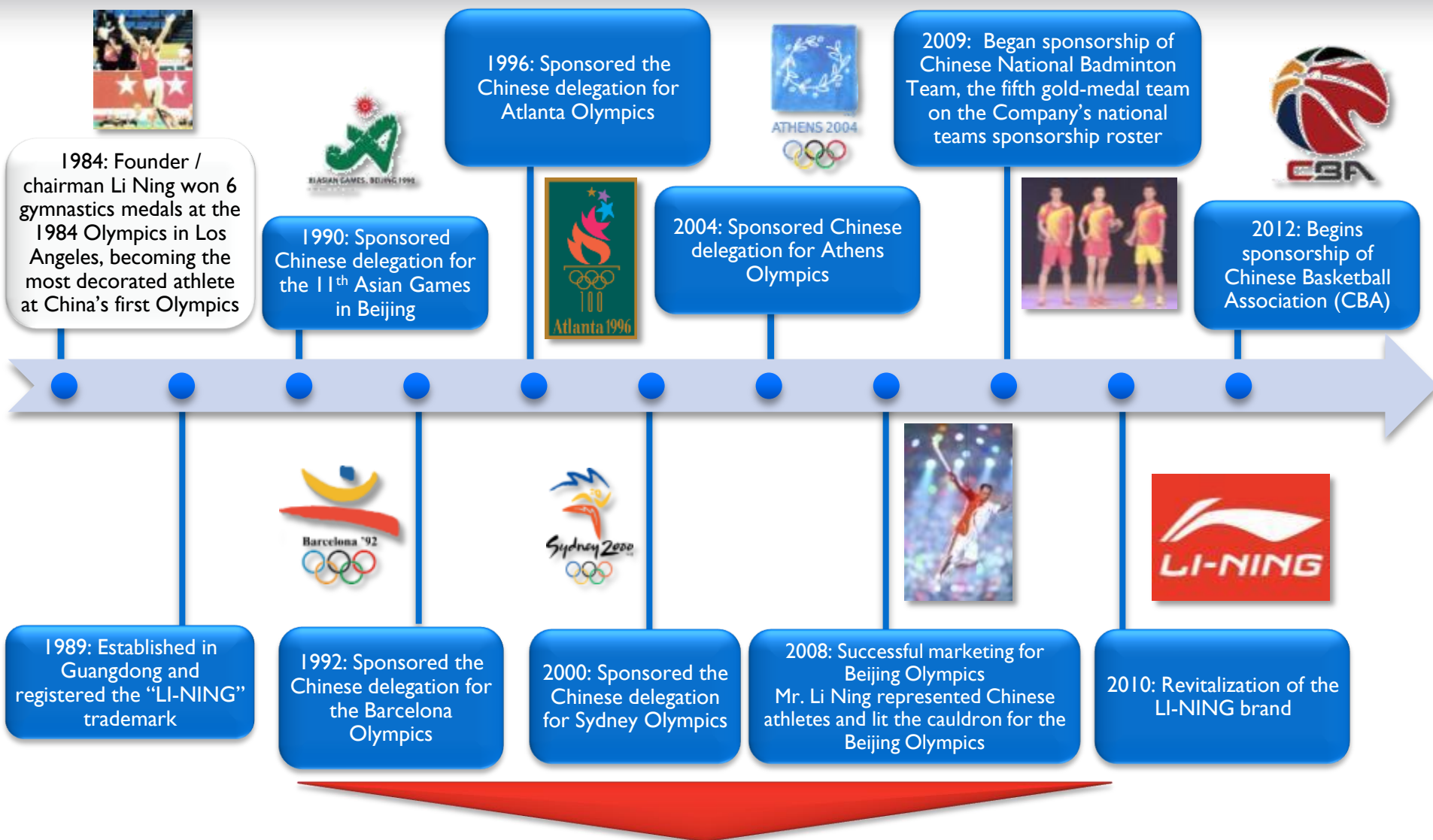


Go Forward Plan and Short-term Initiatives





A Brand with Heritage and Glory

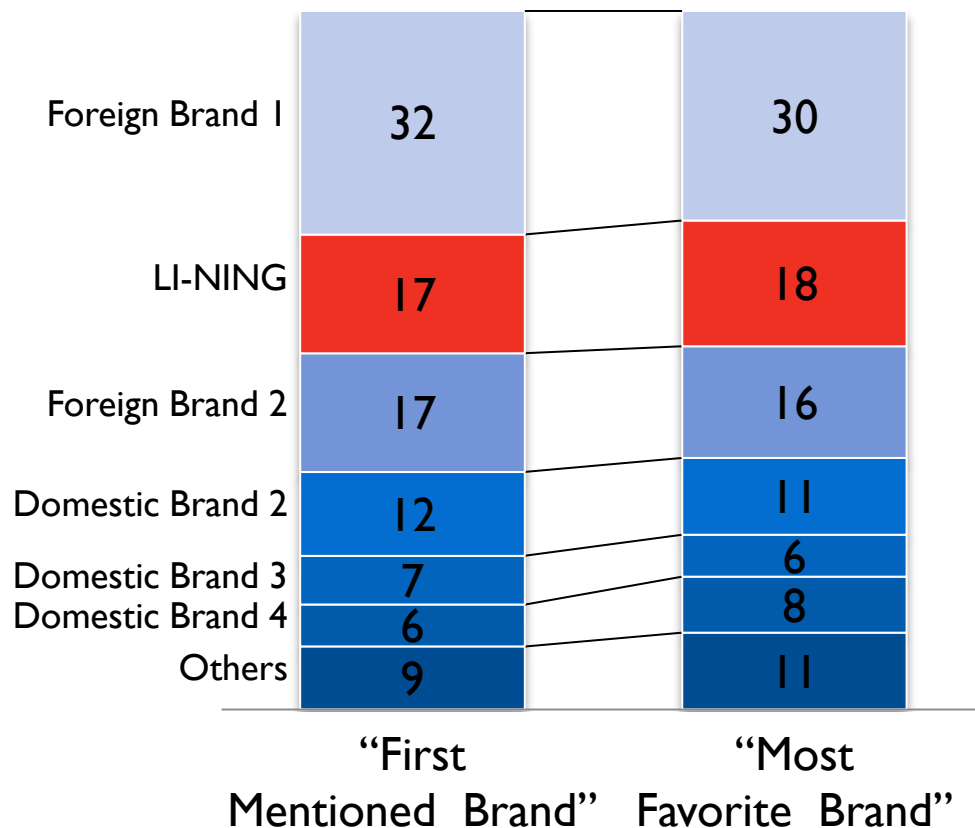


Long heritage and close association with Chinese sports



LI-NING Brand Strength

CONSUMER SURVEY: BRAND PREFERENCE



Source: 3rd party consumer research

RECOGNITION FROM RENOWNED ORGANIZATIONS



BrandZ Top 50 Most Valuable Chinese Brands issued by Millard Brown, highest amongst all Chinese sportswear brands



Ranked on “Hurun Most Valuable Chinese Home-grown Brands List 2011”



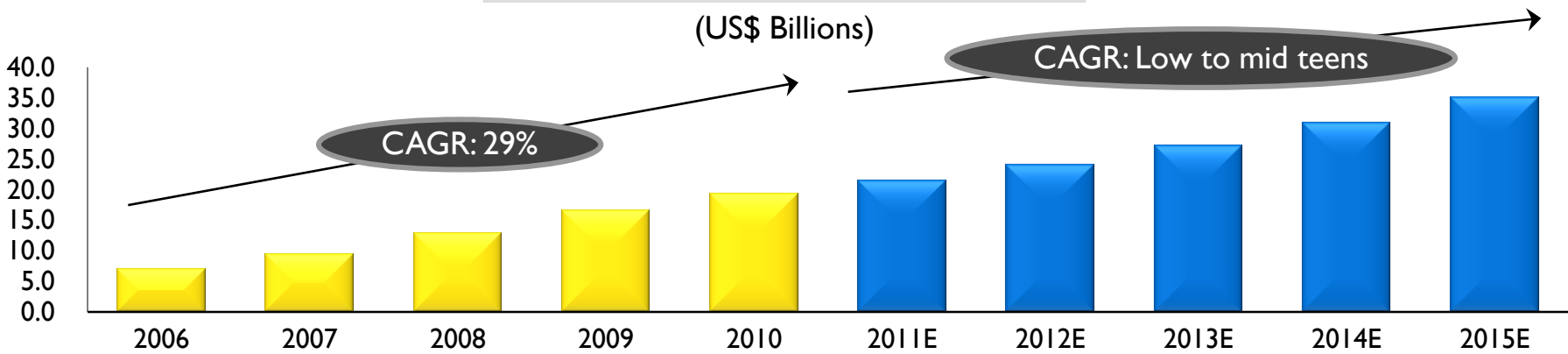
Listed on “2011 The 8th China’s Most Valuable Brands” issued by World Brand Laboratory

No. 1 domestic sportswear brand & No. 2 overall

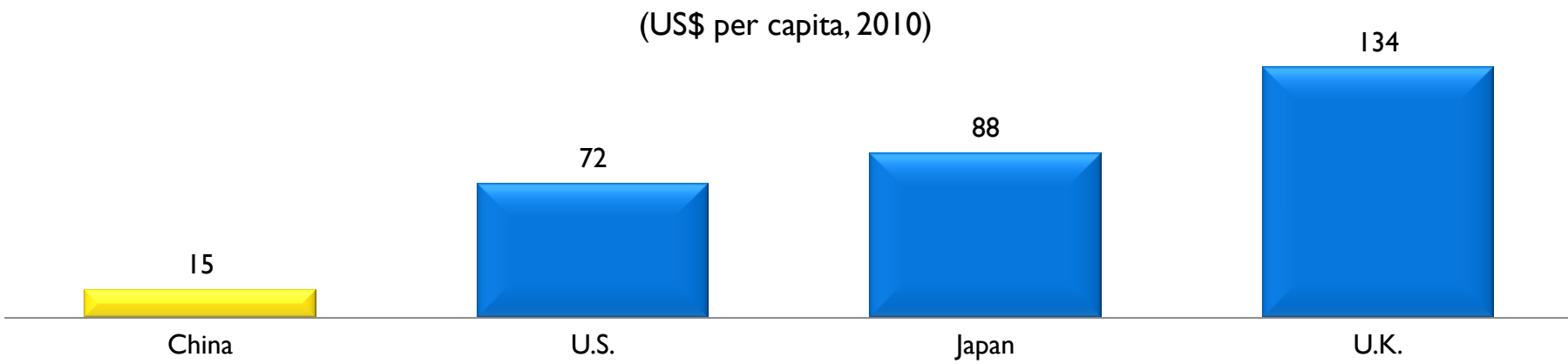


Industry Overall Growth – Demand Driven

CHINA SPORTSWEAR MARKET SIZE



SPORTSWEAR PENETRATION



Source: 3rd party research







Industry Growth Drivers

Near Term Challenges

- ◆ **Competition, over-expansion, excess channel inventory, cost pressure, wholesale model**

Long Term Drivers

- ◆ **Urbanization**  ◆ Urbanization continues to move 1~2% rural population to urban area annually
- ◆ **Purchase frequency**  ◆ Consumers continues to purchase more as disposable spending and sophistication (different category for different sports/ occasion) increases
- ◆ **Trade up**  ◆ Trade up across brands (to premium) and within brands (to better design/technology/function) will benefit player with stronger brand and product in the long run
- ◆ **Inflation**  ◆ Despite recent deep discount due to market correction, inflation will continue to drive price increases

 ◆ Less important driver

 ◆ More important driver



Long term industry potential



Building Capabilities For the Future

- ◆ Improve store unit economics
- ◆ Rationalize network coverage through retail profiling
- ◆ Strengthen outlets and direct stores
- ◆ Improve capabilities of retail and channel partners
- ◆ Competitive cost structure in product and operations
- ◆ Effective marketing and channel spending
- ◆ Lean and efficient operations, particularly in product and sales



- ◆ Focus on core brand sportswear in China
- ◆ Strategic investments in brand (e.g., CBA)
- ◆ Make competitive products with exciting designs and technologies, in shorter development cycles to stay current with market demands
- ◆ More retail-oriented and consumer-oriented
- ◆ Consistent brand experience through merchandising & store operations
- ◆ Improve supply chain and ordering model to lower cost and time-to-market

Vision: Solidify LI-NING as the leading brand in Chinese sportswear industry with world-class branding & retail capabilities



Three Stage Transformation Blueprint

Now – 12 months

Focus on sell through and clearance of channel inventory

Improve cost structure in product and operations

Strengthen organization and execution capabilities

Improve channel productivity, profitability, and performance

Narrow focus to core products and domestic market

Invest in brand and improve marketing effectiveness

Ongoing initiatives

2013 to 2014

Improve supply chain, go-to-market, and merchandising model

Provide more exciting products and consumer experience to solidify leading brand position in China sportswear market

Already in pilot and concept stage

2 to 4 years

Business model transformation to achieve: 1) better profit structure for Li Ning and channels; 2) close to market demand in terms of product and consumers' brand experience; 3) Virtuous cycles of higher retail productivity and return on cash and investment

Under development



Game Plan for Transformation Jump Start

- ◆ Strengthening management
- ◆ Partnerships between Chinese Sports icons and experienced operations leaders in China retail / consumer industry
- ◆ Integrating local market insights and world-class capabilities
- ◆ Partnership with TPG
 - Deeply involved in strategic initiatives since April 2012
 - Experts in sportswear, marketing, retail, procurement, and Supply Chain Management who were former CEO, GM, or senior executives in:
 - **Bloomingdale's** • Dell • **Marks & Spencer** • Pepsi
 - The Body Shop • GAP • McKinsey • etc.
 - **Cole Haan** • **J. Crew** • Nike



TPG's Credentials in China Retail Sector

China Grand
Automotive Group

Pioneered roll
up model in
China auto
industry

NATIONAL NETWORK

Before (2006)

Annual Rev. RMB 9bn



Now (2011)

Annual Rev. RMB 64bn



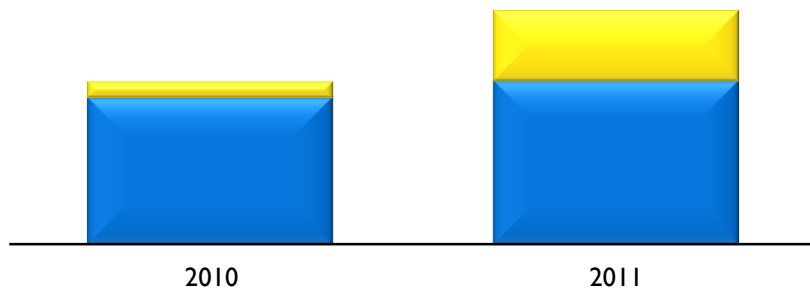
Source: Company website, company filing

Daphne

Pioneered fast
retail model in
China shoe
industry

INITIAL / REPLENISHMENT ORDER

■ Replenishment ■ Initial Order



Source: 3rd party research



Unparalleled transformation expertise in China retail



Conclusion

- ◆ Taking decisive actions and adjusting costs today to ensure that Li Ning is positioned for medium to long-term success
- ◆ Have identified the key challenges both inside and outside of the company, with plans in place to respond
- ◆ Confident that Li Ning will achieve a sustainable and profitable growth, with more effective business model and world-class capabilities



Q&A

