



**LI NING COMPANY LIMITED**  
**( 李寧有限公司 )**

*(Incorporated in the Cayman Islands with limited liability)*

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**[For Immediate Release]**

**Li Ning Disposed of its Stake in the KAPPA Business**

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**Redirect resources to concentrate on LI- NING brand and to establish long term relationship with international brands**

**[Beijing, July 3, 2005]** –**Li Ning Company Limited** (“Li Ning” or the “Company”; stock code: 2331) announced today the disposal of its 80% stake in Beijing Dong Xiang Sports Development Co., Ltd (“Beijing Dong Xiang”) which engages in the development, manufacture, sales and distribution of KAPPA brand products in the PRC with an exclusivity until the end of 2007. An outstanding debt from Li Ning to Beijing Dong Xiang will also be assigned to the acquirer.

The aggregate consideration to be received by the Company, including the disposal of interest and transfer of debt, amounted to RMB44, 814,000. The transaction is subject to the approval of independent shareholders.

Commenting on the disposal, Mr. Li Ning, founder and Chairman of the Company, said, “It is in line with our strategic repositioning to redirect our resources to concentrate primarily on the development LI-NING brand. To achieve our multi-brand business objectives, we have plans to foster long-term alliance with international brands that enable us to grow hand in hand with our partners. We believe that this strategic repositioning will effectively increase our competitiveness and enhance our intangible value over time.”

As the sales turnover contributed by the KAPPA licensing business only accounted for 3.1% in 2003 and 5.6% in 2004 of the Company’s consolidated sales turnover, the disposal will not affect the business operations of Li Ning.

The Company has made a separate announcement today on its joint venture cooperation with AIGLE International S.A., a global outdoor sporting goods brand company.

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**About Li Ning Company Limited**

Li Ning Company Limited (“Li Ning”) is one of the leading sports brand enterprises in the PRC. It has its own branding, research and development, design, manufacturing, distribution and retail capabilities. Its products include sports footwear, apparel and accessories for sport and leisure use primarily sold under the Company’s own LI-NING brand. Li Ning has been listed on the Main Board of the Hong Kong Stock Exchange since June 28, 2004.

For further information, please contact:

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