



**LI NING COMPANY LIMITED**

**( 李寧有限公司 )**

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

**(Stock Code: 2331)**

**Li Ning Reported Sales Order Growth of 12% during the First Quarter Trade Fair for the FY2011**

**LI-NING Kids Collection Grew 240% during the First Half Trade Fair for the FY2011 with Overwhelming Responses from Distributors**

(27 September, 2010 – Hong Kong) – **Li Ning Company Limited** (“Li Ning” or the “Group”; HKSE stock code: 2331), one of the leading sports brand enterprises in China, announced the successful conclusion of LI-NING Brand Products Trade Fair (“Trade Fair”) for the first quarter of the financial year 2011. Total order value, based on tagged retail prices, increased by 12% year on year. For footwear products, the average retail price increased by over 7%, while volume increased by more than 5%. The average retail price of apparel products increased by over 11%, while order volume increased by about 1%.

In this Trade Fair, the Group, for the first time, held separate fairs for the distributors from northern, eastern and southern regions to better accommodate preferences and needs of local distributors and consumers, and hence further enhancing order efficiency.

In addition, the Group concluded the LI-NING Kids Collection Trade Fair for the first half of the financial year 2011 with total order value, based on tagged retail prices, increased 240% year on year, reaching RMB156 million. The growth was significantly stronger than expected with overwhelming responses from distributors. Currently, the LI-NING Kids Collection business is conducted through licensing. The license fee is booked as “other income” in the Group’s accounts.

“The results of this Trade Fair were in line with the management’s projections,” Mr. Zhang Zhiyong, Chief Executive Officer of Li Ning, said. “Nevertheless, challenges remain in the sporting goods industry in the near term with intensifying competition and lingering discrepancy between sell-in and sell-through, prompting aggressive discounting at the retail level. Our independent distributors are under certain pressure in this environment. In response to these circumstances, the Group will plough more efforts in provision of strategic guidance to distributors, including training sessions on new products and on retail capabilities. During this Trade Fair, 80% of the time was spent on communications with the distributors and providing training for them. We believe that the ongoing escalation of labour and sales channel operating costs poses a necessity for us to work more diligently towards protecting the competitiveness of the brand’s entire value chain by cooperating closely with upstream suppliers and independent distributors through enhancing our brand equity and product innovation. These will serve as a safeguard for the long term development of LI-NING as a competitive brand. Meanwhile, the Group will continue to pursue its development strategies and further explore and tap niche market segments and spare no effort in implementing the LI-NING brand revitalization plan to sustain healthy and stable business development.”

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## **About Li Ning Company Limited**

Li Ning Company Limited is one of the leading sports brand enterprises in China, possessing brand marketing, research and development, design, manufacturing, distribution and retail capabilities. The Group's products mainly include footwear, apparel, accessories and equipment for sports and leisure uses under its own **LI-NING** brand. The Group has established an extensive supply chain management system, and a distribution and retail network in China primarily through outsourcing of manufacturing operations and distribution via franchised agents. The Group also directly manages retail stores for the **LI-NING** brand.

The Group adopts a multi-brand business development strategy. In addition to its core **LI-NING** brand, the Group (i) distributes sports products under its **Z-DO** brand via hypermarket channel; (ii) manufactures, markets, distributes and sells outdoor sports products under the French brand **AIGLE** in China, the exclusive right of which was granted to a joint venture established with Aigle International S.A.; (iii) engages in manufacture, research and development, marketing and sale of table tennis and other sports equipment under the **Double Happiness** brand through a subsidiary in which the Group has a 57.5% interest; (iv) develops, manufactures, markets, distributes and sells the licensed products under the Italian sports fashion brand **Lotto** in China under an exclusive license granted by a company owned by Lotto Sport Italia S.p.A.; and (v) engages in the research and development, manufacture and sale of professional badminton equipment under the **Kason** brand.

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