

**For Immediate Release**



**LI NING COMPANY LIMITED**

**(李寧有限公司)**

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

(Stock code: 2331)

**LI-NING Brand Recorded a 4.0% Same-store Sales Growth for Q3 2010  
Same-store Sales Growth for National Day Holiday at 3.2%**

(26 October, 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 that the LI-NING brand’s same-store sales growth for the third quarter of 2010 was 4.0% as compared with the same period of last year. The same-store sales growth during the National Day Holiday (1 October – 7 October) was 3.2% as compared with the same period of last year.

Mr. Zhang Zhiyong, Chief Executive Officer of Li Ning, said, “Generally speaking, the sporting goods industry in China maintains a double-digit growth driven by a broader trend for consumers to trade up their consumption needs. There are different drivers behind. While the ongoing urbanization in China sustains the demand for entry-level products, urban consumers are longing for better-quality products underpinned by stronger brands. In addition, distributors are facing escalating cost pressure, among which labour and rental costs are the most rapidly increasing components. In addition, we saw aggressive discounting at the retail level. This is most rampant in the second- and third-tier cities, the main turf for domestic Chinese brands. We believe the industry will continue to undergo a period of fierce competition, posing a stern challenge for the industry’s brand companies’ business models to undergo revolutionary changes to remain relevant.”

The calendar third quarter 2010 was the first quarter since the Group unveiled the brand revitalization strategy. The Group intensified its branding efforts in metropolitan and first-tier cities to communicate the brand’s DNA with consumers and to enhance the brand’s image, including the introduction of sixth-generation stores that offer consumers a refreshing shopping experience, supplemented with strengthened product and brand promotions. During this period, the Group saw stronger performances in higher-tier cities than in lower-tier cities, in particular, same-store sales in metropolitan cities and first-tier cities registered double-digit growth. This demonstrates that LI-NING’s brand revitalization strategy has been received positively by consumers.

Looking ahead, Mr. Zhang said, “We believe the difficulties we are currently faced with in the lower-tier markets are of a temporary nature. Yet they call for reforms necessary for Li Ning’s distribution system after years of development. It is critical that we implement better support and management of the distribution operation in lower-tier cities. The Group will continue to promote sales channel reform and provide services that better accommodate the development and needs of our distributors, including strengthening of their merchandise procurement capabilities and their product lifecycle management. Meanwhile, we shall prepare ourselves better to respond more swiftly to needs of customers in lower-cities and different sales regions and improve our supply chain and IT system. We expect these measures to produce their designed effects in the next 12 months. In addition, we would like to reiterate our confidence about achieving our 7,900 LI-NING stores target and mid-single digit growth in our same-store sales for the full year 2010.”

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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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