



LI NING COMPANY LIMITED

(李寧有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

Li Ning Announces Results of its Second Quarter Trade Fair for the FY2011

**Total Order Value (based on Tagged Retail Prices) Maintained at the Same Level as Last Year
Challenging Retail Environment and Short Term Impact from Adjustments in the Retail Channels
Dampened Distributors' Expectations for 2011**

(17 December 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 conclusion of LI-NING Brand Products Trade Fair (“Trade Fair”) for the second quarter of the financial year 2011. Total order value, based on tagged retail prices, was maintained at the same level as last year. Both apparel and footwear products saw their average retail prices increase by more than 8%. Order volumes, meanwhile, declined by more than 7% and 8% respectively. Taking into account of the impact by the Group’s adjustment in wholesale discount given to distributors, total order value in sell-in terms declined by 6% compared to the same period last year.

“With regard to the results of this Trade Fair, we have established the view that, the retail environment for the sporting goods industry this year is faced with heavy pressure. On one hand, the previous growth model of heavy reliance on store openings by the sub-distributors is no longer sustainable; on the other hand, operating costs at the retail level are fast escalating. Given this environment, the operations of the Group’s independent distributors were inevitably affected. Their forecasts for growth in the coming year had become more conservative,” said Mr. Zhang Zhiyong, Chief Executive Officer of Li Ning.

“We have been adopting a pre-emptive approach for these problems and challenges. The Group initiated earlier reform measures for its distribution channels. The measures include consolidation of low-efficiency sub-distributors, optimization of retail channel structure, enhancement of product lifecycle management and offering more wholesale discounts to distributors. These are aimed at addressing the challenges faced with at the retail level in an effort to bring about improvements in the overall retail efficiency, enhancements in same-store sales growth and less aggressive discounting at the retail level, thereby constituting a healthier retail environment as a whole. We believe that these measures, while inflicting pain for the short term, and that the orders for the LI-NING brand in the next two trade fairs may come under pressure, nevertheless, we believe these will contribute positively to the Group’s stable and healthy development for the long term. Looking forward into 2011, the focuses of the Group’s strategies will include 1) advancing further the implementation of the LI-NING brand revitalization strategy to enhance the brand’s core competences; 2) endeavoring the best of its efforts in promoting distribution channel reform; 3) strengthening our retail management capabilities. We believe that the Group will be in a better position to embrace the opportunities ahead as the desired outcome of the above measures starts to materialize,” concluded Mr. Zhang

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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