

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 Company Launches Revival Plan to Revitalize Channels as Part of the Transformation Plan

- *Board approves the full implementation of the “Channel Revival Plan” following successful pilot programs as a key component of the overall transformation blueprint announced in July*
- *The Channel Revival Plan prepares the Company for strong future performance in spite of the substantial one-time costs, which will impact the full year results for 2012*

17 December 2012 – Hong Kong – **Li Ning Company Limited** (“Li Ning” or the “Group”; HKEx stock code: 2331), one of the leading sports brand companies in China, announced today that as part of its broader transformation plan disclosed in July this year, its Board of Directors has approved the management’s proposal to launch a “Channel Revival Plan”, which is expected to accelerate the Group’s inventory clearance process and enhance sales channel profitability.

Li Ning’s transformation plan was developed to strengthen the Group’s financial performance and to position Li Ning for long-term profitable and sustainable growth. Since the announcement of its transformation plan in July this year, the Group has reported good progress on a number of initiatives, including investing in branding and product development, building better supply chain and retail operations for the Group, downsizing its cost structure, as well as successfully recruiting a number of new talents to the Group in the past few months.

Mr. Li Ning, Executive Chairman of the Group, commented, “Despite the current challenges faced by the industry as a whole, we have an ambitious revival plan to definitively address channel issues. The results of the pilot scheme for the Channel Revival Plan have been highly encouraging. We expect the combined actions to strengthen the long term productivity and profitability of our sales channels, which will in turn support the profitable growth of our company.”

As a result of focused diagnosis and field testing, the management of Li Ning concluded that reducing old inventory, improving product freshness and optimizing merchandising, coupled with network rationalization, is the best path to recovery for the sales channels. To achieve this, the Group has been working closely with several top channel partners and has successfully rolled out a number of pilot tests of the Group’s key initiatives, which will now be scaled up to aggressively address inventory issues and support its channel partners to strengthen their operational capabilities and profitability.

Mr. Jin-Goon Kim, Executive Vice Chairman of the Group, commented, “The wholesale business practice that had allowed Li Ning to quickly capture market share in the Chinese sportswear industry through aggressive network expansion was no longer able to respond quickly to the dramatic slowdown and saturation of the industry in the past few

years. Over-expansion has caused channel partners' inventory to build up and their store productivity and profitability to decline. The management of Li Ning Company believes that it is necessary to put in place a comprehensive transformation blueprint, including a one-time channel revival plan at a scale large enough to fix the problems that had built up in the channels over the last few years."

Seeing the success of the pilot scheme, the Board has endorsed the Channel Revival Plan with a budget of RMB 1.4 to 1.8 billion, which includes a range of initiatives focusing on support for channel partners' inventory clearance, inventory buy-back, sales network rationalization and customized programs to restructure the accounts receivables from individual participants. The Channel Revival Plan will allow channel partners to bring to market a higher mix of new products that better matches the demographics of their customers, and will also support channel partners in strengthening their financial position and cash flow for growth. The costs for the Channel Revival Plan will be mostly non-cash and take the form of accounts receivable offsets. In addition, Li Ning Company has also revamped channel policies to support channel partners with strong retail capabilities.

Many top channel partners participated in the pilot channel revival plan. Mr. Liu Guozhong, President of Shandong Liwei, one of Li Ning Company's top distributors, said, "The Channel Revival Plan is very encouraging. It's a feasible solution to help clear excess inventory and strengthen our financial position in the long run. We look forward to furthering our cooperation with Li Ning Company, overcoming challenges on inventory buildup, strengthening our retail capabilities and enhancing our profitability."

Based on the preliminary review of unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2012, it is expected that the Group will report a substantial loss for the year ending December 31, 2012. Such information has not been reviewed or confirmed by the auditor of the Company. Further details of the Group's financial results for the year ending 31 December 2012 will be disclosed in the Company's 2012 annual results announcement. It is expected that the loss is primarily attributable to the one-time costs relating to the implementation of the transformation plan, including the Channel Revival Plan.

Mr. Kim concluded, "Our management team will work closely with key channel partners to finalize and execute each of their revival programs over the next few months under the Board's guidance. We believe Li Ning's initiatives will be critical to leading the Group and its channel partners to not only weather through the inventory buildup issues faced by the industry, but to create a new model that will result in profitable long-term growth for the business overall."

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About Li Ning Company Limited

Li Ning Company Limited is one of the leading sports brand companies in China, mainly providing sporting goods including footwear, apparel, equipment and accessories for professional and leisure purposes primarily under the LI-NING brand. Headquartered in Beijing, the Group has brand marketing, research and development, design, manufacturing, distribution and retail capabilities. It has established an extensive supply chain management system and a retail distribution network in China, predominantly through outsourced manufacturing operations and franchised distribution.

In addition to its core LI-NING brand, the Group (i) manufactures, markets, distributes and sells outdoor sports products

in China under the French brand AIGLE, the exclusive rights of which have been granted to a joint venture established with Aigle International S.A.; (ii) engages in the 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 57.5% interest; (iii) develops, manufactures, markets, distributes and sells licensed products in China under the Italian sports fashion brand Lotto under an exclusive license granted by a company owned by Lotto Sport Italia S.p.A.; and (iv) engages in the research and development, manufacture and sale of badminton equipment under the Kason brand.

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