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LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

PROFIT WARNING INSIDE INFORMATION

This announcement (the “**Announcement**”) is made by Li Ning Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 16 December 2014 in relation to, among other things, a proposed open offer of new ordinary shares and/or convertible securities to be issued by the Company. The prospectus of the open offer will be published at about the same time of this Announcement. The information set out in this Announcement may be used by the shareholders of the Company in considering the open offer.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the information currently available, although the Company’s financial performance for the second half of 2014 is expected to improve as compared to the first half of 2014, the Company will record a net loss attributable to its equity holders for the year ended 31 December 2014, which is expected to be not more than RMB820 million (while the net loss attributable to equity holders of the Company for the six months ended 30 June 2014 was RMB585.774 million).

The net loss for the full year 2014 was principally due to the following factors:

- (1) as previously disclosed, the net loss already recorded for the first half of 2014 of RMB585.774 million. This loss was primarily due to (a) the upfront investment required to implement the Group’s transformation plan initiated in July 2012 (the “**Transformation Plan**”), (b) reduced sell-in due to previous channel inventory de-stocking, (c) provision for doubtful debts and (d) other expenses (for further details, please refer to the Company’s 2014 interim report); and

(2) in the second half of 2014, the Group's continued investment in the Transformation Plan. The plan will enable the Group to gradually realize its full earning potential for sustainable long-term growth. However, it will take time for the investments in the plan to be reflected in the financial results of the Group and therefore, in the short-term, pressure on the Group's business and financial performance indicators persisted in the first half of 2014 and affected the profitability for the second half of 2014.

As the Group enters its next phase of development, it is seeing positive and healthy growth in revenue. During the five-month period from July to November in 2014, the revenue growth rate was around 20% (on a year-to-year basis), which was much higher than the 8% growth rate registered in the first half of 2014 as disclosed in the 2014 interim report.

In terms of operational performance, channel profitability continued to improve. Trade fair orders registered year-on-year growth for five consecutive quarters till the 2015 Q2 season (2015 Q3 data is yet to be finalized) and, quarterly, same-store-sales growth turned positive during the second half of 2014.

In terms of financial performance, operating leverage from the improved revenue during the second half of 2014 is yet to be realized and operational improvement will take time to reflect in financial results.

The Group will continue to adhere to its strategic priorities, namely, Li-Ning Brand, China market focus, Channel Revival Plan (which was adopted in December 2012 as a key component of the Transformation Plan) as well as core sports categories such as basketball, running, training, badminton and sports life. Progress is being made on developing inspirational sports-related products with industry leading value proposition and enhancing product range to further penetrate the market in key China regions. The Group is also committed to improve direct retail store operating efficiency and profitability and to enhance long-term relationships with channel partners. Its marketing strategies are directed on full utilization of sponsorships in athletes and teams, reinforcement of unique Chinese sports heritage and strong value proposition, along with innovative social media, sporting events and in-store marketing.

The Board would like to point out that this Announcement and the above-mentioned figures (except the figures for the first half of 2014) are only based on the Company's preliminary evaluation of the available information of the Group and is not based on any financial figures or information that have been audited or reviewed by the Company's auditor. Further adjustments and finalization in the

Group's 2014 financial results may be required. Details of the Group's performance for 2014 will be disclosed in the 2014 annual results announcement to be published in March 2015. The Company will announce the date of board meeting for approval the annual results in due course.

By order of the Board
LI NING COMPANY LIMITED
Li Ning
Executive Chairman

Hong Kong, 8 January 2015

As at the date of this announcement, the executive Directors are Mr. Li Ning and Mr. Jin-Goon Kim. The non-executive Director is Mr. Chen Yue, Scott. The independent non-executive Directors are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Mr. Su Jing Shyh, Samuel.