



**Li Ning Reports Robust 2008 Annual Results  
Profit Attributable to Equity Holders  
Surged 52.3% to RMB721.3million**

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**Significantly Enhanced the Brand Equity of the LI-NING Brand**

**Continue to Strengthen Core Competencies to Achieve Stable Growth in  
Gross Profit Margin and Store Efficiency**

**Financial Highlights**

RMB Mn	For the year ended 31 Dec		Change
	2008	2007	
Revenue	6,690.1	4,348.7	+53.8%
Gross profit	3,220.4	2,082.8	+54.6%
Operating profit	960.2	609.9	+57.4%
Profit attributable to equity holders	721.3	473.6	+52.3%
Basic EPS (RMB cents)	69.63	45.83	+51.9%
Full-year dividend per ordinary share (RMB cents)	49.67	22.85	+117.4%
Including: Final	11.14	7.96	+39.9%
Special	28.9	9.13	+216.5%
Interim	9.63	5.76	+67.2%

(18 March 2009 – Hong Kong) – Li Ning Group Limited (“Li Ning” or the “Group”; HKSE stock code: 2331), one of the leading sports brand enterprises in China, reported a set of robust results for the year 2008. For the year ended 31 December 2008, the Group’s revenue grew by 53.8% to RMB6,690.1 million. Accounting for 95% of the total revenue, sales of the LI-NING brand grew by 49.7% to RMB6,354,238,000. Profit attributable to equity holders rose by 52.3% to RMB721,267,000.

Earnings per share increased by 51.9% to RMB69.63 cents. The Board of Directors recommended payment of a final dividend of RMB11.14 cents per ordinary share (2007: RMB7.96 cents), accretive to a full-year payout of RMB49.67 cents per ordinary share, up 117.4% over 2007.

“The year 2008 was an extraordinary year for the Group, and also a memorable year to be proud of. During the year, by leveraging on our strengths, we achieved remarkable results in many different areas against considerable odds,” said Mr. Li Ning, Chairman of the Group. “Despite the lingering impact of the global financial crisis and natural disasters such as the snowstorm in February and the Sichuan earthquake in May, we successfully expanded our major product lines into a more diversified distribution network, made great strides in strengthening our product R&D and continued to adopt the multi-brand strategy. Above all, the Group was highly successful in leveraging the Beijing Olympic Games through our integrated sports marketing strategy, which did much to boost our brand value.”

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During the year, thanks to the marked improvement in integrated marketing capability, continuing improvements in store efficiency in all market tiers, efforts in stepping up product research, development and design, consistent expansion of sales network coverage, enhancement in supply chain efficiency as well as increased consumption as a result of the excitement surrounding the Beijing Olympic Games, the Group's core brand, LI-NING brand saw sales of footwear products grew by 60.0% while apparel products and accessories grew by 44.0% and 25.6% respectively.

The revenue from the Group's other brands, AIGLE, Z-DO, Double Happiness and Lotto brands amounted to RMB335,835,000.

Marketing and brand promotion led the LI-NING brand to a new level in 2008. In August, the implementation of integrated marketing strategies by the Group for the Beijing Olympic Games was a huge success and immensely strengthened the emotional connection between the LI-NING brand and its consumers, while the products the Group sponsored for the various national teams during the Games also garnered high yet professional recognition.

In its on-going efforts to cater to different market opportunities, the Group continued its multi-brand business development strategy. Through the completion of the acquisition of Shanghai Double Happiness Co., Ltd. and the closing of a 20-year licensing agreement with famous Italian sports fashion brand, Lotto, its multi-brand portfolio is further enhanced.

Throughout the year, the Group continuously expanded its sales channel coverage, especially in second- and third-tier cities that have the greatest growth potential. As at 31 December of 2008, the Group had 6,917 retail outlets in China (6,245 of which were Li-NING brand stores), representing a net addition of 1,241 stores as compared to the same period of last year. With respect to the LI-NING brand, the Group had approximately 146 distributors operating a total of 5,935 franchised retail stores nationwide as well as a total of 310 directly-managed retail stores in Beijing, Shanghai and 16 other provinces in the PRC. Meanwhile, there were a total of 637 franchised retail stores and 35 directly-managed retail stores under the AIGLE brand, the Z-DO brand and the Lotto brand. In addition, the Group actively identified appropriate locations for establishment of flagship stores, especially in host cities for the Beijing Olympic Games. This effectively increased the market influence of the LI-NING brand and boosted sales.

As China's leading sports brand, the Group continuously strived to be at the forefront of product research and development. During the year, the Group cooperated with Michelin for the development of sports footwear products. In November 2008, Li Ning Sports Science R&D Centre officially commenced operations. This R&D centre places strong emphasis on areas such as sports science research, product testing, research and development of core technology and enhancement of product functionality.

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The Group is committed to reforming the traditional mode of supply chain by adopting a demand-driven approach. During the year, the Group adopted a delivery logistics model that is able to differentiate various retail demand and merchandise nature and integrate logistics resources to enhance efficiency, reduce costs and shorten warehousing and transit time. In addition, the Group is in the process of inviting a number of core suppliers in the setting up of production facilities in Jingmen Industrial City, Hubei in order to ensure that its supply chain adapts to the needs of the market in a timely manner while mitigating the pressure from cost increases. The Group has also planned to set up the Li Ning Logistics Centre, a one-stop logistics solution that brings together the manufacturing and distribution of apparel, footwear and accessories products.

Going forward, the adverse macroeconomic situation poses great challenge to those in the retail industry, including the Group. In light of the uncertainties and challenges surrounding China's economy, the global economy and the macroeconomic environment as a whole, the Group has adopted cautious strategies and is proactively assessing its business risks. For example, the Group has implemented stringent cost control measures and in fact, tailored various budget scenarios to contend with different market and economic conditions. Meanwhile, it will make further improvements to the supply chain to enhance efficiency, and it is working with its distributors to encourage them to further improve inventory in order to guarantee cash flow. Account receivables will be monitored closely and extra effort will be put into cash collection to maintain a positive cash flow.

In addition, the Group is determined to meet the challenges ahead by leveraging its leading brand position and the highly professional management team. It will utilize fully its strengths and advantages and continues to adopt a strategy-driven and growth-based development model so as to further establish its core capabilities in brand research and development and integrated marketing. It will strive to enhance the brand equity and penetrate into more market segments to achieve well-balanced development from its multi-brand and multi-stream business platform. The Group will also strive to maintain its level of gross profit margin, increase market share and ensure stable growth in store efficiency.

Mr. Li said, "While the ramifications of the global financial crisis are still being felt, which led to rising unemployment and deteriorating consumer sentiment in China, few would argue that 2009 will be a challenging year. In addition, we saw intensified competition in the sporting goods industry. We are fully aware of the uncertainties surrounding the macroeconomic environment and are taking steps to manage risk effectively."

"We believe that in the mid- to long-term, the fundamentals of the sporting goods industry in China remain solid. We are optimistic that we will weather the storm and come out of the recession a much stronger organisation. We intend to embrace this opportunity and to continually improve the core competencies in order to consolidate and enhance our leading position. We will further increase market share, leverage the unique positioning of the LI-NING brand, fine-tune our product mix and continue to execute our integrated marketing strategy based on more innovative products. We also plan to adopt the multi-product lines and multi-brand strategy to tap into more market segments and further engage the indoor sports market so as to enhance the diversity of the LI-NING brand. We believe these efforts will usher our business to a new plateau and hence generating lucrative returns for shareholders and investors as a whole."

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## **About Li Ning Company Limited**

Li Ning Company ("the Group") Limited is one of the leading sports brand enterprises in the PRC, possessing brand marketing, research and development, design, manufacturing, distribution and retail capabilities. The Group's products include footwear, apparel, accessories and equipments for sport and leisure uses. The Group has established an extensive supply chain management system, and a distribution and retail network in the PRC primarily through outsourcing of manufacturing operations and distribution via franchised agents. The Group also directly manages retail outlets and concessionary counters for "LI-NING" brand.

The Group adopts a multi-brand strategy. In addition to its core "LI-NING" brand, the Group distributes sports products under its Z-DO brand via hypermarket channels. The Group has established a joint venture with AIGLE under which the joint venture has been granted an exclusive right by AIGLE to manufacture, market, distribute and sell outdoor sports products under the French brand "AIGLE" for 50 years in the PRC. In 2008, the Group has acquired the controlling interest in Shanghai Double Happiness Co., Ltd, which is principally engaged in manufacturing, research and development, marketing and distribution of table tennis and other sports equipment under the "Double Happiness" brand. The Group has also entered into an exclusive 20-year license agreement with Lotto in 2008 to develop, manufacture, market and distribute the licensed products under the Italian sports fashion brand "Lotto" in the PRC.

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