



LI NING COMPANY LIMITED

(李寧有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

Li Ning Reports 2010 Annual Results
Turnover Grew 13.0% to RMB 9,478.5 Million and
Profit Attributable to Equity Holders Grew 17.4 % to RMB 1,108.5 Million

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Implement Proactive Reforms to Drive Long-Term Sustainable Growth

Financial Highlights

RMB million	For the year ended 31 December		Change
	2010	2009	
Revenue	9,478.5	8,386.9	+13.0%
Gross profit	4,481.6	3,969.9	+12.9%
Operating profit	1,546.8	1,341.9	+15.3%
Profit attributable to equity holders	1,108.5	944.5	+17.4%
Basic EPS (RMB cents)	105.84	90.75	+16.6%
Full-year dividend per ordinary share (RMB cents)	42.12	36.12	+16.6%
comprising: Final dividend (Proposed) (RMB cents)	19.97	22.54	-11.4%
Interim dividend (Paid) (RMB cents)	22.15	13.58	+63.1%

(16 March 2011 – Hong Kong) – **Li Ning Company Limited** (“Li Ning” or the “Group”; HKSE stock code: 2331), one of the leading sports brand enterprises in China, announces its results for the year ended 31 December 2010. Revenue grew by 13.0% to RMB9,478.5 million. Profit attributable to equity holders recorded a year-on-year growth of 17.4% and fetched to RMB1,108.5 million, while earnings per share increased by 16.6% to RMB105.84 cents. The Board of Directors has resolved to recommend payment of a final dividend of RMB19.97 cents per ordinary share. Including the interim dividend of RMB22.15 cents per ordinary share already paid during the year, total payout for the year amounted to RMB42.12 cents per ordinary share (2009: RMB36.12 cents).

In 2010, the Group’s core brand, the LI-NING brand achieved revenue of RMB8,734,294,000, accounting for 92.1% of the Group’s total revenue and representing an increase of 13.5% as compared with 2009, which was broadly in line with the overall industry growth for the year. Among the different product categories, equipment products recorded a faster growth, which was attributable to the higher sales growth achieved by badminton products than the industry’s average.

“In 2010, we continued to strengthen our core competencies in branding, product, sales channel and supply chain management. Nonetheless, the increasingly competitive market, growing sophistication of consumers and rapid urban development in China prompted changes in the sporting goods industry in China. This posed challenges to brand owners and instigated reforms to their business models. To meet today’s consumer needs and to capture the value-driven mainstream market, based on our analysis of the development trends for the sporting goods industry in China, we must take proactive steps to initiate changes in order to enable the Group to enjoy long term, sustainable growth,” said Mr. Li Ning, Chairman of the Group.

Brand building is the focus of the Group's business and reflects the Group's core competences. The brand revitalisation exercise is a strategic move which is critical to the long term development of the LI-NING brand. After several years of preparation beginning in 2007, the Group kicked off the brand revitalisation campaign for the LI-NING brand in July 2010 to mark the brand's 20th anniversary. The Group believes that this timing was most suitable in light of the ongoing trend of consumers trading up their buying experiences. From a brand review conducted as at end of 2010, consumers' recognition of the new logo and new slogan remained at the top in the industry based on the brand preference index.

During the year under review, the Group continued to beef up its all-star cast of professional sports sponsorship resources. During the year, the Group announced the sponsorship of world-class track and field athletes including Jamaican sprinter Asafa Powell, and the top Norwegian javelin thrower Andreas Thorkildsen. In August 2010, the Group signed up NBA rookie, Evan Turner. The Group will continue to upgrade its arsenal of sponsorship resources by signing up more world-class sports stars as well as up-and-coming athletes.

As at 31 December 2010, there were 7,915 LI-NING brand retail stores in China, representing a net increase of 666 stores for the year. The Group considers that its previous growth model that featured a heavy reliance on store openings by sub-distributors is no longer sustainable. All segments of the market are gradually shifting from rapid, scale-driven growth to a more structured growth. Thus, during the year, the Group adopted a pre-emptive approach to address these challenges and implemented distribution channel reform measures, as well as reinforced LI-NING's leading position by strengthening development and management of more competitive sales channels such as shopping centres and sports centres in metropolitan and first-tier cities.

During the year, the Group continued to enhance its product design, research and development capability with a view to offering products that cater best to the needs of both professionals and ordinary consumers. In addition to providing professional gears to sponsored athletes and sports teams such as the Chinese National Teams in badminton, table tennis, gymnastics, shooting and diving as well as the Spanish Basketball Team and the Argentina Basketball Team, the Group also offered a wide range of products for general sports enthusiasts. The "Razine" (銳勁) sprint track running shoe was commended with the highest honour of "Gold Medalist" in the internationally renowned "iF Design Award China 2010" (2010年iF中國設計大獎).

The Group endeavours to establish a demand-driven, flexible and effective supply chain system to cope with its business growth effectively. In 2010, the Group's ongoing efforts in optimising its supply chain and inventory management resulted in the average inventory turnover cycle shortened to 52 days, 1 day less compared with 2009. The architectural design of the planned "LI-NING Logistics Centre", a fully automated warehouse of more than 50,000 sq. m. in Jingmen Industrial City designed to enable the Group to adapt to the needs of the market in a timely manner, has been completed and is scheduled for trial operation at the end of 2011. Upon completion, the Group will be able to react more swiftly to retail and distribution demands in areas covered, which will, in effect, make the centre an integrated base for manufacturing and distribution.

Looking ahead in 2011, the sporting goods sector is set to benefit from the growth in sporting population, the rise in income, and the shift of China's economy from an investment-driven to a consumption-driven model. However, consumer confidence is not strong enough and the growth in income levels has yet to be translated fully into a sustainable increase in purchasing power for sporting goods. In addition, due to the increase in competition from casual brands in certain sub-segments of the sporting goods industry and the lack of major sports tournaments, it is anticipated that growth in the sporting goods industry in 2011 will be affected to a certain degree.

The Group will set its eyes on the mainstream market. This market relies on brand building and product innovation to create better brand and product experiences such that brand operators will be able to charge premium prices to meet the escalating costs in every aspect of the value chain. Typified by more mature and value-oriented consumers, this market will become the mainstay in the future. The Group will instill more value to the brand by investing more in branding and product innovation, while enhancing retail efficiency through deepening reforms in the distribution channels to pursue a healthier growth model. It will also foster a corporate culture that stresses management by objectives and high efficiency.

Mr. Li concluded, “Some 10 years ago, the Group found itself at a similar cross-road that called for decisive action on the direction of the Group’s future development. Although the process went through twists and turns, the success of the changes laid a foundation for the Group’s subsequent decade-long spectacular growth and reinforced the LI-NING brand’s market position today. In light of the changes China and international markets are experiencing today, we once again find ourselves in a critical moment in history when we must rise up to meet the challenges and capitalise on the opportunities available to us.”

“2011 marks a year during which the Group will initiate adjustments to the implementation of its business strategy. Notwithstanding the difficulties and challenges that lay ahead, with our clearly defined objectives, our unrelenting implementation and the uncompromising efforts of our team, we firmly believe that our investments, contributions and commitment to reform will translate into a firm footing to support another stage of rapid growth in the forthcoming development cycle, while realizing our goal of becoming a world-class sports brand. Let’s ‘Make the Change’!”

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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, equipment and accessories for sports and leisure uses under its own **LI-NING** brand. The Group has established an extensive supply chain management system, and a retail distribution network in the PRC 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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