



LI NING COMPANY LIMITED

(李寧有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

**Li Ning Reports Solid 2010 Interim Results
Seventh Consecutive Years of Consistent Growth**

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**Profit Attributable to Equity Holders Surged 23.1 % to RMB 582 Million
Drive Long-Term Sustainable Growth and Continued Leadership through
Brand Revitalisation**

Financial Highlights

RMB Million	For the six months ended 30 Jun		Change
	2010	2009	
Revenue	4,504.6	4,051.9	+11.2%
Gross profit	2,158.4	1,936.6	+11.5%
Operating profit	813.3	685.8	+18.6%
Profit attributable to equity holders	581.6	472.5	+23.1%
Basic EPS (RMB cents)	55.58	45.53	+22.1%
Interim dividend per ordinary share (RMB cents)	22.15	13.58	+63.1%

(25 August 2010 – Hong Kong) – Li Ning Group Limited (“Li Ning” or the “Group”; HKSE stock code: 2331), one of the leading sports brand enterprises in China, announced the results for the six months ended 30 June 2010. Revenue grew by 11.2% to RMB4,504.6 million. Through sound and effective management measures, the Group achieved strong results in profit. Profit attributable to equity holders grew by 23.1% to RMB581.6 million. Earnings per share increased by 22.1% to RMB55.58 cents. The Board of Directors declared payment of an interim dividend of RMB22.15 cents per ordinary share (2009: RMB13.58 cents).

“Despite continued growth in China’s economy during the first half of 2010, uncertainties remained as we witnessed the outbreak of the Euro debt crisis on the international front and the ongoing re-adjustment of China’s economy. In addition, competition in the sporting goods industry was keen. Thanks to the continuous efforts in enhancing the development of the Group’s capabilities in brand marketing and promotion, product design, research and development, sales channel expansion and management, as well as supply chain management, the Group has strengthened its competitiveness in key areas such as brand awareness and product performance, thus achieving stable and sustainable business development,” said Mr. Li Ning, Chairman of the Group.

During the period under review, the Group’s core brand, the LI-NING brand, generated revenue of RMB4,133,855,000, which accounted for 91.8% of the Group’s total revenue, representing an increase of 10.6% as compared to the corresponding period last year. Sales of LI-NING brand footwear products, apparel products and accessories grew by 7.4%, 12.3% and 22.6% respectively.

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The Group adhered to the strategy of developing multiple brands. Following continuous marketing efforts, recognition from more consumers of the product characteristics has been received. Lotto brand recorded a sales revenue of RMB47,336,000, surged 206.7% when compared to the same period last year. Revenue from Double Happiness grew by 7.8% to RMB236,202,000. Total revenue generated by AIGLE, Z-DO and Kason brands aggregated RMB87,172,000, increased by 8.3% as compared to the corresponding period of last year.

Brand building is the focus of the Group's business and reflects the Group's core competencies. After several years of preparation, the Group unveiled the brand revitalisation strategy for the LI-NING brand on 30 June 2010 at its Beijing headquarters to mark the 20th anniversary of the LI-NING brand. The brand revitalisation strategy has integrated communications, product and retail experience to convey the brand's DNA to consumers in a continuous and consistent manner. This brand revitalisation strategy symbolises the efforts by the LI-NING brand to upgrade both brand innovation and product innovation, laying a solid foundation for long-term sustainable growth.

During the period under review, the Group continued the optimization of sports sponsorship resources. The Group signed up Espanyol, a strong team in Spain La Primera, which is the first European football team sponsored by the Group. Besides, the Group announced the sponsorship for the top Norwegian javelin thrower, Andreas Thorkildsen, also known as the "Prince of Javelin". The Group will continue to beef up its arsenal of sponsorship resources by signing up more world-class sports stars as well as up-and-coming athletes, especially in basketball as well as track and field categories.

The Group is of the view that with further development of the industry, sales channel coverage is becoming more mature and single-store growth will be the most important growth component for future brand growth. As at 30 June 2010, there were 7,478 LI-NING brand retail stores in China, representing a net increase of 229 stores for the period. During the period, the Group placed emphasis on strengthening the development and management of sales channels in shopping centres and sports towns in metropolitan and first-tier cities. The move to enhance these channels, given that they have stronger competitive power, enables the Group to cement its leadership among domestic players.

The Group endeavours to establish a demand-driven, flexible and effective supply chain system to cope with its business growth effectively. The Group's ongoing efforts in optimising its supply chain and inventory management resulted in the average inventory turnover cycle shortening to 48 days from 56 days of the corresponding period of last year, demonstrating the continuous enhancement in asset turnover.

Looking forward, China's macroeconomic environment continues to improve. Against the backdrop where the driver of growth is gradually shifting from investment to domestic consumption, the fast-moving consumer goods industry in which the Group operates will be benefited. Coupled with the euphoria brought about by the World Cup and the Asian Games, the sporting goods industry is expected to continue its growth in the second half of 2010 and 2011. Based on orders from trade fairs that the Group hosted for the third and fourth quarters of 2010, which recorded a year-on-year increase of 20.3%, the Group envisages stronger growth for the second half of 2010 over that of the first half. The Group will continue to implement the LI-NING brand revitalization strategy in full and to accelerate reforms in the sales channel system while boosting retail management capabilities to promote same-store performances. The Group will also enhance the response, efficiency and flexibility of its supply chain through ongoing system optimization and will continue to develop and expand strategic business lines.

Mr. Li said, "While from a macroscopic perspective, the economy is improving, the recovery is still fragile and not without concerns. It also takes time for the economic re-adjustment to be successfully completed. Meanwhile, competition in the sporting goods industry has also been intensifying. Discrepancy between sell-in and sell-through in the industry will continue for some time and discounted sales will still have an impact. In light of the challenging environment, the Group will continue to implement its proactive yet prudent strategy to cope with its strategic objectives for 2009-2013 in the second half of 2010. The Group is confident in the outlook of the sporting goods industry. The Group endeavours to maintain its competitiveness through long-term brand establishment, with a view to promoting healthy and stable business growth on a long term basis and creating better returns for shareholders and investors."

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About Li Ning Company Limited

Li Ning Company 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 mainly include footwear, apparel, accessories and equipment for sport 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 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 the PRC, 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 the PRC 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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