

Corporate Social Responsibilities



< 52



Li Ning Company Limited • Annual Report 2006

CORPORATE CULTURE

Establishment and promotion of an excellent corporate culture has become one of the indispensable elements for the Group to sustain a rapid development in the future. We believe an excellent corporate culture will uplift the core competitiveness of the Group which in turn will enhance the mutual development of the Group and its employees.

We continued to adopt the idea of "Excellent Management with Athletic Spirit" as the root concept of our corporate culture in 2006. Apart from retaining the distinctive corporate culture activities, including the Sports Day and the 15 staff sports clubs, we also continued to seek recognition from the employees, both new and existing, on our corporate culture by way of organising various cultural promotional activities and training activities, so as to align staff behaviour with the corporate culture. In line with the development strategies, the Group organised the theme activity, "Let's Start Again" (從頭再來) in its 16th Anniversary in which the Group's Chief Executive Officer had a real-time conversation with employees nationwide via internet conference which allowed employees to better understand the directions and strategies of the future development of the Group, and to further boost the morale and unity of the employees.

To promote the corporate culture of the Group in a more extensive and effective manner and to let each employee and business partner to have a thorough understanding of our corporate culture, the Group published a corporate culture handbook in 2003, launched the internal publication "Sports Ethics" (《運動品格》) in early 2004 and established the Group's intranet in 2006. These enable the interaction between the theme cultural activities and the internal media, resulting in the promotion of corporate culture by various communication modes.

In the meantime, to encourage good conduct and behaviour which are in line with the Group's corporate cultural value, the Group has adopted the Staff Conduct Motivation and Management Policy (《員工行為激勵與管理制度》) to reward and motivate outstanding and contributory employees on a regular basis. This policy has achieved satisfactory results in promoting the cultural sentiment of the Group.

We will continue to uphold the promotion of the corporate culture which aligns with our strategic planning in order to assure sustainable and rapid expansion of the Group.

HUMAN RESOURCES

Talent is an invaluable asset and an important element for sustainable growth of the Group. In 2006, the Group continued to strengthen and accomplish human resources management. It explored innovations in areas of staff employment, human resources planning, remunerations and benefits, working environment, and learning and development system. This has achieved a favourable outcome in the selection, utilisation, training and retention of employees, and has assured sustainable and rapid development of the Group in the future.

Employees and Remunerations

As at 31 December 2006, the Group had about 2,365 employees.

The Group has adopted the digital Key Performance Indicators (KPI) as the core assessment and motivation system which quantifies and breaks down the strategic targets of the Group to the individual level. Individual remuneration is divided into basic salary and performance-based remuneration, in which the corporate, departmental and individual performances are linked up effectively. This policy aims to award staff with outstanding performance. It does not only motivate the enthusiasm and creativity of the employees, but also facilitate the strategic consistency of the Group as a whole.

The Group has been collaborating with international consultants such as Mercer, Towers Perrin and Hewitt in retaining and motivating employees. From evaluation of the value of each position to the design of a long-term motivation program, the most advanced international devices and methodologies are applied. In addition, the Company pays close attention to market changes to maintain the competitiveness of our remuneration package for the purpose of attracting and motivating employees.

53 >

In order to further retain and motivate key employees, the Company adopted the Restricted Share Award Scheme in 2006 in addition to its share option schemes. As one of the essential components of long-term motivation, the Restricted Share Award Scheme is an effective measure to retain and motivate our employees.

Apart from competitive remunerations and benefits, the Group is committed to providing a good working environment for its employees. During the year, the Group launched the "5S" program (Spick-and-span, Shakedown, Sanitary, Sweeping and Self-discipline) in order to provide a comfortable working environment for the employees and to improve efficiency of operation in the workplace.

Learning and Development

To conform with the Group's development strategies, in 2006, we have developed a comprehensive training system in order to strengthen the capabilities of employees, including a leadership training program for managers, an all-around workplace skills program for employees and a professional skills program for professionals.

The leadership training program was implemented by way of workshops, which mainly focused on strategic thinking, influencing power and staff development abilities of managers. Two series with 11 training sections were provided to the staff ranked from senior to general managerial levels throughout the year, with nearly 180 members of the management being trained.

The all-around workplace skills program and the professional skills program were implemented in the form of public courses and e-Learning. Employees can freely apply for courses according to their actual needs to enhance their own workplace skills and professional skills. During the year, a total of 33 all-around workplace skills sections and professional skills sections were provided to 650 employees, with an aggregate of 26,910 training hours and an average training time per person of approximately 41.4 hours.

During the year, the Company joined hands with Cheung Kong Graduate School of Business (長江商學院) to deliver a Mini-EMBA program for 25 department managers with outstanding performance and 5 top distributors. By studying the classic Mini-EMBA modules and the comparable cases in the industry, participants have been furnished with a comprehensive business administration knowledge system, which has broadened the horizons and strengthened the strategic thinking ability of the middle-level management which in turn improving the overall quality of the management.

SOCIAL RESPONSIBILITIES

In the course of its relentless pursuit for brand excellence, the Group has committed to undertake various social responsibilities and obligations as a corporate member of the community by contributing to the society.

Charity Events

The Company further deployed resources on welfare activities in areas of health, sports and education in 2006. Charitable activities such as "Lifeline Express" (健康快車), "Li Ning Hope Primary School" (李寧希望小學) and "China Sports Foundation" (中華體育基金會) have become the Group's annual events. During the year, the Group arranged its employees to take part in the opening ceremony of "Li Ning Hope Primary School" (李寧希望小學), demonstrating their social responsibilities.

During the year, the Group sponsored the charity event of Basketball Bus Tour jointly organised by cultural celebrities, sports stars, CCTV hosts and the media. Through such event, funds were raised for the handicapped through basketball charity competitions and variety shows throughout the country. These activities have promoted a positive culture and spirit of sports and encouraged the handicapped to live with courage and persistence.

In 2006, the Group initiated a charitable training programme named "Let's Play Sports Together" (一起運動), for sports teachers in rural areas in order to promote the development of sports education of primary and secondary schools in poverty areas, and to improve the standard of sports education and professional skills of sports teachers in rural areas. These enable the children to enjoy the rights to sports and happiness from sports. "Let's Play Sports Together" (一起運動) provides free training to the designated areas under the program. The first stage of the program would last for three years from 2006 to 2008. It is expected that 1,000 sports teachers will be trained up upon completion of the first stage in 2008. We believe that one million primary and secondary students will benefit from this program. The launch of the program has aroused extensive public concern and positive feedback and the Company was awarded the "Special Charity Award" in the "2006 Corporate Social Responsibility Survey in China".

Special Funds for the National Textile Industry

In order to support and promote structural adjustment of the textile industry in the PRC as well as the change in means of growth in foreign trade, the PRC government allocates special funds to support enterprises' innovation of clothing technology. In 2006, the Company applied for this special fund and followed by approval of the Ministry of Finance and the National Development and Reform Committee, the Company has been granted special funds of RMB1,500,000 which will be utilised in the R&D, innovation and applied research of the AT apparel technology platform. The Group will work closely with top research organisations on sports and human science; to carry out analysis and research on materials and craftsmanship in order to satisfy the highest sports equipment requirements of sportsmen; and to establish and improve the AT apparel technology platform so as to further promote the development of sports products. The grant of this special fund by the government has reflected that the Company is recognised by the government and the society as a stable and innovative company. The Group will also take this opportunity to contribute to the development of the textile industry of the PRC.

THE WAY FORWARD

In 2006, the Company and the other 24 outstanding corporations were granted "2006 The Best Enterprise's Public Image Award" jointly organised by the Enterprise Research Institute affiliated with the Development Research Center of the State Council, business.sohu.com, China Credit Research Center of Peking University and Guanghai media. In addition, the Company has also been awarded "2006 CCTV The Best Employer" in the annual survey of employers organised by CCTV for the two consecutive years, which clearly demonstrates the market recognition of our care to the well-being of employees, strong social responsibilities as well as the extraordinary performance achieved by us during the year.

In the course of future growth and development, we endeavour to undertake responsibilities and obligations as a corporate member of the community by contributing to the social progress and development with more initiatives.