

INVESTOR RELATIONS REPORT

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A photograph of Mr. Jin-Goon KIM, Executive Vice Chairman, sitting in a chair and speaking into a microphone. He is wearing a dark suit, a white shirt, and a patterned tie. In front of him is a small round table with two glasses of water and a book. The background is a blurred image of a large, ornate building with a curved roof.

Mr. Jin-Goon KIM
Executive Vice Chairman

OVERVIEW

The Company and its management has always placed priority in maintaining effective investor relations. By offering professional and ongoing investor relations initiatives, the Company has been in active communication with key stakeholders, including shareholders, investors and the media. This helps investors to understand current developments in the Company's business operations, financial performance and future development strategies in a standardized, timely and transparent manner. It also facilitates valuable feedback from stakeholders, which could help shape the Company's future strategies.

2012 was a challenging year for the sportswear industry in China. The over expansion that occurred resulted in significant overstocking for channel distributors, which consequently impacted their store efficiency, profitability and overall financial performance. Since 2012, there has been significant pressure on clearing excess stock at the retail end, while competition remained fierce among industry players. With higher disposable income and a more mature spending mentality, local consumers' demand on brand and value has greatly increased.

2012 was also a year of reformation for Li Ning Company. At the beginning of 2012, TPG – a world leading private equity investment firm, and GIC invested in the Company and has been supporting its transformation from a wholesale to retail-oriented business model. In order to achieve long-term sustainable development and maintain its industry leading position in China, Li Ning Company made the decisive move to launch the Transformation Plan. As one of the initiatives under the Transformation Plan, the Company enhanced its management team and its execution capabilities, as well as optimized the Board structure.

Against a backdrop of a challenging operating environment and an evolving industry landscape, the Company has been more active in maintaining investor relations. We increased our frequency in communicating with the public, maintained transparent information disclosure, such that all stakeholders could be made aware of the latest updates under the Transformation Plan and understand the latest developments of the Company. We value every opportunity to engage with our investors, in order to understand their concerns and opinions, and to answer their enquiries about the Transformation Plan.



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ACTIVELY COMMUNICATE WITH THE INVESTORS TO INCREASE CORPORATE TRANSPARENCY

In 2012, the Company maintained frequent communication with the investment community through roadshows, investor forums, investor meetings, shop visits, conference calls, media briefings and other forms of engagement. In addition, the Company increased the number of investors and analysts conferences and briefings to ensure that stakeholders have a good understanding of the Transformation Plan, the Channel Revival Plan and the future strategic developments of the company.

In July 2012, the Company launched its transformation blueprint in three stages. In December, as a key component of the Transformation Plan at its initial stage, the Company launched a one-time Channel Revival Plan to help clear its inventory in the distribution channels and to improve retail profitability. In January 2013, the Company proposed to raise approximately HKD\$1.8 billion through convertible securities. The proceeds will be used to optimize its capital structure and support of the smooth implementation of the Transformation Plan. As these initiatives were rolled out, the Company proactively provided updates to investors in a timely and transparent manner. The Company also strictly observed the non-selective disclosure principle to ensure that shareholders, investors and media could be engaged openly, comprehensively and fairly. The feedback that we gathered in the process provided valuable suggestions and insights to help the management in setting the development and operational strategies which will also help the Company to achieve sustainable growth and planning long-term strategy.

To further enhance communications with the market, we started the redesign of our investor relations website (www.lining.com) in 2011 and completed it in 2012. The current version is equipped with better visuals and more information, such as share price chart, corporate social responsibility and a dedicated shareholders page. These will help stakeholders to further understand the Company and provide them with the latest and most comprehensive business and financial data.

SUMMARY

A year in review: details of all investor relations initiatives are listed below:

Type of Initiative	2012	2011
Results Briefing for Investors and Media	6 times	2 times
Roadshow (including reverse roadshows)	7 times (total 81 meetings)	7 times (total 98) meetings)
Investor forums	1 time (total 12 meetings)	3 times (total 37 meetings)
Media interviews	7 times	2 times
Investor site visits	1 time	3 times
Regular 1 on 1 meetings with investors	59 times	71 times
Investor Conference calls	65 times	52 times
Visits to the Company's stores	23 times	23 times
Conference calls with sell-side analysts	5 times	5 times
Investor perception audit	-	1 time

Future Outlook

Effective investor relations communication is an integral part of the Company's management philosophy. In 2013, the group will continue to implement the Transformation Plan and maintain the high standard of quality communication with investors. Through the IR Department's efforts, we are confident that more and more investors will discover Li Ning, listen to Li Ning, understand Li Ning, care about Li Ning, and, ultimately, flourish with Li Ning.

INFORMATION FOR INVESTORS

Share information

Listing: Main Board of the Hong Kong Stock Exchange
on 28 June 2004

Stock code: 2331

Board lot: 500 shares

No. of issued shares as at 31 December 2012: 1,055,907,629

Market capitalization as at 31 December 2012:

Approximately HK\$5,321,774,000

Dividend for 2012

Interim dividend: Nil

Final dividend: Nil

Financial Calendar

Announcement of interim results: 22 August 2012

Announcement of annual results: 25 March 2013

Annual General Meeting: 31 May 2013

Corporate websites

<http://www.lining.com>

<http://www.irasia.com/listco/hk/lining>

<http://www.li-ning.com>

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