

[For Immediate Release]



**Li Ning Announces Remarkable 2005 Annual Results  
Profit Attributable to Equity Holders Surged by 53% to RMB187 Million**

**Financial Highlights**

	For the year ended 31 Dec		Change
	2005 RMB Mn	2004 RMB Mn	
Turnover	<b>2,450.5</b>	1,878.1	30.5%
Gross profit	<b>1,152.5</b>	873.5	31.9%
<i>Gross profit margin (%)</i>	<b>47.0%</b>	46.5%	0.5%
Profit attributable to equity holders	<b>186.8</b>	122.4	52.6%
<i>Net profit margin (%)</i>	<b>7.6%</b>	6.5%	1.1%
Basic EPS (RMB cents)	<b>18.25</b>	13.78	32.4%
Final dividend per ordinary share (RMB cents)	<b>5.00</b>	4.57	9.4%

(22 March 2006 – Hong Kong) – **Li Ning Company Limited** (“Li Ning” or the “Group”; stock code: 2331), one of the leading sports brand enterprises in the PRC, announced its remarkable annual results today for the year ended 31 December 2005.

Fuelled by strong economic growth, increasing affluence and consumption power, as well as the increasing popularity of sports activities driven by the 2008 Olympic Games, turnover of the Group for the year ended 31 December 2005 surged by 30.5% to approximately RMB 2,450.5 million. Gross profit margin increased by 0.5 percentage points to 47.0%. Profit attributable to equity holders grew by 52.6% to approximately RMB 186.8 million. Basic earnings per share was RMB 18.25 cents (1H2004: RMB 13.78 cents).

The Board of Directors recommended the payment of a final dividend of RMB 5.00 cents per ordinary share for the year ended 31 December 2005(2004: RMB 4.57 cents). And an interim dividend of RMB2.30 cents per ordinary share was paid for first half of 2005 (1H2004: nil).

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Commenting on the encouraging annual results, Mr Li Ning, Chairman of the Group, said, "The Group made remarkable strides on all fronts in 2005. During the year under review, we placed strong emphasis on three major aspects, namely branding, strengthening product design, research and development, and improving supply chain management. We are pleased to see that our efforts paid off and are evident in our annual results."

The Group continued to enrich its product portfolio with a series of new products for popular sports activities such as running, basketball, soccer, tennis and fitness. Sales was boosted by the broadened product offering, enhanced product design, optimum pricing for quality products as well as dedicated marketing efforts. The sales value of footwear and apparel products increased by 54.0% and 26.1% respectively. Sales of accessories, however, declined by 6.1% as compared to 2004, mainly due to de-emphasis of the product category as resources were reallocated to footwear and apparel products which generate a higher return on a per square metre basis.

With respect to the retail and distribution network, the Group added 751 stores net in 2005, bringing the total number of stores to 3,373 as at 31 December 2005. In order to further uplift store image and efficiency, the Group launched the 4th generation store image standards in the second half of 2005. During the year under review, there were a total of 98 stores decorated with the 4th generation standards. Moreover, the number of flagship stores reached 14 by last year.

The Group has a team of highly competent product development and design professionals in place. In addition, the Group fostered cooperation with international partners in a bid to develop professional and fashionable products of world-class quality. In the first quarter of 2005, the Company launched the "RUN FREE" ultra-light air-flow running footwear series in the PRC made with ultra-light technologies that were developed in-house. Moreover, the "TOP GUN", "SHARK" and "FEIJIA" series of basketball shoes launched in 2005 were well received by consumers. Besides, the Group signed an agreement with NBA player Damon Jones of the Cleveland Cavaliers. He is now wearing LI-NING's FEIJIA (Flying Armor) series basketball shoes on NBA courts. This attests to the superior quality of Li Ning's sports shoes for top-tier professional players.

Last year, the Group embarked on a multi-faceted branding programme. Alliance and cooperation with world leading brands of various industries, such as **NBA, Swarovski, Netease, as well as CUBA basketball leagues** were established. Through diverse brand building activities, the Group enhanced its brand influence and customer loyalty.

Another major step of the Group in year 2005 is marked by a long-term agreement with **AIGLE International S.A.** of France ("AIGLE") to establish a joint venture, in which both sides own 50% shares. Such cooperation targets China's outdoor products market. As at February 2006, there are already 3 AIGLE stores in operation.

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In March 2006, the Group announced an official marketing partnership agreement with the Association Tennis Professional (“ATP”), the world’s premier men’s professional tennis tournament association. Under the agreement, Li Ning will collaborate with ATP on the manufacturing, sales, brand promotion and marketing of professional tennis products in China. The two parties will also work hand-in-hand for the promotion of tennis tournaments to accelerate the popularity of the sport in China.

Going forward, the sports goods market in the PRC is anticipated to offer immense growth potential, particularly in the second and third-tier cities. Li Ning, with a solid business and financial position, is well positioned to capture arising opportunities.

The Group will continue to focus on footwear and apparel products. Through innovative designs and technological improvements, Li Ning will advance in terms of professionalism. In addition, the Group will also continue to increase customer loyalty and brand preference by implementing well defined and clear brand promotion strategies. Paving way for future development, the Group will further expand its retail network and improve store displays and decoration with a view to further promoting its brand image and expanding its distribution network.

“Looking ahead, the Group will strive to build up LI-NING brand as the No. 1 brand in the China sports goods market. The Group will also consider opportunities arising from different sports goods market segments. By leveraging our competitive strengths, the Group’s management is committed to launching premium sports goods for customers, offering job satisfaction and commitment for its employees and generating attractive returns for shareholders and investors as a whole.” concluded Mr. Li.

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### **About Li Ning Company Limited**

Li Ning Company Limited (**stock code: 2331**) (the “**Group**”) is one of the leading sports brand enterprises in the PRC. It has its own branding, research and development, design, manufacturing, distribution and retail capabilities. The Group’s products include sports footwear, apparel and accessories for sport and leisure use which are primarily sold under its own LI-NING brand. The Group has established an extensive distribution and retail network in the PRC, of which distributors will manage the franchised LI-NING retail outlets under the Group’s supervision. The Group also directly manages its own LI-NING retail stores and concessions. In addition, the Group has set up a joint venture in the PRC with the French company, AIGLE International S.A. (“**AIGLE**”) in 2005 under which the joint venture enterprise has been given the exclusive right by AIGLE to manufacture, market, distribute and sell for 50 years in the PRC, outdoor sports products that bear the “AIGLE” trademark registered and owned by AIGLE International S.A.

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