

(For Immediate Release)



**Li Ning Reports Strong 2006 Annual Results
Profit Attributable to Equity Holders Surged by about 58%
to RMB 294.8 million**

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**Focused R&D and Extensive Sports Marketing Resources
Well Poised to Capitalize on 2008 Beijing Olympics**

Financial Highlights

RMB Mn	For the year ended 31 Dec		Change (%)
	2006	2005	
Turnover	3,180.5	2,450.5	+29.8
Gross profit	1,508.6	1,126.2	+34.0
Profit attributable to equity holders	294.8	186.8	+57.8
Basic EPS (RMB cents)	28.65	18.25	+57.0
Dividend per ordinary share (RMB cents)			
- Final	7.64	5.00	+52.8
- Interim	3.80	2.30	+65.2

(20 March 2007 – 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 a set of strong 2006 annual results. For the year ended 31 December 2006, the Group’s turnover grew by 29.8% to RMB 3,180,543,000. Sales of LI-NING branded products, which accounted for 99.6% of the total turnover, surged by 35.7% year-on-year to RMB 3,168,045,000. Profit attributable to equity holders rose by 57.8% to RMB 294,846,000. The Board recommended the payment of a final dividend of RMB 7.64 cents per ordinary share (2005: RMB5.00 cents), making a total of RMB11.44 cents per ordinary share for the full year, an increase of 56.7% against 2005.

Mr Li Ning, Chairman of the Group, said, “Strong economic growth and rising consumer spending in the PRC, coupled with the upcoming 2008 Beijing Olympic Games, have created a favorable macro operating environment for the Group. As we continued to place strong emphasis on branding, product design, research and development, and improving supply chain management, the Group achieved

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another year of distinguished results in 2006. Along with our endeavor to develop the core brand, LI-NING brand, we also extend into multi-brand strategy. These fuelled our business growth and set a solid platform for us to capture opportunities as the 2008 Beijing Olympics approaches.”

During the year under review, sales of LI-NING branded footwear products increased by 48.3 % as compared to 2005. The oriental and innovative elements of the “Flying Armor” (飛甲) series of basketball shoes and “Flying Feather” (天羽) series of running shoes were well-accepted by the market. In addition, the Group’s hallmark product “LI-NING BOW” (李寧弓) which applied the Group proprietary anti-shock technology launched in the second half of 2006, with the support of a comprehensive sales strategy, also received overwhelming market response.

LI-NING branded apparel products, despite keen competition from international and domestic brands, posted an increase of 30.7 % in sales. Sales of accessories also rose by 15.3 % as a result of product mix optimisation implemented during the year under review.

In 2006, the Group deployed considerable sales and marketing resources for the promotion of its core products. It has established strategic collaboration with the National Basketball Association (“NBA”), Association of Tennis Professionals (“APT”), China University Basketball Association (“CUBA”), China University Football League (“CUFL”) and NetEase, and made sponsorship to top athlete teams, including the four gold-medal winning teams of the China National Teams and the Sudan National Track & Field Team.

As the official marketing partner of NBA, the Group entered into agreement with three reputable NBA players, forming a trio of success that included Shaquille O’Neal, centre of Miami Heat, Damon Jones, guard of Cleveland Cavaliers and Chuck Hayes, forward of Houston Rockets. These all attest to the professional qualities and international standards of the LI-NING branded sports footwear and mark a great stride in achieving the Group’s goal of becoming a top world-class sports goods brand.

In 2007, the Group further entered into three brand promotion agreements, the first one being a cooperation agreement with CCTV National Sports TV Channel, according to the agreement, all hosts and reporters of the National Sports TV Channel will put on the apparel, footwear and accessories of the LI-NING and AIGLE brands. The Group has been granted the exclusive sponsorship of apparel for the hosts and reporters of all the programs to be broadcasted in “Olympic Channel”, which will be released during the 2008 Beijing Olympics.

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In addition, the Group signed an agreement with the Argentina Basketball Federation (Confederación Argentina de Basquet) to become its official partner and will sponsor LI-NING apparel for the men and women Argentina National Basketball Teams at major international sports events such as the 2008 Beijing Olympics and the 2012 London Olympics. Another agreement was entered into with the Swedish Olympic Committee to be the official partner of the Swedish Olympic Committee in supplying the Swedish Olympic Delegation with a range of sports apparel in the 2008 Beijing Olympics and 2010 Vancouver Winter Olympics. These collaborations marked a milestone in the Group's brand international expansion.

In realizing its mission of being a world renowned sports brands operator to offer a strong portfolio of products, the Group launched co-branded products with Shaquille O'Neal and ATP. The first "LI-NING – SHAQ "co-branded professional basketball product series was launched in January 2007. A number of co-branded products with ATP to promote tennis as an increasingly popular sport were also launched in 2006.

The Group has established an extensive distribution and retail network throughout the PRC. As at 31 December 2006, it achieved a net increase of 924 LI-NING stores, bringing the total number of stores to 4,297, amongst which 1,889 stores were 4th Generation stores stylishly designed and furnished. The number of AIGLE stores was increased to 36 in 19 major cities of the PRC, like Beijing, Shanghai and Hangzhou etc. as at 31 December 2006.

Going forward, the economy in the PRC is expected to remain strong. With the approaching of the 2008 Beijing Olympics, the China sports goods industry will maintain a strong growth. Nevertheless, competition in the industry would also intensify. Thus, the Group has kicked off a series of marketing campaigns, mainly in metropolitans and first-tier cities, to capitalize on opportunities arising from this world event. Innovative branding marketing strategies as well as products promotion programmes will be launched to establish a new foundation for the LI-NING brand to grow and prosper.

"The Group will continue to seek mutually beneficial partnerships with international brands to introduce them to the PRC market, and in turn, to develop itself into a multi-brand operator with a strong portfolio of reputable brands. The Group's growth strategies will place strong emphasis on second and third-tier cities by extending the Group's network and by increasing efficiency on retail level so as to strengthen the core business and accelerate the pace of growth. Leveraging its competitive advantages, the Group is committed to offer high quality products to consumers, work satisfaction and a sense of belonging to employees, and attractive returns to shareholders and investors," Mr. Li concluded.

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About Li Ning Company Limited

Li Ning Company Limited (**stock code: 2331**) 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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