

2007 Annual Results Corporate Presentation

March 2008



Li Ning Company Limited

李宁有限公司

Stock code: 2331

Agenda

- 2007 Highlights
- Financial Highlights
- Business Review
- Future Outlook and Strategies
- Open Forum





Li Ning Company Limited (李寧有限公司)



2007 Highlights

Growing from Strength to Strength in 2007

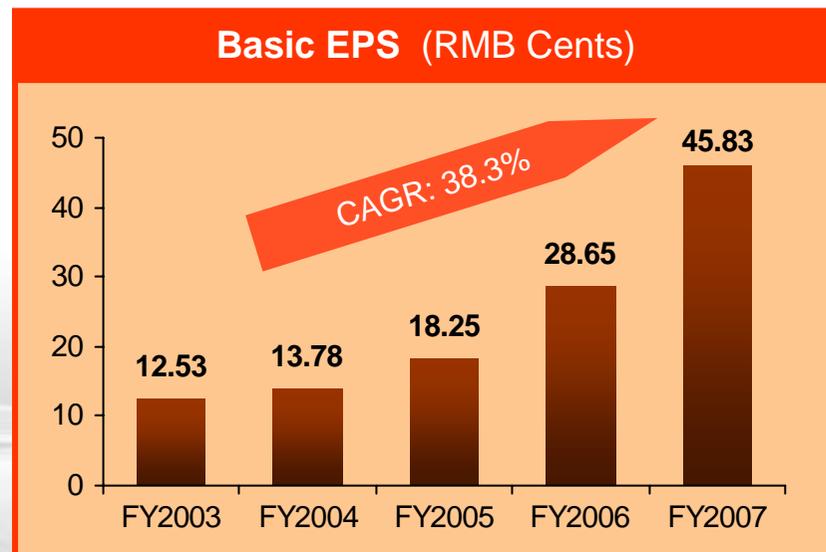
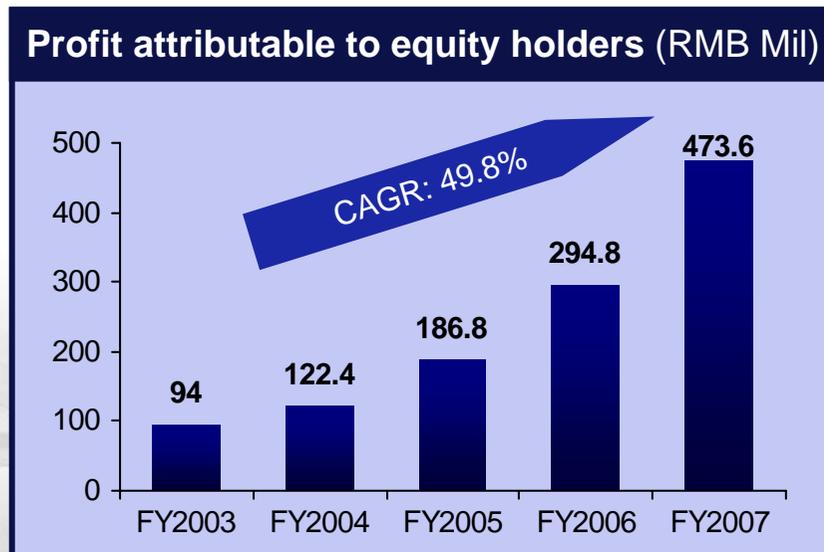
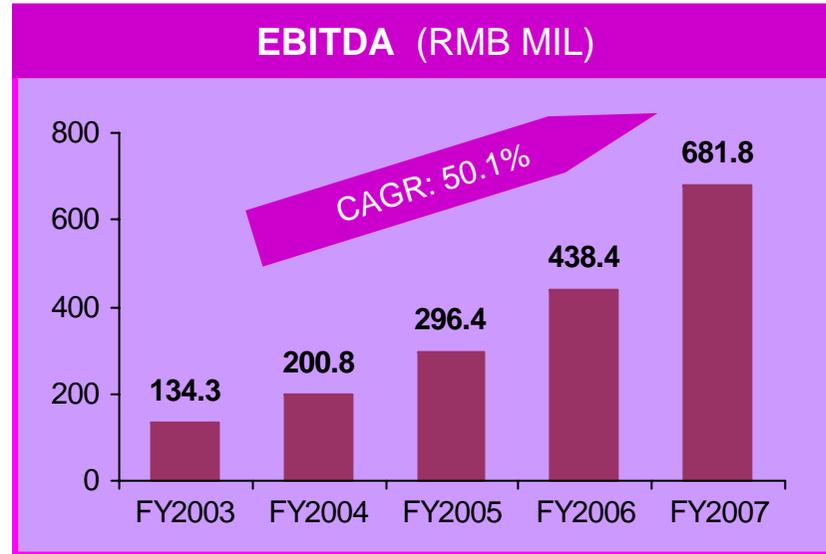
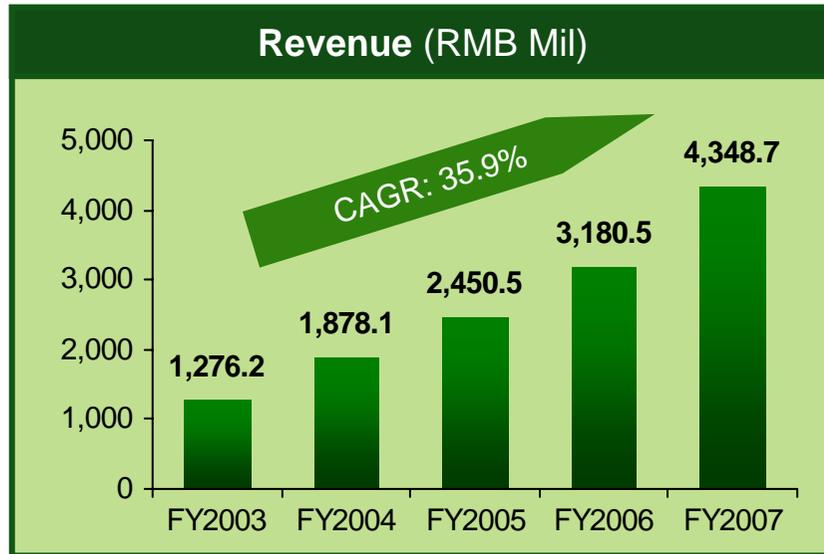
***Strengthened Efforts
in Integrated
Marketing***

***Improved Store
Efficiency and
Pursued Same-Store-
Sales Growth***

***Focused on Growth in
Second-and
Third-Tier Cities***

***Reinforced the Core
Competencies of the
LI-NING Brand***

Five Years of Solid Growth



For the FY ended Dec 31

A Year of Achievements

Honored the "Best Employer Award 2006" organized by CCTV



Mar.

Won the "Directors of the Year Award – Collective Board Category" organized by the Hong Kong Institute of Directors



Nov.

Jan.

Honored the "Best Enterprise's Public Image Award" for the second time



Apr.



Honored the "Most Respected Enterprise in China 2006" for the second year in a row

Nov.



Named the "Quality Employer Partner" for 2007 by the CIMA

2007



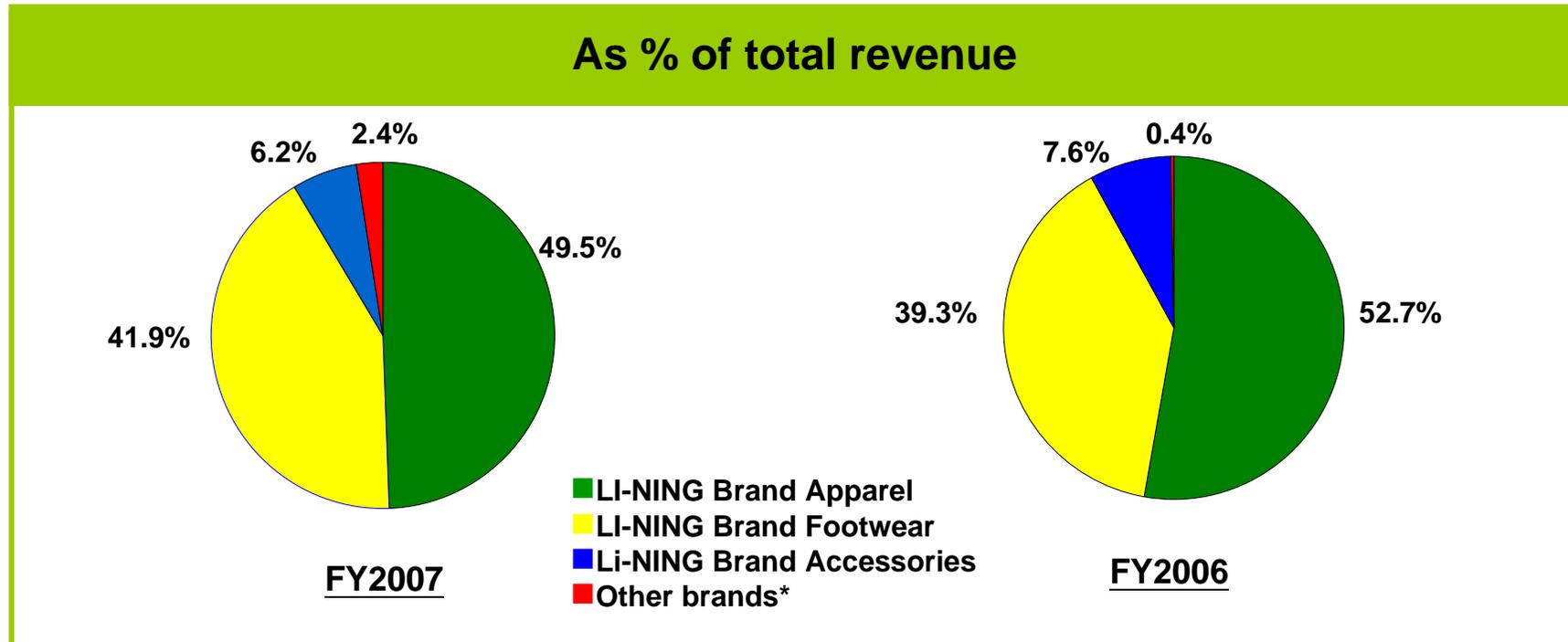
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Financial Highlights

Financial Highlights

(RMB Mil)	2007	2006	Change
Revenue	4,348.7	3,180.5	36.7%
Gross Profit	2,082.8	1,508.6	38.1%
Operating Profit	609.9	402.5	51.5%
EBITDA	681.8	438.4	55.5%
Profit attributable to equity holders	473.6	294.8	60.6%
Gross Margin	47.9%	47.4%	0.5p.p.
Operating Margin	14.0%	12.7%	1.3p.p.
Net Profit Margin	10.9%	9.3%	1.6p.p.
Basic EPS (RMB cents)	45.83	28.65	60.0%
Final DPS (RMB cents)	7.96	4.79	66.2%
Special DPS (RMB cents)	9.13	2.85	220.4%

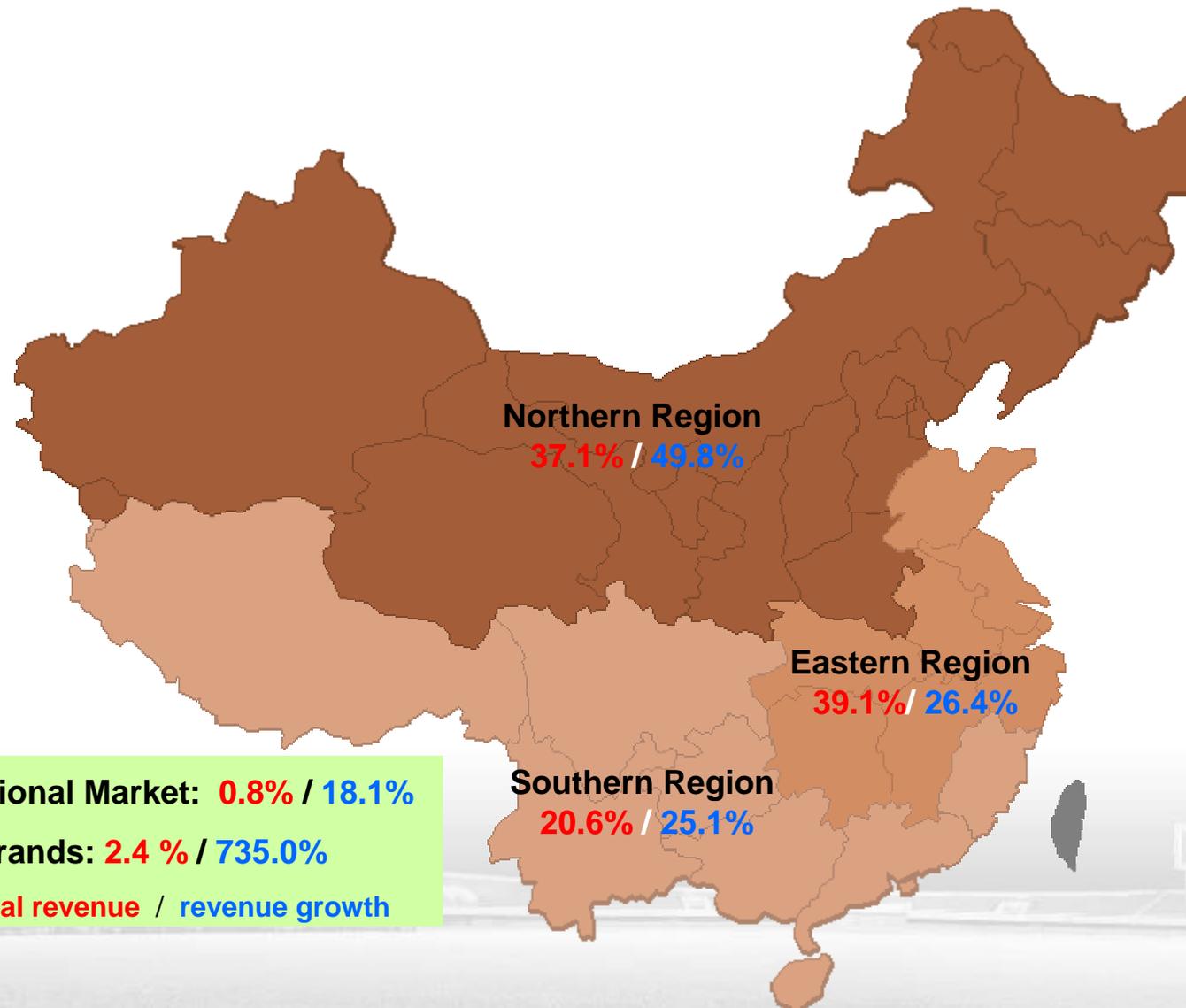
Revenue Analysis by Product Categories



(RMB Mil)	2007	2006	Change
LI-NING Brand Apparel	2,151.6	1,673.9	28.5%
LI-NING Brand Footwear	1,823.1	1,251.0	45.7%
LI-NING Brand Accessories	269.7	243.1	10.9%
Other Brands*	104.4	12.5	735.0%
Total	4,348.7	3,180.5	36.7%

*Other brands including: Z-DO and AIGLE

Revenue Analysis by Region

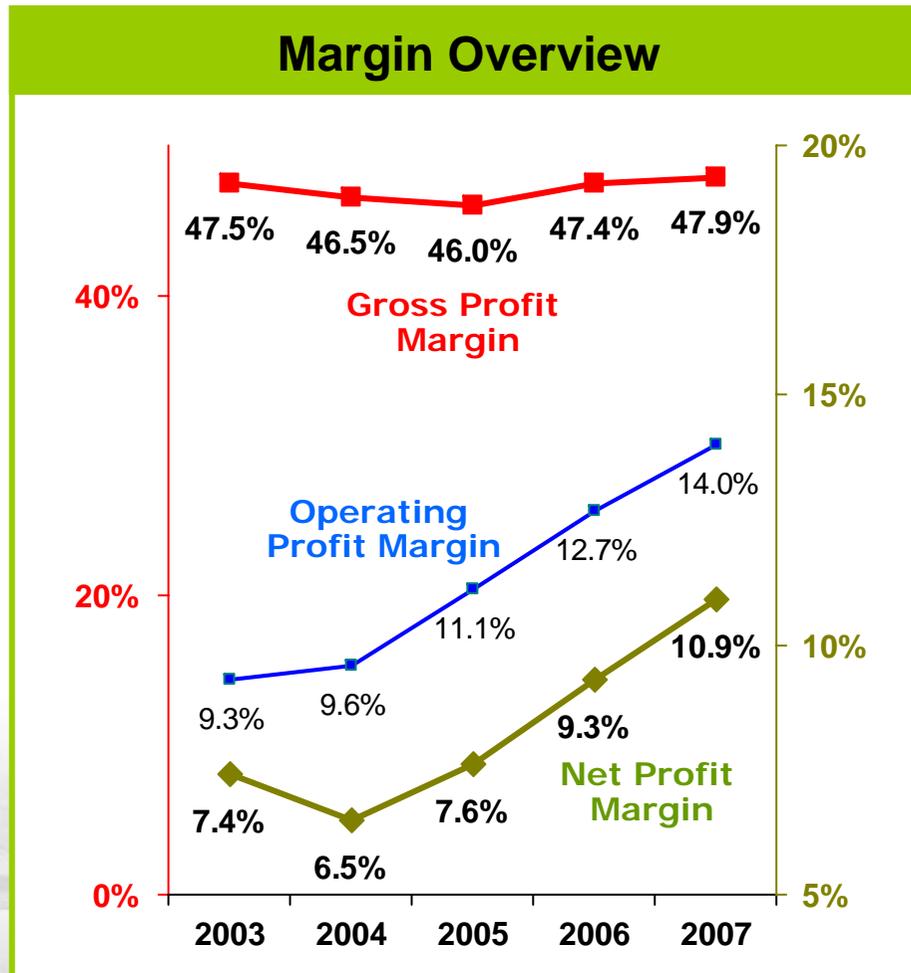


International Market: **0.8%** / **18.1%**

Other brands: **2.4 %** / **735.0%**

*% of total revenue / revenue growth

Sound Fundamentals and Effective Controls Underpins High Profitability



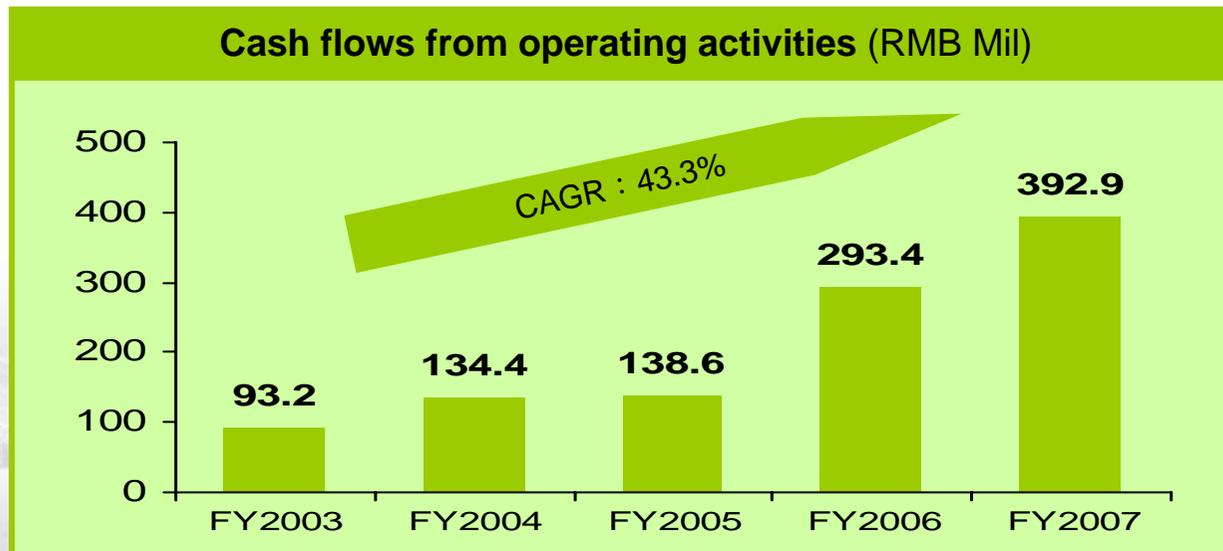
- Gross profit margin maintained at a stable level as a result of continuous enhancements in products sales and cost management
- Continuous rise in operating profit margin due to effective management in distribution expense and administrative expense
- Growth in net profit margin due to increase in operating profit margin and effective tax planning

Key Financial Indicators

(RMB Mil)	2007	2006	Change
Inventory Turnover (days)	70	70	-
Avg. A/R Turnover (days)	53	55	-2
Avg. Trade Payables Turnover (days)	69	67	+2
Cash Conversion Cycle (days)	54	58	-4
R & D Expenses (as % to cost of sales)	6.1%	4.7%	1.4p.p.
A&P Expenses (as % to revenue)	16.0%	16.4%	-0.4p.p.
Effective Tax Rate (%)	23.4%	26.4%	3.0p.p.

Solid Financial Position & Cash Flow

(RMB Mil)	2007	2006	Change
Cash and Cash Equivalents <i>(Including fixed deposits)</i>	861.1	849.2	1.4%
Current Ratio (times)	2.2	2.7	-18.9%
Current Liabilities	977.4	688.5	42.0%
Non-Current Liabilities	58.8	59.8	-1.6%
CAPEX	243.1	107.5	126.2%
Total Liabilities to Total Assets Ratio	37.3%	34.6%	2.7p.p.
Return on Equity	30.1%	23.0%	7.1p.p.





Li Ning Company Limited (李寧有限公司)



Business Review

Raising the Bar For 2008 Beijing Olympics



Olympics-related Promotions

- Unveiling the “Hero” Olympics Strategies
 - Three-pronged approach, namely, “Hero Team”, “Hero Gesture” and “Hero Triumph”
 - A series of sales and marketing campaigns under the theme “Hero” to demonstrate the Group’s vision as a leading Chinese sports brand
- The Li Ning “Olympic Champions” Exhibitions
 - Launched in Changchun and later in 15 other major and Olympic event-holding cities, including Beijing, Shanghai, Guangzhou etc.
 - Brought the LI-NING brand closer to the consumers



Teaming Up with the USA Table Tennis Association

- Taps into the ongoing craze for table tennis
- A strategic move that follows the announcement to acquire “Double Happiness”
- The FIRST time an American national team will wear sports apparel from a Chinese local brand



Sponsorship of International Olympics Delegation

■ Spanish Olympic Delegation

- An official partner of the Spanish Olympic Committee
- The Official Sportswear Provider for the Spanish Olympic Delegation during 2008



■ Swedish Olympic Delegation

- An official partner of the Swedish Olympic Committee
- The Official Sportswear Provider for the Swedish Olympic Delegation during the 2008 Beijing Olympics and 2010 Vancouver Winter Olympics
- Authorized to sell Olympics-related products in Sweden



Sponsorship of Overseas National Sports Teams and Athletes

■ Basketball:

- Spanish National Basketball Team
- Argentina Basketball Federation
- Chuck Hayes



■ Tennis

- Top Seed Ivan Ljubicic



■ Track & Field

- Leading marathon runner, Ambesse Tolossa
- Tanzanian National Track & Field Team
- Sudan National Track & Field Team



Sponsorship of 4 National Gold Medal Teams

- Table Tennis Team
- Diving Team
- Gymnastics Team
- Shooting Team



Collaboration with the CCTV National Sports TV Channel

- Promotion of LI-NING brand's international and professional image through cooperation with CCTV National Sports TV Channel
 - All hosts, news presenters and reporters will put on LI-NING-branded apparel, footwear and accessories
 - providing apparels to news presenters and reporters on Olympic Channel



Principal Sponsor of Asian Indoor Games

- Li Ning – the principal sponsor and exclusive sportswear supplier for the second Asian Indoor Games held in Macau in October 2007
- A one-of-its-kind event which combines leisure with entertainment that helps strengthen sports development in the region



Community Marketing Events

- Ongoing sponsorship of CUBA (China University Basketball Association) and CUFL (China University Football League)
- LI-NING Chinese Basketball Selection Camp
- LI-NING “3+1” Basketball Tournament
- “iRun out of line”



Superb Product R&D

- Product R&D, design centers are located in mainland China, Hong Kong and Portland Oregon, the US
- Collaboration with professional R&D houses in New Hampshire on footwear technology
- Focus on technological application in product materials
 - Developed AT DRY SMART technology
 - Cooperation with suppliers
 - Collaboration with Michelin
- Focus on combining technology and oriental elements on footwear products
 - Incorporated “LI-NING BOW” anti-shock technology to Running, Basketball and Tennis footwear products
 - The “Banpo” basketball shoes was crowned the “2007 China Innovative Design Red Star Award” and 2007 “iF Industrial Design Awards”



Effective Sales Channel Management

- Accelerated store opening
- Setting up of flagship stores to deepen the penetration and influence of the LI-NING brand and sales
- Continued to expand sales channel coverage in 2nd and 3rd tier cities
- Established Distribution Sales Representative (DSR) team, and set up a nation-wide store visit mechanism
- Improved individual store efficiency through enhancements in retail capabilities and improvements in the structure of retail management teams

Number of stores	2007-12-31	2006-12-31	2005-12-31
Li-Ning brand	5,233	4,297	3,373
Other brands	443	36	-

Other brands including: Z-DO and AIGLE

New Flagship Store



Supply Chain Management

- Streamline supply chain management system by adopting a demand-driven approach
- Flexible and effective supply chain management strategies:
 - 10 large-scale fairs of various brands were organized to shorten the cycle time between product development and order placements
 - Set up the apparel sample technology and market-driven supply chain centre in Guangdong
- Improved purchasing efficiency and reduced purchasing cost

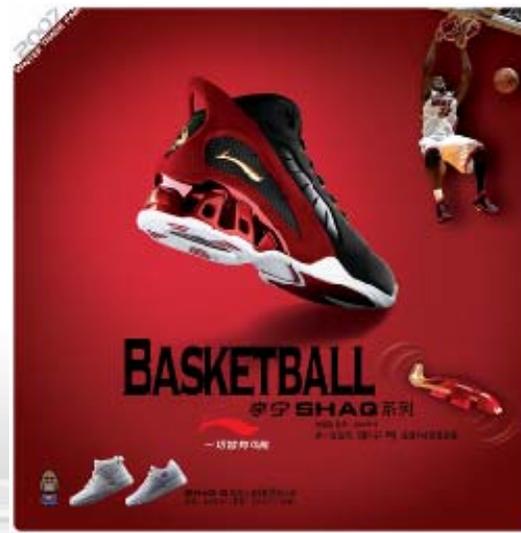
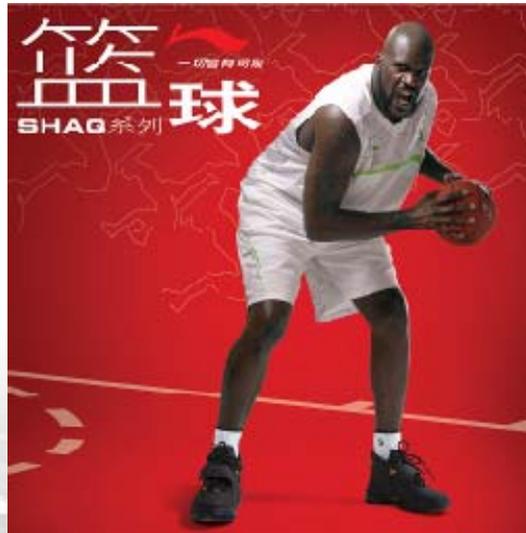
New Headquarters & Operating Centre



Multi-Brand Operator



Co-Branding with ATP and SHAQ



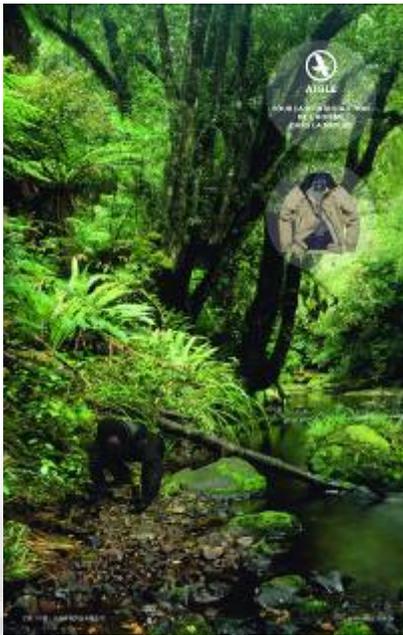
Newly Launched Sub-brand – Z-DO

- Newly launched in April 2007
- Major sales channel: hypermarkets
- Network: covers 400 stores as of FY 2007
- Product: shoes, apparels and accessories
- Price range: RMB 100 – 300
- Future strategies:
 - Strengthening brand image and positioning
 - Broadening product portfolio
 - Expanding sales network



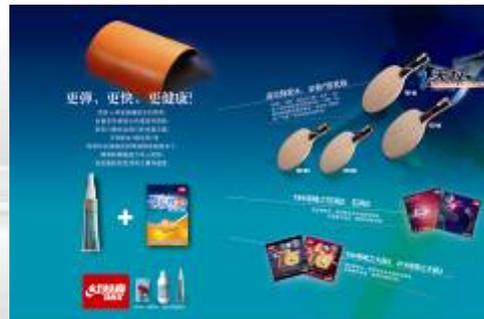
JV with AIGLE

- 43 stores in China as at 31 Dec 2007
- Future development will focus on fine-tuning product portfolio, price setting and localizing supply chain



Acquisition of “Double Happiness”

- Announced the acquisition of the world famous table tennis brand – “Double Happiness” in November 2007
- Benefits of the acquisition:
 - Strengthen Li Ning’s position in the flourishing table-tennis market
 - Enhance the professional image of the LI-NING brand
 - Support the Group’s multi-brand strategy
 - Synergies in brand promotion, marketing, events sponsorship and improvement of sales channels





Li Ning Company Limited (李寧有限公司)

***Future Outlook
and Strategies***



Future Strategies in Full Swing

Branding

*Retail Network
Expansion*

Products

*Supply Chain
Management*

The Road to Success



Much Enhanced
Brand Profile
Brought about by
2008 Beijing
Olympics

Integrated
Marketing

Multi-brand
Strategies

Network Expansion

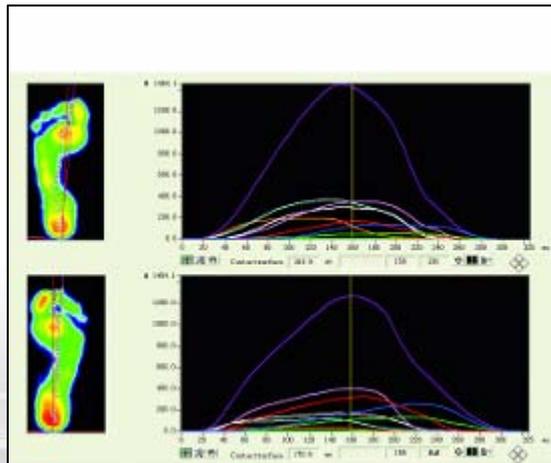
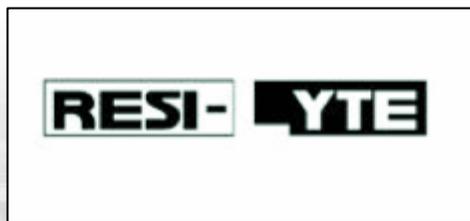
- Increase the number of LI-NING brand retail outlets to 6,100 outlets by the end of 2008
- Strengthen sales efforts and add flagship stores in metropolitan and 1st tier cities to capitalize on the 2008 Beijing Olympics opportunities
- Increase Li Ning's network penetration in 2nd and 3rd tier cities to capture the rapid growth of such markets

Li-Ning brand Retail Outlet Expansion Plan	
As at year end date	Number of stores
2008	6,100
2009	6,900
2010	7,700
2013	10,000



Product Development & Design

- Emphasize product design and technology application
- Combine oriental elements with international design & technology
- Adopt regional product planning to strategically target the needs and preferences of customers in different regional markets



Vision, Mission & Core Values

Mission

Through sports, we inspire in people the desire and power to make breakthroughs

Vision

A world's leading brand in the sports goods industry
--world top 5
by 2018

Core Values

Athleticism, integrity,
professionalism,
passion,
breakthroughs,
and trust



Li Ning Company Limited (李寧有限公司)

Open Forum



IR Contact

To know more about Li Ning Company Limited, please visit

<http://www.lining.com>

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

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

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