



Li Ning Reports Strong 2007 Annual Results
Profit Attributable to Equity Holders
Surged 60.6% to RMB473.6million

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Multi-brand strategy to sustain high growth

Financial Highlights

RMB Mn	For the year ended 31 Dec		Change (%)
	2007	2006	
Revenue	4,348.7	3,180.5	+36.7
Gross profit	2,082.8	1,508.6	+38.1
Profit attributable to equity holders	473.6	294.8	+60.6
Basic EPS (RMB cents)	45.83	28.65	+60.0
Dividend per ordinary share (RMB cents)			
- Final	7.96	4.79	+66.2
- Special	9.13	2.85	+220.4
- Interim	5.76	3.80	+51.6

(18 March 2008 – Hong Kong) – **Li Ning Group Limited** (“**Li Ning**” or the “**Group**”; HKSE stock code: 2331), one of the leading sports brand enterprises in China, announced a set of strong results for the year 2007. For the year ended 31 December 2007, the Group’s revenue grew by 36.7% to RMB4,348,747,000. Accounting for 97.6% of the total revenue, LI-NING branded products saw sales surge 34.0% to RMB4,244,387,000. Profit attributable to equity holders rose by 60.6% to RMB473,606,000.

Earnings per share were 45.83 RMB cents, up 60% from the previous year. The Board of Directors recommended payment of a final dividend of RMB7.96 cents per ordinary share (2006: RMB4.79 cents) and a special dividend of RMB9.13 cents per ordinary share (2006: RMB2.85 cents), accretive to a full-year payout of RMB 22.85 cents per ordinary share, up 99.7% over 2006.

“Against the backdrop of a long list of strong growth factors, namely China’s strong economy, increasing affluence among the population, improving consumer sentiment in the run-up to the 2008 Beijing Olympic Games, we managed to grow our sales and strengthen our profitability during the period as we intensified our efforts in brand marketing, product research and development, sales channel and supply chain management,” said Mr. Li Ning, Chairman of the Group. “These fruitful results are in line with China high-speed growth during the

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year. That was when the country strived to nurture its domestic consumption sector by focusing more on international cooperation, proprietary brand building, product research and development"

During the year, the Group's flagship LI-NING brand saw marked enhancement in its professional appeal as product design embraced more advanced technology elements. This drove the growth in sale of our footwear products to 45.7% higher than in 2006. Our strategy to roll out product planning and integrated marketing packages serving needs of discreet regions helped push sales of our apparel products and accessories 28.5% and 10.9% higher respectively year-on-year.

The Group's other brands, "Z-DO" and "AIGLE", achieved sales aggregating RMB104,360,000, comprising 2.4% of the total revenue. Launched in April 2007, the Z-DO brand targets the hypermarket sector. It saw encouraging growth during the period.

In 2007, the Group set out different strategic positioning and goals for markets in different regions in the China. The Group's core LI-NING brand business grew rapidly as it intensified marketing and brand promotion, product research and development, sales channel network expansion and management, and supply chain management. It also endeavoured to establish a multi-brand structure to develop new businesses

On the product research and development front, the Group opened a research center in Portland, Oregon in the United States in an effort to sharpen its product design capabilities. The research center helps keep the Group abreast of the latest trends in sports shoe design as it draws on local design talents there.

On the network expansion front, by end-December 2007 there were approximately 244 distributors covering a total of 5,301 franchised retail outlets under the LI-NING brand, the Z-DO brand and the AIGLE brand across the China. There were a total of 375 directly-managed retail stores and concession counters under the LI-NING brand and AIGLE brand in Beijing, Shanghai and 13 provinces in China. The total number of retail outlets as at 31 December 2007 was 5,676, 1,343 more than in 2006(of which 5,233 were LI-NING brand stores, a net increase of 936 stores).

During the year, the Group continued to restructure the directly-managed retail business of the LI-NING brand. The restructuring released over 117 retail stores under the Group's regional subsidiaries to competent distributors. In addition, 724 LI-NING brand stores were renovated into the fourth-generation stores.

On 15 November 2007, the Group announced the acquisition of a 57.5% interest in Shanghai Double Happiness Company Limited ("Double Happiness") for RMB305,325,000.

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Double Happiness is renowned internationally for its high quality table tennis products. Its portfolio of brands includes "Double Happiness" and other brands. It specializes in manufacturing, development, marketing and sales of table tennis and badminton products. Double Happiness supplies equipment for international table tennis events and athletes. It will also be the supplier for these events in the 2008 Beijing Olympic Games. The acquisition will enable the Group to extend its foothold in the burgeoning table tennis market. It will enhance the professional appeal of the LI-NING brand and support the Group's multi-brand strategy. The LI-NING brand and the Double Happiness brand will derive synergies in brand promotion, marketing, events sponsorship and improvement of sales channels and become new drivers for the Group's growth in the future.

In February 2008, the Group inked on an agreement with the American Table Tennis Association to supply LI-NING branded sportswear to the US national table tennis team in various major tennis table events and tournaments, including the 2008 Beijing Olympic Games. This is the first time sportswear of a Chinese brand is being worn by a USA national team in the Olympic Games. The sponsorship ushers in a new epoch in exchanges and co-operation in the field of table tennis between China and the USA.

Going forward, the Group will continue to invest in brand building, sales network expansion and store efficiency enhancement to maintain the high growth of its core business under the LI-NING brand. At the same time, the Group will adhere to its multi-brand strategy when expanding into new businesses. This will enhance the Group's competitiveness and to add drivers for its future growth.

"With the increasing purchasing power of the Chinese consumers, the increased demand for sports and leisure activities and the opportunities afforded by the 2008 Beijing Olympics, we see bright prospects and immense potential for China's sports product sector. We shall continue to leverage our strengths, which include our market position as China's leading sports brand, prudent business strategies and our outstanding and professional management team. We are prepared to meet all challenges and shall grasp every opportunity brought about by the 2008 Olympic Games. We shall endeavour the best of our efforts to sharpen the competitive edges of our brands. We shall unleash our potential with innovative ideas and bring our business to new heights in order to generate lucrative returns for shareholders and investors as a whole," Mr. Li concluded.

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About Li Ning Company Limited

Li Ning Company Limited 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, under which distributors manage the franchised LI-NING retail outlets in congruence with the Group's marketing direction. The Group also directly manages its own LI-NING retail outlets and concessions. In addition, the Group has established a joint venture with AIGLE under which the joint venture has been given the exclusive right by AIGLE to manufacture, market, distribute and sell for 50 years in the PRC, outdoor sports products which bear the AIGLE trademarks registered and owned by AIGLE. In April 2007, the Group officially launched a new brand called Z-DO. Z-DO's products include sports footwear, apparel and accessories, primarily targeting hypermarkets as its sales channel.

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