

[For Immediate Release]



Li Ning Announces 2006 Interim Results
Profit attributable to equity holders surged by 65.9%
to RMB129.9 Million

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Successfully Developed Multi-brand Business Strategy
Further Enhanced Product Design and Development

Financial Highlights

	For the six months ended 30 June		Change
	2006 RMB Mn	2005 RMB Mn	
Turnover	1,371.90	1,104.30	24.2%
Gross profit	683.60	530.60	28.8%
Profit attributable to equity holders	129.90	78.30	65.9%
Basic EPS (RMB cents)	12.66	7.65	65.3%
Interim dividend per ordinary share (RMB cents)	3.80	2.30	65.2%

(28 August 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 interim results today for the six months ended 30 June 2006.

During the period under review, turnover of the Group surged by 24.2% to approximately RMB 1,371,929,000, among which turnover of the LI-NING brand rose by 32.8% to RMB1,363,735,000. The growth in turnover was attributable to rapid expansion of sales network, development of new products, enhancement in supply chain management, distinguished brand positioning and improvement in sales efforts. Profit attributable to equity holders reached RMB 129,939,000, representing an increase of 65.9% over that of the same period last year. Basic earnings per share increased to RMB 12.66 cents (1H2005: RMB7.65 cents).

The Board of Directors declared the payment of an interim dividend of RMB 3.80 cents per ordinary share for the six months ended 30 June 2006 (1H2005: RMB 2.30 cents).

Commenting on the Group’s impressive interim results, Mr Li Ning, Chairman of the Group, said, “During the first half of 2006, the Group continued to focus on its business development strategies to reinforce brand awareness and loyalty, and infuse professional and trendy elements in brand image. While proactively strengthening product design, research and development, the Group also established long term collaboration with internationally renowned institutions and brands. The Group also embarked on a multi-brand expansion plan and recorded satisfactory growth in each business segment.”

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For the six months ended 30 June 2006, the Group developed and designed a number of new products for its five target sports goods series, namely running, basketball, soccer, tennis and fitness, and infused innovative and distinctive brand characteristics. These products were well received by the market and successfully boosted product sales. In addition, significant improvements in footwear product design, together with increasing number of medium-priced products and reinforced marketing efforts, led to a strong growth of 49.9% in LI-NING brand footwear sales. In spite of keen competition from the aggressive expansion of overseas and domestic brands, an increase of sales growth of 23.3% was achieved for LI-NING brand apparel products, while sales of accessories increased by 28.3% as a result of optimization of product strategy during the period.

The Group has established an extensive distribution and retail network with sales outlets throughout the PRC. As at 30 June 2006, the Group achieved a net increase of 257 new LI-NING stores, bringing the total number of stores to 3,630. Furthermore, the Group launched the 4th generation store image standards since the second half of 2005, with an aim of establishing an international, professional and trendy image for the LI-NING brand and enhancing store efficiency. During the period under review, the Group operated a total of 736 stores using the 4th generation standards. As at 30 June 2006, the Group has opened a total of 21 spacious flagship stores featuring stylish decorations.

During the period under review, the joint venture established by the Group and AIGLE of France reported satisfactory business performance. As at 30 June 2006, there were a total of 21 AIGLE outlets in the PRC. The Group will rapidly expand its sales network, adjust its product portfolio and prices and organize large-scale brand promotion activities for the AIGLE brand in the future, so as to expedite sales performance.

The Group has a team of highly competent product development and design professionals. During the period, the team introduced a series of products with high technology level, which further enhanced the professional and international image of LI-NING branded products. Following the launch of the "RUN FREE" ultra-light air-flow running footwear series, "TOP GUN", "SHARK" and "FEI JIA" series of professional basketball shoes, which were well-received by the market, the Group introduced the "TIAN YU (天羽)" running shoes and "YU FENG (馭風)" marathon running shoes in spring and summer this year. These two series also enjoyed great popularity in the market. In addition, the Group also achieved a significant breakthrough in the research and development of footwear technology. Capitalizing on the successful development of the patent "LN ARCH", which is expected to be launched in fall of 2006, the Group can effectively enhance the technology level and overall quality standard of its LI-NING brand products.

The Group has invested considerable amount of resources in marketing and promotion, with a view of raising its brand awareness and brand influence. The Group has established strategic collaboration with China University Basketball Association (“CUBA”), China University Football League (“CUFL”) and Netease. Through a diversified range of brand image promotion and sponsorship activities, the Group significantly strengthened the influence of LI-NING brand and enhanced customer loyalty.

The Group entered into an agreement with a NBA (“National Basketball Association”) player, Damon Jones, upon becoming the China official marketing partner of NBA. The Group also successfully became the China official marketing partner of NBA Jam Van, of which the Group will participate in a wide range of activities of the NBA Jam Van and provide the activities with its products. Li Ning further entered into a collaboration agreement with the globally renowned NBA player, Shaquille O’Neal. Pursuant to the agreement, the Group and Shaquille O’Neal will jointly introduce the LI-NING – SHAQ (DUNKMAN) professional basketball product series, of which the first product series is expected to be launched in January 2007. The Group believes that the activity will strengthen its brand relationship with NBA and enhance the professional image of the LI-NING brand.

Furthermore, the LI-NING brand commenced sponsorship of the National Track & Field Team of the Republic of Sudan. Sudan athletes will put on products of the LI-NING brand when participating in the 2008 Beijing Olympics, which will enable the Group to improve its professional image in its running products.

The Group entered into an official marketing partnership agreement with ATP (“Association Tennis Professional”). Li Ning will be granted the exclusive right for manufacturing, sale and marketing of tennis products including apparel, footwear and accessories co-branded by LI-NING and ATP. Both parties will co-host two tournaments, namely the LI-NING ATP Challenger Series and LI-NING ATP Smash Tennis.

Looking ahead, the favourable macro-economic conditions in the PRC and the upcoming Beijing Olympics are expected to bring forth immense potential for rapid growth in the China sports goods market. Among which, the second and third-tier cities demonstrated remarkable development potential for the coming years. The Group has devised well-focused development strategy and is dedicated to capture arising market opportunities as well as improving its market competitiveness.

The Group will continue to focus on developing footwear and apparel products and maintaining strong growth momentum through the implementation of comprehensive marketing strategies, product research and development as well as supply chain management. The Group endeavors to enhance the international and professional image for LI-NING brand via the improvement of product quality, design of more innovative products, optimization of production technology and the expansion of product portfolio. To cater to future development needs, the Group will further extend its retail network, improve store display and decoration to promote its brand image and store efficiency.

Mr Li concluded, "While consolidating our core LI-NING brand, we will continue to implement our multi-brand business development strategy and proactively seek opportunities for long-term cooperation with reputable international brands, so as to further enhance its competitive edges and profitability for future growth. By leveraging on the experienced management team, unrivalled competitiveness and prominent corporate governance, we are committed to becoming the No. 1 brand in the China sports goods market, offering our clients with quality and innovative sports goods and generating lucrative returns to shareholders and investors."

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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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