



Li Ning Company Limited

(李寧有限公司)

Stock code: 2331

2007 Interim Results Corporate Presentation

August 2007

Agenda



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





Financial Highlights



Financial Highlights



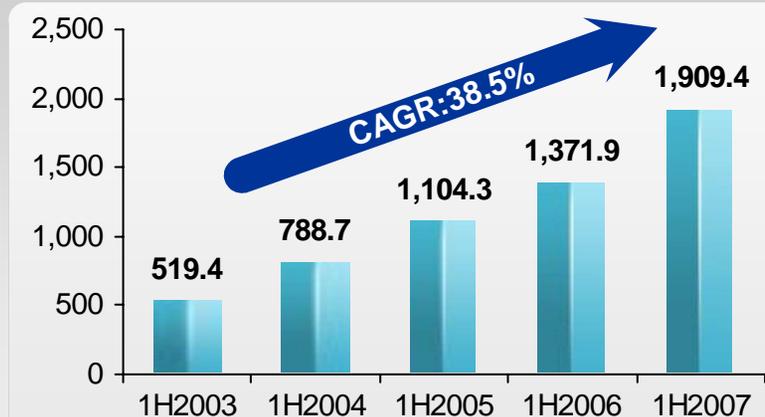
(RMB Mil)	1H 2007 <i>For the six months ended 30 June</i>	1H 2006* <i>For the six months ended 30 June</i>	Change
Revenue	1,909.4	1,371.9	+39.2%
Gross Profit	930.4	668.4	+39.2%
Gross Margin	48.7%	48.7%	-
Operating Profit	266.6	172.5	+54.5%
Operating Margin	14.0%	12.6%	+1.4p.p.
Profit attributable to equity holders	198.3	129.9	+52.6%
Net Profit Margin	10.4%	9.5%	+0.9p.p.
Basic EPS (RMB cents)	19.21	12.66	+51.7%
Interim DPS (RMB cents)	5.76	3.80	+51.6%

* Reclassified

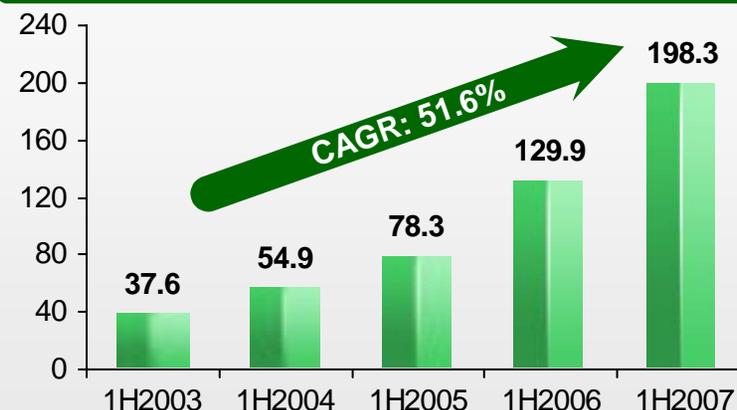
Sustainable and Remarkable Growth



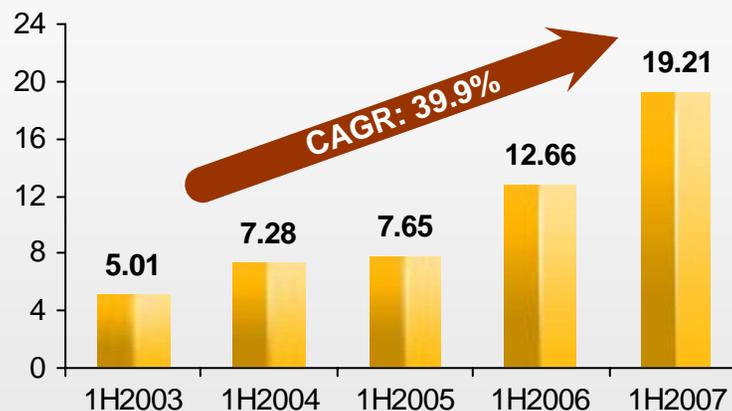
Revenue (RMB Mil)



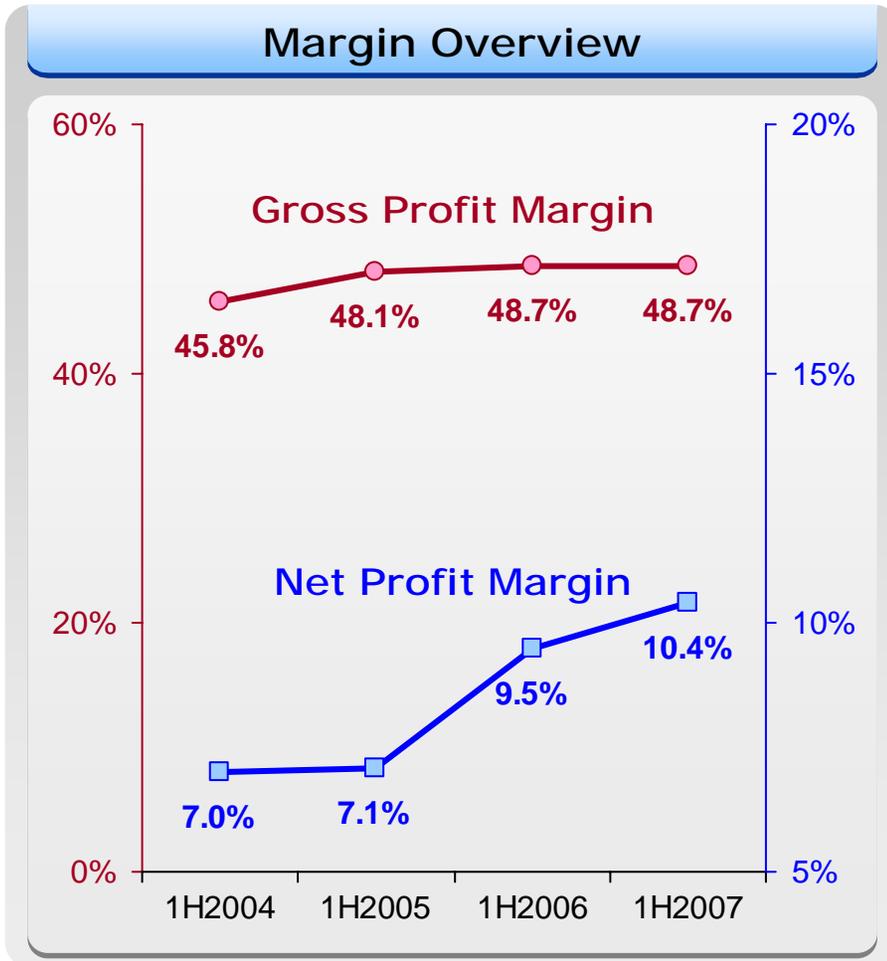
Profit attributable to equity holders (RMB Mil)



Basic EPS chart (RMB Cents)



Margin Overview



● Continuous growth of Net Margin due to:

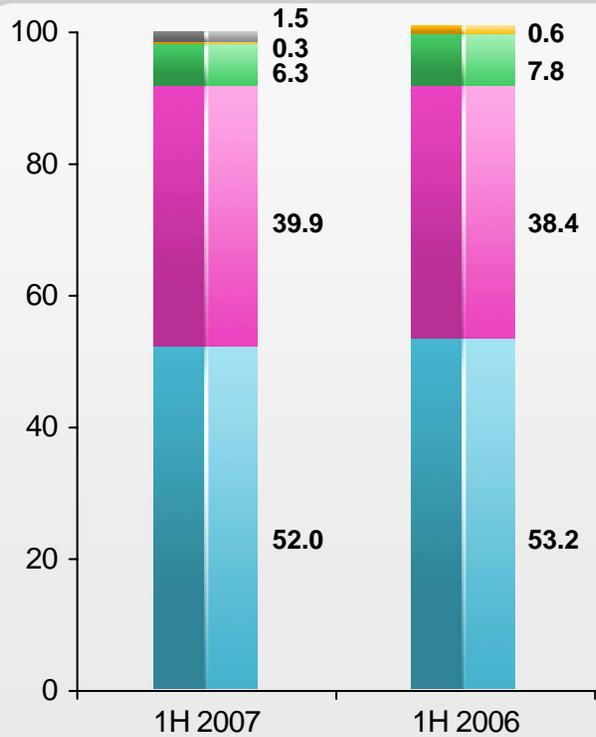
- Effective gross margin management
- Efficient cost management
- Optimized supply chain management



Revenue Analysis by Product Categories



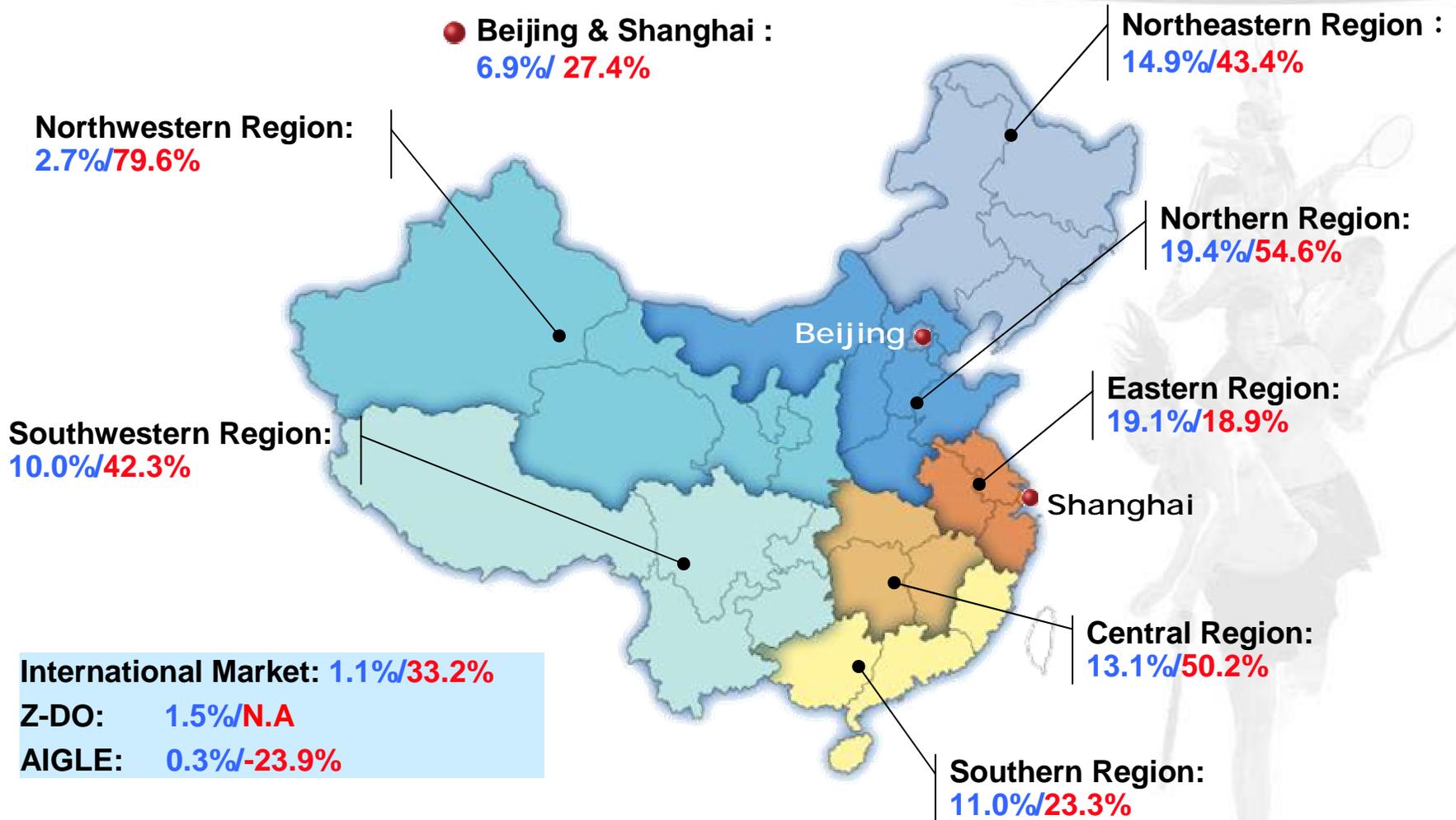
As % of revenue



- Z-DO
- AIGLE
- Li-NING Brand Accessories
- LI-NING Brand Footwear
- LI-NING Brand Apparel

(RMB Mil)	1H 2007 <i>For the six months ended 30 June</i>	1H 2006 <i>For the six months ended 30 June</i>	Change
LI-NING Apparel	993.6	728.9	+36.3%
LI-NING Footwear	761.6	527.2	+44.5%
LI-NING Accessories	120.0	107.7	+11.4%
Z-DO	28.0	NA	NA
AIGLE	6.2	8.2	-23.9%

Revenue Analysis by Region



* % of total revenue / revenue growth

Key Financial Indicators



	1H 2007 <i>For the six months ended 30 June</i>	1H2006 <i>For the six months ended 30 June</i>	Change
Inventory Turnover (days)	71	75	-4
Avg. A/R Turnover (days)	55	58	-3
Avg. Trade Payables Turnover (days)	69	66	+3
Cash Conversion Cycle (days)	57	67	-10
R&D Expenses (as % to cost of sales)	5.2%	5.1%	+0.1 p.p.
A&P Expenses (as % to Revenue)	17.1%	17.5%	-0.4 p.p.
Effective Tax Rate (%)	25.5%	25.0%	+0.5p.p.

Strong Balance Sheet



<i>(RMB Mil)</i>	1H 2007 <i>As at 30 June</i>	FY2006 <i>As at 31 Dec</i>	Change
Cash and Cash Equivalents*	821.1	849.2	-3.3%
Current Ratio (times)	2.7	3.2	-17%
Current Liabilities	729.8	688.5	+6.0%
Non-Current Liabilities	56.2	59.8	-6.0%
Total Liabilities to Total Assets Ratio	33.9%	29.5%	+4.4 p.p.
Return on Equity	13.5%	10.8%	+2.7 p.p.
CAPEX**	81.7	25.5	220.4%

* Including fixed deposits

** Increase mainly due to the construction of operating center in Beijing



Business Review



Gearing Up for 2008 Beijing Olympics



Sponsorship of Overseas National Olympic Delegations



● Spanish Olympic Delegation

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



● 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



● Argentina National Basketball Team

- Entered into a sponsorship agreement with the Argentina basketball federation Confederacion Argentina de Basquet (“CABB”) to become its official partner
- Sponsored a series of sports apparel for the men’s and women’s Argentina National Basketball Teams at major international sports events, e.g. 2008 Beijing Olympics, 2010 London Olympics

● Spanish National Basketball Team

● Sudan Track & Field Teams

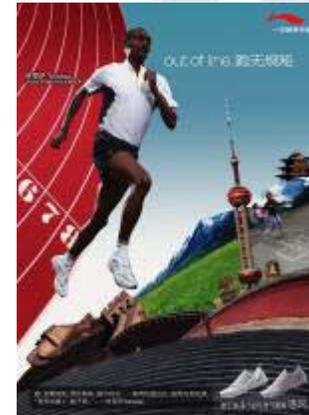
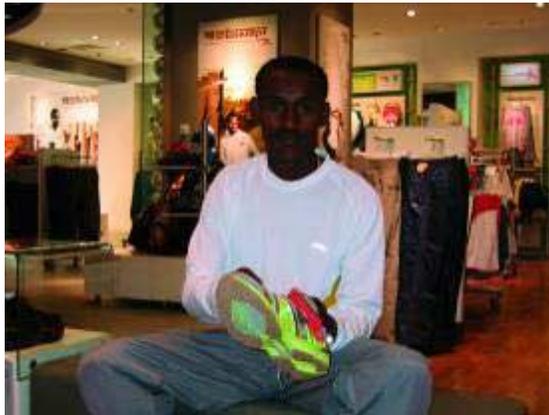
● Tanzania Track & Field Teams



Sponsorship of Overseas Athletes



- Sponsorship of Ethiopian marathon runner, Ambesse Tolossa
 - One of the top 15 runners in world marathon ranking
 - He will wear Li-Ning brand running shoes in 2008 Beijing Olympics



Sponsorship of National Sports Teams



● Sponsorship of 4 National Gold Medal Teams

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



Cooperation with China National TV Channel



- Promotion of LI-NING brand's international and professional image through cooperation with CCTV National Sports TV Channel
 - All host, news presenter and reporters will put on LI-NING brand and AIGLE brand apparel, footwear and accessories
 - Exclusive apparel sponsorship on "Olympic Channel"



Diversified Marketing Events



Basketball

- Strategic alliance with NBA
- Sponsor Chuck Hayes and Damon Jones
- Cooperate with O'Neal to launch "LI-NING SHAQ" product series
- Sponsor China University Basketball Association ("CUBA")
- Li Ning "3+1" Basketball tournament



Diversified Marketing Events



Football

- Jointly launched the new LI-NING China University Football League ("CUFL") with the Federation of University Sports of China



Tennis

- Sponsor Sun Shengnan and Ivan Ljubicic
- An Official partner of ATP in the Greater China market (including Hong Kong, Macau and Taiwan)



Diversified Marketing Events

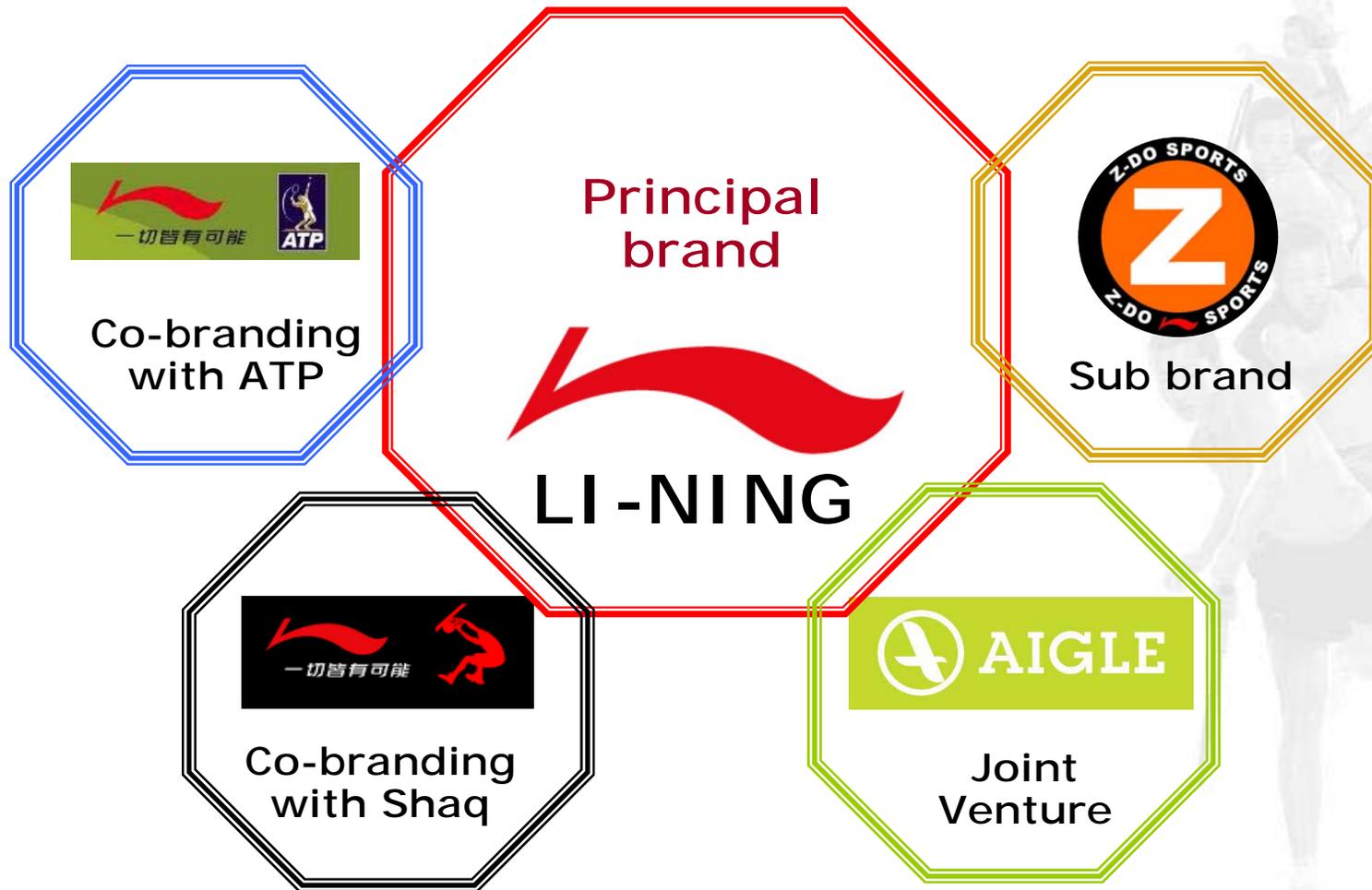


The 2nd Asian Indoor Games

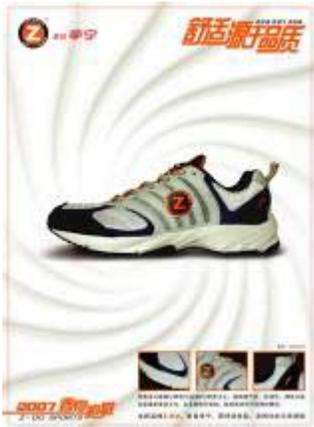
- Will be held in Macau in October 2007
- A multi-sport event held every two years among athletes representing countries from Asia
- Composed by sports with TV broadcasting potential and not included in the Asian Games and Winter Asian Games Programs and are not Olympic sports.
- Li Ning – an official sponsor and exclusive sports apparel sponsor of the Games



Multi-Brand Operator



Newly Launched Sub-brand – Z-DO



- Newly launched in April 2007
- Major sales channels: hypermarkets
- Network: covers 183 stores in of 1H 2007

- Products: 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



- 41 stores in PRC as at 30 June 2007
- Turnover in 1H 2007 RMB 6.2 million, achieved the target planned
- Future development will focus on fine-tuning product portfolio and localizing supply chain



Co-Branding with ATP and SHAO



Anything is Possible
tennis
 ATP 专业装备系列



ATP 专业网球鞋，采用最新科技
 提供最佳性能，让您在比赛中发挥最佳水平
 ATP 专业网球鞋，采用最新科技
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basketball
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Sales Channel Management



- Rapid network expansion propelled product penetration and drove sales growth
- By 30 June 2007, there are 2,640 the 4th Generation Stores
- Established Distribution Sales Representative (DSR) team, set up a nation-wide store visit mechanism
- E-POS system covers more than 2200 outlets

		2007-6-30	2006-12-31	2006-6-30
	Stores	4,358	4,297	3630
	Stores	41	36	21
	Stores	183	N/A	N/A



Product R&D



- Focus on the professional quality and image of Li Ning's products
- Introduce core patented "LN Bow" anti-shock technology to running shoe products
- Launch the 4th generation "Super light" ("逐风") running shoes
- Apply Hi-tech materials into apparel
- Continue to optimize product R&D to develop products catering to the 2nd- and 3rd-tier markets

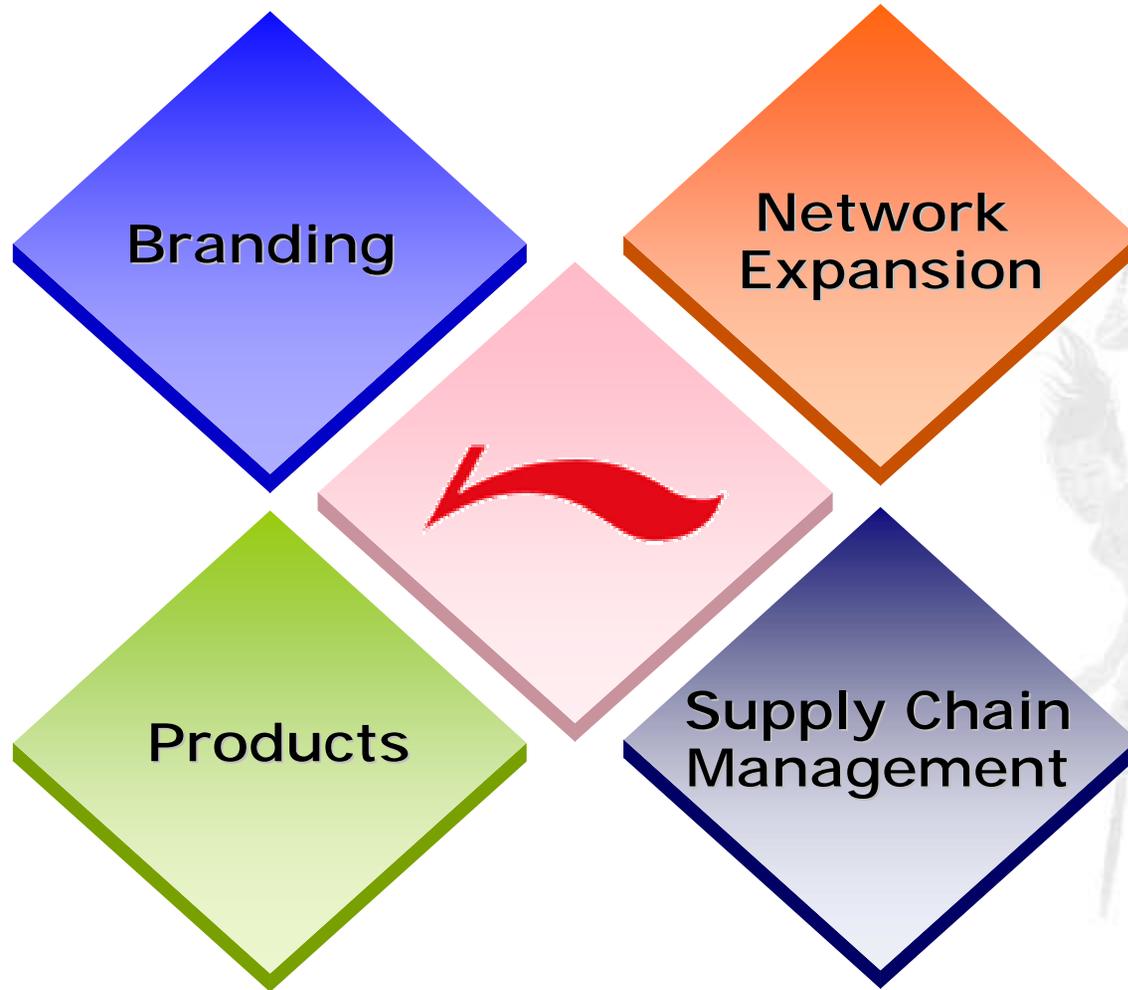




Future Outlook and Strategies



Future Strategies in Full Swing



Branding - Anything is Possible*



Uniformity in distribution outlets

Advertisement and Promotions

Product planning, developing & design

Professional sports marketing resources

Online media, e.g. iRun.cn, li-ning.com, Netease-Li Ning



Anything is Possible

Brings a consistent & distinct brand image to customers through integrated marketing

* Combining the Oriental elements with international design & technology



Network Expansion



- Increase the number of LI-NING retail outlets to 5,600 outlets by the end of 2008
- Strengthen sales efforts and adding 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 Retail Outlet Expansion Plan

<i>As at year end date</i>	Total
▶ 2007	5,000
▶ 2008	5,600
▶ 2009	6,100



Product Development & Design



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



ARCH+Cushion

dualLOC
pavTRAC

Super Light



Supply Chain Management



- Streamline supply chain management system by adopting a demand-driven approach
- Organize large-scale sales fairs for distributors to shorten the cycles between product development and order placements
- Establish Apparel Technology Center and Responsive Supply Chain Center in Guangdong
- “Li Ning City” - the headquarter and operating center



Vision, Mission & Core Values



Vision

The world's leading brand
in the sports goods
industry

Mission

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

Core Values

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





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/>

<http://www.hkex.com.hk>

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