

Investor Relations Report



Mr. TAN Wee Seng,
Chief Financial Officer

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OVERVIEW — AN OPEN AND PROACTIVE IR STRATEGY

The Company is committed to upholding an open and proactive investor relations (“IR”) strategy aimed at optimizing the knowledge and understanding of the investment community with respect to the Company’s corporate mission and vision, development strategies, competitive position in the industry and operating and financial performance, so as to enable the investing public to make informed decisions about their investment. The Company fulfills this through a designated investor relations department (“IR Department”).

Spearheaded by the Chief Financial Officer, the IR Department places strong emphasis on the importance of interactive two-way communication with its stakeholders and in a broader sense the investing public, to help investors evaluate the underlying value, development potential and prospects of the Company. Priority is given to fair, accurate and timely information disclosure to ensure a high level of transparency.

IR PROGRAM REVIEW — TIMELY AND ACCURATE INFORMATION DISSEMINATION

The IR Department acts as an intermediary between the Company and the investing public. The Group abides by fair disclosure guidelines to ensure that communication with Shareholders, investors and the media is conducted in a fair manner and that no material non-public information is made available to any individual on a selective basis.

To reach out to a wider portion of the investing public, the Company maintains two-way communication with the investment community to enhance transparency.

The IR activities of the Company conducted in 2006 are summarised below.

Informative Financial Reports

The Group accords a high priority to annual and interim reports as major communication tools with Shareholders. Considerable resources have been deployed to compile informative documents conveying its vision, operating strategies, business and financial performance as well as future outlook in a comprehensive manner.

Interactive Communication with Shareholders

The Company has made use of a number of channels to interact with investors to keep them abreast of the Company's developments.

- **Annual and interim results presentations to investors and analysts**

Meetings were held with investors and analysts to update them on the financial results of the period just completed, the strategy and related outlooks. The Chairman, the Chief Executive Officer and the Chief Financial Officer of the Group were there to conduct briefings with analysts on the Group's operating results as well as on business strategies and outlook.

- **International roadshows and investment forums**

Meetings with investors took place throughout the year. These events mainly consisted of global investor roadshows and investment conferences hosted by investment banks and brokerage firms all over the world. Typically, the roadshows are held after results presentations so that investors may acquire information first-hand from management while the results are still current.

- **Ongoing communication with the investment community**

Regular face-to-face meetings and an ongoing schedule of telephone/ conference calls with institutional investors and research analysts were held throughout the year. These serve the dual purpose of maintaining close contact with investors and gathering any feedback they may have on the Group's operations.

- **Store visits and reverse roadshows**

Upon receiving requests for store visits, the IR Department made prompt arrangements for investors and research analysts to fully utilize the opportunity to gather first-hand information on the Company's products and store performance.

In addition, the IR Department also initiated the organisation of reverse roadshows when suitable opportunities arise. Since the Company's listing on the Hong Kong Stock Exchange in 2004, the IR Department has organised two reverse roadshows to invite analysts and investors to join its major trade fairs and flagship store visits whereby key management members were there to address questions.

The Company believes such events have enabled investors to get hold of a fair picture on the Group's daily operations.

- **Press conferences and briefings**

The Company also communicates with investors through other channels, such as news releases, press conferences or media interviews, to keep the media, the investment community and the public abreast of the Company's developments.

The management considers media relations as an indispensable part of its IR programme through which the Company can reach a larger group of audience in an effective and efficient manner. During the year under review, the management of the Company met the press on a regular basis and interviewed the international, regional and local media which contributed to the building of its corporate profile.

- **Timely response to investors, analysts and the media**

The IR Department provides timely and accurate information in response to all forms of enquiries from Shareholders, investors, analysts and the media via email, fax or telephone. Designated personnel are assigned for the task to ensure that all information disclosed is on a fair and non-selective basis and is in line with the Company's policy and the relevant regulatory requirements.

During the year under review, the Company participated in international roadshows to Hong Kong, Singapore, Europe, Japan and the United States, and joined investment forums held by the world's famous investment banks and other activities included one-on-one and group meetings with fund managers and analysts, conference calls and visits to the Company's stores in the PRC. Details of such activities are listed below:

Type of event	Number of participation in 2006
International roadshows	2 rounds, 8 times
Investment forums	13 forums
One-on-one and group meetings with fund managers and analysts*	269 meetings
Conference calls	30 conference calls with local and overseas investors
Visits to the Company's stores in the PRC	21 visits
Media interviews	15 times, by over 23 media

* including the meetings in roadshows, forums and company visits.



Corporate Websites

To ensure all Shareholders to have equal and timely access to important company information, the Company have made extensive use of the corporate websites (www.lining.com, www.li-ning.com and www.irasia.com/listco/hk/lining) to deliver up-to-date information. The websites are updated regularly to enable the public to access information on the Group's activities, corporate governance, management team, operating and financial performance, latest business developments and share performance. They also provide a platform to disseminate the Company's announcements, interim and annual reports and other corporate communications to all stakeholders in a timely manner.

ACCOLADE AND RECOGNITION

The Company's continuous commitment to investor communications has gained recognition from the market. Since the Company's listing on the Hong Kong Stock Exchange, there have been research analysts of more than 14 investment banks covering the Company, and the number is still growing.

With dedicated efforts in preparing a set of well designed and informative company reports, the Company's 2005 Annual Report has been given the following awards:

- Silver Award in the 20th Annual International Mercury Competition; and
- Honorable Mention in the Platinum PR Awards hosted by PR News.

These two awards are from widely recognised international annual report competitions. Judging criteria are based on the effectiveness of communication, the presentation of financial results, the overall design and presentation, and the positioning and delivery of company messages.

In addition, the Group's Chief Financial Officer, Mr. TAN Wee Seng, has been named the "Outstanding CFO in China 2005" in "The Outstanding CFO in China Awards", a professional contest jointly organised by CFO Magazine and IDG China. Not only does such an honor attest to Mr. Tan's personal accomplishments in the field of financial management, but also recognise of the effective financial management and investor communications of the Company.

During the year under review, the Group's vision, competitive strengths and corporate strategies were well received by the investment public, as reflected in coverage by an increasing number of analysts and in its share performance. These represent an endorsement of the solid operating performance and the growth potential of the Group.

OUTLOOK — OPEN DIALOGUE, CLOSE BONDAGE

Investor relations requires committed, ongoing efforts and support from top management to uphold a high level of corporate transparency. The IR Department has full backing from the Board and the management in this respect. Fuelled by the same passion to excel in investor relations as in other aspects of its business, the Company will continue to pursue a proactive IR strategy and practice good investor relations in every way and at every opportunity.

INFORMATION FOR INVESTORS

Share Information

Listing: the Main Board of the Hong Kong Stock Exchange since 28 June 2004
Stock code: 2331
Board lot: 2,000 Shares
Number of Shares outstanding as at 31 December 2006: 1,032,197,001 Shares
Market capitalisation as at 31 December 2006: HK\$12,861,174,632.46

Dividends for 2006

Interim dividend: RMB3.80 cents per Share
Proposed final dividend: RMB7.64 cents per Share

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Financial Calendar

Announcement of interim results: 28 August 2006
Announcement of annual results: 20 March 2007
Book closing dates for final dividend: 8 May 2007 – 11 May 2007
Record date for final dividend: 11 May 2007
Annual general meeting: 11 May 2007
Payment date of final dividend: on or about 21 May 2007

Corporate Websites

To know more about the Group, please visit the following Company's websites:

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

IR Contact

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