



Investor Relations Report

OVERVIEW — CONTINUALLY IMPROVING IR INITIATIVES

The Company has earned a high level of recognition for its dedicated efforts in cultivating solid relationships with investors. We cherish such good relationships and constantly strive to take this to greater heights. Sound, effective management of all channels of communications with investors remains core to our investor relations (“IR”) policies and strategies. Only through this can we guarantee timely and accurate release of key investor information, which is integral to our ongoing emphasis on maintaining a high level of transparency.

Starting from the top management down to our working-level colleagues in our IR Department, we endeavour to engage Shareholders and investors in an open and proactive manner.

Strategies and actions speak for themselves. During the year, our annual report 2006 shone at the 18th Annual International Galaxy Awards and 2007 International ARC Awards Competition, the two most respected competitions in the industry. In addition, the Company was rated number one in corporate governance by CLSA Asia Pacific Market in the prestigious brokerage’s research report titled “Diamonds are Forever — Asia’s long term consumer blue chip stars” issued in May 2007. All of these high-profile acknowledgments are testaments to our sound planning and execution in upholding the best IR principles and practices.

PROGRAM REVIEW — FAIR COMMUNICATIONS GAIN INVESTOR SUPPORT

We manage our IR Department in a way that makes it not only an interactive conduit through which information is disseminated, but also a vehicle through which we actively engage our investors to gain their collective support in driving the Company’s business strategies.

In the process, we adhere strictly to fair disclosure guidelines to ensure that communication with Shareholders, investors and the media is conducted in a balanced manner and that no material, non-public information is made available to any individual. All information disclosed to an outside party undergoes rigorous internal review before any dissemination takes place.



Below is a summary of the IR activities of the Company conducted in 2007.

Detailed and Precise Financial Reporting

Annual and interim reports remain the Group's top priority as these represent two of the most important documents and key channels through which we keep our investors informed of our latest developments. We deploy considerable resources to compile these reports so that they convey, with a high degree of accuracy and precision, the Company's vision, operating strategies, business and financial performance and outlook for the future.

Multi-channel Shareholder Communication Strategy

A number of channels were deployed to interact with investors to keep them abreast of the Company's latest developments.

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

These are the two most important occasions where the Chairman, the Chief Executive Officer and the Chief Financial Officer of the Group meet with investors and analysts to share with them the financial results, updates on business strategies and outlook.

- **International roadshows and investment forums**

Global investor roadshows and investment conferences represent another series of occasions where the Group's management has direct dialogue with investors to discuss the latest developments. Generally, the roadshows are held after results presentations so that investors may obtain timely, concise information from the management. Investment conferences held by investment banks and securities firms are also prime opportunities to introduce the Group to international investors.

- **Ongoing communication with the investment community**

Throughout the year, our management attended regular face-to-face meetings and upheld a regular, ongoing calendar of telephone/conference calls with institutional investors and research analysts. These meetings allowed the management to maintain close contact with investors and collect valuable external feedback on the Group's business strategies.



For example, a telephone conference was set up with buy- and sell-side analysts immediately after the Company announced the acquisition of a 57.5% equity interest in Shanghai Double Happiness Co., Ltd. (上海紅雙喜股份有限公司) in November 2007. This arrangement enabled the Company to address the concerns that those analysts had, resulting in good communication.

- **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.

Reverse roadshows were also planned for strategic occasions to entice investors' and analysts' interest and to allow them to experience the Group's operations in person. In January 2008, the IR Department organized a reverse roadshow to LI-NING flagship stores in Wuhan and the Li Ning City in Beijing. The roadshow was well-attended by over 20 analysts from leading financial institutions in mainland China and Hong Kong. All the participants were able to gain a better understanding of retail operation of the latest generation of LI-NING stores in Wuhan as well as experience the state-of-the-art facilities in the Li Ning City.

These activities allow investors to know more about the Group's daily operations as they present snapshots of the Group's business in real time.

- **Investor opinion audit**

The Company values its relationships with investors. Since its listing on the Hong Kong Stock Exchange, the Company has conducted investor opinion audits for three times to gain in-depth knowledge of their views on the effectiveness of the Company's external communications with regard to the Group's operational and development strategies as well as the quality of its IR activities. These provide useful insights for helping the Company make improvements in its future performance.

- **Press conferences and briefings**

The Group utilized various channels to communicate its messages to the public, including news releases, press conferences and media interviews.

Media relations constitute a vital part of the Group's IR strategies. Not only was investment related information disseminated through the media, but community-related messages relevant to the Group were also disseminated through the media to promote the Group's activities regarding social responsibilities.

During the year under review, the management of the Company met the press regularly and was interviewed frequently by international, regional and local media.

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

Information was provided in a timely manner in response to all forms of enquiries from Shareholders, investors, analysts and the media via email, fax or telephone. These enquiries were handled by designated professionals to ensure consistency, fairness, alignment with the Company's policies and compliance with relevant regulatory requirements.



Summary

During the year, the Company participated in a number of international roadshows and investment forums in Hong Kong, Singapore, Europe, Japan and the United States. It also joined one-on-one and group investor meetings and conference calls, and led delegations to visit its operations in the PRC.

Details of such activities are listed below:

| Type of event | Number of participation in 2007 |
|--|---|
| International roadshows | 1 round, 8 times |
| Investment forums | 10 forums |
| Face-to-face meetings with fund managers and analysts* | 277 meetings |
| Conference calls | 28 conference calls with local and overseas investors |
| Visits to the Company's stores in the PRC | 23 visits |
| Media interviews | 17 times, by 19 media outlets |

* Including the one-on-one and group meetings in the roadshows, forums and company visits

Corporate Websites

To ensure all Shareholders have equal and timely access to important company information and discloseable updates, the Company has made extensive use of its corporate websites (www.lining.com, www.irasia.com/listco/hk/lining and www.li-ning.com) to disseminate up-to-date information.

The websites are updated regularly to enable the public and the investment community to access information on the Group's activities, corporate governance, management, operating and financial performance, latest business developments and share performance.



ACCOLADES AND RECOGNITIONS

As at the end of 2007, there are 22 investment banks and institutions who have initiated research coverage on the Company. This is a solid endorsement of our commitment to our high standards of investor communications.

During the year, the Company's annual report 2006 titled "Branding China; Reaching Global" clinched "Silver" at the 18th Annual International Galaxy Awards and "Gold" in the "Interior Design: Sports Equipment & Goods" category as well as "Honours" in the "Overall Annual Report: Sports Equipment & Goods" category at the 2007 International ARC Awards Competition, which is known as the "Oscars" of annual reports.

The Company was rated number one in corporate governance among 116 mainland China listed companies and 73 companies in the same business sector by CLSA Asia Pacific Market in the prestigious brokerage's research report titled "Diamonds are Forever – Asia's long term consumer blue chip stars" issued in May 2007.

These internationally-acclaimed awards were bestowed upon the Company for its remarkable achievements in corporate governance, accounting and finance. The acknowledgements further attest to our excellent reputation and vast, ever-expanding capabilities in optimizing the knowledge and understanding of the investment community with respect to the Company's corporate mission and vision, development strategies, competitive position as well as operating and financial performance.

OUTLOOK — FULL MANAGEMENT SUPPORT FOR PROACTIVE IR

Effective investor relations efforts require maintenance of a high level of corporate transparency, an exercise that calls for unrelenting commitment and support from the top management. Within the IR Department we received an additional moral boost from the full backing promised and delivered by the Board and the management. We shall continue to pursue proactive and productive IR strategies and implement best practices in investor relations wherever applicable.

