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LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

DISCLOSEABLE AND CONNECTED TRANSACTIONS PROPOSED SALE OF 10% EQUITY INTEREST IN SHANGHAI DOUBLE HAPPINESS CO., LTD. AND THE ENTERING INTO OF THE OPTION AGREEMENT

Financial adviser

MOELIS & COMPANY

The Board is pleased to announce that on 23 October 2015, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser, a wholly-owned subsidiary of Viva China, entered into the Share Transfer Agreement. The Vendor, the Company, the Purchaser and Viva China also entered into the Option Agreement on the same date.

THE SHARE TRANSFER AGREEMENT AND THE OPTION AGREEMENT

Under the Share Transfer Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares which represents 10% of the equity interest in Double Happiness. Under the Option Agreement, the Vendor is granted the Call Option to purchase from the Purchaser, and the Purchaser is granted the Put Option to sell to the Vendor, the Sale Shares and their Derived Interests, subject to the conditions under the Option Agreement.

LISTING RULES IMPLICATIONS

Notifiable transaction

As one or more of the applicable percentage ratios in respect of the Share Sale are more than 5% and less than 25%, the Share Sale constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios in respect of any exercise of the Put Option are more than 5% and less than 25%, the grant of the Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, as the Share Sale and the grant of the Put Option under the Share Transfer Agreement and the Option Agreement constitute one transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to such classification. Accordingly, the Share Sale and the grant of the Put Option are subject to the reporting and announcement requirements applicable to discloseable transaction under Chapter 14 of the Listing Rules.

The exercise of the Call Option is at the discretion of the Company. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium will be taken into consideration for the purpose of transaction classification. As no premium is payable for the grant of the Call Option to the Company, such grant will not constitute a notifiable transaction of the Company.

Connected transaction

In addition, Viva China, who indirectly holds approximately 15.88% of the issued share capital of the Company, is a substantial Shareholder and hence a connected person of the Company. The Purchaser, being a wholly-owned subsidiary of Viva China, is therefore a connected person of the Company. Accordingly, each of the Share Sale, the grant of the Put Option to the Purchaser and the grant of the Call Option to the Vendor constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules..

As one or more of the applicable percentage ratios in respect of the Share Sale are more than 5% and less than 25% but the consideration is more than HK\$10,000,000, the Share Sale constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval and all disclosure requirements.

Pursuant to Rule 14A.79(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios in respect of any exercise of the Put Option are more than 5% and less than 25% but the consideration is more than HK\$10,000,000, the grant of the Put Option constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval and all disclosure requirements.

The exercise of the Call Option is at the discretion of the Company. According to Rule 14A.79(2) of the Listing Rules, the grant of the Call Option is classified based on the amount of the premium payable by the Company. As no premium is payable for the grant of the Call Option to the Company, such grant constitutes a fully-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is exempt from Independent Shareholders' approval and all disclosure requirements.

However, pursuant to Rule 14A.79(3) of the Listing Rules, at the time of exercise of the Call Option, the Company will be required to compute the percentage ratios in respect of the exercise of the Call Option, and the Company will be required to seek Independent Shareholders' approval for the exercise of the Call Option if one or more of the applicable percentage ratios at the time of exercise of the Call Option exceeds the threshold for de minimis exemptions under Chapter 14A of the Listing Rules.

As such, each of the Share Sale and the grant of the Put Option is subject to Independent Shareholders' approval at an extraordinary general meeting of the Company. Viva China and its associates will be required to abstain from voting in respect of the resolutions approving the Share Sale and the grant of the Put Option.

GENERAL

An Independent Board Committee has been formed to consider the terms of the Share Sale and the grant of the Put Option and advise the Independent Shareholders as to whether the Share Sale and the grant of the Put Option contemplated under the Share Transfer Agreement and the Option Agreement have been entered into in the ordinary and usual course of business and the terms were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular containing (i) details of the Share Transfer Agreement and the Option Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Sale and the grant of the Put Option; (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Sale and the grant of the Put Option; (iv) a notice of the extraordinary general meeting of the Company; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 13 November 2015.

1. THE SHARE TRANSFER AGREEMENT

Date: 23 October 2015

Parties: 1. The Vendor, a wholly-owned subsidiary of the Company

2. The Purchaser, a wholly-owned subsidiary of Viva China

Subject matter:

The Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares which represent 10% of the equity interest in Double Happiness, subject to and upon the terms and conditions of the Share Transfer Agreement.

As at the date of this announcement, Double Happiness is an indirect non wholly-owned subsidiary of the Company, and the Vendor holds 57.5% of the equity interest in Double Happiness.

Upon Completion, the Company will indirectly hold 47.5% of the equity interest in Double Happiness and remain the largest shareholder of Double Happiness, while Viva China will indirectly hold 10% of the equity interest in Double Happiness. Double Happiness will cease to be a subsidiary of the Company upon Completion.

Consideration:

RMB124,992,000, which was determined after arm's length negotiation with reference to a number of markets-based valuation metrics including but not limited to: price-earnings multiples, price-to-book multiples, and enterprise value-to-EBITDA multiples of comparable businesses; and similar multiples observed in precedent transactions of a comparable nature as well as those implied by the Company's historic share price performance.

The Consideration is payable by the Purchaser by cash remittance in Hong Kong dollar equivalent (the exchange rate shall be the median exchange rate published by the People's Bank of China on the date of the remittance) within 3 months of the issuance of the new business licence of foreign-invested enterprises for Double Happiness, subject to the full satisfaction or waiver (if applicable) of the Conditions of Payment.

Conditions of Payment:

Payment of the Consideration by the Purchaser is conditional upon the following conditions being satisfied, unless otherwise agreed by the parties or (as to condition (iii)) being waived by either of the parties:–

- (i) both parties having obtained all necessary consents, authorisations and approvals required from internal and external organizations or persons with authorities in respect of the execution and performance of the Share Transfer Agreement (including the consents, authorizations and approvals required to be obtained under applicable laws and regulations and the Listing Rules and the GEM Listing Rules), including but not limited to the consents, authorisations and approvals to be obtained at Double Happiness' shareholders' meeting or from the board of directors and the shareholders of the Vendor and the Purchaser or any relevant regulatory authorities or other governmental organizations, and the declarations by Double Happiness' other shareholders waiving their right of first refusal;
- (ii) all other agreements and documents necessary for the application with the relevant commercial regulatory authorities for approval of the Share Sale having been duly executed by both parties (on condition that the said agreements and documents shall not contradict with the terms and conditions under the Share Transfer Agreement);
- (iii) there having been no breach by the parties of the representations and warranties given by them in the Share Transfer Agreement;
- (iv) the Share Sale having been approved by the relevant commercial regulatory authorities, a certificate of approval for foreign-invested enterprises having been issued to Double Happiness, and the registrations with the Shanghai Administration for Industry and Commerce in relation to the Share Sale, the amendment of the Articles and the change in board composition having been completed; and

- (v) Double Happiness having registered its particulars as a foreign-invested enterprise (as a domestic enterprise acquired by a foreign investor) with a bank of its place of establishment and completed the relevant foreign exchange procedures, and a designated foreign exchange account for asset realization having been set up by the Vendor.

Other terms and conditions: The Purchaser will have the right to nominate one director to the board of Double Happiness, whereas the right of the Vendor to nominate 4 directors to the board of Double Happiness will be reduced to a right to nominate 3 directors. The Vendor will cause one of its nominated directors to resign from the board of Double Happiness before the Completion. The Vendor has undertaken to vote for, and to use its best effort to procure other existing shareholders of Double Happiness to vote for, the relevant resolution(s) for the corresponding amendments to the Articles and, subject to the satisfaction of the qualifications required under the law, the appointment of the director nominated by the Purchaser to the board of Double Happiness.

Completion: Completion of the Share Sale will take place upon the completion of the necessary industrial and commercial registrations in relation to the Sale Shares and payment of the Consideration in accordance with the Share Transfer Agreement.

2. THE OPTION AGREEMENT

Date: 23 October 2015

Parties:

1. The Vendor
2. The Company
3. The Purchaser
4. Viva China

Subject matter: The Vendor is granted the Call Option to purchase from the Purchaser, and the Purchaser is granted the Put Option to sell to the Vendor, the Sale Shares and their Derived Interests subject to the conditions under the Option Agreement

Call Option: Subject to the full satisfaction of the Conditions for Exercise, the Vendor, the Company and companies controlled by them will have the right to purchase the Sale Shares and their Derived Interests from the Purchaser, Viva China or companies controlled by them which holds the Sale Shares by then at the Exercise Price upon the Exercise Date.

Put Option: Subject to the full satisfaction of the Conditions for Exercise, the Purchaser, Viva China and companies controlled by them will have the right to sell the Sale Shares and their Derived Interests to the Vendor, the Company and companies controlled by them at the Exercise Price upon the Exercise Date.

Premium and Exercise Price: No premium is payable for the grant of the Options.

The Exercise Price for the Options is calculated based on the Consideration plus 6.5% interest per annum after deducting the relevant dividend entitlements, the formula of which is as follows:

$\text{Consideration} \times (1+6.5\%)^4 - \text{total cash dividends received from Double Happiness from the date of Completion to the Exercise Date}$

Exercise Date: The last date of the 4th year after the date of Completion

Conditions for Exercise: The exercise of any of the Options is conditional upon the satisfaction of all of the following Conditions for Exercise as at the Exercise Date:–

- (1) Double Happiness (or any holding company of Double Happiness formed as a result of restructuring of Double Happiness) has not been listed on any major stock exchanges within 4 years of the Completion (excluding the last day of the 4th year);
- (2) all necessary approvals concerning the Options under the then applicable Listing Rules, GEM Listing Rules and laws of Hong Kong having been obtained by the Company, the Vendor, Viva China and the Purchaser and companies controlled by them respectively (if applicable); and

- (3) the approvals required under the Articles having been obtained and the rights of first refusal of the Sale Shares and their Derived Interests having been waived by all other shareholders of Double Happiness then.

The Options shall be exercised on the Exercise Date by the issuance of written notification of the exercise to the counterparty on the said date.

The Sale Shares and their Derived Interests shall belong to the Vendor, the Company or companies controlled by them (as the case may be) upon full payment of the Exercise Price.

Other terms and conditions: The Purchaser, Viva China and companies controlled by them will not sell the Sale Shares or their Derived Interests on or before the Exercise Date to any third parties, other than any of the Purchaser, Viva China and companies controlled by it, without the prior consent of the other parties to the Option Agreement.

Guarantee by parents: The respective obligations of and performance of the terms of the Option Agreement by the Vendor and other companies controlled by it and the Company and by the Purchaser and other companies controlled by it and Viva China are guaranteed by the Company and Viva China, respectively.

Automatic termination: If the parties fail to exercise the relevant Option by written notice on or before the Exercise Date, the rights to exercise the Options shall terminate unless the parties agree otherwise.

3. FINANCIAL EFFECT OF THE SHARE SALE AND USE OF PROCEEDS

After taking into account the Consideration for the Share Sale, net carrying amount of the assets and liabilities of the Double Happiness Group as at the date of the Share Transfer Agreement, and the related transaction costs, the Company is expecting a disposal net gain in excess of approximately RMB200 million based on management's preliminary estimates, subject to the finalization of the audit.

The net proceeds from the Share Sale after deducting the transaction costs and expenses will be used by the Group for additional investment into product development of the Company's core "LI NING" brand portfolio, further expansion of the Group's distribution channels, and general corporate purposes.

4. INFORMATION OF THE GROUP, THE VIVA CHINA GROUP AND THE DOUBLE HAPPINESS GROUP

The Group and the Vendor

The Vendor was incorporated in the PRC with limited liability, and is a wholly-owned subsidiary of the Company. The Group is one of the leading sports brand enterprises in the PRC offering a wide range of sporting goods such as footwear, apparel, accessories and equipment for professional and leisure uses predominantly under the “LI-NING” brand. It has its own branding, research and development, design, manufacturing, distribution and retail capabilities and has established an extensive retail distribution network in the PRC.

The Viva China Group and the Purchaser

The Purchaser is a limited company incorporated in Hong Kong and a wholly-owned subsidiary of Viva China, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange (stock code: 8032). The Viva China Group is principally engaged in (i) sports talent management, competition/event production and management and provision of sports consultancy services; and (ii) property and community development including sports-themed community. Viva China indirectly holds approximately 15.88% of the issued share capital of the Company and 66.5% of its issued share capital is deemed to be beneficially owned by Mr. Li Ning, the chairman of the Company.

The Double Happiness Group

Double Happiness is a Shanghai-based company incorporated in the PRC with limited liability. The Double Happiness Group is principally engaged in the manufacturing, research and development, marketing and sale of principally table tennis and badminton equipment under its own “紅雙喜 (Double Happiness)” brand and other sports accessories.

The audited net asset value of the Double Happiness Group as at 31 December 2014 was RMB304,649,956, and the audited net profit of the Double Happiness Group for the year ended 31 December 2014 and 31 December 2013 based on the Double Happiness Group’s PRC audited accounts were as follows:

	For the financial year ended 31 December 2014	For the financial year ended 31 December 2013
Net profit before taxation and minority interest	RMB129,094,414	RMB108,823,945
Net profit after taxation and minority interest	RMB94,197,867	RMB79,411,210

5. REASONS FOR AND BENEFITS OF THE SHARE SALE AND THE ENTERING INTO OF THE OPTION AGREEMENT

The transaction results in cash proceeds of approximately RMB125 million, which increases the Company's net cash position by about 25% relative to the Company's reported interim net cash position as at 30 June 2015. These additional cash proceeds would allow for additional investment into product development of the Company's core "LI NING" brand portfolio, further expansion of the Company's distribution channels, and general corporate purposes. In addition, the transaction would be expected to crystallize an after-tax net gain in excess of RMB200 million, in part from the revaluation of the Company's remaining 47.5% stake in Double Happiness, which would have the effect of increasing the Company's shareholder equity and thus lowering its leverage ratio, which should provide increased debt capacity for future expansion or acquisitions.

The transaction also increases transparency for investors with respect to the Company's core business through the deconsolidation of Double Happiness, which would be accounted for using the equity accounting method going forward. A more transparent platform would also help align management incentives to focus on increasing the profitability of the "LI NING"-branded core business.

The transaction also highlights the potential of Double Happiness as a standalone business and establishes a clear valuation benchmark for an attractive asset which otherwise may have been discounted/overlooked by investors. Furthermore, the Company's nominees on Double Happiness' board would decrease by one director, which importantly means they would no longer represent a clear majority on the board, further underscoring Double Happiness' flexibility to pursue its own strategic development.

By selling the 10% stake in Double Happiness to Viva China, a substantial Shareholder of the Company, the Company is more likely to share similar views with Viva China in terms of the strategy and operations of Double Happiness going forward than selling to a third party. In addition, other parties would also likely require, at a minimum, customary protections similar to those afforded by the Option Agreement but possibly at a higher accrual rate.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

6. LISTING RULES IMPLICATIONS

Notifiable transaction

As one or more of the applicable percentage ratios in respect of the Share Sale are more than 5% and less than 25%, the Share Sale constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios in respect of any exercise of the Put Option are more than 5% and less than 25%, the grant of the Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.24 of the Listing Rules, as the Share Sale and the grant of the Put Option under the Share Transfer Agreement and the Option Agreement constitute one transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to such classification. Accordingly, the Share Sale and the grant of the Put Option are subject to the reporting and announcement requirements applicable to discloseable transaction under Chapter 14 of the Listing Rules.

The exercise of the Call Option is at the discretion of the Company. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium will be taken into consideration for the purpose of transaction classification. As no premium is payable for the grant of the Call Option to the Company, such grant will not constitute a notifiable transaction of the Company.

Connected transaction

In addition, Viva China, who indirectly holds approximately 15.88% Shares in the Company, is a substantial Shareholder and hence a connected person of the Company. The Purchaser, being a wholly-owned subsidiary of Viva China, is therefore a connected person of the Company. Accordingly, each of the Share Sale, the grant of the Put Option to the Purchaser and the grant of the Call Option to the Vendor constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Share Sale are more than 5% and less than 25% but the consideration is more than HK\$10,000,000, the Share Sale constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval and all disclosure requirements.

Pursuant to Rule 14A.79(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios in respect of any exercise of the Put Option are more than 5% and less than 25% but the consideration is more than HK\$10,000,000, the grant of the Put Option constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval and all disclosure requirements.

The exercise of the Call Option is at the discretion of the Company. According to Rule 14A.79(2) of the Listing Rules, the grant of the Call Option is classified based on the amount of the premium payable by the Company. As no premium is payable for the grant of the Call Option to the Company, such grant constitutes a fully-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is exempt from Independent Shareholders’ approval and all disclosure requirements.

However, pursuant to Rule 14A.79(3) of the Listing Rules, at the time of exercise of the Call Option, the Company will be required to compute the percentage ratios in respect of the exercise of the Call Option, and the Company will be required to seek Independent Shareholders’ approval for the exercise of the Call Option if one or more of the applicable percentage ratios at the time of exercise of the Call Option exceeds the threshold for de minimis exemptions under Chapter 14A of the Listing Rules.

As such, each of the Share Sale and the grant of the Put Option is subject to Independent Shareholders’ approval at an extraordinary general meeting of the Company. Viva China and its associates will be required to abstain from voting in respect of the resolutions approving the Share Sale and the grant of the Put Option.

7. GENERAL

An Independent Board Committee has been formed to consider the terms of the Share Sale and the grant of the Put Option and advise the Independent Shareholders as to whether the Share Sale and the grant of the Put Option contemplated under the Share Transfer Agreement and the Option Agreement have been entered into in the ordinary and usual course of business and the terms were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular containing (i) details of the Share Transfer Agreement and the Option Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Sale and the grant of the Put Option; (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Sale and the grant of the Put Option; (iv) a notice of the extraordinary general meeting of the Company; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 13 November 2015.

8. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Articles” the articles of association of Double Happiness

“Board”	the board of Directors
“Call Option”	the right granted to the Vendor, the Company and companies controlled by them, to purchase the Sale Shares and their Derived Interests from the Purchaser, Viva China and companies controlled by them which hold the Sale Shares by then at the Exercise Price upon the Exercise Date pursuant to the Option Agreement
“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2331)
“Completion”	completion of the Share Sale in accordance with the terms and conditions of the Share Transfer Agreement
“Conditions for Exercise”	the conditions precedent to the exercise of the Options, the details of which is set out in the section headed “2. The Option Agreement – Conditions for Exercise”
“Conditions of Payment”	the conditions to the payment of the Consideration pursuant to the Share Transfer Agreement, details of which is set out in the section headed “1. The Share Transfer Agreement – Conditions of Payment”
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration of RMB124,992,000 payable by the Purchaser to the Vendor for the purchase of the Sale Shares pursuant to the Share Transfer Agreement
“Derived Interests”	equity interests derived from shares (including shares issued by way of bonus issues, capitalisation of profits or reserves, etc.)
“Directors”	the directors of the Company
“Disposal”	(i) the Share Sale pursuant to the Share Transfer Agreement, (ii) the grant of the Put Option to the Purchaser pursuant to the Option Agreement, and (iii) the grant of the Call Option to the Vendor pursuant to the Option Agreement

“Double Happiness”	Shanghai Double Happiness Co., Ltd. (上海紅雙喜股份有限公司), a Shanghai-based company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company as at the date of this announcement
“Double Happiness Group”	Double Happiness and its subsidiaries
“Exercise Date”	the last day of the 4th year after the date of Completion
“Exercise Price”	the price at which holder(s) of the Options is entitled to buy or sell the Option Shares pursuant to the Option Agreement, the details of which is set out in the section headed “2. The Option Agreement – Premium and Exercise Price”
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established by the Company to make recommendations to the Independent Shareholders regarding the Share Sale and the grant of the Put Option
“Independent Shareholders”	Shareholders other than Viva China and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Options”	the Call Option and the Put Option
“Option Agreement”	the agreement entered into between the Vendor, the Purchaser, the Company and Viva China on 23 October 2015, details of which are set out in the section headed “2. The Option Agreement”
“percentage ratios”	has the meaning ascribed thereto under the Listing Rules

“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Viva China Investment Limited (非凡中國投資有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of Viva China
“Put Option”	the right granted to the Purchaser, Viva China and companies controlled by them to sell the Sale Shares and their Derived Interests to the Vendor, the Company and companies controlled by them at the Exercise Price upon the Exercise Date pursuant to the Option Agreement
“Sale Shares”	11,200,000 shares, representing 10% of the equity interest in Double Happiness, held by the Vendor as at the date of this announcement
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Share Sale”	the sale of the Sale Shares by the Vendor to the Purchaser pursuant to the Share Transfer Agreement
“Share Transfer Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 23 October 2015 under which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares
“Shareholder(s)”	the holder of Shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shanghai Yue Ao Sporting Goods Co., Ltd. (上海悅奧體育用品有限公司), a company formed in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Viva China”	Viva China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8032)
“Viva China Group”	Viva China and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
Li Ning Company Limited
Li Ning
Executive Chairman
and Interim Chief Executive Officer

Hong Kong, 25 October 2015

As at the date of this announcement, the executive director of the Company is Mr. Li Ning. The non-executive directors are Mr. Chen Yue, Scott and Mr. Wu, Jesse Jen-Wei. The independent non-executive directors are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Mr. Su Jing Shyh, Samuel.