

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2331)

GRANT OF SHARE OPTIONS AND CONNECTED TRANSACTIONS IN RELATION TO AWARD OF RESTRICTED SHARES

On 19 September 2019, the Board has resolved to i) grant share options under the 2014 Share Option Scheme to Mr. Kosaka Takeshi (“**Mr. Kosaka**”), an executive Director; and ii) award restricted Shares under the RS Scheme to Mr. Kosaka and Mr. Li Ning (“**Mr. Li**”), an executive Director and a substantial Shareholder (within the meaning under the Listing Rules) of the Company.

LISTING RULES IMPLICATIONS

As Mr. Li and Mr. Kosaka are both executive Directors and Mr. Li is a substantial Shareholder of the Company, therefore both of Mr. Li and Mr. Kosaka are connected persons of the Company, accordingly the grant of Awarded Shares to Mr. Li and Mr. Kosaka constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the grant of Awarded Shares to aforesaid Directors forms part of the remuneration packages of the Directors under their respective service contracts with the Company, therefore such grant is exempt from the reporting, announcement and independent Shareholders’ approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules.

As at the date of this announcement, the Trust is an employees’ share scheme established for Selected Participants of the Company, and the aggregate of the Company’s connected persons’ interest under the RS Scheme is approximately 57.05% following the grant of the Awarded Shares. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) becomes an associate of connected persons of the Company, and the Company’s payment to the Trustee of the Referable Amount to purchase the Awarded Shares from the open market and the transactions contemplated thereunder shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) applicable to

the grant of the Awarded Shares are more than 0.1% but less than 5%, the transactions contemplated thereunder are only subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

On 19 September 2019, the Board has resolved to i) grant share options under the 2014 Share Option Scheme to Mr. Kosaka, an executive Director; and ii) award restricted Shares under the RS Scheme to Mr. Kosaka and Mr. Li, an executive Director and a substantial Shareholder (within the meaning under the Listing Rules) of the Company (together the “**Connected Grantees**”). The grants aim to provide incentives to the Connected Grantees to devote to the continuous growth of the Group and to reinforce their commitment to provide long term services to the Company.

GRANT OF SHARE OPTIONS

This section of the announcement is made pursuant to Rule 17.06A of the Listing Rules.

On 19 September 2019 (the “**Grant Date**”), the Board has resolved to grant an aggregate of 3,155,800 options (the “**Options**”) to Mr. Kosaka, subject to his acceptance, to subscribe for a total of 3,155,800 Shares pursuant to the 2014 Share Option Scheme as follows:

Name of option grantee	Number of Shares entitled to subscribe under the Options granted	Position held with the Company
Kosaka Takeshi	3,155,800	Executive Director and joint chief executive officer

The grant of Options to Mr. Kosaka has been approved by all the independent non-executive Directors.

Each Option shall entitle the holder of the Option to subscribe for one Share at an exercise price of HK\$22.52 per Share, which is the highest of: (a) the closing price of HK\$22.40 per Share as stated in the Stock Exchange's daily quotations sheets on the Grant Date; (b) the average closing price of HK\$22.52 per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Grant Date; and (c) the nominal value of HK\$0.10 per Share. The Options granted are valid for a period from the Grant Date to 31 December 2027.

AWARD OF RESTRICTED SHARES

On the Grant Date, the Board has also resolved to award an aggregate of 2,668,700 Shares (the “**Awarded Shares**”) to the Connected Grantees under the RS Scheme. The Awarded Shares represent approximately 0.12 % of the issued share capital of the Company as at the date of the announcement.

The 2,668,700 Awarded Shares shall be settled through purchase of existing Shares on the open market of the Stock Exchange (the “**Purchased Shares**”). The Company will pay the Trustee the purchase price of the Purchased Shares and related expenses (the “**Referable Amount**”) out of the Company's resources. The Purchased Shares will be held by the Trustee in

accordance with the rules of the RS Scheme and the relevant trust deed on trust for the benefits of the Connected Grantees until they are vested (or cancelled) in accordance with the RS Scheme.

Connected Grantees

2,668,700 Awarded Shares will be granted to the Connected Grantees as follows:

Name of Connected Grantees	Position held with the Company	Number of Awarded Shares granted	Vesting Date
Li Ning	Executive Chairman, executive Director, joint chief executive officer and substantial Shareholder of the Company	1,186,100 (note 1)	- 395,400 Awarded Shares on 1 September 2020 - 395,400 Awarded Shares on 1 September 2021 - 395,300 Awarded Shares on 1 September 2022
Kosaka Takeshi	Executive Director and joint chief executive officer	247,100 (note 2) 1,235,500 (note 1)	- 247,100 Awarded Shares on 1 September 2020 - 123,550 Awarded Shares on 1 September 2020 - 247,100 Awarded Shares on 1 September 2021 - 247,100 Awarded Shares on 1 September 2022 - 247,100 Awarded Shares on 1 September 2023 - 370,650 Awarded Shares on 1 September 2024

Notes:

1. Performance based Awarded Shares
2. Time based Awarded Shares

Based on the closing price of HK\$22.40 per Share as quoted on the Stock Exchange on the Grant Date, the total market value of the 2,668,700 Awarded Shares granted to the Connected Grantees amounts to approximately HK\$60 million.

The grant of the Awarded Shares to the above Connected Grantees has been approved by the Board (including independent non-executive Directors), except the Connected Grantees who have abstained from voting on the relevant resolutions for approving the grant of the Awarded Shares to themselves.

Part of the Awarded Shares are time based and the remaining of the Awarded Shares are performance based. When the Connected Grantees concerned have satisfied all the vesting

conditions specified at the time of grant, the Trustee shall transfer the relevant Awarded Shares to each of them, respectively, at no cost. The Board (including the independent non-executive Directors) considers that the award of the Awarded Shares is fair and reasonable, and is in the best interests of the Company and its Shareholders as a whole.

The grant of the Awarded Shares shall be personal to the Connected Grantees to whom it is made and shall not be assignable. The Connected Grantees shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares or the restricted Shares pursuant to such grant or the unaccepted Shares, additional Shares or any of the unvested Shares (defined in the RS Scheme) under the RS Scheme.

REASONS FOR THE AWARD OF THE AWARDED SHARES

The RS Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Awarded Shares to the Connected Grantees provides additional incentives for them to achieve the objectives of further increasing the value of the Company and aligning the interests of the Connected Grantees directly to the Shareholders through ownership of Shares.

LISTING RULES IMPLICATIONS

As Mr. Li and Mr. Kosaka are both executive Directors and Mr. Li is a substantial Shareholder of the Company, therefore both of Mr. Li and Mr. Kosaka are connected persons of the Company, accordingly the grant of 1,186,100 Awarded Shares to Mr. Li and the grant of 1,482,600 Awarded Shares to Mr. Kosaka and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the grant of Awarded Shares to aforesaid Directors forms part of the remuneration packages of the Directors under their respective service contracts with the Company, therefore such grant is exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules.

As at the date of this announcement, the Trust is an employees' share scheme established for Selected Participants of the Company, and the aggregate of the Company's connected persons' interest under the RS Scheme is approximately 57.05% following the grant of the Awarded Shares. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) becomes an associate of connected persons of the Company, and the Company's payment to the Trustee of the Referable Amount to purchase the Awarded Shares from the open market and the transactions contemplated thereunder shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios (as defined under the Listing Rules) applicable to the grant of the Awarded Shares are more than 0.1% but less than 5%, the transactions contemplated thereunder are only subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

GENERAL INFORMATION

The Company is one of the leading sports brand companies in the PRC, mainly providing sporting goods including footwear, apparel, equipment and accessories for professional and leisure purposes primarily under the LI-NING brand.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meaning:

“2014 Share Option Scheme”	the share option scheme adopted by the Company on 30 May 2014
“Board”	the board of Directors
“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RS Scheme”	the restricted share award scheme adopted by the Company on 14 July 2016
“Selected Participant(s)”	any individual being a director (including executive and non-executive directors), employee, officer, agent or consultant of the Company or any subsidiary who is selected by the administration committee in accordance with the terms of the and entitled to receive a grant of restricted shares under the RS Scheme
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Trust”	the Li Ning Company Limited Restricted Share Award Scheme Trust, from which restricted Shares may be granted to a Selected Participant pursuant to the RS Scheme

“Trustee” BOCI-Prudential Trustee Limited, being the trustee for the time being of the Trust or any additional or replacement trustee(s)

“%” per cent

By order of the Board
Li Ning Company Limited
Li Ning
*Executive Chairman and
Joint Chief Executive Officer*

Hong Kong, 19 September 2019

As at the date of this announcement, the executive directors of the Company are Mr. Li Ning, Mr. Kosaka Takeshi and Mr. Li Qilin. The independent non-executive directors of the Company are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Mr. Su Jing Shyh, Samuel.