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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)**

## **CONNECTED TRANSACTION LAPSE OF OPTIONS**

This announcement is made by Li Ning Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 14A.61 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement of the Company dated 25 October 2015 (the “**Announcement**”) in relation to the Share Transfer Agreement and the Option Agreement, pursuant to which (i) the Vendor agreed to sell and the Purchaser agreed to purchase, the Sale Shares which represented 10% of the equity interest in Shanghai Double Happiness Co., Ltd. (上海紅雙喜股份有限公司) (“**Double Happiness**”, together with its subsidiaries, the “**Double Happiness Group**”) and (ii) the Vendor was granted the Call Option to purchase from the Purchaser, and the Purchaser was granted the Put Option to sell to the Vendor, the Sale Shares together with the Derived Interests.

Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

### **LAPSE OF OPTIONS**

Pursuant to the terms and conditions of the Option Agreement, as neither the Vendor nor the Purchaser has exercised the relevant Options by written notice on or before the Exercise Date (being 22 December 2020), the Options lapsed automatically under the Option Agreement.

In view of the current market situation and the uncertain prospects of Double Happiness, the directors (including all the independent non-executive directors) of the Company (the “**Directors**”) consider that the non-exercise of the Call Option (i) allows the Company to utilise the amount needs to be set aside for the payment of the exercise price of the Call Option for other more valuable investments and (ii) is fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **INFORMATION ON THE VENDOR, THE GROUP, THE PURCHASER AND DOUBLE HAPPINESS GROUP**

### **The Vendor**

The Vendor, Shanghai Yue Ao Sporting Goods Co., Ltd. (上海悅奧體育用品有限公司), is a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company.

### **The Group**

The Group is one of the leading sports brand enterprises in the PRC mainly providing professional and leisure sporting goods including footwear, apparel, equipment and accessories primarily under the LI-NING brand. Headquartered in Beijing, the Group has brand marketing, research and development, design, manufacturing, distribution and retail capabilities. In addition to its core LI-NING brand, the Group also manufactures, develops, markets, distributes and/or sells various sports products which are self-owned by or licensed to the Group.

### **The Purchaser and the Viva China Group**

The Purchaser, being Viva China Investment Limited (非凡中國投資有限公司), is a limited company incorporated in Hong Kong and a wholly owned subsidiary of Viva China Holdings Limited (“**Viva China**”, together with its subsidiaries, the “**Viva China Group**”), 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 competition and event production and management; (ii) operation of an e-sports club; (iii) sports talent management; (iv) provision of sports related marketing and consultancy service; (v) operation of sports destinations (including sports parks, sports centres and ice-skating rinks); and (vi) development, design and sale of sports, health and leisure consumables.

### **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 manufacturing and sales of sports products (principally table tennis and badminton equipment under its own “Double Happiness (紅雙喜)” brand).

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Viva China indirectly holds approximately 13.31% of the issued share capital of the Company and is a substantial shareholder (as defined under the Listing Rules) and thus a connected person of the Company. The Purchaser, being a wholly owned subsidiary of Viva China, is therefore a connected person of the Company.

Pursuant to Rule 14A.61(2) of the Listing Rules, the expiry of the Put Option is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Rule 14A.24(2)(b) provides that a listed issuer's group's decision not to exercise an option constitutes a transaction under Chapter 14A of the Listing Rules. Therefore, the non-exercise of the Call Option by the Group constitutes a connected transaction of the Company. Pursuant to Rule 14A.79(4) of the Listing Rules, the non-exercise of the Call Option would be classified as if it has been exercised. The applicable percentage ratios calculated under Rules 14.07 and 14A.79(4) of the Listing Rules in respect of the non-exercise of the Call Option exceed 0.1% but are all less than 5%. As such, the lapse of Call Option is also subject to the reporting and announcement requirements but exempt from the independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

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

Hong Kong, 23 December 2020

*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.*