
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Li Ning Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE SHARES**
- (2) ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**
- (3) RE-ELECTION OF DIRECTORS**
- AND**
- (4) NOTICE OF ANNUAL GENERAL MEETING**
-

A notice convening the annual general meeting of Li Ning Company Limited (the “AGM”) to be held at Shanghai Room I-II, Level 8, Langham Place Hotel Hong Kong, 555 Shanghai Street, Mongkok, Kowloon, Hong Kong on Friday, 30 May 2014 at 11:00 a.m. is set out in Appendix IV to this circular. If you are not able to attend and/or vote at the AGM, you are strongly urged to complete and return the form of proxy, a copy of which is enclosed, in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

10 April 2014

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DEFINITIONS

In this circular, unless the context states otherwise, the following expressions have the following meanings:

“Adoption Date”	the date on which the New Share Option Scheme is to be adopted, conditionally or unconditionally, by the resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be held at Shanghai Room I-II, Level 8, Langham Place Hotel Hong Kong, 555 Shanghai Street, Mongkok, Kowloon, Hong Kong on Friday, 30 May 2014 at 11:00 a.m.
“Alpha Talent”	Alpha Talent Management Limited, a company incorporated in the British Virgin Islands and a holder of approximately 0.13% shareholding interests in the Company as at the Latest Practicable Date
“Annual Report 2013”	the annual report of the Company for the year ended 31 December 2013 despatched to the Shareholders together with this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Board Lot”	the board lot in which Shares are traded on the Stock Exchange from time to time
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“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 Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 5 June 2004, as amended on 15 May 2009 and 11 October 2012, and is to be terminated upon the date on which the New Share Option Scheme shall become unconditional and effective
“General Mandates”	the Issue Mandate and the Repurchase Mandate

DEFINITIONS

“Grantee”	any New Participant who accepts the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled under the New Share Option Scheme to exercise any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to authorise them to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM
“Latest Practicable Date”	4 April 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“New Participant”	any individual being an employee, officer, agent, consultant or representative of the Company or any of its subsidiaries, including any executive or non-executive director of the Company or any of its subsidiaries who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his performance and/or years of service, or is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors
“New Share Option Scheme”	the new share option scheme proposed to be approved by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Notice of AGM”	the notice dated 10 April 2014 convening the AGM as set out in Appendix IV to this circular

DEFINITIONS

“Option”	an option to subscribe for Shares granted to (and subject to acceptance by) a New Participant pursuant to the New Share Option Scheme
“Option Period”	a period, in relation to the relevant Option, to be notified by the Board to the Grantee, such period not exceeding ten years from the date of the grant of the relevant Option
“PRC” or “China”	the People’s Republic of China
“Repurchase Code”	The Hong Kong Code on Share Buy-backs
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to authorise them to repurchase up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Period”	the period of ten years commencing on the Adoption Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Purchase Scheme”	the share purchase scheme set up by Mr. Li Ning through Alpha Talent on 5 June 2004 as part of the Group’s reorganization prior to the listing of the Shares on the Hong Kong Stock Exchange in June 2004
“subsidiary(ies)”	subsidiary(ies) within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and replaced from time to time
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

Executive Directors

Mr. LI Ning (*Executive Chairman*)
Mr. Jin-Goon KIM (*Executive Vice Chairman*
and Interim Chief Executive Officer)
Mr. ZHANG Zhi Yong

Non-executive Director

Mr. CHEN Yue, Scott

Independent non-executive Directors

Mr. KOO Fook Sun, Louis
Ms. WANG Ya Fei
Dr. CHAN Chung Bun, Bunny
Mr. SU Jing Shyh, Samuel

Registered office

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business

Suites 1, 7-15, Level 45
Office Tower, Langham Place
8 Argyle Street, Mongkok
Kowloon, Hong Kong

10 April 2014

To the Shareholders

Dear Sir or Madam,

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES,
ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the AGM for the grant of the Issue Mandate and the Repurchase Mandate, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and the re-election of retiring Directors, and to give you notice of the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

Ordinary resolutions will be proposed at the AGM to grant to the Directors new general mandates:

- (a) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (b) to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM,

and to authorize an extension of the limit of the Issue Mandate granted by adding to it an amount representing the aggregate nominal amount of Shares repurchased by the Company under the Repurchase Mandate.

The Issue Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

Issue Mandate

The Company had in issue 1,370,207,189 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution approving the Issue Mandate and in accordance with the terms therein, on the basis of 1,370,207,189 existing Shares in issue and assuming that such number of issued Shares remains the same at the date of passing the proposed resolution, the Company could under the Issue Mandate allot, issue and deal with up to 274,041,437 new Shares, representing 20% of the aggregate nominal amount of the total issued Shares of the Company at the date of passing of the resolution approving the Issue Mandate.

As at the Latest Practicable Date, save for the Shares to be issued and allotted by the Company upon the exercise of (i) the share options granted under the Existing Share Option Scheme and the share options which may be granted under the New Share Option Scheme after its adoption and (ii) the conversion rights attaching to the convertible bonds/securities issued by the Company, the Directors have no immediate plans to issue any Shares under the Issue Mandate.

Details of the Issue Mandate are set out in Resolutions no.4 and 6 respectively in the Notice of AGM.

LETTER FROM THE BOARD

Repurchase Mandate

Subject to the passing of the proposed resolution approving the Repurchase Mandate and in accordance with the terms therein, on the basis of 1,370,207,189 existing Shares in issue and assuming that such number of issued Shares remains the same at the date of passing the proposed resolution, the Company could under the Repurchase Mandate repurchase up to 137,020,718 Shares, representing 10% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the Repurchase Mandate.

An explanatory statement as required under the Listing Rules to be sent to Shareholders with respect to the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the relevant resolution.

Details of the Repurchase Mandate are set out in Resolution no.5 in the Notice of AGM.

3. ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

(a) Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 5 June 2004 (as amended on 15 May 2009 and 11 October 2012) and it will remain in force for a period of ten years from that date.

The purpose of the Existing Share Option Scheme is to provide incentives to participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group. Eligible participants are directors, officers, employees, agents, consultants or representatives of any member of the Group who, as the Board may determine in its absolute discretion, have made valuable contribution to the business of the Group based on their performance and/or years of service, or are regarded as valuable human resources of the Group based on their work experience, industry knowledge and other relevant factors.

As at the Latest Practicable Date, the Company has options granted under the Existing Share Option Scheme carrying the rights to subscribe for up to an aggregate of 60,473,251 Shares, representing approximately 4.41% of the Shares in issue as at the Latest Practicable Date.

The Board proposes the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme for the approval of the Shareholders at the AGM.

Upon termination of the Existing Share Option Scheme, no further option may be granted under the Existing Share Option Scheme but any options granted prior to such termination but not yet exercised shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

LETTER FROM THE BOARD

(b) **Other Share Schemes**

Share Purchase Scheme

As part of the reorganization of the Group prior to the listing of Shares on the Stock Exchange in June 2004, Mr. Li Ning, the Executive Chairman and an executive Director, has, through Alpha Talent, established the Share Purchase Scheme. The Share Purchase Scheme was adopted by Alpha Talent on 5 June 2004 and shall be valid and effective for a period of ten years from that date. The objectives of the Share Purchase Scheme is to grant rights to purchase Shares beneficially owned by Mr. Li Ning through Alpha Talent to key individuals who have contributed to the economic achievement of the Group.

As at the Latest Practicable Date, there is no outstanding option under the Share Purchase Scheme.

Restricted Share Award Scheme

The Board adopted a restricted share award scheme (the “**Restricted Share Award Scheme**”) on 14 July 2006 (as amended on 30 April 2009 and 4 July 2012) and it shall be valid for a term of ten years from that date. Any individual being a director, employee, officer, agent or consultant of the Company or its subsidiaries is entitled to participate in this scheme. The purpose of this scheme is to facilitate the Company’s objectives of attracting new and motivating existing talents and retaining both in the Company. Shares (the “**Restricted Shares**”) granted to the selected participants are subject to restrictions and limitations and will become unrestricted upon vesting at the end of each vesting period.

The Restricted Share Award Scheme is administered by the administrative committee and the trustee of the scheme. The trustee of the scheme is a third party independent of the Company and its connected persons (as defined in the Listing Rules). Pursuant to the Restricted Share Award Scheme, the Company shall transfer cash to the trustee from time to time for the acquisition of existing Shares in the market to be held upon trust for the benefits of the selected participants, subject to a 5% threshold on the basis of the Company’s share capital in issue from time to time.

LETTER FROM THE BOARD

Details of the Restricted Shares under the Restricted Share Award Scheme as at Latest Practicable Date are as follows:

Date of grant	Fair value per Restricted Share (Note) HK\$	Number of Restricted Shares as at the Latest Practicable Date	Vesting period
03/09/2010	23.30	610,000	01/07/2011 – 01/07/2016
15/07/2011	8.96	201,314	15/07/2012 – 15/07/2014
17/01/2014	6.71	2,740,146	commenced from 01/17/2014

Note:

The fair values of the Restricted Shares were based on the closing price per Share at the date of grant.

Save as disclosed above, the Company has no other share option scheme or share scheme.

(c) New Share Option Scheme

At the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the Adoption Date subject to the Stock Exchange granting approval for the listing of, and dealing in the Shares to be issued and allotted pursuant to the exercise of Options granted in accordance with the terms and conditions of the New Share Option Scheme.

The Existing Share Option Scheme will expire shortly on 4 June 2014. The Board proposes the adoption of the New Share Option Scheme with the purposes, similar to the Existing Share Option Scheme, to provide such incentives to participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group.

Save as disclosed in this circular, there is no material difference between the terms of the Existing Share Option Scheme and the proposed New Share Option Scheme. A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme will be available for inspection at Suites 1, 7-15, Level 45, Office Tower, Langham Place, 8 Argyle Street, Mongkok, Kowloon, Hong Kong during normal business hours on any Business Day from the date of this circular to and including the date of the AGM and at the AGM.

As at the Latest Practicable Date, there were 1,370,207,189 Shares in issue. Assuming that there is no change in the issued share capital of the Company and no options granted pursuant to the Existing Share Option Scheme shall be exercised between the period from the Latest Practicable Date to the date of the AGM and subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme, the maximum number of Shares which may be allotted

LETTER FROM THE BOARD

and issued upon exercise of all options which may be granted under the New Share Option Scheme and any other share option schemes of the Company will be 137,020,718 Shares, representing 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit; provided that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and vesting period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and may be misleading to the Shareholders in the circumstances.

Conditions of the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve and adopt the New Share Option Scheme by the Shareholders at the AGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued and allotted by the Company pursuant to the exercise of options in accordance with the terms of the New Share Option Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of passing the relevant resolution adopting the New Share Option Scheme, which total number may however be refreshed as detailed in paragraph 6 of Appendix III to this circular.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the New Share Option Scheme.

4. RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Articles of Association and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Zhang Zhi Yong, Mr. Chen Yue, Scott and Ms. Wang Ya Fei shall retire from the office and, being eligible, offer themselves for re-election as Directors at the AGM.

LETTER FROM THE BOARD

Pursuant to the code provision in paragraph A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Ms. Wang Ya Fei has served on the Board for more than nine years. The Board considers that Ms. Wang is independent of management and free of any relationship which could materially interfere with the exercise of her independent judgment. The Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules, and affirmed that Ms. Wang remains independent. The Board considers that in a complex and competitive business environment with international and local sports brand companies in the PRC, it is essential that independent non-executive Directors have the opportunity to acquire, over a number of years, the experience and knowledge of the business and the sectors within which the Company operates. Hence, the Board considers that the long service of Ms. Wang would not affect her exercise of independent judgment in her service with the Company, and recommends Ms. Wang for re-election as an independent non-executive Director at the AGM.

The biographical details, interests in the Shares and other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules of the Directors proposed for re-election at the AGM are set out in Appendix II to this circular.

5. ANNUAL GENERAL MEETING

A notice convening the AGM for the purpose of considering, inter alia, (i) the Issue Mandate; (ii) the Repurchase Mandate; (iii) the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and (iv) the re-election of the retiring Directors is set out on pages 32 to 35 of this circular.

If you are not able to attend and/or vote at the AGM, you are strongly urged to complete and return the form of proxy, a copy of which is enclosed, in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or adjournment thereof if you so wish.

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company on the poll results of the AGM as soon as possible after the conclusion of the AGM.

6. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Board is of the opinion that the proposed grant of the Issue Mandate and the Repurchase Mandate, the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme and the proposed re-election of Directors are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

8. GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board of
Li Ning Company Limited
Li Ning
Executive Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to Shareholders for their consideration of the proposed resolutions in relation to the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PERSONS

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,370,207,189 Shares. Subject to the passing of Resolution No.5 approving the Repurchase Mandate as set out in the Notice of AGM and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 137,020,718 Shares, representing 10% of the aggregate nominal amount of the total issued Shares.

3. REASON FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to have a general authority from the Shareholders to enable the Company to purchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an increase of the net asset value of the Company and its assets and/or its earnings per Share and will only be made as and when the Directors believe such repurchases will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with its financial position as disclosed in the Annual Report 2013) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Hong Kong Stock Exchange during each of the 12 months prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
March	5.09	4.25
April	4.68	3.87
May	5.38	3.89
June	5.35	3.85
July	4.95	3.76
August	5.89	4.60
September	6.20	5.35
October	7.76	5.91
November	7.59	6.35
December	7.40	5.78
2014		
January	7.35	6.00
February	6.40	5.37
March	6.65	4.73
April (up to and including the Latest Practicable Date)	5.26	4.80

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the AGM and exercised.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and Rule 6 of the Repurchase Code. As a result, a Shareholder or group of shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the substantial shareholders of the Company having interests in 10% or more of the issued share capital of the Company under the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO were:

Name of Shareholders	Notes	Number of Shares held	Number of underlying Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Mr. Li Ning	<i>1a, b</i>	268,181,850	—	19.57%	21.75%
	<i>1a</i>	—	146,758,944	10.71%	11.90%
	<i>1c</i>	—	4,110,220	0.30%	0.33%
		268,181,850	150,869,164	30.58%	33.98%
Mr. Li Chun	2	266,374,000	—	19.44%	21.60%
	2	—	146,758,944	10.71%	11.90%
		266,374,000	146,758,944	30.15%	33.50%
Mr. David Bonderman and Mr. James G. Coulter	3	53,000,000	—	3.87%	4.30%
	3	—	153,340,000	11.19%	12.43%
	3	—	35,396,706	2.58%	2.87%
		53,000,000	188,736,706	17.64%	19.60%
Genesis Asset Managers, LLP		154,687,492	—	11.29%	12.54%

Notes:

1. a. Viva China Holdings Ltd (“**Viva China BVI**”), a wholly-owned subsidiary of Viva China Holdings Limited (“**Viva China Holdings**”), is interested in the 266,374,000 Shares and the convertible securities in the total amount of HK\$513,656,304 entitling to the conversion of a total of 146,758,944 Shares. Viva China Holdings is owned as to approximately 35.09% by Lead Ahead Limited (“**Lead Ahead**”) and 21.07% by Victory Mind Assets Limited (“**Victory Mind**”) respectively. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. Victory Mind is owned as to 57% by Ace Leader Holdings Limited (which is wholly-owned by a discretionary trust of which Mr. Li Ning is a settlor) and 38% by Jumbo Top Group Limited (which is wholly-owned by a discretionary trust of which Mr. Li Chun is a settlor). As a result, Mr. Li Ning is deemed to be interested in the 266,374,000 Shares and the 146,758,944 underlying Shares held by Viva China Holdings. He is also the Chairman and Chief Executive Officer of Viva China Holdings.
- b. 1,807,850 Shares are held by Alpha Talent, which is established and solely owned by Mr. Li Ning for the purpose of holding the relevant Shares under the Share Purchase Scheme. Mr. Li Ning is therefore deemed to be interested in the 1,807,850 Shares held by Alpha Talent. He is a director of Alpha Talent.

- c. Mr. Li Ning is interested in 2,740,146 Shares vested or to be vested under the Restricted Share Award Scheme, and 1,370,073 share options granted under the Existing Share Option Scheme at an exercise price of HK\$7.00 each.
2. As disclosed in Note 1a above, Mr. Li Chun is deemed to be interested in the 266,374,000 Shares and the 146,758,944 underlying Shares held by Viva China Holdings. He is the brother of Mr. Li Ning.
3. 53,000,000 Shares and the convertible bonds with the principal amount of RMB561,000,000 due 2017 and the convertible securities in the principal amount of HK\$123,888,471 entitling to the conversion in aggregate of 153,340,000 Shares and 35,396,706 Shares respectively are held by TPG Stallion, L.P. which is controlled by TPG Asia Advisors V, Inc. and, in turn is controlled as to 50% by Mr. David Bonderman and 50% by Mr. James G. Coulter.

Subject to passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, Messrs. Li Ning and Li Chun and any parties acting in concert (collectively, the “**Interested Shareholders**”) will control the voting rights of approximately 21.75% of the issued share capital of the Company. Such increase is not expected to give rise to an obligation to make a mandatory offer pursuant to Rule 26 and Rule 32 of the Takeovers Code. The Directors are also not aware of any consequence of repurchases which would result in the amount of Shares held by public being reduced to less than 25%.

In the event that the voting rights of the Interested Shareholders are increased to approximately 27.35% as a result of the issue and allotment of Shares upon the full exercise of the conversion rights attaching to the convertible securities of the Company as set forth in Note 1a above (assuming that no further Shares are issued or repurchased before the AGM), any increase in the voting rights of the Interested Shareholders to 30% or over as a result of the Directors’ exercise in full of the power to repurchase Shares pursuant to the Repurchase Mandate would give rise to the Interested Shareholders’ obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Company has no present intention to repurchase Shares to such extent as to result in any mandatory offer to be made by the Interested Shareholders under Rule 26 of the Takeovers Code.

In the event that the underlying interests as disclosed in Notes 1a and c above are vested and/or exercised in full, on the basis that no further Shares are issued or repurchased before the AGM, the voting rights of the Interested Shareholders will be further increased to approximately 27.55%. Upon the Directors’ exercise in full of the power to repurchase Shares pursuant to the Repurchase Mandate, the voting rights of the Interested Shareholders would be increased to 30% or over as a result thereof, which would give rise to the Interested Shareholders’ obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Interested Shareholders have no intention to exercise any of the share options as disclosed in Note 1c in the year 2014. The Company also has no present intention to repurchase Shares to such extent as to result in any mandatory offer to be made by the Interested Shareholders under Rule 26 of the Takeovers Code in this respect.

The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than 25% of the issued share capital of the Company.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company did not purchase any Share (whether on the Hong Kong Stock Exchange or otherwise) during the six months prior to the Latest Practicable Date.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

The details of the Directors who will retire from office at the AGM and, being eligible, would offer themselves for re-election at the AGM, are set out below:

Mr. ZHANG Zhi Yong – Executive Director

Mr. Zhang Zhi Yong, aged 45, is an executive Director. Mr. Zhang joined the Group in October 1992 as a finance manager of Beijing Li Ning Footwear Co., Ltd. (北京李寧鞋業有限公司), became the financial controller of Beijing Li Ning Sports Goods Co., Ltd. (北京李寧體育用品有限公司) in April 1999 and was the general manager of the company from February 2001 to June 2004. From the listing of the Company on the Stock Exchange in June 2004 to 3 July 2012, Mr. Zhang was the Company's Chief Executive Officer, responsible for the overall strategy of the Group, and promoting the development of human resources, information resources and financial resources in line with the Group's brand development. Since 1992 when he began his career in the sporting goods industry in China, Mr. Zhang has accumulated 20 years of China experience in the industry with thorough understanding of the change of the consumer market in China, the building of brand images and change management for Chinese firms. Mr. Zhang holds a bachelor's degree from Beijing College of Economics (北京經濟學院) and an executive M.B.A. degree from Guanghua School of Management of Peking University (北京大學光華管理學院).

Mr. Zhang is currently an independent non-executive director of C.banner International Holdings Limited, a company listed on the Main Board of the Stock Exchange. Save as disclosed, he did not hold directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years nor did he hold any other major appointments.

As at the Latest Practicable Date, Mr. Zhang had interests, within the meaning of Part XV of the SFO, in (i) 100 Shares; and (ii) share options to subscribe for an aggregate of 6,688,841 Shares granted under the Existing Share Option Scheme, an aggregate of which representing approximately 0.49% of the issued share capital of the Company.

During the year ended 31 December 2013, the service agreement between Mr. Zhang and the Company for a term of 3 years had expired, and a new service agreement for a term of 1 year commencing on 28 June 2013 has been made. For the year ended 31 December 2013, Mr. Zhang's emoluments comprised a Director's fee of RMB127,000 and salaries of RMB1,371,000 which are determined with reference to his duties and responsibilities with the Group. Mr. Zhang is also entitled to participation in the Company's share schemes and other benefits and allowances which are determined with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition and are subject to review and revision by the Remuneration Committee and the Board from time to time.

Save as disclosed above, Mr. Zhang does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Zhang that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. CHEN Yue, Scott – Non-executive Director

Mr. Chen Yue, Scott, aged 37, is a non-executive Director. TPG Stallion, L.P., which has interests in the convertible bonds and Shares of the Company, is an affiliate of TPG, a world's leading private equity investment firm. He is a managing director of TPG. He focuses on investment opportunities for TPG in Greater China with an emphasis in the consumer and retail as well as technology, media, and telecom industries. Since joining TPG in 2001, Mr. Chen has been based in TPG's Singapore, Hong Kong and Beijing offices and has evaluated and executed private equity transactions across multiple industries spanning across most Asia Pacific countries. He is serving and has served on the boards of companies including UTAC Holdings Ltd. since 2007 and Taishin International Bank Co., Ltd., a Taiwanese bank, from 2008 to 2010. Prior to joining TPG, from 1999 to 2001, Mr. Chen worked as an analyst in the Technology Mergers & Acquisitions Group of Lehman Brothers Holdings Inc. in New York. Mr. Chen graduated from University of Colorado with a Bachelor Degree in Business Administration in 1999.

Save as disclosed, Mr. Chen did not hold directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years nor did he hold any other major appointments.

As at the Latest Practicable Date, Mr. Chen had interests, within the meaning of Part XV of the SFO, in share options to subscribe for 312,906 Shares granted under the Existing Share Option Scheme, representing approximately 0.02% of the issued share capital of the Company.

Mr. Chen has entered into a service contract with the Company with a term of 3 years. He is entitled to an annual remuneration of RMB250,000 and participation in the Company's share schemes and other benefits and allowances which are determined with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market condition and are subject to review and revision by the Remuneration Committee and the Board from time to time.

Save as disclosed above, Mr. Chen does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Chen that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Ms. WANG Ya Fei – Independent Non-executive Director

Ms. Wang Ya Fei, aged 58, is an independent non-executive Director. Ms. Wang joined the Group in January 2003. She has over 20 years of experience in management and corporate finance matters. She has been appointed as chairman of Caelum Asset Management Company with effect from September 2011. Ms. Wang was the director and deputy general manager of Beijing Investment Consultants Inc. from 1996 to September 2011, and an associate professor in Guanghua School of Management of Peking University (北京大學光華管理學院) from 1995 to September 2011. She holds a bachelor's degree in international politics from Fudan University (復旦大學) in Shanghai and was an exchange scholar in Maryland University, College Park in the United States. Ms. Wang also holds a M.B.A. degree from University of Lancaster in the United Kingdom.

Ms. Wang is currently an independent director of Xueda Education Group, a company listed on the New York Stock Exchange. Save as disclosed, Ms. Wang did not hold directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years nor did she hold any other major appointments.

As at the Latest Practicable Date, Ms. Wang had interests, within the meaning of Part XV of the SFO, in (i) 347,044 Shares; and (ii) share options to subscribe for 883,289 Shares granted under the Existing Share Option Scheme, an aggregate of which representing approximately 0.09% of the issued share capital of the Company.

Ms. Wang has entered into a service contract with the Company with a term of 3 years. She is entitled to an annual remuneration of RMB270,000 and participation in the Company's share schemes and other benefits and allowances which are determined with reference to her duties and responsibilities with the Company, the Company's performance and the prevailing market condition and are subject to review and revision by the Remuneration Committee and the Board from time to time.

Save as disclosed above, Ms. Wang does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Ms. Wang that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Set out below is a summary of the principal terms and conditions of the New Share Option Scheme to provide sufficient information to the Shareholders for their consideration of the New Share Option Scheme proposed to be adopted at the AGM.

1. PURPOSE

The purpose of the New Share Option Scheme is to provide incentives to the New Participants to contribute to the Company and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

2. DURATION OF THE NEW SHARE OPTION SCHEME

Subject to earlier termination by the Company in general meeting or by the Board at any time, the New Share Option Scheme shall be valid and effective for the Scheme Period, after which no further Options may be granted but in all other respects, subject to the compliance with the provisions of Chapter 17 under the Listing Rules, the provisions of the New Share Option Scheme shall remain in full force and effect and Options which are granted and accepted during the Scheme Period may continue to be exercisable in accordance with their terms of issue and the provisions of the New Share Option Scheme.

3. WHO MAY JOIN

The Board may at any time and from time to time during the Scheme Period (provided that no Options shall be granted after the expiration of the Scheme Period or after the New Share Option Scheme has been terminated (if applicable)) grant (subject to acceptance by the Grantee in accordance with the terms of the New Share Option Scheme) to any New Participant as the Board may in its absolute discretion determine, and subject to such conditions as the Board may think fit an Option to subscribe for such number of Shares as the Board may determine at the subscription price (“**Subscription Price**”).

In determining the basis of eligibility of each New Participant, the Board would take into account such factors as the Board may at its absolute discretion consider appropriate.

4. GRANT OF OPTION AND ACCEPTANCE

A grant of an Option shall be made to a New Participant by letter (the date of which shall be deemed to be the date on which the grant of an Option (subject to acceptance by the Grantee) is made) in such form as the Board may from time to time determine specifying, inter alia, the number of Shares comprised in and the Option Period in respect of the relevant Option and the Subscription Price and requiring the New Participant to undertake to hold the Option on the terms on which it is granted and to be bound by the provisions of the New Share Option Scheme.

Any grant of an Option may be accepted in less than the total number of Shares in respect of which it is granted, provided that it is accepted in respect of such number of Shares as represents a Board Lot or an integral multiple thereof. An Option shall be regarded as having been accepted when the duplicate of the grant letter, comprising acceptance of the Option, is duly signed by the Grantee with the number of Shares in respect of which the grant of the Option is accepted clearly stated therein, together with a remittance in

favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within a period of 28 days from the date of grant of the Option, provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the New Share Option Scheme has been terminated.

5. SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board and notified to a New Participant at the time the grant of the Option(s) is made to (and subject to acceptance by) the New Participant and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of grant of the Option which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the Option; and
- (iii) the nominal value of the Shares.

6. MAXIMUM NUMBER OF SHARES FOR WHICH OPTIONS MAY BE GRANTED

The total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Group shall not in aggregate exceed 10% of the nominal amount of all the issued Shares as at the Adoption Date and no Options may be granted if such grant will result in the 10% limit being exceeded. Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Group shall not be counted for the purpose of calculating the 10% limit.

Subject to the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Company may refresh the aforesaid 10% limit (the "**Original Limit**") or further refresh a 10% limit previously refreshed (the "**Previous Refreshed Limit**") by approving a new 10% limit (the "**New Refreshed Limit**") provided that:

- (i) the Original Limit or the Previous Refreshed Limit (as the case may be) as refreshed must not exceed 10% of the number of Shares in issue as at the date of Shareholders' approval of the New Refreshed Limit ("**Refresher Date**"), and (unless separately approved by Shareholders in general meeting) no Options may be granted on or after the Refresher Date if such grant will result in the New Refreshed Limit being exceeded;
- (ii) the Options previously granted under the New Share Option Scheme and the options previously granted under any other share option scheme(s) of the Group (including those outstanding, cancelled, lapsed in accordance with the provisions of the New Share Option Scheme or such other scheme(s) of the Group and those that have been exercised) will not be counted for the purpose of calculating the New Refreshed Limit; and

- (iii) a circular containing the information and the disclaimer respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be despatched to the Shareholders together with the notice of the relevant general meeting.

The Company may also with the separate approval of Shareholders in general meeting grant Options beyond the 10% limit under the New Share Option Scheme provided that the Options in excess of the 10% limit are granted only to the New Participants specifically identified by the Company before such approval is sought and provided further that a circular containing a generic description of the specified New Participants who may be granted such Options, the number and terms of the Options to be granted, the information and the disclaimer respectively required under Rule 17.02(2) and Rule 17.02(4) of the Listing Rules, and the purpose of granting Options to the specified New Participants and how the terms of the Options serve such purpose shall be despatched to the Shareholders together with the notice of the relevant general meeting.

The total number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other scheme(s) of the Group shall not exceed 30% of the Shares in issue from time to time. No grant of Options may be made under the New Share Option Scheme if this will result in the aforementioned limit being exceeded.

7. MAXIMUM NUMBER OF OPTIONS TO EACH NEW PARTICIPANT

No New Participant shall be granted an Option which, if accepted and exercised in full, would result in such New Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued and which may be issued upon the exercise of all Options granted and to be granted to him, together with all options granted and to be granted to him under any other share option scheme(s) of the Group (including exercised, cancelled and outstanding options) within the 12-month period immediately preceding the proposed date of grant, would exceed 1% of the number of Shares in issue as at the proposed date of grant.

Any grant of further Options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the New Participant involved, the number and terms of Options previously granted and to be granted and the information and the disclaimer respectively required under Rule 17.02(2)(d) and Rule 17.02(4) of the Listing Rules shall be despatched to the Shareholders together with the notice of the relevant general meeting; and
- (ii) the approval of the Shareholders in general meeting at which such New Participant and his associates (or any persons who are required by the Listing Rules to abstain from voting) shall be required to abstain from voting.

The number and terms (including the Subscription Price) of Options to be granted to such New Participant must be fixed before the general meeting, and the date of the Board meeting at which the Board proposes to grant the Options to such New Participant shall be taken as the date of grant for the purpose of calculating the Subscription Price of the Shares.

8. GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined in the Listing Rules), must be approved by all the independent non-executive Directors (excluding independent non-executive Director who is proposed to be the Grantee of such Options).

If the Company proposes to grant Options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates (as defined in the Listing Rules), which would result in the Shares issued and which may fall to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other share option scheme(s) of the Group in the period of 12 consecutive months up to and including the proposed date of grant of such Options:

- (i) representing in aggregate over 0.1% of the number of Shares then in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

then such grant of Options (i) will be subject to the issue of a circular by the Company together with the notice of the relevant general meeting and the approval of the Shareholders in general meeting at which all the connected persons (or any persons who are required by the Listing Rules to abstain from voting) of the Company shall abstain from voting in favour of the relevant resolution at such general meeting except that any such person who is required to abstain from voting may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular, and (ii) shall be subject to such other conditions, limitations and/or requirements as may be prescribed from time to time by the Stock Exchange under the Listing Rules or otherwise. Any vote taken at the general meeting to approve the proposed grant of such Options must be taken on a poll.

9. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange:

- (i) the Board shall not grant an Option after any inside information (as defined in the SFO) has come to the knowledge of the Company until such inside information (as defined in the SFO) has been published pursuant to the requirements of the Listing Rules. In particular during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (b) the deadline for the Company to publish announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules)

and ending on the date of the results announcement, no Option may be granted. Such period will cover any period of delay in the publication of a results announcement;

- (ii) the Board must not grant any Option to a New Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; and
- (iii) the Board shall not grant an Option to any New Participant in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

10. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be assignable. No Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Options of the relevant Grantee or any part thereof.

11. EXERCISE PERIOD OF THE OPTIONS

Subject to the rules of the New Share Option Scheme, Options may be exercised by the Grantee (or in the case of his death, his legal personal representative(s)), in whole or in part (but if in part only, in respect of a Board Lot or an integral multiple thereof), at any time during the Option Period:

- (i) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised, in which case each notice exercising an Option must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, and within 28 days after receipt of the notice and remittance and, where appropriate, receipt of the auditors' confirmation or the independent financial adviser's confirmation, the Company shall allot, and shall instruct the share registrar of the Company to issue, the relevant Shares to the Grantee (or his legal personal representative(s), if applicable) credited as fully paid and, if requested, issue to the Grantee (or his legal personal representative(s), if applicable) a share certificate in respect of the Shares so allotted; or
- (ii) by such other method as may be determined by the Company or the Board and notified to the Grantee from time to time, and in case of an exercise by such other method in the manner that the Company receives the full amount of the aggregate Subscription Price for the Shares with respect to the exercise of Option, the Company shall allot the relevant Shares to the Grantee

(or his legal personal representative(s), if applicable) and issue share certificate in respect of the Shares so allotted in such manner as may be directed by the Grantee (or his legal personal representative(s), if applicable) or otherwise notified to the Company and/or the Board.

12. RIGHTS OF EXERCISE FOR OPTION HOLDERS

Unless otherwise determined by the Board in its absolute discretion and specified in the grant letter, there is no minimum period for which an Option must be held before it can be exercised and no performance target needs to be achieved by the Grantee before the Options can be exercised. The Directors believe that these provisions, as well as such other terms as may be determined by the Board, will serve to protect the value of the Company as well as to achieve the purpose of the New Share Option Scheme.

(i) Rights on cessation of employment due to reasons other than death, dismissal, incapacity, illness, mutual agreement or expiration

Where a Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the Company or any of its subsidiaries for any reason, other than (i) the Grantee's death, (ii) the termination of the Grantee's employment, office, agency, consultancy or representation on one or more of the grounds specified in paragraph 15(v) below, or (iii) cessation of his employment, office, agency, consultancy or representation on one or more of the grounds specified in paragraph 12(ii) below, then, if the Option Period has not at the date of such cessation commenced, the Option shall lapse, and if the Option Period has commenced, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 3 months (or such other period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment, office, agency, consultancy or representation with the Company or the relevant subsidiary whether payment in lieu of notice is made or not (if applicable); provided that if subsequently the Grantee breaches his non-competition or confidentiality restrictions or any other undertakings in favour of the Company or the relevant subsidiary under his service contract, terms of office, or agency, consultancy, or representation agreement, grant letter of Options or arrangement with the Company or the relevant subsidiary, unless determined otherwise by the Board, then such Options shall lapse automatically (to the extent not already exercised) on the date of such breaches.

(ii) Rights on cessation of employment due to incapacity, illness, termination through mutual agreement or expiration

Where a Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the Company or any of its subsidiaries for his permanent incapacity, illness or by termination of his employment, office, agency, consultancy or representation through mutual agreement between the Company and/or any of its subsidiaries and the Grantee, termination of the employment, office, agency, consultancy or representation by the Company or any of its subsidiaries (other than termination on one or more of the grounds specified in paragraph 15(v) below) or upon expiration of the term of the relevant employment contract, office, agency, consultancy or representation, then, if the Option Period has not

at the date of such cessation commenced, the Option shall lapse, and if the Option Period has commenced, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 6 months (or such other period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment, office, agency, consultancy or representation with the Company or the relevant subsidiary whether payment in lieu of notice is made or not (if applicable); provided that if subsequently the Grantee breaches his non-competition or confidentiality restrictions or any other undertakings in favour of the Company or the relevant subsidiary under his service contract, terms of office, or agency, consultancy, or representation agreement, grant letter of Options or arrangement with the Company or the relevant subsidiary, unless determined otherwise by the Board, then such Options shall lapse automatically (to the extent not already exercised) on the date of such breaches.

(iii) Rights on death

In the event of the Grantee ceasing to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the Company or any of its subsidiaries by reason of death and none of the events which would be a ground for termination of the Grantee's employment, office, agency, consultancy or representation specified in paragraph 15(v) below has occurred, then the legal personal representative(s) of the Grantee shall be entitled until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 6 months from the date of cessation (or such other period as the Board may determine) to exercise the Option (to the extent not already exercised) in full or to the extent specified in the notice to exercise such Option, provided that if the Option Period has not at the date of such cessation commenced, the Option shall lapse.

(iv) Rights on a general offer

If a general offer to acquire shares (whether by takeover offer, merger, privatization proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s), if applicable) shall be entitled to exercise the Option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of 21 days after the date on which the offer becomes or is declared unconditional, after which the Options will lapse.

(v) Rights on compromise, arrangement, reconstruction or amalgamation

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than a general offer contemplated in paragraphs 12(iv) above), the Company shall give notice thereof to all Grantees on the same date as it despatches the notice to each Shareholder or creditor of the Company summoning the meeting to

consider such a compromise or arrangement, and thereupon each Grantee (or his legal personal representative(s), if applicable) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of (a) the date two months thereafter and (b) the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his Options (to the extent which has become exercisable and not already been exercised) whether in full or in part, provided that the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Company may thereafter require the Grantee (or his legal personal representative(s), if applicable), to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(vi) Rights on winding up

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to convene the Shareholders' meeting, give notice thereof to all Grantees and thereupon each Grantee (or his legal personal representative(s), if applicable) shall be entitled to exercise all or any of his Options at any time not later than two Business Days prior to the proposed Shareholders' meeting by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

13. RANKING OF SHARES ISSUED UPON EXERCISE OF OPTIONS

A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, the Shares allotted and issued upon the exercise of an Option will rank *pari passu* with the fully paid Shares in issue on the date of allotment or, if the date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment, other than dividend or other distribution previously declared or recommended or resolved to be paid or made to Shareholders by reference to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

14. ALTERATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division, or reduction of share capital of the Company, corresponding alterations (if any) shall be made in:

- (i) the number of Shares subject to the New Share Option Scheme;
- (ii) the number of Shares subject to outstanding Options;
- (iii) the Subscription Price in relation to each outstanding Option; and/or
- (iv) the method of exercise of the Options,

as the auditors or the independent financial adviser of the Company shall confirm to the Board in writing that in their opinion the adjustments proposed satisfy the requirements set out in the Note to Rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time may deem appropriate provided always that:

- (a) any adjustments should give a Grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled prior to such adjustments; and
- (b) no adjustments shall be made which will enable a Share to be issued at less than its nominal value.

The capacity and role of the auditors or the independent financial adviser under this paragraph 14 is that of experts and not of arbitrators and their confirmation shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

Notwithstanding the foregoing, an alteration in the capital structure of the Company resulting from an issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such adjustments.

15. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraph 12(i), (ii), (iii) or (iv) above;
- (iii) subject to paragraph 12(vi) above, the earliest of the close of business on the fifth Business Day prior to the general meeting referred to in paragraph 12(v) above or the date of commencement of the winding-up of the Company;

- (iv) save as otherwise provided in paragraph 12(v) or by the Court in relation to the compromise or arrangement in question, upon the sanctioning pursuant to the Companies Law by the Grand Court of the Cayman Islands of such compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (v) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of the Company or any of its subsidiaries by reason of the termination of his employment, office, agency, consultancy or representation on any one or more of the grounds that he:
 - (a) has been guilty of misconduct;
 - (b) had committed an act of bankruptcy or had become insolvent;
 - (c) had made any arrangement or composition with his creditors generally;
 - (d) has been convicted of any criminal offence involving his integrity or honesty; or
 - (e) if so determined by the Board, on any other ground on which an employer or principal would be entitled to terminate his employment, office, agency, consultancy or representation at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, agency, consultancy or representation agreement or arrangement with the Company or the relevant subsidiary, and a resolution of the Board or the board of the relevant subsidiary that the employment, office, agency, consultancy or representation of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 15(v) or that one or more of the grounds specified in this paragraph 15(v) has arisen in respect of the employment, office, agency, consultancy or representation of a Grantee shall be conclusive and binding on the Grantee and, where appropriate, the Grantee's legal personal representative(s); or
- (vi) where the Grantee commits a breach under paragraph 10, the date on which the Board shall exercise the Company's right to cancel the Option.

16. ALTERATION OF THE NEW SHARE OPTION SCHEME

The Board may from time to time alter the rules of the New Share Option Scheme in any respect by resolution of the Board, provided that, except with the prior approval of the Shareholders in general meeting, no alterations shall be made to any of the rules relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the New Participants. Nevertheless, any alteration approved by the Shareholders in general meeting shall not operate to affect adversely the terms of issue of any Option granted to any New Participant for acceptance prior to such alteration, except: (1) in the case of the cancellation of any Option, with the consent of the Grantee concerned; (2) in the case of an alteration affecting some but not all outstanding Options, with the written consent or sanction of such number of Grantees as shall together hold Options of the class affected in respect of not less than three fourths in nominal value of all Shares then the

subject of such Options; (3) in the case of an alteration affecting all Options, with the written consent or sanction of such number of Grantees as shall together hold Options in respect of not less than three fourths in nominal value of all Shares then the subject of such Options.

Any alteration to the terms and conditions of the New Share Option Scheme, which is of a material nature or any change to the terms of any Options granted must first be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme.

Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

Any term of the New Share Option Scheme as altered must comply with Chapter 17 of the Listing Rules.

17. CANCELLATION OF OPTIONS

The Board may in its absolute discretion cancel any Options previously granted to, but not yet exercised by, a Grantee on such terms as may be agreed with such Grantee, in a manner that complies with all applicable legal requirements for such cancellation. Where the Company cancels any Options granted but not exercised and grants new Options, such grant of new Options may only be made under the New Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within the Original Limit, the Previous Refreshed Limit or New Refreshed Limit approved by the Shareholders as mentioned in paragraph 6 above.

18. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by ordinary resolution in general meeting or at a meeting of the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be granted but in all other respects the provisions of the New Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

19. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will be subject to the administration of the Board whose decision (save as otherwise provided in the New Share Option Scheme) shall be final and binding on all parties. The Board shall have the power from time to time to make or vary regulations for the administration and operation of the New Share Option Scheme, provided that the same are not inconsistent with the provisions of the New Share Option Scheme.

20. CONDITIONS

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing by the Shareholders of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of the Options under the New Share Option Scheme.

**LI NING COMPANY LIMITED****李寧有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of Li Ning Company Limited (the “Company”) will be held at Shanghai Room I-II, Level 8, Langham Place Hotel Hong Kong, 555 Shanghai Street, Mongkok, Kowloon, Hong Kong on Friday, 30 May 2014 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the reports of the directors and the auditor of the Company for the year ended 31 December 2013.
- 2(i). (a) To re-elect Mr. Zhang Zhi Yong as an executive director of the Company (“**Director**”);
(b) To re-elect Mr. Chen Yue, Scott as a non-executive Director; and
(c) To re-elect Ms. Wang Ya Fei as an independent non-executive Director.
- 2(ii). To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
3. To re-appoint Messrs. PricewaterhouseCoopers, Certified Public Accountants, as the auditor of the Company and to authorise the Board to fix their remuneration.
4. “**THAT:**
 - (a) subject to paragraph (c) below, a general mandate be and is hereby unconditionally granted to Directors to exercise during the Relevant Period (as defined in paragraph (d) below) all the powers of the Company to allot, issue and deal with additional shares in the Company and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers after the end of the Relevant Period (as defined in paragraph (d) below);
 - (c) the aggregate nominal value of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) any option scheme or similar arrangement for the time being adopted by the Company for the purpose of granting or

issuing shares or rights to acquire shares of the Company to the directors, employees, officers, agents, consultants or representatives of the Company and/or any of its subsidiaries; or (iii) any scrip dividend or similar arrangement pursuant to the Articles of Association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said mandate shall be limited accordingly;

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company’s Articles of Association or any applicable law to be held; and
- (iii) the date on which authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares or issue of options, warrants, or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or having regard to any restrictions or obligations under the laws of, or the requirements of or any recognized regulatory body or any stock exchange in, any territory outside Hong Kong.”

5. **“THAT:**

- (a) a general mandate be and is hereby unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined in paragraph (b) below) all the powers of the Company to repurchase or otherwise acquire shares of HK\$0.10 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of shares so repurchased or otherwise acquired shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution;

- (b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company’s Articles of Association or any applicable law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
6. “**THAT**, conditional upon the passing of the resolutions No. 4 and No. 5 of the notice convening this meeting, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to the resolution set out in paragraph 4 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares of the Company purchased or otherwise acquired by the Company pursuant to the authority granted to the Directors of the Company under the resolution No. 5 above of the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”
7. “**THAT**:
- (a) subject to and conditional upon The Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares of the Company (not exceeding 10% of the Company’s issued share capital on the date of this resolution) which may fall to be issued upon the exercise of the options to be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to this meeting and signed by the Chairman of this meeting for identification purposes, the New Share Option Scheme be and is hereby approved and adopted and the Directors of the Company be and are hereby authorized to grant options and to allot, issue and deal with the shares which fall to be issued pursuant to the exercise of any option granted under the New Share Option Scheme and to take all such steps as may be necessary or expedient in order to give full effect to the New Share Option Scheme; and
 - (b) the existing share option scheme adopted by the Company pursuant to an ordinary resolution passed by the Shareholders of the Company on 5 June 2004 (as amended on 15 May 2009 and 11 October 2012) (the “**Existing Share Option Scheme**”) be and is hereby terminated with effect from the date on which the New Share Option Scheme shall become unconditional and effective, and shall cease to have any effect except that the Existing Share Option Scheme will remain in full force and effect to the extent

necessary to give effect to the exercise of any option granted under the Existing Share Option Scheme prior to its termination, or otherwise to the extent as may be required in accordance with the rules of the Existing Share Option Scheme.”

By order of the Board
Li Ning Company Limited
Li Ning
Executive Chairman

Hong Kong, 10 April 2014

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the AGM (or at any adjournment thereof) is despatched together with this notice of meeting. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the offices of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude members from attending and voting at the AGM or any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjournment thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If typhoon signal no. 8 or above remains hoisted or a black rainstorm warning signal is in force at 8:00 a.m. at the date of the AGM, the AGM will be postponed.

Members are requested to visit the website of the Company at <http://www.lining.com> for details of alternative meeting arrangements.

The AGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

Members who have any queries concerning the alternative meeting arrangements, please call the Company at (852) 3541 6000 during business hours from 9:00 a.m. to 5:00 p.m. on Mondays to Fridays, excluding public holidays.

Members should make their own decision as to whether they would attend the AGM under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

6. As at the date hereof, the executive directors of the Company are Mr. Li Ning, Mr. Jin-Goon Kim and Mr. Zhang Zhi Yong. The non-executive director is Mr. Chen Yue, Scott. The independent non-executive directors are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Mr. Chan Chung Bun, Bunny and Mr. Su Jing Shyh, Samuel.