

For immediate release



LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

Li Ning Company Proposed Sale of 10% Equity Interest in Double Happiness

Unlocking the value of the Double Happiness brand

Providing further investment in core “LI-NING” portfolio

- *The Company agreed to sell 10% of the equity interest in Double Happiness to Viva China for a cash consideration of approximately RMB125 million, which increases Li Ning’s net cash position by 25% relative to the reported interim net cash position.*
- *It is expecting a disposal net gain in excess of approximately RMB200 million based on management’s preliminary estimates, subject to the finalisation of the audit.*
- *The net proceeds will be mainly used for investment in product development of the five core sports categories under “LI-NING” brand and further expansion of the Company’s distribution channels, and general corporate purposes.*
- *The transaction increases transparency for investors with respect to Li Ning’s core business through the deconsolidation of Double Happiness. It will also allow the management of “LI-NING” and Double Happiness brands to better focus on their respective businesses.*

[25] October, 2015 – Hong Kong – **Li Ning Company Limited** (“Li Ning” or the “Company”; HKEx stock code: 2331), one of the leading sports brand companies in China, today announced that the Company has agreed to sell 10% equity interest in Shanghai Double Happiness Company Limited (“Double Happiness”) for a cash consideration of approximately RMB125 million by entering into the Share Transfer Agreement (“the Disposal” or “agreement”) with Viva China Group (“Viva China”) through their respective wholly-owned subsidiaries.

Upon completion of the transaction, the Company remains the largest shareholder of Double Happiness with 47.5% equity interest, while Viva China through its subsidiary will indirectly hold 10% of equity interest in Double Happiness.

Through this transaction, the Company can realize a number of key benefits. Li Ning will receive a cash proceeds of approximately RMB125 million, which increases the Company’s net cash position by about 25% relative to its reported interim net cash position as of 30 June 2015. This will allow Li Ning to put additional investment into product development of the five core sports categories, further expansion of the Company’s distribution channels, as well as for general corporate purposes.

In addition, the transaction will crystallise an after-tax net gain in excess of RMB200 million, in part from the revaluation of the Company's remaining 47.5% stake in Double Happiness, which clearly increases the Company's shareholder equity and lower its leverage ratio, thus providing more debt capacity for future expansion or acquisitions.

Furthermore, after the completion of the transaction, Double Happiness will be deconsolidated from Li Ning, which would be accounted for using the equity accounting method going forward, thus increases transparency for investors with respect to the core LI-NING branded business. It also allows the management of "LI-NING" and Double Happiness brands to better focus on their respective businesses.

Mr. Terence Tsang, Chief Financial Officer of Li Ning, said, "Double Happiness is one of the top performing brands for the Company. This transaction will help unlock its embedded value and provide it with flexibility to develop its strategy. At the same time, Li Ning's improved cash position will boost our liquidity further so that we are better positioned to capture any upcoming business opportunities in terms of product development and distribution channel expansion."

According to the Listing Rules, the transaction is subject to independent shareholders' approval at an extraordinary general meeting of the Company, Viva China and its associates will be required to abstain from voting in respect of the resolution approving the transaction. An independent financial adviser will be appointed in due course to advise the Independent Board Committee and the Independent Shareholders in this regard.

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About Li Ning Company Limited

Li Ning Company Limited is one of the leading sports brand companies in China, mainly providing sporting goods including footwear, apparel, equipment and accessories for professional and leisure purposes primarily under the LI-NING brand. Headquartered in Beijing, the Group has brand marketing, research and development, design, manufacturing, distribution and retail capabilities. It has established an extensive supply chain management system and a retail distribution network in China, predominantly through outsourced manufacturing operations and franchised distribution.

In addition to its core LI-NING brand, the Group also manufactures, develops, markets, distributes and/or sells sports products under several other brands, including Double Happiness (table tennis), Kason (badminton), AIGLE (outdoor sports), and Lotto (sports fashion) which are either self-owned, licensed or operated through joint ventures.

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