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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)

CONTINUING CONNECTED TRANSACTION SETTING OF ANNUAL CAPS

Under the RS Scheme, the Company may make payments to the Trustee of the Referable Amount to purchase the Shares from the open market.

The aggregate interest of the Company's connected persons under the RS Scheme is approximately 44.21% as at the date of this announcement. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company. Therefore, the Company's payments to the Trustee of the Referable Amount to purchase Shares under the RS Scheme constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Board has resolved to adopt the Number Annual Cap of 9,000,000 Shares and the Referable Amount Annual Cap of HK\$900,000,000 for the Restricted Grant Period. As the applicable percentage ratios set out in the Listing Rules in respect of such Annual Caps for the continuing connected transactions under the RS Scheme are all less than 5%, the transactions are subject to the reporting, announcement and annual review requirements and are exempt from approval by the independent Shareholders under the Listing Rules.

Reference is made to (i) the announcement of the Company dated 14 July 2016 in relation to, among others, the RS Scheme; (ii) the announcement of the Company dated 19 September 2019 (the "**2019 Announcement**") in relation to, among others, the award of Restricted Shares; (iii) the announcement of the Company dated 23 December 2020 in relation to, among others, the setting of 2021 Approved Caps; and (iv) the announcement of the Company dated 14 December 2021 in relation to, among others, the setting of 2022 Approved Caps.

SETTING OF ANNUAL CAPS

As disclosed in the 2019 Announcement, as the Trustee (in its capacity as trustee of the Trust) has become an associate of connected persons of the Company on 19 September 2019, the Company's payments to the Trustee of the Referable Amount to purchase Shares from the open market pursuant to the RS Scheme Rules and the transactions contemplated thereunder (the "**Relevant Transactions**") constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Company may make payments to the Trustee for purchase of Shares in 2023 to satisfy vesting of Restricted Shares under the RS Scheme, the Board has resolved to adopt the Annual Caps for the payment of the Referable Amount and the purchase of Shares for the Restricted Grant Period. Save for the setting of Annual Caps, all the other terms of the RS Scheme as disclosed in the Company's announcement dated 14 July 2016 shall remain unchanged and continue to be in effect.

Restricted Grant Period

The effective period of the Annual Caps which commences on 1 January 2023 and shall continue in force until 31 December 2023.

During the period from 1 January 2023 to 31 May 2023, the Company has not made any payments to the Trustee of the Referable Amount to purchase Shares.

Annual Caps

The Relevant Transactions in the Restricted Grant Period are subject to the Referable Amount Annual Cap and the Number Annual Cap (whichever is smaller in terms of value) for the Restricted Grant Period as set out below:

	Restricted Grant Period
Number Annual Cap (Shares)	9,000,000
Referable Amount Annual Cap (HK\$)	900,000,000

The Annual Caps are determined with reference to (i) the total number and the market value (calculated on the basis of closing price of respective grant dates) of Restricted Shares granted pursuant to the RS Scheme in the past three years; (ii) the maximum limit of Restricted Shares set out in the RS Scheme Rules; (iii) the performance of the stock price of the Shares; (iv) the anticipated number and value of Restricted Shares to be granted during the Restricted Grant Period as estimated by the Administration Committee; and (v) the anticipated number and value of Shares to be purchased under the RS Scheme during the Restricted Grant Period.

Operation of the RS Scheme

Subject to the Annual Caps and the RS Scheme Rules, the Administration Committee may from time to time at its absolute discretion determine the number of Shares to be purchased under the RS Scheme and shall cause to be paid to the Trustee the Referable Amount from the Company's resources. The Shares so purchased are intended to be used to satisfy vesting of Restricted Shares granted to Selected Participants under the RS Scheme.

Notwithstanding the setting of Annual Caps, where any grant of Restricted Shares is proposed to be made to any Selected Participant who is a Director (including an INED) or a member of the Administration Committee, such grant must first be approved by all the INEDs (excluding INED who is the proposed Selected Participant of such grant).

HISTORICAL FIGURES

For the three financial years ended 31 December 2022, the relevant annual caps, the aggregate numbers of Shares purchased under the RS Scheme and the total Referable Amounts paid by the Company to the Trustee pursuant to the RS Scheme were as follows:

	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
Approved Caps (Shares)	–	3,000,000	9,000,000
Aggregate number of Shares purchased under the RS Scheme (Shares) ^{Note}	0	0	3,600,000
Approved Caps (HK\$)	–	90,000,000	815,580,000
Total Referable Amount paid to the Trustee (HK\$) ^{Note}	0	0	177,950,825

Note: The aggregate number of Shares purchased under the RS Scheme for each year may be different from the aggregate number of Restricted Shares granted for the relevant year. If the reserve of Restricted Shares in the RS Scheme was sufficient for vesting purpose in such year, the Company did not pay any Referable Amount to the Trustee for purchasing Shares from the open market.

REASONS FOR AND BENEFITS OF THE SETTING OF ANNUAL CAPS

The RS Scheme is an employees' share scheme established for Selected Participants. Its purposes are to encourage and retain Selected Participants (including the Directors) and to provide incentive for them to attain performance goals with a view to achieving the objectives of increasing the value of the Company and aligning the interests of Selected Participants directly to the Shareholders through ownership of Shares.

As disclosed in the 2019 Announcement, the aggregate interest of the Company's connected persons under the RS Scheme was approximately 57.05% following the grant of the Restricted Shares on 19 September 2019. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) has become an associate of connected persons of the Company, and the Relevant Transactions shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Administration Committee may from time to time pay the Referable Amount to the Trustee for the purchase of Shares under the RS Scheme, the Relevant Transactions contemplated under such payments of the Referable Amount constitute continuing connected transactions and the Company is required to comply with Chapter 14A of the Listing Rules for each payment of the Referable Amount. The setting of the Annual Caps provides a single basis on which the Company complies with the reporting and announcement requirements in compliance with the Listing Rules and thereby reduce the administrative burden and costs on the Company in relation to the payments of the Referable Amount during the Restricted Grant Period.

The Directors (including the INEDs) are of the view that the Referable Amount Annual Cap and the Number Annual Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The aggregate interest of the Company's connected persons under the RS Scheme is approximately 44.21% as at the date of this announcement. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company. Therefore, the Relevant Transactions contemplated under the RS Scheme constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios set out in the Listing Rules in respect of the Annual Caps for the continuing connected transactions under the RS Scheme are all less than 5%, the transactions are subject to the reporting, announcement and annual review requirements and are exempt from approval by the independent Shareholders under the Listing Rules.

The Company will comply with the relevant requirements under Chapters 14A and 17 of the Listing Rules and make further announcement(s) (where applicable) if any additional disclosure requirements relating to the RS Scheme emerges in the future.

GENERAL

The Company

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

The Trustee

The Trust is a trust established for implementing the RS Scheme. The Trustee is a professional body providing trustee services in respect of the RS Scheme. As the aggregate of the Company's connected persons' interest under the RS Scheme is approximately 44.21% as at the date of this announcement. The Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company.

DEFINITIONS

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

“2021 Approved Caps”	annual caps for the number of Shares purchased, and the payment to the Trustee of the Referable Amount, under the RS Scheme for the period commencing from 1 January 2021 to 31 December 2021
“2022 Approved Caps”	annual caps for the number of Shares purchased, and the payment to the Trustee of the Referable Amount, under the RS Scheme for the period commencing from 1 January 2022 to 31 December 2022
“Administration Committee”	the remuneration committee of the Board and senior management of the Company including the Chief Executive Officer, the Chief Financial Officer and the Head of Human Resources of the Company, delegated with the power and authority by the Board to administer the RS Scheme
“Annual Caps”	collectively the Referable Amount Annual Cap and the Number Annual Cap
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong Dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC

“INED(s)”	independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Number Annual Cap”	9,000,000 Shares, being the maximum number of Shares to be purchased under the RS Scheme for the Restricted Grant Period
“PRC”	the People’s Republic of China
“Referable Amount”	the total amount of purchase price and related expenses to be paid by the Company to the Trustee to purchase Shares traded on the Stock Exchange pursuant to the RS Scheme Rules
“Referable Amount Annual Cap”	HK\$900,000,000, being the maximum amount of Referable Amount to be paid by the Company to the Trustee during the Restricted Grant Period
“Restricted Grant Period”	the effective period of the Annual Caps, being from 1 January 2023 to 31 December 2023
“Restricted Shares”	Shares granted under the RS Scheme which are subject to restrictions and limitations under the RS Scheme Rules
“RS Scheme”	the restricted share award scheme adopted by the Company on 14 July 2016
“RS Scheme Rules”	the rules of the RS Scheme adopted by the Board
“Selected Participant(s)”	any individual being a director (including executive and non-executive directors), employee, officer, agent or consultant of the Company or any subsidiary who is selected by the Administration Committee in accordance with the RS Scheme Rules and entitled to receive a grant of Restricted Shares under the RS Scheme
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the Li Ning Company Limited Restricted Share Award Scheme Trust, from which the Restricted Shares may be granted to a Selected Participant pursuant to the RS Scheme

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

“%” per cent

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

Hong Kong, 1 June 2023

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