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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)

TRANSACTION VALUE EXPECTED TO EXCEED 2004 ANNUAL CAP – CONNECTED TRANSACTIONS WITH DONG GAN JIU LIU

Summary

The total value of the sales of the KAPPA branded products by a subsidiary of the Company to Dong Gan Jiu Liu, a connected person of the Company, for the year ending 31 December 2004 is expected to exceed the estimated annual cap of RMB14 million for the purpose of the connected transaction waiver granted by the Stock Exchange. The revised estimated sales value for 2004 is RMB20 million. The Company makes this announcement pursuant to the requirements Rule 14A.34 of the Listing Rules.

The estimated sales to Dong Gan Jiu Liu for the year ending 31 December 2005 may or may not exceed the estimated annual cap of RMB22 million. If the annual caps for the next two years ending 31 December 2006 will be exceeded, appropriate disclosure will be made in accordance with the Listing Rules.

The board of directors (the “**Directors**”, and the “**Board**”) of Li Ning Company Limited (the “**Company**”) wishes to announce that the estimated annual sales of the KAPPA branded products by Beijing Dong Xiang Sports Development Co., Ltd (“**Beijing Dong Xiang**”) to Beijing Dong Gan Jiu Liu Sporting Goods Co., Ltd. (“**Dong Gan Jiu Liu**”) for the year ending 31 December 2004 are expected to be around RMB20 million (the “**Revised Sales Estimate**”), which will exceed the annual cap of RMB14 million for the year 2004 for the purpose of the connected transaction waiver granted by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Revised Sales Estimate is expected to be less than 2.5% of the applicable percentage ratios under Rule 14A.34 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) for the year ending 31 December 2004.

Dong Gan Jiu Liu is a limited company established in the People’s Republic of China (“**PRC**”), which is owned as to 70% by Mr. Chen Yi Liang (a brother of Mr. Chen Yi Hong, an executive Director) and as to 30% by a company beneficially owned by the family members of Mr. Chen Yi Hong. Dong Gan Jiu Liu is an associate of Mr. Chen Yi Hong and, hence, a connected person of the Company for the purpose of the Listing Rules.

Dong Gan Jiu Liu is a non-exclusive distributor of the KAPPA branded products in the PRC. Beijing Dong Xiang is an indirect subsidiary owned as to 80% by the Company and is the exclusive licensee of the KAPPA brand in the PRC and Macau.

For the purpose of the connected transaction waiver granted by the Stock Exchange, the particulars of which are disclosed in the prospectus of the company dated 15 June 2004, the annual cap of the sales by Beijing Dong Xiang to Dong Gan Jiu Liu of the KAPPA branded products for each of the three years ending 31 December 2006 is RMB14 million, RMB22 million and RMB35 million, respectively. The revised estimated sales of RMB20 million for the year ending 31 December 2004 therefore exceed the annual cap of RMB14 million for the year ending 31 December 2004. As disclosed in the interim report of the Company for the six months ended 30 June 2004, the unaudited value of sales of the KAPPA branded products by Beijing Dong Xiang to Dong Gan Jiu Liu reached RMB4.98 million. Subsequent to the first six months' period of 2004, the fast growing PRC sportswear market and the higher than expected growth in the sales of the KAPPA branded products in the PRC have contributed to the increased sales to Dong Gan Jiu Liu in the second half of the year. According to the management accounts of the Company, the relevant unaudited value of sales of the KAPPA branded products for the ten months ended 31 October 2004 is approximately RMB13.1 million. The Company therefore makes this announcement on the revised annual cap of the transactions with Dong Gan Jiu Liu in accordance with the requirements of the Listing Rules.

The estimated sales to Dong Gan Jiu Liu for the year ending 31 December 2005 may or may not exceed the estimated annual cap of RMB22 million. If the annual caps for the next two years ending 31 December 2006 will be exceeded, appropriate disclosure will be made in accordance with the Listing Rules.

The Group (the Company and its subsidiaries) is one of the leading sports brand enterprises in the PRC. The Group has its own branding, product design, research, supply chain management, marketing, distribution and retail capabilities.

Dong Gan Jiu Liu is principally engaged in the distribution of sporting goods and is a distributor of a number of other sports brands product in the PRC.

As at the date hereof, the Executive Directors are Mr. LI Ning, Mr. ZHANG Zhi Yong, Mr. TAN Wee Seng and Mr. CHEN Yi Hong. The Non-executive Directors are Mr. LIM Meng Ann, Mr. Stuart SCHONBERGER and Mr. FONG Ching, Eddy. The Independent Non-executive Directors are Mr. KOO Fook Sun, Louis, Ms. WANG Ya Fei, and Mr. CHAN Chung Bun, Bunny.

By Order of the Board
Li Ning Company Limited
Li Ning
Executive Director & Chairman of the Board

Beijing, the People's Republic of China
2 December 2004

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.