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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 OPEN OFFER OF OFFER SECURITIES ON THE BASIS OF
5 OFFER SECURITIES FOR EVERY 12 EXISTING SHARES
HELD ON THE RECORD DATE
AND
(2) RESUMPTION OF TRADING**

Underwriters

Viva China, TPG, Milestone and Mr. Lo

Financial adviser to the Company



1. PROPOSED OPEN OFFER

The Company proposes to raise not less than approximately HK\$1,517.69 million in the Minimum Scenario but not more than approximately HK\$1,694.93 million in the Maximum Scenario, before expenses, by way of an open offer to Qualifying Shareholders of Offer Securities, on the basis of 5 Offer Securities for every 12 existing Ordinary Shares held by the Qualifying Shareholders on the Record Date. Each Qualifying Shareholder is entitled to subscribe for the new Ordinary Shares or apply for the Convertible Securities in lieu of all or part of its/his/her entitlement to the new Ordinary Shares, or a combination of both, under the Open Offer. The Offer Securities will be offered at the Subscription Price of HK\$2.60 each, payable in full on acceptance. Any Offer Securities (i) not taken up by the Qualifying Shareholders in accordance with their proportional allocations; (ii) to which the Excluded Shareholders would otherwise have been entitled; or (iii) created by aggregation of fractional Offer Securities, will be made available for excess applications by the Qualifying Shareholders.

The Open Offer will only be available to the Qualifying Shareholders.

The estimated net proceeds of the Open Offer will be in the range from approximately HK\$1,479.19 million to HK\$1,656.43 million which are equivalent to the net price ranging from approximately HK\$2.53 to HK\$2.54 per Offer Security. The Company intends to apply such net proceeds as set out in the section headed “Reasons for the Open Offer and Use of Proceeds” in this announcement below.

Each of Viva China, TPG and Milestone has given their respective Irrevocable Undertakings to the Company and other Underwriters and each of the GIC Investor, Milestone Sports, Mr. Li and Alpha Talent has given their respective Irrevocable Undertakings to the Company and the Underwriters that, among others, (i) each of them shall procure that all the Ordinary Shares currently held by it/him will remain beneficially owned by it/him and will remain beneficially owned by it/him between the date of the respective Irrevocable Undertakings and up to the close of business on the Record Date as they are as at the date of the respective Irrevocable Undertakings; and (ii) each of them shall subscribe for its/his full entitlement of the Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents. In addition, (i) neither TPG nor the GIC Investor will transfer any of their respective Convertible Bonds or exercise their respective conversion rights thereunder; and (ii) TPG will not transfer any of the TPG Convertible Securities or exercise any conversion rights thereunder, on or before the Record Date, without the written consent from the Company.

On 16 December 2014, the Company entered into the Underwriting Agreements, on principally the same terms, with each of Viva China, TPG, Milestone and Mr. Lo. Each of Viva China, TPG, Milestone and Mr. Lo will underwrite the Underwritten Offer Securities in accordance with the terms of their respective Underwriting Agreements.

Save for the Excluded Securities undertaken to be subscribed for by Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent, the Open Offer is fully underwritten by the Underwriters on the basis that (i) save for the Excluded Securities, the Underwriters have conditionally agreed to subscribe for all of the remaining Offer Securities to be issued under the Open Offer in accordance with the respective Underwriting Agreements; (ii) the Company has undertaken not to issue any new Shares or any warrants, options, derivatives or securities convertible into Shares (save and except for issue of new Shares (i) as a result of the exercise of the 2004 Share Options or the conversion of the other existing convertible securities issued by the Company to the extent not inconsistent with the Irrevocable Undertakings and the Director's Irrevocable Undertakings; and (ii) in accordance with its obligations under the Open Offer) before the completion of the Open Offer in the Underwriting Agreements; (iii) the Company has obtained the Irrevocable Undertakings from each of the GIC Investor and TPG not to exercise the conversion rights attaching to the respective Convertible Bonds, and from TPG not to exercise the conversion rights attaching to the TPG Convertible Securities; and (iv) the Company has obtained an irrevocable undertaking from each of the Directors not to exercise the 2004 Share Options held by each of them. The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out below under the sub-section headed "Conditions of the Open Offer and the Underwriting Agreements".

Application will be made for the listing of, and permission to deal in, the new Ordinary Shares to be issued under the Open Offer and the Conversion Shares on the Stock Exchange. However, no application will be made for the listing of, or permission to deal in, the Convertible Securities on the Stock Exchange or any other stock exchange.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

The existing Ordinary Shares will be dealt in on an ex-entitlement basis from Friday, 2 January 2015 based on the expected timetable. The Open Offer is conditional upon (i) the fulfillment of the conditions set out under the sub-section headed "Conditions of the Open Offer and the Underwriting Agreements" below; and (ii) the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein, as described below. Accordingly, the Open Offer may or may not proceed.

Any Shareholders or other persons dealing in existing Shares up to the date on which the Open Offer becomes unconditional will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers.

2. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 2:20 p.m. on 12 December 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 17 December 2014.

PROPOSED OPEN OFFER

The Company proposes to raise not less than approximately HK\$1,517.69 million in the Minimum Scenario but not more than approximately HK\$1,694.93 million in the Maximum Scenario, before expenses, by way of an open offer to the Qualifying Shareholders of the Offer Securities, on the basis of 5 Offer Securities for every 12 existing Ordinary Shares held by the Qualifying Shareholders on the Record Date. Each Qualifying Shareholder is entitled to subscribe for the new Ordinary Shares or apply for Convertible Securities in lieu of all or part of its entitlement to new Ordinary Shares, or a combination of both, under the Open Offer. The Offer Securities will be offered at the subscription price of HK\$2.60 each, payable in full on acceptance. Save for the Excluded Securities undertaken to be subscribed for by Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent pursuant to their respective Irrevocable Undertakings, the Open Offer is fully underwritten by the Underwriters on the basis that (i) save for the Excluded Securities, the Underwriters have conditionally agreed to subscribe for all of the remaining Offer Securities to be issued under the Open Offer in accordance with the respective Underwriting Agreements; (ii) the Company has undertaken not to issue any new Shares or any warrants, options, derivatives or securities convertible into Shares (save and except for issue of new Shares (i) as a result of the exercise of the 2004 Share Options or the conversion of the other existing convertible securities issued by the Company to the extent not inconsistent with the Irrevocable Undertakings and the Director's Irrevocable Undertakings; and (ii) in accordance with its obligations under the Open Offer) before the completion of the Open Offer in the Underwriting Agreements; (iii) the Company has obtained the Irrevocable Undertakings from each of the GIC Investor and TPG not to exercise the conversion rights attaching to the respective Convertible Bonds, and from TPG not to exercise the conversion rights attaching to the TPG Convertible Securities; and (iv) the Company has obtained an irrevocable undertaking from each of the Directors not to exercise the 2004 Share Options held by each of them. The ordinary courses of business of Viva China, TPG and Milestone do not include the underwriting of securities. The details of the Open Offer are set out below:

Issue statistics

Basis of the Open Offer: 5 Offer Securities for every 12 existing Ordinary Shares held on the Record Date with each Qualifying Shareholder being entitled to subscribe for new Ordinary Shares or apply for the Convertible Securities in lieu of all or part of its entitlement to such new Ordinary Shares, or a combination of both

For clarity, each Convertible Security can be converted into one Conversion Share at the initial Conversion Price (subject to adjustments) which equals to the face value of such Convertible Security

Subscription Price:	HK\$2.60 per Offer Security
Number of Ordinary Shares in issue as at the date of this announcement:	1,400,947,761 Ordinary Shares
Maximum number of Ordinary Shares in issue on the Record Date (<i>Note 2</i>):	1,564,554,619 Ordinary Shares
Minimum number of Offer Securities to be issued (<i>Note 1</i>):	583,728,230 Offer Securities, representing approximately 41.67% of the issued share capital of the Company as at the date of this announcement and approximately 29.41% of the issued share capital of the Company as at the Record Date under the Minimum Scenario as enlarged by issue of the minimum number of the Offer Securities (assuming all Qualifying Shareholders elect to receive its/his/her entitlement in the form of new Ordinary Shares)
Maximum number of Offer Securities to be issued (<i>Note 2</i>):	651,897,755 Offer Securities, representing approximately 46.53% of the issued share capital of the Company as at the date of this announcement and approximately 29.41% of the issued share capital of the Company as at the Record Date under the Maximum Scenario as enlarged by issue of the maximum number of the Offer Securities (assuming all Qualifying Shareholders elect to receive its/his/her entitlement in the form of new Ordinary Shares)
Number of Offer Securities to be underwritten by the Underwriters:	Save for the Excluded Securities undertaken to be subscribed for by Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent pursuant to their respective Irrevocable Undertakings, all of the remaining Offer Securities (i.e. 392,295,115 Underwritten Offer Securities) to be issued under the Open Offer

Notes:

- (1) the number assumes that (i) no Ordinary Shares will be issued (whether pursuant to exercise of the 2004 Share Options or conversion of the Convertible Bonds or the outstanding 2013 Convertible Securities as at the date of this announcement); and (ii) no Ordinary Shares will be repurchased by the Company from the date of this announcement until the Record Date.

- (2) the number assumes that (i) all of the 2013 Convertible Securities (except those held by TPG) are fully converted by the holders thereof; (ii) all 2004 Share Options that are exercisable on or before the Record Date (except those held by the Directors) are fully exercised by the holders thereof; (iii) no Ordinary Shares will be repurchased by the Company from the date of this announcement until the Record Date; (iv) neither TPG nor the GIC Investor exercise the conversion rights attaching to their respective Convertible Bonds; and (v) no further new Shares will be issued save for those which will be issued under (i) and (ii) of this note.

Outstanding convertible securities of the Company

At the annual general meeting of the Company held on 30 May 2014, the Shareholders approved the adoption of the 2014 Share Option Scheme and the termination of the 2004 Share Option Scheme. The 2004 Share Options granted under the 2004 Share Option Scheme and which remained outstanding immediately prior to the termination of the 2004 Share Option Scheme shall continue to be exercisable in accordance with their terms of grant. No 2014 Share Option has been granted as at the date of this announcement.

As at the date of this announcement, the Company has (i) 55,533,443 outstanding 2004 Share Options entitling the holders thereof to subscribe for a total of 55,533,443 new Ordinary Shares at various prices ranging from HK\$4.31 per Share to HK\$20.09 per Share (subject to adjustments) (among the 55,533,443 outstanding 2004 Share Options, 25,391,441 2004 Share Options are exercisable on or before the Record Date); (ii) the Convertible Bonds with the aggregate principal amount of approximately RMB750 million entitling TPG and the GIC Investor to convert respectively for 153,340,000 CB Conversion Shares and 51,660,000 CB Conversion Shares at the CB Conversion Price of HK\$4.50 per Share (subject to adjustment), representing approximately 9.55% and 3.22% of the issued share capital of the Company as at the date of this announcement as enlarged by the full conversion of the Convertible Bonds only; and (iii) the 2013 Convertible Securities with the aggregate outstanding principal amount of approximately HK\$645.03 million entitling the holders thereof to convert respectively for 184,294,690 CS Conversion Shares at the CS Conversion Price of HK\$3.50 per Share (subject to adjustment), representing approximately 11.63% of the issued share capital of the Company as at the date of this announcement as enlarged by the full conversion of the 2013 Convertible Securities only. Save for the outstanding 2004 Share Options, the Convertible Bonds and the 2013 Convertible Securities, the Company otherwise has no outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into Ordinary Shares.

Under the Open Offer, based on the existing share capital of the Company and assuming no further Ordinary Shares will be issued (whether pursuant to exercise of the 2004 Share Options or conversion of the Convertible Bonds or the outstanding 2013 Convertible Securities as at the date of this announcement or otherwise) or repurchased by the Company on or before the Record Date, the Offer Securities (assuming all Qualifying Shareholders elect to receive its/his/her entitlement in the form of new Ordinary Shares) to be offered pursuant to the terms of the Open Offer represent 41.67% of the Company's existing issued share capital as at the date of this announcement or approximately 29.41% of the Company's enlarged issued share capital immediately after the completion of the Open Offer.

Irrevocable Undertakings

Pursuant to the Viva China Irrevocable Undertaking, Viva China has irrevocably undertaken to each of the Company and the other Underwriters, among others, that (i) Viva China shall procure that all the Ordinary Shares currently held by it (i.e. an aggregate of 266,374,000 Shares (representing approximately 19.01% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially owned by it and will remain beneficially owned by it between the date of the Viva China Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the Viva China Irrevocable Undertaking; (ii) it shall subscribe for its full entitlement of the 110,989,165 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents and shall elect to receive its entitlement and all excess applications made by it entirely in the form of Convertible Securities; and (iii) it shall not transfer any of the Viva China Convertible Securities on or before the Record Date without the written consent of the Company and if Viva China exercises its conversion rights under the Viva China Convertible Securities on or before the Record Date, it shall subscribe for its full entitlement of the Offer Securities accordingly, and shall not transfer the Shares so issued.

Pursuant to the TPG Irrevocable Undertaking, TPG has irrevocably undertaken to each of the Company and the other Underwriters, among others, that (i) TPG shall procure that all the Ordinary Shares currently held by it (i.e. an aggregate of 53,000,000 Shares (representing approximately 3.78% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially and directly owned by it and will remain beneficially owned by it between the date of the TPG Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the TPG Irrevocable Undertaking; (ii) it shall subscribe for its full entitlement of the 22,083,330 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents and shall elect to receive its entitlement and all excess applications made by it entirely in the form of Convertible Securities; (iii) it shall not, on or before the Record Date, (a) transfer the TPG Convertible Bonds or exercise any conversion rights thereunder; and (b) transfer the TPG Convertible Securities or exercise any conversion rights thereunder, without the written consent from the Company.

Pursuant to the GIC Irrevocable Undertaking, the GIC Investor has irrevocably undertaken to each of the Company and the Underwriters, among others, that (i) the GIC Investor shall procure that all the Ordinary Shares currently held by it (i.e. an aggregate of 58,735,500 Shares (representing approximately 4.19% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially and directly owned by it and will remain beneficially owned by it between the date of the GIC Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the GIC Irrevocable Undertaking; (ii) it shall subscribe for its full entitlement of the 24,473,125 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents; and (iii) it shall not transfer the GIC Convertible Bonds or exercise any conversion rights thereunder on or before the Record Date without the written consent from the Company.

Pursuant to the Milestone Irrevocable Undertaking, Milestone has irrevocably undertaken to each of the Company and the other Underwriters, among others, that (i) Milestone shall procure that all the Ordinary Shares currently held by it (i.e. an aggregate of 50,000,000 Shares (representing approximately 3.57% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially and directly owned by it and will remain beneficially owned by it between the date of the Milestone Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the Milestone Irrevocable Undertaking; and (ii) it shall subscribe for its full entitlement of the 20,833,330 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents.

Pursuant to the Milestone Sports Irrevocable Undertaking, Milestone Sports has irrevocably undertaken to each of the Company and the Underwriters, among others, that (i) Milestone Sports shall procure that all the Ordinary Shares currently held by it (i.e. an aggregate of 45,000,000 Shares (representing approximately 3.21% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially and directly owned by it and will remain beneficially owned by it between the date of the Milestone Sports Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the Milestone Sports Irrevocable Undertaking; and (ii) it shall subscribe for its full entitlement of the 18,750,000 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents.

Pursuant to the Mr. Li Irrevocable Undertaking, Mr. Li has irrevocably undertaken to each of the Company and the Underwriters, among others, that (i) he shall procure that all the Ordinary Shares currently held by him (i.e. an aggregate of 1,370,073 Shares (representing approximately 0.10% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially owned by him and will remain beneficially owned by him between the date of the Mr. Li Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the Mr. Li Irrevocable Undertaking; and (ii) he shall subscribe for his full entitlement of the 570,860 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents.

Pursuant to the Alpha Talent Irrevocable Undertaking, Alpha Talent has irrevocably undertaken to each of the Company and the Underwriters, among others, that (i) Alpha Talent shall procure that all the Ordinary Shares currently held by it (i.e. an aggregate of 1,807,850 Shares (representing approximately 0.13% of the issued share capital of the Company as at the date of this announcement)) will remain beneficially owned by it and will remain beneficially owned by it between the date of the Alpha Talent Irrevocable Undertaking and up to the close of business on the Record Date as they are as at the date of the Alpha Talent Irrevocable Undertaking; and (ii) it shall subscribe for its full entitlement of the 753,270 Offer Securities in accordance with the terms of the Open Offer and the Prospectus Documents.

Save as disclosed above, as at the date of this announcement the Board has not received any information from any Shareholders of their intention to take up the Offer Securities under the Open Offer.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders and, to the extent practicable and legally permitted, the Prospectus for information only to the Excluded Shareholders (if any) on the Prospectus Posting Date.

To qualify for the Open Offer, a Shareholder must:

- (a) be registered as a member of the Company at the close of business on the Record Date; and
- (b) be a Qualifying Shareholder.

In order to be registered as a member of the Company at the close of business on the Record Date, an owner of Ordinary Shares must lodge any transfers of Ordinary Shares (together with the relevant share certificate) with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 5 January 2015.

Closure of Register of Members

For purpose of determining qualification for the Open Offer, the register of members of the Company will be closed from Tuesday, 6 January 2015 to Thursday, 8 January 2015, both dates inclusive. No transfer of Ordinary Shares will be registered during this period.

Rights of Excluded Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In determining whether there will be Excluded Shareholders, if, at the close of business on the Record Date, there are any Overseas Shareholders, the Company will instruct its legal advisers to make enquiry regarding the applicable legal restrictions (if any) and regulatory requirements (if any) of the relevant jurisdictions outside Hong Kong in connection with extending the Open Offer to those Overseas Shareholders. The Company will comply with all necessary requirements specified in Rule 13.36(2) of the Listing Rules and will only exclude from the Open Offer such Overseas Shareholders whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions, consider it necessary or expedient to so exclude. The basis of exclusion of such Overseas Shareholders (if any) from the Open Offer will be disclosed in the Prospectus. For those Overseas Shareholders who are to be excluded, the Company will, to the extent practicable and legally permitted, send copies of the Prospectus for information only to these Excluded Shareholders, but the Company will not send any Application Form or Excess Application Form to such Excluded Shareholders.

Subscription Price

The Subscription Price is HK\$2.60 per Offer Security, payable in full upon acceptance. The Subscription Price represents:

- (i) a discount of approximately 21.92% to the closing price of HK\$3.33 per Ordinary Share as quoted on the Stock Exchange immediately before the suspension in the trading in the Shares on the Stock Exchange on 12 December 2014;
- (ii) a discount of approximately 25.07% to the closing price of HK\$3.47 per Ordinary Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a discount of approximately 32.29% to the average of the closing price of HK\$3.84 per Ordinary Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Full Trading Day;
- (iv) a discount of approximately 34.84% to the average of the closing price of HK\$3.99 per Ordinary Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Full Trading Day;
- (v) a discount of approximately 38.82% to the average of the closing price of HK\$4.25 per Ordinary Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Full Trading Day;
- (vi) a discount of approximately 19.00% to the theoretical ex-entitlement price of approximately HK\$3.21 based on the closing price per Ordinary Share as quoted on the Stock Exchange on the Last Full Trading Day; and
- (vii) a premium of approximately 36.13% over the unaudited consolidated net assets of the Group attributable to the Shareholders as at 30 June 2014 of approximately HK\$1.91 per Ordinary Share in issue as at the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters taking into account the market price of the Ordinary Shares up to and including the Last Full Trading Day. The Directors consider the terms of the Open Offer, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of Open Offer

5 Offer Securities for every 12 existing Ordinary Shares held by the Qualifying Shareholders as at the close of business on the Record Date. Each Qualifying Shareholder will be entitled to apply for Convertible Securities in lieu of all or part of its entitlement to the new Ordinary Shares, or a

combination of both, under the Open Offer. For clarity, each Convertible Security can be converted into one Conversion Share at the initial Conversion Price (subject to adjustments) which equals to the face value of such Convertible Security.

Acceptance for all or any part of a Qualifying Shareholder's entitlement to the Open Offer should be made by completing the Application Form and lodging the same with a remittance for the Offer Securities being applied for.

The new Ordinary Shares to be offered under the Open Offer will, upon issue, rank *pari passu* in all respects with the existing Ordinary Shares in issue on the date of such issue.

Fractions of entitlements to Offer Securities

Entitlements to the Open Offer will be rounded down to the nearest whole number. No fractional entitlements to the Offer Securities will be offered to the Qualifying Shareholders. All such fractional entitlements will be aggregated and will be made available for subscription by those Qualifying Shareholders who wish to apply for Offer Securities by way of excess application.

Application for excess Offer Securities

The Offer Securities to which the Excluded Shareholders would otherwise have been entitled, any assured entitlements of the Offer Securities which have not been accepted by Qualifying Shareholders, and Offer Securities created by the aggregation of fractional Offer Securities, will be available for excess application by the Qualifying Shareholders. The Qualifying Shareholders will have the right to apply for any Offer Securities in excess of their own assured entitlements under the Excess Application Form but are not assured of being allocated any Offer Securities in excess of those in their assured entitlements. The Directors will allocate the excess Offer Securities at their discretion, but on a fair and equitable basis, to Qualifying Shareholders who have applied for excess Offer Securities based on a pro-rata basis with reference to the number of excess Offer Securities applied for by the relevant Qualifying Shareholders. For the avoidance of doubt, the allocation of the Offer Securities in excess of assured entitlement will not be based on the number of the Shares held by the relevant Qualifying Shareholders.

Investors with their Ordinary Shares held by a nominee (including CCASS) should note that the Directors will regard the nominee (including CCASS) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Ordinary Shares are registered in the name of a nominee (including CCASS) should note that the aforesaid arrangements in relation to the allocation of excess Offer Securities will not be extended to them individually. Investors with their Ordinary Shares held by a nominee (including CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Ordinary Shares in their own name(s) prior to the Record Date.

Application for excess Offer Securities (which application may be for new Ordinary Shares, Convertible Securities or any combination thereof) may be made by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Securities being applied for.

Certificates for Open Offer

Subject to the fulfilment of the conditions of the Open Offer, certificates for all fully-paid Ordinary Shares and/or Convertible Securities are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Monday, 2 February 2015. One share certificate will be issued for all the new Ordinary Shares subscribed for and allotted to an applicant and one certificate will be issued for all the Convertible Securities applied by and allotted to an applicant.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Securities (if any) are expected to be posted to the applicants by ordinary post to their registered addresses at their own risk on or before Monday, 2 February 2015.

Convertible Securities not to be listed

No listing of the Convertible Securities will be sought on the Stock Exchange or any other stock exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

SUMMARY OF THE PRINCIPAL TERMS OF THE CONVERTIBLE SECURITIES

A summary of the principal terms of the Convertible Securities is set out below.

Principal amount	Assuming all the Qualifying Shareholders apply for the Convertible Securities in lieu of all or part of their entitlement to the new Ordinary Shares under the Open Offer, not less than approximately HK\$1,517.69 million but not more than approximately HK\$1,694.93 million.
Interest	Nil

Distribution	Whenever the Company declares and pays a dividend (other than a Scrip Dividend) or a Capital Distribution in respect of the issued Shares, the holders of all outstanding Convertible Securities on the relevant record date shall be entitled to such distribution calculated on the basis of the same amount of such dividend or Capital Distribution per Share multiplied by the number of Conversion Shares into which the outstanding Convertible Securities could be fully converted at the then Conversion Price. The distribution shall be paid on the same day when the relevant dividends or Capital Distributions are paid to the Shareholders.
Conversion Price	<p>The initial Conversion Price (subject to adjustments) shall be HK\$2.60 per Conversion Share, which is the same as the Subscription Price.</p> <p>The Conversion Price was determined after arm's length negotiations between the Company and the Underwriters having regard to the prevailing market price of the Shares prior to the date of this announcement and the Subscription Price.</p>
Conversion of the Convertible Securities	<p>Subject to, and upon Compliance with, the provisions of the Conditions in relation to the conversion notice, the logistics concerning the conversion, the conversion date and the payment of stamp duty and other amounts payable by the holders of the Convertible Securities, the Conversion Rights may be exercised during the Conversion Period. The number of Conversion Shares to be issued equals to the whole or such part of the principal amount of the Convertible Securities to be converted divided by the initial Conversion Price (subject to adjustments).</p> <p>In the Minimum Scenario, assuming all Qualifying Shareholders elect to receive their entitlements in full in the form of Convertible Securities and the full conversion of the Convertible Securities at the initial Conversion Price, the Convertible Securities will be converted into approximately 583,728,230 Conversion Shares, representing approximately 41.67% of the existing issued share capital of the Company as at the date of this announcement and approximately 29.41% of the issued share capital of the Company at the Record Date under the Minimum Scenario as enlarged by the issue of such Conversion Shares only.</p>

In the Maximum Scenario, assuming all Qualifying Shareholders elect to receive their entitlements in full in the form of Convertible Securities and the full conversion of the Convertible Securities at the initial Conversion Price, the Convertible Securities will be converted into approximately 651,897,755 Conversion Shares, representing 46.53% of the existing issued share capital of the Company as at the date of this announcement and approximately 29.41% of the issued share capital of the Company at the Record Date under the Maximum Scenario as enlarged by the issue of such Conversion Shares that the Company will be required to issue under the Maximum Scenario.

Fractions of Conversion Shares will not be issued on conversion and no cash adjustment will be made in respect thereof.

There are no restrictions on any subsequent sale of the Conversion Shares.

Adjustment to Conversion
Price

Conversion Price will be subject to adjustment in the following events:—

- (a) **Consolidation, subdivision or reclassification:** an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
- (b) **Capitalisation of profits or reserves:**
 - (i) an issue of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash Dividend (the “**Relevant Cash Dividend**”) which the Shareholders concerned would or could otherwise have received; or
 - (ii) an issue of Shares by way of a Scrip Dividend where the then current market price of such Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution;

- (c) **Rights issues of Shares or options over Shares:** an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the then current market price per Share on the then last Trading Day preceding the date of the relevant announcement of the terms of such issue or grant;
- (d) **Rights issues of other securities:** an issue of securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant by the Company to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);
- (e) **Issues at less than Current Market Price:** an issue (otherwise than as mentioned in paragraph (c) above) of any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of the options or awards granted by the Company pursuant to its employee share option schemes (including the Share Incentive Schemes), or of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in paragraph (c) above and other than the options or awards granted by the Company pursuant to its employee share option schemes (including the Share Incentive Schemes)) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 95% of the then current market price on the then last Trading Day preceding the date of the relevant announcement of the terms of such issue;
- (f) **Other issues at less than Current Market Price:** save in the case of an issue of securities arising from a conversion or exchange of other existing securities in accordance with the terms applicable to such existing securities, an issue of any securities (other than the Convertible Securities and the options or awards granted by the Company pursuant to its employee share option schemes (including the Share Incentive Schemes)) by the Company or any subsidiary of the Company

(otherwise than as mentioned in paragraphs (c), (d) or (e) above) or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity (otherwise than as mentioned in paragraphs (c), (d) or (e) above), which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for or purchase of, or to otherwise acquire, Shares issued or to be issued by the Company or securities which by their terms may be redesignated Shares receivable upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 95% of the then current market price on the then last Trading Day preceding the date of the relevant announcement of the terms of issue of such securities;

- (g) **Modification of rights of Conversion:** any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in paragraph (f) above (other than in accordance with the existing terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the then current market price on the then last Trading Day preceding the date of the relevant announcement of the proposals for such modification; and

- (h) **Other events:** An adjustment is requested by the Company and as determined to be fair and reasonable by an approved financial adviser, if either: (A) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to, and as provided in, the existing terms and conditions of such options, rights, warrants or securities); or (B) the Company determines that an adjustment should be made to the then Conversion Price as a result of one or more events or circumstances not referred to in the above which in either case have or would have an effect on the position of the holders of the Convertible Securities as a class compared with the position of the holders

of all the securities (and options, rights and warrants relating thereto) of the Company, taken as a class, which is analogous to any of the events referred to in paragraphs (a) to (g) above.

Ranking of Conversion Shares The Conversion Shares shall be duly and validly issued, fully paid and registered, and free from encumbrances and all such Conversion Shares shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant date of registration of the Conversion Shares on the Company's register of members (after issue of the Conversion Shares upon conversion of the Convertible Securities) (the "**Registration Date**") and shall accordingly entitle the holders thereof to participate in full in all dividends or other distributions the record date for which falls on a date on or after the relevant Registration Date.

Register of holders The Company will or will procure its principal share registrar and transfer office in the Cayman Islands to maintain and keep the register (the "**Register of Holders**") on which the names and addresses of the holders of the Convertible Securities, the principal outstanding amounts of the Convertible Securities, the dates of the issue of the certificates of the Convertible Securities, the dates of all transfers and the names and addresses of all transferees, particulars of all conversions and redemptions of the Convertible Securities, and particulars of all cancellations and replacements of certificates of the Convertible Securities are entered.

The registration of transfers may be suspended and the Register of Holders may be closed at such times and for such periods as the Board may from time to time direct, provided that the same shall not be closed for a period in aggregate more than thirty (30) Business Days in any one year. Any transfer of the Convertible Securities or exercise of the Conversion Rights while the Register of Holders are so closed shall, as between the Company and the person claiming under the relevant transfer of Convertible Securities or, as the case may be, as between the Company and the holders of the Convertible Securities who have so exercised their respective Conversion Rights (but not otherwise), be considered as made immediately after the re-opening of the Register of Holders.

Transferability (1) Subject to, among others, the closure of the Register of Holders as stated above and (2) and (3) below, Convertible Securities may be transferred or transmitted by operation of law in whole or in part at any time.

No transfer of title to the Convertible Securities will be valid unless and until entered on the Register of Holders.

- (2) The Convertible Securities may only be transferred or transmitted by operation of law if:
 - (a) such transfer shall be in compliance with the terms and conditions of the Instrument and the Conditions, and such transferee takes the Convertible Securities with the benefit and subject to the restrictions in the Conditions; and
 - (b) such transfer shall be further subject to (where applicable) the conditions, approvals, requirements and any other provisions of or under: (i) the Listing Rules; (ii) the Takeovers Code; and (iii) all applicable laws and regulations.
- (3) No holder of the Convertible Securities may require the transfer of any Convertible Securities to be registered (i) after a conversion notice to notify the Company of the exercise of the Conversion Right has been delivered pursuant to the Conditions; or (ii) during the period of seven (7) Business Days ending on (and including) any payment day in respect of any payment of distribution on the Convertible Securities.

Voting

The holders of the Convertible Securities shall not be entitled to receive notices of, attend or vote at any general meetings of the Company or any meetings of any class of the Company's shares, by reason only of it being a holder of Convertible Securities.

Application for listing

The Convertible Securities are not listed on the Stock Exchange or any other stock exchange. No application will be made for the listing of the Convertible Securities on the Stock Exchange or any other stock exchange. No application will be made for the admissibility, deposit, clearance or settlement of the Convertible Securities in CCASS. No transfer, clearing or settlement services will be provided by Hong Kong Securities Clearing Company Limited in respect of the Convertible Securities.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares to be issued upon the exercise of the Conversion Rights.

No redemption	The Convertible Securities shall be non-redeemable.
Maturity date	There is no maturity date in respect of any Convertible Securities.
Status	<p>The Convertible Securities constitute direct, unsecured and subordinated obligations of the Company and shall at all times rank <i>pari passu</i> without any preference among themselves. In the event of the dissolution, liquidation or winding up of the Company, the rights and claims of a holder of the Convertible Securities shall (a) rank ahead of those persons whose claims are in respect of any class of share capital of the Company and (b) at all times rank <i>pari passu</i> with the Company's other present and future unsecured and subordinated obligations, but (c) shall be subordinated in right of payment to the claims of all present and future senior and unsubordinated creditors of the Company.</p>
No breach of Listing Rules	<p>The Company is not obliged to adjust the Conversion Price or issue Conversion Shares in satisfaction of the Conversion Rights in breach of its obligations under the Listing Rules or the Takeovers Code.</p> <p>In particular, no Conversion Right may be exercised by any holder of the Convertible Securities when the Company has clear evidence that, immediately following the issue of the Conversion Shares upon exercise of their Conversion Right, it would be unable to meet the public float requirement under the Listing Rules as a direct result of such issue of Shares.</p> <p>Under any of the above circumstances, no compensation will be given by the Company to any holder of the Convertible Securities.</p>
Undertakings	<p>The Company has undertaken, among others, that, for so long as and only when any Convertible Securities remains outstanding:</p> <p>(a) the Company shall from time to time keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the allotment and issuance of the Conversion Shares and shall ensure that all Shares delivered on conversion of the Convertible Securities will be duly and validly issued as fully-paid and non-assessable;</p>

- (b) to the extent permitted by applicable law, the Company shall not modify the rights attaching to the Shares with respect to voting, dividends or liquidation but this Condition shall not prevent (i) a consolidation or subdivision of the Shares or the conversion of any Shares into stock or vice versa, (ii) a modification to the rights attaching to the Shares which is not materially prejudicial to the interests of the holders of the Convertible Securities, (iii) the amendment of the articles of association of the Company to enable title to securities of the Company (including Shares) to be evidenced and transferred without a written instrument, (iv) any other alteration to the articles of association of the Company made in connection with the matters described in (a) to (g) herein or which are supplemental or incidental to any of the foregoing (including amendments made to enable or facilitate procedures relating to such matters and amendments dealing with the rights and obligations of holders of securities (including Shares) dealt with under such procedures) or (v) any issue of equity share capital or corporate action which results in an adjustment of the Conversion Price;
- (c) the Company shall use its best endeavours to (i) maintain a listing for all the issued Shares on the Stock Exchange; and (ii) obtain a listing on the Stock Exchange for all the Conversion Shares;
- (d) it will pay the expenses of the issue and delivery of, and all expenses of obtaining and maintaining the listing for, Shares arising on conversion of the Convertible Securities;
- (e) the Company shall ensure that all Conversion Shares shall be duly and validly issued, fully paid and registered, and free from encumbrances and all such Shares shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant Registration Date and shall accordingly entitle the holders thereof to participate in full in all dividends or other distributions the record date for which falls on a date on or after the relevant Registration Date;
- (f) as soon as possible after the announcement of the full terms of any event which give rise to adjustments of the Conversion Price pursuant to the Conditions (or, if later, as soon as the relevant adjustment thereunder can reasonably be determined), give notice to the holders of the Convertible Securities

advising them of the date on which the relevant adjustment of the Conversion Price is to become effective, the size of adjustment on the Conversion Price and the effect (if any) on the rights of the holder of the Convertible Securities to exercise its Conversion Right herein; and

- (g) the Company shall comply with and procure the compliance of all conditions imposed by the Stock Exchange for approval of the issue of the Convertible Securities or for the listing of and permission to deal in the Conversion Shares and ensure the continued compliance thereof.

If an offer is made to all holders of the Shares (or such holders other than the offeror and/or any Company controlled by the offeror and/or persons associated or acting in concert with the offeror) to acquire all or a portion of the Shares or if any person proposes a scheme with regard to such acquisition, it shall forthwith give notice of such offer or scheme to the holders of the Convertible Securities at the same time as any notice thereof is sent to its Shareholders (or as soon as practicable thereafter) stating that details concerning such offer or scheme may be obtained from the specified office of the Company and, where such an offer or scheme has been recommended by the Board or where such an offer has become or been declared unconditional in all respects, use its best endeavours to procure that a like offer or scheme is extended in accordance with the Takeovers Code to the holders of the Convertible Securities and the holders of any Conversion Shares issued during the period of the offer or scheme.

UNDERWRITING AGREEMENTS

On 16 December 2014, the Company entered into the Underwriting Agreements, on principally the same terms (except as disclosed below in this section), with each of Viva China, TPG, Milestone and Mr. Lo.

The Viva China Underwriting Agreement

Date: 16 December 2014

Parties: (1) The Company; and
(2) Viva China as an Underwriter

Convertible Securities Underwritten (*Note*): Viva China will underwrite such number of the Underwritten Offer Securities as determined by the following formula:-

Viva China's Commitment = Underwritten Offer Securities not taken up $X A/(A+B+C+D)$

where

A = 183,192,543 – the successful excess applications (if any) for Offer Securities made by Viva China

B = 97,147,440 – the successful excess applications (if any) for Offer Securities made by TPG

C = 35,032,055 – the successful excess applications (if any) for Offer Securities made by Milestone

D = 76,923,077 – the successful excess applications (if any) for Offer Securities made by Mr. Lo

provided that Viva China's commitment is always subject to a maximum number of 183,192,543 Underwritten Offer Securities

Underwriting commission payable to Viva China: 2.5% of the aggregate subscription price in respect of the 183,192,543 Underwritten Offer Securities, being the maximum number of Underwritten Offer Securities underwritten by Viva China, which is approximately HK\$11.91 million and payable in cash in accordance with the Viva China Underwriting Agreement

The TPG Underwriting Agreement

Date: 16 December 2014

Parties: (1) The Company; and
(2) TPG as an Underwriter

Convertible Securities Underwritten (*Note*): TPG will underwrite such number of the Underwritten Offer Securities as determined by the following formula:-

TPG's Commitment = Underwritten Offer Securities not taken up $X B/(A+B+C+D)$

where

A = 183,192,543 – the successful excess applications (if any) for Offer Securities made by Viva China

B = 97,147,440 – the successful excess applications (if any) for Offer Securities made by TPG

C = 35,032,055 – the successful excess applications (if any) for Offer Securities made by Milestone

D = 76,923,077 – the successful excess applications (if any) for Offer Securities made by Mr. Lo

provided that TPG's commitment is always subject to a maximum number of 97,147,440 Underwritten Offer Securities

Underwriting commission payable to TPG: 2.5% of the aggregate subscription price in respect of the 97,147,440 Underwritten Offer Securities, being the maximum number of Underwritten Offer Securities underwritten by TPG, which is approximately HK\$6.31 million and payable by cash in accordance with the TPG Underwriting Agreement

The Milestone Underwriting Agreement

Date: 16 December 2014

Parties: (1) The Company; and
(2) Milestone as an Underwriter

Convertible Securities Underwritten (*Note*): Milestone will underwrite such number of the Underwritten Offer Securities as determined by the following formula:–

Milestone's Commitment = Underwritten Offer Securities not taken up X $C/(A+B+C+D)$

where

A = 183,192,543 – the successful excess applications (if any) for Offer Securities made by Viva China

B = 97,147,440 – the successful excess applications (if any) for Offer Securities made by TPG

C = 35,032,055 – the successful excess applications (if any) for Offer Securities made by Milestone

D = 76,923,077 – the successful excess applications (if any) for Offer Securities made by Mr. Lo

provided that Milestone's commitment is always subject to a maximum number of 35,032,055 Underwritten Offer Securities

Underwriting commission payable to Milestone: 2.5% of the aggregate subscription price in respect of the 35,032,055 Underwritten Offer Securities, being the maximum number of Underwritten Offer Securities underwritten by Milestone, which is approximately HK\$2.28 million and payable by cash in accordance with the Milestone Underwriting Agreement

The Mr. Lo Underwriting Agreement

Date: 16 December 2014

Parties: (1) The Company; and
(2) Mr. Lo as an Underwriter

Convertible Securities Underwritten (*Note*): Mr. Lo will underwrite such number of the Underwritten Offer Securities as determined by the following formula:-

$$\text{Mr. Lo's Commitment} = \frac{\text{Underwritten Offer Securities not taken up}}{\text{X D}/(\text{A+B+C+D})}$$

where

A = 183,192,543 – the successful excess applications (if any) for Offer Securities made by Viva China

B = 97,147,440 – the successful excess applications (if any) for Offer Securities made by TPG

C = 35,032,055 – the successful excess applications (if any) for Offer Securities made by Milestone

D = 76,923,077 – the successful excess applications (if any) for Offer Securities made by Mr. Lo

provided that Mr. Lo's commitment is always subject to a maximum number of 76,923,077 Underwritten Offer Securities

Underwriting commission payable to Mr. Lo: 2.5% of the aggregate subscription price in respect of the 76,923,077 Underwritten Offer Securities, being the maximum number of Underwritten Offer Securities underwritten by Mr. Lo, which is approximately HK\$5.00 million and payable by cash in accordance with the Mr. Lo Underwriting Agreement

Note: *All such numbers assume that (i) no Qualifying Shareholders (other than Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent in respect of their applications under their respective Irrevocable Undertakings) will apply for any Offer Securities under their assured entitlements; and (ii) no Qualifying Shareholders will apply for any Offer Securities by way of excess application.*

The commissions payable to the Underwriters were determined after arm's length negotiations between the Company and the Underwriters with reference to current prevailing market rate. The Directors are of the view that the underwriting commissions are in line with the market rate and that the commissions given to the Underwriters are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are of the view that the Underwriting Agreements have been entered into on normal commercial terms.

Conditions of the Open Offer and the Underwriting Agreements

The Open Offer is conditional upon the Underwriting Agreements having become unconditional. The obligations of each of the Underwriters under the respective Underwriting Agreement are conditional upon the following conditions being fulfilled:

- (a) the delivery to the Stock Exchange for authorisation, and the registration with the Registrar of Companies in Hong Kong, respectively, not later than the Prospectus Posting Date, of one copy of each of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (b) the delivery to the Underwriters the documents as set out in the Underwriting Agreements;
- (c) the despatch of the Prospectus Documents to the Qualifying Shareholders, and the despatch of the Prospectus Stamped "For Information Only" to the Excluded Shareholders (if and to the extent legally and practically permissible) on the Prospectus Posting Date;
- (d) the grant (subject to allotment) by the Listing Committee of the Stock Exchange, and not having withdrawn or revoked such grant, of the listing of and permission to deal in all the new Ordinary Shares and the Conversion Shares to be issued under the Open Offer, either unconditionally or subject to such conditions as are accepted by the Company (and the satisfaction of such conditions (if any and where relevant)) on or prior to the Latest Time for Termination;
- (e) the delivery of the Irrevocable Undertakings and the Directors' Irrevocable Undertakings to the Company and the Underwriters on the date of the Underwriting Agreements;
- (f) none of the Underwriting Agreements having been validly terminated by the relevant Underwriter in accordance with the terms thereof;

- (g) the execution and delivery of the Underwriting Agreements and the obligations of the Underwriters under the respective Underwriting Agreements in respect of the Open Offer becoming unconditional in accordance with their terms; and
- (h) all authorisation, consent, approval or resolution required to enable each of the Underwriters, if any, to lawfully enter into and comply with their respective obligations contemplated in the respective Underwriting Agreements and the Prospectus Documents have been obtained and are in full force and effect such that the transactions contemplated under the respective Underwriting Agreement will be completed in accordance with the terms as contemplated and described in this Announcement.

The Underwriters may, in its sole and absolute discretion, (i) extend the time for satisfaction or fulfilment of any of the conditions set out above and/or (ii) waive condition (b) set out above. If any of the conditions of the Open Offer are not fulfilled (or in respect of condition (b), waived by the Underwriters) or shall become incapable of being fulfilled on or before 15 February 2015 (or such later time and date as may be agreed in writing between the Company and the Underwriters), all obligation and liabilities of the Company and the Underwriters under the respective Underwriting Agreements shall cease, and neither the Company nor the Underwriters shall have any claim against the other parties, save that all fees and expenses accrued according to the terms of the Underwriting Agreements shall be borne by the Company, and the Open Offer will not proceed.

Termination of the Underwriting Agreements

Each of the Underwriters may, at its sole and absolute discretion, terminate its respective Underwriting Agreements by notice in writing given by the relevant Underwriter to the Company at any time prior to the Latest Time for Termination if the obligations of the Underwriter under the relevant Underwriting Agreements have not ceased and there has developed, occurred, existed or come into effect:

- (a) any moratorium, suspension of or material restriction on trading in securities generally on the Stock Exchange, the New York Exchange or NASDAQ; or
- (b) there is any suspension in trading of the Shares on the Stock Exchange for a continuous period of 10 Business Days (other than suspension resulting from the Open Offer or the transactions contemplated under the Underwriting Agreements); or
- (c) permission to deal in and listing of the new Ordinary Shares and the Conversion Shares to be issued under the Open Offer has been withdrawn by the Stock Exchange; or
- (d) the Company is in breach of any of its obligations under each of the Underwriting Agreements which is material in the context of the Open Offer.

Upon termination of the Underwriting Agreements, all obligations and liabilities of the Underwriters under the Underwriting Agreements shall cease, and no party to the Underwriting Agreements shall have any claim against the other party in respect of anything arising out of or in connection with the Underwriting Agreements, subject to certain limitations as set out in the Underwriting Agreements.

If any of the Underwriting Agreements is terminated by the relevant Underwriter on or before the Latest Time for Termination or does not become unconditional, the Open Offer will not proceed.

Information on the Underwriters

(1) Viva China

Viva China is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Viva China Holdings, which is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Viva China principally engages in investment holding and Viva China Holdings principally engages in, *inter alia*, sports talent management, competition and event production and management, sports-themed community development. As at the date of this announcement, Viva China, which holds approximately 19.01% interests in the Company, is a substantial Shareholder and thus a connected person of the Company. As at the date of this announcement, Viva China Holdings is owned as to approximately 25.09% by Lead Ahead Limited (“**Lead Ahead**”), approximately 15.06% by Victory Mind Assets Limited (“**Victory Mind**”) and 28.24% by Dragon City Management (PTC) Limited (“**Dragon City**”). Lead Ahead is owned as to 60% by Mr. Li and 40% by his brother, Mr. Li Chun. Victory Mind is indirectly held by a corporate trustee of two discretionary trusts, the beneficiaries of which include the respective family members of Mr. Li and Mr. Li Chun. Dragon City is the trustee of a unit trust, the units of which are owned by two family trusts the beneficiaries of which include the respective family members of Mr. Li and Mr. Li Chun. Mr. Li and Mr. Li Chun are taken to be interested in 60% and 40% respectively of the shares in Dragon City.

(2) TPG

TPG Group is a leading global private investment firm founded in 1992 with US\$66 billion of assets under management and offices in San Francisco, Fort Worth, Austin, Dallas, Houston, New York, Beijing, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, São Paulo, Shanghai, Singapore and Tokyo. TPG Group has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings. The firm’s investments span a variety of industries including healthcare, energy, industrials, consumer/retail, technology, media & communications, software, financial services, travel, entertainment and real estate.

(3) *Milestone*

Milestone is an affiliate of Milestone Capital. Founded in 2002, Milestone Capital is a China-focused private equity investment and advisory firm with offices in Beijing and Shanghai. Through Milestone and Milestone Capital's investment funds, the firm has managed approximately US\$1 billion in assets, investing in China's media, alternative energy, consumer, and healthcare sectors. Milestone Capital has been an investor in the Company since early 2013.

(4) *Mr. Lo*

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, Mr. Lo is an independent third party of the Company and its connected person (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As the Open Offer would not increase the issued share capital of the Company by more than 50% and Rule 7.26A has been complied with, Shareholders' approval under Rule 7.24(5) or Rule 7.26A of the Listing Rules is not required.

Viva China, who directly holds approximately 19.01% interests in the Company as at the date of this announcement, is a substantial Shareholder and thus a connected person of the Company. Accordingly, the payment of the underwriting commission to Viva China pursuant to the Viva China Underwriting Agreement constitutes a connected transaction of the Company. As the percentage ratios (other than the profits ratio) in respect of the underwriting commission payable by the Company to Viva China is more than 0.1% but less than 5%, the payment of the underwriting commission by the Company to Viva China is subject to reporting and announcement but is exempt from the independent Shareholders' approval under the Listing Rules. According to Rules 14A.92(1) and 14A.92(2) of the Listing Rules, the issue of the Offer Securities to Viva China (in its capacity as a substantial shareholder and an Underwriter) under the Open Offer is fully exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Mr. Li, Mr. Jin-Goon Kim and Mr. Chen Yue, Scott (who have abstained from voting on the board resolution regarding the Open Offer, including entering into the Viva China Underwriting Agreement (for Mr. Li) and the TPG Underwriting Agreement (for Mr. Jin-Goon Kim and Mr. Chen Yue, Scott)), none of the other Directors has a material interest in the Open Offer, including the Viva China Underwriting Agreement and the TPG Underwriting Agreement.

SHAREHOLDING STRUCTURE

(a) Shareholding structure of the Company in the Minimum Scenario

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, assuming that (a) none of the outstanding 2004 Share Options (that are exercisable on or before the Record Date) are exercised; (b) none of the outstanding 2013 Convertible Securities as at the date of this announcement are converted; (c) none of the Convertible Bonds are converted; (d) no further Shares will be issued; and (e) no Shares will be repurchased, on or before the Record Date, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Open Offer under various scenarios as set out below:

	(i) As at the date of announcement		(ii) Immediately upon completion of the Open Offer									
	No. of Shares	%	(a) Assuming all Qualifying Shareholders (other than Viva China and TPG) take up all their respective entitlements to the Offer Securities and subscribe for the new Ordinary Shares; and (b) Viva China and TPG take up their respective entitlements in full and subscribe in the form of Convertible Securities					(a) Assuming no Qualifying Shareholders (other than Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent) take up all their respective entitlements to the Offer Securities and the Underwriters take up all the Underwritten Offer Securities not taken up; (b) Viva China and TPG take up their respective entitlements and Underwritten Offer Securities not taken up in the form of Convertible Securities; (c) the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent take up all their respective entitlements to the Offer Securities in the form of new Ordinary Shares; and (d) Milestone and Mr. Lo take up their respective Underwritten Offer Securities not taken up in the form of new Ordinary Shares				
			(i) No conversion of the Convertible Securities held by Viva China and TPG		(ii) Viva China and TPG converted their respective Convertible Securities in full		(i) No conversion of the Convertible Securities held by Viva China and TPG		(ii) Viva China and TPG converted their respective Convertible Securities in full			
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Viva China	266,374,000	19.01%	266,374,000	14.39%	110,989,165	377,363,165	19.01%	266,374,000	16.88%	287,161,743	553,535,743	27.89%
Alpha Talent (Note 1)	1,807,850	0.13%	2,561,120	0.14%	-	2,561,120	0.13%	2,561,120	0.16%	-	2,561,120	0.13%
Mr. Li	1,370,073	0.10%	1,940,933	0.10%	-	1,940,933	0.10%	1,940,933	0.12%	-	1,940,933	0.10%
Other Directors	881,944	0.06%	1,249,414	0.07%	-	1,249,414	0.06%	881,944	0.06%	-	881,944	0.04%
	<u>270,433,867</u>	<u>19.30%</u>	<u>272,125,467</u>	<u>14.70%</u>	<u>110,989,165</u>	<u>383,114,632</u>	<u>19.30%</u>	<u>271,757,997</u>	<u>17.22%</u>	<u>287,161,743</u>	<u>558,919,740</u>	<u>28.16%</u>
TPG	53,000,000	3.78%	53,000,000	2.86%	22,083,330	75,083,330	3.78%	53,000,000	3.36%	119,230,770	172,230,770	8.68%
The GIC Investor	58,735,500	4.19%	83,208,625	4.49%	-	83,208,625	4.19%	83,208,625	5.27%	-	83,208,625	4.19%
Milestone	50,000,000	3.57%	70,833,330	3.83%	-	70,833,330	3.57%	105,865,385	6.71%	-	105,865,385	5.33%
Milestone Sports	45,000,000	3.21%	63,750,000	3.44%	-	63,750,000	3.21%	63,750,000	4.04%	-	63,750,000	3.21%
Mr. Lo	-	0.00%	-	0.00%	-	-	0.00%	76,923,077	4.87%	-	76,923,077	3.88%
Others (Note 2)	923,778,394	65.95%	1,308,686,074	70.68%	-	1,308,686,074	65.95%	923,778,394	58.53%	-	923,778,394	46.55%
	<u>1,130,513,894</u>	<u>80.70%</u>	<u>1,579,478,029</u>	<u>85.30%</u>	<u>22,083,330</u>	<u>1,601,561,359</u>	<u>80.70%</u>	<u>1,306,525,481</u>	<u>82.78%</u>	<u>119,230,770</u>	<u>1,425,756,251</u>	<u>71.84%</u>
Total	<u>1,400,947,761</u>	<u>100.00%</u>	<u>1,851,603,496</u>	<u>100.00%</u>	<u>133,072,495</u>	<u>1,984,675,991</u>	<u>100.00%</u>	<u>1,578,283,478</u>	<u>100.00%</u>	<u>406,392,513</u>	<u>1,984,675,991</u>	<u>100.00%</u>

Notes:

1. Alpha Talent is wholly owned by Mr. Li. Mr. Li is therefore deemed to be interested in the 1,807,850 Shares held by Alpha Talent. Mr. Li is a director of Alpha Talent.
2. As at the date of this announcement, the Trustee holds 464,132 Shares. According to the scheme document of the Share Award Scheme and the trust deed of the Trustee, the Trustee is not allowed to accept any of its assured entitlement of Offer Securities or apply for any excess Offer Securities in the Open Offer.

(b) Shareholding structure of the Company in the Maximum Scenario

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, assuming that (a) all of the outstanding 2004 Share Options (that are exercisable on or before the Record Date but except those held by the Directors) are exercised; (b) all of the outstanding 2013 Convertible Securities (except those held by TPG) are converted; (c) none of the Convertible Bonds are converted; (d) no further Shares will be issued save for those which will be issued under (a) and (b); and (e) no Shares will be repurchased, on or before the Record

Date, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Open Offer under various scenarios as set out below:

	(i) As at the date of announcement		(ii) As at the Record Date		(iii) Immediately upon completion of the Open Offer									
	No. of Shares	%	No. of Shares	%	(a) Assuming all Qualifying Shareholders (other than Viva China and TPG) take up all their respective entitlements to the Offer Securities and subscribe for the new Ordinary Shares; and (b) Viva China and TPG take up their respective entitlements in full and subscribe in the form of Convertible Securities					(a) Assuming no Qualifying Shareholders (other than Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent) take up all their respective entitlements to the Offer Securities and the Underwriters take up all the Underwritten Offer Securities not taken up; (b) Viva China and TPG take up their respective entitlements and Underwritten Offer Securities not taken up in the form of the Convertible Securities; (c) the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent take up all their respective entitlements to the Offer Securities in form of new Ordinary Shares; and (d) Milestone and Mr. Lo take up their respective Underwritten Offer Securities not taken up in the form of new Ordinary Shares				
					(i) No conversion of the Convertible Securities held by Viva China and TPG		(ii) Viva China and TPG converted their respective Convertible Securities in full		(i) No conversion of the Convertible Securities held by Viva China and TPG		(ii) Viva China and TPG converted their respective Convertible Securities in full			
					No. of Shares	%	No. of Convertible Securities	No. of Shares	%	No. of Shares	%	No. of Convertible Securities	No. of Shares	%
Viva China	266,374,000	19.01%	413,132,944	26.41%	413,132,944	20.43%	172,138,725	585,271,669	26.41%	413,132,944	23.72%	355,331,268	768,464,212	34.67%
Alpha Talent (Note 2)	1,807,850	0.13%	1,807,850	0.11%	2,561,120	0.13%	-	2,561,120	0.11%	2,561,120	0.15%	-	2,561,120	0.11%
Mr. Li	1,370,073	0.10%	1,370,073	0.09%	1,940,933	0.10%	-	1,940,933	0.09%	1,940,933	0.11%	-	1,940,933	0.09%
Other Directors	881,944	0.06%	881,944	0.06%	1,249,414	0.06%	-	1,249,414	0.06%	881,944	0.05%	-	881,944	0.04%
	270,433,867	19.30%	417,192,811	26.67%	418,884,411	20.72%	172,138,725	591,023,136	26.67%	418,516,941	24.03%	355,331,268	773,848,209	34.91%
TPG	53,000,000	3.78%	53,000,000	3.39%	53,000,000	2.62%	22,083,330	75,083,330	3.39%	53,000,000	3.04%	119,230,770	172,230,770	7.77%
The GIC Investor	58,735,500	4.19%	58,735,500	3.75%	83,208,625	4.11%	-	83,208,625	3.75%	83,208,625	4.78%	-	83,208,625	3.75%
Milestone	50,000,000	3.57%	50,000,000	3.19%	70,833,330	3.50%	-	70,833,330	3.19%	105,865,385	6.08%	-	105,865,385	4.78%
Milestone Sports	45,000,000	3.21%	45,000,000	2.88%	63,750,000	3.15%	-	63,750,000	2.88%	63,750,000	3.66%	-	63,750,000	2.88%
Mr. Lo	-	0.00%	-	0.00%	-	0.00%	-	-	0.00%	76,923,077	4.41%	-	76,923,077	3.47%
Others (Note 3)	923,778,394	65.95%	940,626,308	60.12%	1,332,553,953	65.90%	-	1,332,553,953	60.12%	940,626,308	54.00%	-	940,626,308	42.44%
	1,130,513,894	80.70%	1,147,361,808	73.33%	1,603,345,908	79.28%	22,083,330	1,625,429,238	73.33%	1,323,373,395	75.97%	119,230,770	1,442,604,165	65.09%
Total	1,400,947,761	100.00%	1,564,554,619	100.00%	2,022,230,319	100.00%	194,222,055	2,216,452,374	100.00%	1,741,890,336	100.00%	474,562,038	2,216,452,374	100.00%

Notes:

- For illustration purposes only, the conversion of any Convertible Securities or Viva China Convertible Securities by Viva China may cause the aggregate equity interests in the Company held by Viva China and parties acting concert with it equal to or over 30% of the then outstanding issued share capital of the Company. In such case, an obligation on Viva China to make a mandatory general offer for the Shares (not already owned by it or parties acting in concert with it) may arise unless a whitewash waiver is obtained where Viva China will have to be subject to compliance of the relevant requirements under the Takeovers Code.

2. Alpha Talent is wholly owned by Mr. Li. Mr. Li is therefore deemed to be interested in the 1,807,850 Shares held by Alpha Talent. Mr. Li is a director of Alpha Talent.
3. As at the date of this announcement, the Trustee holds 464,132 Shares. According to the scheme document of the Share Award Scheme and the trust deed of the Trustee, the Trustee is not allowed to accept any of its assured entitlement of Offer Securities or apply for any excess Offer Securities in the Open Offer.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company did not conduct any fund raising activities in the past 12 months immediately preceding the date of this announcement.

PRINCIPAL BUSINESS OF THE GROUP

The Group is one of the leading sports brand enterprises in the PRC. It has its own branding, research and development, design, manufacturing, distribution and retail capabilities. The Group's products include footwear, apparel, equipment and accessories for sport and leisure use which are primarily sold under its own LI-NING brand.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

Since the implementation of the comprehensive transformation blueprint as first disclosed in the announcement of the Company dated 4 July 2012, the series of adjustments made to date have resulted in an improvement in the Group's operations and set the Company on a clear path to growth. The Group has relentlessly adhered to its three strategic focuses, including focusing on the China market, LI-NING brand, and the five core sports categories with the highest growth potential in China – basketball, badminton, running, training and lifestyle. New products were developed for the Group's target market of ever-growing middle class sports consumers in the country, which includes both professional and mass market sports fans. These new products have achieved a unique competitiveness in the Group's core market. In addition, benefitting from the Channel Revival Plan, the optimization of the Group's network has resulted in the Group's various distributor and sub-distributor partners seeing improved profitability. The Group has also completed the build out of its retail operation platform. Through the sports marketing, product-driven and retail-oriented platform, it has laid a solid foundation for the Group's new phase of growth. Next year will mark the beginning of the Group's growth phase. The Board considered that the Open Offer will continue to enable the Group to develop new products, enhance the Group's competitiveness in the market and improve overall retail operational capability across the channels and the Group.

The Board has reviewed alternative sources of funding for the next phase of its development and considered that the Open Offer is in the best interests of both the Company and its shareholders as it provides an equitable means for the Company's qualifying shareholders to participate in the future development of the Company and the opportunity to maintain their respective shareholding interests.

The estimated net proceeds of the Open Offer will be in the range from approximately HK\$1,479.19 million to HK\$1,656.43 million which are equivalent to the net price ranging from approximately HK\$2.53 to HK\$2.54 per Offer Security. The Company intends to apply such net proceeds as working capital to support its next stage of growth and to optimize its capital structure.

WARNING OF THE RISKS OF DEALING IN ORDINARY SHARES

The existing Ordinary Shares will be dealt in on an ex-entitlement basis from Friday, 2 January 2015 based on the expected timetable. The Open Offer is conditional upon (i) the fulfillment of the conditions set out under the sub-section headed “Conditions of the Open Offer and the Underwriting Agreements” below; and (ii) the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein, as described below. Accordingly, the Open Offer may or may not proceed.

Any Shareholders or other persons dealing in existing Shares up to the date on which the Open Offer becomes unconditional will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR CONVERTIBLE SECURITIES

The latest time for acceptance of, and payment for, the Offer Securities will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of, and payment for, the Offer Securities will be extended to 5:00 p.m. on the same Business Day; and
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of, and payment for, the Offer Securities will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of, and payment for, the Offer Securities does not take place at 4:00 p.m. on the Final Acceptance Date, the dates mentioned in the section headed “Expected timetable” below may be affected. The Company will notify the Shareholders by way of an announcement on any change to the expected timetable as soon as practicable.

ADJUSTMENTS TO THE EXERCISE PRICE OF THE 2004 SHARE OPTIONS

Pursuant to the terms of the 2004 Share Option Scheme, the exercise price of the outstanding 2004 Share Options may be adjusted in accordance with the 2004 Share Option Scheme as a result of completion of the Open Offer. If there are any adjustments made upon completion of the Open Offer, the Company will notify the holders of the 2004 Share Options of such adjustments and make a further announcement in due course.

ADJUSTMENTS TO THE CB CONVERSION PRICE AND THE CS CONVERSION PRICE

Pursuant to the terms and conditions attaching to the Convertible Bonds and the 2013 Convertible Securities, the CB Conversion Price of the outstanding Convertible Bonds and the CS Conversion Price of the outstanding 2013 Convertible Securities may be adjusted in accordance with the terms and conditions thereof. If there are any adjustments made upon completion of the Open Offer, the Company will notify the holders of the Convertible Bonds and the 2013 Convertible Securities of such adjustments and make a further announcement in due course.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Last day of dealings in the Ordinary Shares on cum-entitlement basis	Wednesday, 31 December 2014
First day of dealings in the Ordinary Shares on ex-entitlement basis	Friday, 2 January 2015
Latest time for lodging transfer of shares to qualify for the Open Offer	4:30 p.m. on Monday, 5 January 2015
Register of members to be closed (both days inclusive)	Tuesday, 6 January 2015 to Thursday, 8 January 2015
Record Date	Thursday, 8 January 2015
Despatch of Prospectus Documents	Friday, 9 January 2015
Register of members to be re-opened	Friday, 9 January 2015
Latest time for acceptance of and payment for Offer Securities and for application of excess Offer Securities	4:00 p.m. on Friday, 23 January 2015

Latest time for Termination 5:00 p.m. on Monday,
26 January 2015

Announcement of the results of the Open Offer Friday, 30 January 2015

Despatch of certificates for Offer Securities and refund cheques Monday, 2 February 2015

First day of dealing in new Ordinary Shares issued
under the Open Offer 9:00 a.m. on Tuesday,
3 February 2015

All times and dates in this announcement refer to Hong Kong local times and dates. Dates of deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be announced or notified to Shareholders as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 2:20 p.m. on 12 December 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 17 December 2014.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

- “2004 Share Options” the options to subscribe for Shares granted under the 2004 Share Option Scheme

- “2004 Share Option Scheme” the share option scheme adopted by the Company on 5 June 2004, amended on 15 May 2009 and 11 October 2012 and terminated on 30 May 2014

- “2013 Convertible Securities” the convertible securities issued by the Company under the 2013 Open Offer with an aggregate principal amount of approximately HK\$1,847.8 million

- “2013 Open Offer” the open offer of 2013 Convertible Securities in the principal amount of HK\$3.50 as set out in the listing document of the Company dated 27 March 2013

- “2014 Share Options” the options to subscribe for Shares granted under the 2014 Share Option Scheme

“2014 Share Option Scheme”	the share option scheme adopted by the Company on 30 May 2014
“Affiliates”	(i) in relation to a natural person, any trust managed by such person, or any trust in which such person is beneficially interested in, or an associate (as defined in the Listing Rules) of such person, (ii) in relation to a body corporate, any subsidiary or holding company of such body corporate, any subsidiary of any such holding company for the time being and (iii) in relation to any partnership or other fund structure, any other person which through share ownership or through any other arrangement directly or indirectly controlling or controlled by or under direct or indirect common control with, such partnership or other fund structure
“Alpha Talent”	Alpha Talent Management Limited, a company incorporated in the British Virgin Islands and a holder of approximately 0.13% shareholding interest in the Company as at the date of this announcement
“Alpha Talent Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by Alpha Talent in favour of the Company and Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“Amendment Deeds”	the TPG Amendment Deed and the GIC Amendment Deed
“Application Form(s)”	the forms of application for use by Qualifying Shareholders to apply for their assured allotments of the Offer Securities under the Open Offer
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or a day on which a tropical cyclone warning signal No. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are open for business and the Stock Exchange is open for the business of dealing in securities
“Capital Distribution”	include distributions in specie, but exclude all cash distributions paid to the Shareholders

“CB Conversion Price”	the conversion price per CB Conversion Shares under the Convertible Bonds as amended under the Amendment Deeds
“CB Conversion Shares”	the new Shares to be issued by the Company upon conversion of the Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the terms and conditions to the Convertible Securities to be attached to the certificates substantially in the form set out in the relevant Instrument and each a “Condition”
“Conversion Period”	any time following the Issue Date, subject to, and upon compliance with, the provisions of the Conditions
“Conversion Price”	the price at which each Conversion Share will be issued upon conversion
“Conversion Right”	the right of the holder of the Convertible Securities to convert the Convertible Securities held by it into Conversion Shares
“Conversion Shares”	the new Ordinary Shares or Shares to be issued upon the exercise of the Conversion Rights under the Convertible Securities and each a “Conversion Share”
“Convertible Bonds”	the TPG Convertible Bonds and the GIC Convertible Bonds
“Convertible Securities”	the convertible securities in the principal amount of HK\$2.60 each to be issued to the Qualifying Shareholders by the Company under the Open Offer in lieu of all or part of his/her/its entitlement to such new Ordinary Shares at the election of the Qualifying Shareholders, or a combination of both, and each a “Convertible Security”
“CS Conversion Price”	the conversion price per CS Conversion Shares under the 2013 Convertible Securities
“CS Conversion Shares”	the new Shares to be issued by the Company upon conversion of the 2013 Convertible Securities

“Current Market Price”	in respect of the Shares on a particular date, the average closing price per Share quoted on the daily quotation sheets of the Stock Exchange for the five Trading Days immediately preceding such date
“Directors”	the directors of the Company
“Directors’ Irrevocable Undertakings”	the irrevocable undertakings dated 16 December 2014 given and delivered by each of the Directors in favour of the Company and the Underwriters not to exercise the 2004 Share Options held by each of them
“Excess Application Form(s)”	the excess application forms to apply for additional Offer Securities to be issued to the Qualifying Shareholders
“Excluded Securities”	the Offer Securities undertaken to be applied for by Viva China, TPG, the GIC Investor, Milestone, Milestone Sports, Mr. Li and Alpha Talent in their capacity as Qualifying Shareholders (which do not take into account of their subscriptions for excess Offer Securities) pursuant to the Open Offer in respect of their aggregate holding of Ordinary Shares as at the Record Date
“Excluded Shareholders”	Overseas Shareholders who the Directors, based on the legal advice provided by the Company’s legal advisers, consider it necessary or expedient to exclude from the Open Offer on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Final Acceptance Date”	Friday, 23 January 2015, or such other time and date as the Company and the Underwriters may agree as the last date for acceptance of, and payment for, the Offer Securities
“GIC”	GIC Private Limited (previously known as “Government of Singapore Investment Corporation Private Limited”)
“GIC Amendment Deed”	the deed of amendment dated 23 January 2013 entered into between the Company and the GIC Investor to effect the amendments to the GIC Subscription Agreement and the GIC Convertible Bonds
“GIC Convertible Bonds”	the convertible bonds in the principal amount of RMB189,000,000 and due in 2017 issued by the Company to the GIC Investor on 8 February 2012 (as amended pursuant to GIC Amendment Deed) pursuant to the GIC Subscription Agreement, which form part of the Convertible Bonds

“GIC Investor”	Tetrad Ventures Pte Ltd, an investment vehicle managed by GIC Special Investments Pte. Ltd., the private equity investment arm of GIC
“GIC Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by the GIC Investor in favour of the Company and Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“GIC Subscription Agreement”	the subscription agreement entered into between the Company and the GIC Investor on 19 January 2012 in relation to the issue of the GIC Convertible Bonds
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, being the Company’s branch share registrar and transfer office in Hong Kong
“Instrument”	the instrument to be executed by the Company by way of deed poll in relation to the creation of the Convertible Securities
“Irrevocable Undertakings”	the GIC Irrevocable Undertaking, the TPG Irrevocable Undertaking, the Viva China Irrevocable Undertaking, the Milestone Irrevocable Undertaking, the Milestone Sports Irrevocable Undertaking, Mr. Li Irrevocable Undertaking and the Alpha Talent Irrevocable Undertaking
“Issue Date”	the issue date of the Convertible Securities
“Last Full Trading Day”	11 December 2014, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Termination”	5:00 p.m. on Monday, 26 January 2015 or such date as the Company and the Underwriters may agree, being the latest time to terminate the Underwriting Agreements

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Scenario”	the scenario that: (a) all of the outstanding 2004 Share Options (that are exercisable on or before the Record Date but except those held by the Directors) are exercised; (b) all the outstanding 2013 Convertible Securities (except those held by TPG) are converted; (c) none of the Convertible Bonds are converted; (d) no further Shares will be issued save for those which will be issued under (a) and (b); and (e) no Shares will be repurchased, from the date of this announcement and up to the Record Date
“Milestone”	Milestone Capital Strategic Holdings Limited, a company incorporated in the British Virgin Islands and a holder of approximately 3.57% shareholding interest in the Company as at the date of this announcement
“Milestone Sports”	Milestone Sports Limited, a company incorporated in the British Virgin Islands and a holder of approximately 3.21% shareholding interest in the Company as at the date of this announcement
“Milestone Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by Milestone in favour of the Company and the other Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“Milestone Sports Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by Milestone Sports in favour of the Company and the Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“Milestone Underwriting Agreement”	the underwriting agreement dated 16 December 2014 entered into between the Company and Milestone in relation to the Open Offer
“Minimum Scenario”	the scenario that: (a) none of the outstanding 2004 Share Options are exercised; (b) none of the outstanding 2013 Convertible Securities as at the date of this announcement are converted; (c) none of the Convertible Bonds are converted; (d) no further Shares will be issued; and (e) no Shares will be repurchased, from the date of this announcement and up to the Record Date
“Mr. Li”	Mr. Li Ning, the executive Director and the executive Chairman and the controlling shareholder of Viva China, which is a substantial shareholder of the Company

“Mr. Li Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by Mr. Li in favour of the Company and Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“Mr. Lo”	Mr. Lo Yu Sai, an independent third party
“Mr. Lo Underwriting Agreement”	the underwriting agreement dated 16 December 2014 entered into between the Company and Mr. Lo in relation to the Open Offer
“NASDAQ”	The NASDAQ Stock Market of the United States
“Offer Securities”	the new Ordinary Shares, credited as fully paid, to be offered to the Qualifying Shareholders and/or the Convertible Securities to be offered to the Qualifying Shareholders under the Open Offer in lieu of all or part of his/her/its entitlement to such new Ordinary Shares, or a combination of both, at the election of the Qualifying Shareholders under the Open Offer
“Open Offer”	the proposed issue by way of open offer of the Offer Securities, for subscription, on the basis of 5 Offer Securities for every 12 existing Shares held on the Record Date, at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents and the Underwriting Agreements
“Ordinary Shares” or “Shares”	shares of HK\$0.10 each in the share capital of the Company
“Overseas Shareholders”	Shareholders whose names, appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macao Special Administration Region and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form and the Excess Application Form

“Prospectus Posting Date”	Friday, 9 January 2015 or such other date as the Underwriters may agree with the Company, being the date of despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 8 January 2015, or such other date as may be agreed between the Company and the Underwriters for determining entitlements to the Open Offer
“RMB”	Renminbi, the lawful currency of the PRC
“Scrip Dividend”	a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Award Scheme”	the share award scheme adopted by the Company on 14 July 2006 and amended on 30 April 2009
“Share Incentive Schemes”	the 2004 Share Option Scheme, the 2014 Share Option Scheme and the Share Award Scheme
“Shareholder(s)”	the registered holders of Ordinary Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$2.60 per Offer Security
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“TPG”	TPG Stallion, L.P.
“TPG Amendment Deed”	the deed of amendment dated 23 January 2013 entered into between the Company and TPG to effect the amendments to the TPG Subscription Agreement and the TPG Convertible Bonds

“TPG Convertible Bonds”	the convertible bonds in the principal amount of RMB561,000,000 and due in 2017 issued by the Company to TPG on 8 February 2012 (as amended pursuant to TPG Amendment Deed) pursuant to the TPG Subscription Agreement, which form part of the Convertible Bonds
“TPG Convertible Securities”	the 2013 Convertible Securities issued to TPG by the Company pursuant to the 2013 Open Offer in outstanding principal amount of HK\$123,888,471
“TPG Group”	TPG and its Affiliates
“TPG Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by TPG in favour of the Company and the other Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“TPG Subscription Agreement”	the subscription agreement entered into between the Company and TPG Asia, Inc. on 19 January 2012 in relation to the issue of the TPG Convertible Bonds and the rights and obligations of TPG Asia, Inc. under the subscription agreement, which were subsequently novated and assumed by TPG Stallion Holdings, L.P. pursuant to a novation agreement 8 February 2012 entered into between the Company, TPG Asia Inc. and TPG Stallion Holdings, L.P.
“TPG Underwriting Agreement”	the underwriting agreement dated 16 December 2014 entered into between the Company and TPG in relation to the Open Offer
“Trading Day(s)”	a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time
“Trustee”	the trustee of the Share Award Scheme
“Underwriters”	Viva China, TPG, Milestone and Mr. Lo
“Underwriting Agreements”	the TPG Underwriting Agreement, the Viva China Underwriting Agreement, the Milestone Underwriting Agreement and the Mr. Lo Underwriting Agreement

“Underwritten Offer Securities”	the Offer Securities (which do not include the Excluded Securities) underwritten by the Underwriters pursuant to the terms of the Underwriting Agreements and “Underwritten Offer Securities not taken up” means those Underwritten Offer Securities (which do not include the Excluded Securities) not taken up by the Qualifying Shareholders under the Application Forms or the Excess Application Forms
“United States”	the United States of America
“Viva China”	Viva China Holdings Ltd, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of the Company and a wholly-owned subsidiary of Viva China Holdings
“Viva China Convertible Securities”	the 2013 Convertible Securities issued to Viva China by the Company pursuant to the 2013 Open Offer in outstanding principal amount of HK\$513,656,304
“Viva China Holdings”	Viva China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Viva China Irrevocable Undertaking”	the irrevocable undertaking dated 16 December 2014 given by Viva China in favour of the Company and the other Underwriters as set out in the paragraph headed “Irrevocable Undertakings” in this announcement
“Viva China Underwriting Agreement”	the underwriting agreement dated 16 December 2014 entered into between the Company and Viva China in relation to the Open Offer
“%”	per cent.

By order of the Board
LI NING COMPANY LIMITED
Li Ning
Executive Chairman

Hong Kong, 16 December 2014

As at the date of this announcement, the executive Directors are Mr. Li Ning and Mr. Jin-Goon Kim. The non-executive Director is Mr. Chen Yue, Scott. The independent non-executive Directors are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Mr. Su Jing Shyh, Samuel.