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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)

RESTRICTED SHARE AWARD SCHEME

Upon expiration of the 2006 Restricted Share Award Scheme, the Board has adopted the Scheme which shall be valid and effective for a period of 10 years commencing on the Adoption Date. Pursuant to the Scheme, the Company shall transfer cash to the Trustee from time to time for it to acquire Shares to be held upon trust for the benefit of Selected Participants. Shares granted to the Selected Participants shall be Restricted Shares which shall become unrestricted upon vesting at the end of each vesting period and/or satisfaction of specified vesting criteria set out in the grant letters issued to such Selected Participants. No Shares shall be granted under the Scheme if, as a result of such grant, the number of Shares administered under the Scheme would exceed 5 per cent of the issued share capital of the Company from time to time. Apart from the expenses incurred by the Trustee in respect of any sale, purchase, vesting or transfer of the Restricted Shares which shall be borne by the Selected Participants, vested Shares shall be transferred at no cost to the Selected Participants.

Following the expiration of the 2006 Restricted Share Award Scheme on 14 July 2016, the Board has adopted the Scheme on the Adoption Date. As at the date hereof, the Company has, in addition to the Scheme, the Share Option Scheme under which the Company may continue to grant options to eligible participants. The Scheme will be valid and effective for a period of 10 years commencing on the Adoption Date. The Company believes that being able to attract and retain talented resources within the Company is vital to its success and it will not be possible to do so without having a competitive and attractive remuneration package in place. The introduction of the Scheme will facilitate the Company's objectives of attracting new and motivating existing talents and retaining both in the Company.

A summary of the Scheme Rules is set out below:

Purposes, Duration and Administration

The purposes of the Scheme are to encourage and retain Selected Participants, including the Directors, to work with the Company and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Company and aligning the interests of Selected Participants directly to the shareholders of the Company through ownership of Shares.

Subject to any early termination of the Scheme and without prejudicing the subsisting rights of any Selected Participant, the Scheme shall be valid for the Scheme Period.

The Scheme shall be administered by the Administration Committee and the Trustee in accordance with the Scheme Rules.

Maximum Limit

The maximum number of Shares administered under the Scheme (including any Shares purchased pursuant to the Scheme and any amounts paid to the Trustee for the purpose of making such a purchase) shall not exceed in total 5 per cent of the Company's issued share capital from time to time. As at the date hereof, the number of issued Shares of the Company is 1,885,494,074 Shares and the maximum number of Shares which may be administered under the Scheme is 94,274,703 Shares. The maximum number of Restricted Shares that may be granted to a Selected Participant at any one time or in aggregate may not exceed 1 per cent of the Company's issued share capital as at the Adoption Date (i.e. 18,854,940 Shares).

Restrictions

No grant of Restricted Shares shall be made to any Selected Participant:

- (i) after inside information has come to the Company's knowledge, until such information has been announced;
- (ii) on any day on which the Company's financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless there are circumstances of the Company that fall within the exceptions under the Listing Rules; and
- (iii) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

Operation

Subject to the Scheme Rules, the Administration Committee may from time to time at its absolute discretion select any Participant to be a Selected Participant and determine the number of Restricted Shares to be granted. Where any grant of Restricted Shares is proposed to be made to any Selected Participant who is a Director (including the INED) or a member of the Administration Committee, such grant must first be approved by all the INEDs (excluding INED who is the proposed Selected Participant of such grant).

The Administration Committee shall cause to be paid to the Trustee the purchase price and the related expenses from the Company's resources. The Trustee shall purchase the relevant number of Shares on the Hong Kong Stock Exchange and shall hold such Shares upon trust for the benefits of the Selected Participants until they are vested in accordance with the Scheme Rules. The Trustee is an independent third party within the definition of the Listing Rules. The grant of Restricted Shares is subject to acceptance by the Selected Participants. Restricted Shares granted to but not accepted by the Selected Participants shall become Unaccepted Shares.

The Trustee may use any remainder of cash and non-cash income received by the Trustee in respect of the Shares held upon trust to purchase Additional Shares after defraying all expenses of the Trust. The Trustee shall hold the Additional Shares, Unaccepted Shares and Unvested Shares and all income derived therefrom upon trust and may make any grant to existing or new Selected Participants after considering the recommendations of the Administration Committee.

Upon confirmation received from the Administration Committee that the vesting conditions have been satisfied, the Trustee shall transfer the vested Restricted Shares to the relevant Selected Participants at no cost except that the expenses in respect of any sale, purchase, vesting or transfer of such Restricted Shares shall be borne by the Selected Participants. In addition, the Company or any Subsidiary shall be entitled to withhold the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Restricted Shares.

Vesting

Restricted Shares granted under the Scheme are subject to a vesting scale in tranches of one-third each on every anniversary date of the Grant Date starting from the first anniversary date until the third or other vesting criteria stated in the grant letter. Vesting of Restricted Shares shall be subject to the conditions that the Selected Participant shall remain as a Participant of the Company or any Subsidiary until and on each of the Vesting Dates.

Lapse

A grant of Restricted Shares that have not vested shall automatically lapse if a Selected Participant ceases to be a Participant:

- (a) as a result of termination by the Company or any Subsidiary for cause;

- (b) if he is an Employee, by reason of redundancy, severance or dismissal or his own resignation;
- (c) by reason of the Subsidiary by or with which such Selected Participant is employed or contracted (as the case may be) ceasing to be a Subsidiary;
- (d) by reason of an order for the winding up of the Company having been made or a resolution have been passed for the voluntary winding up of the Company; or
- (e) by reason of death.

In the event that a Selected Participant fails to return the relevant document containing his/her securities account details to the Administration Committee within 28 days after the Grant Date, the relevant part of the Restricted Shares granted to such Selected Participant shall also automatically lapse.

Where Shares, referable to a Selected Participant, do not vest in accordance with the Scheme Rules, the Trustee shall hold such Unvested Shares and all income derived therefrom for the benefit of all or one or more of the Participants, as the Trustee in its absolute discretion shall at any time grant, after having taken into consideration recommendations of the Administration Committee.

If an offer by way of takeover, merger, scheme of arrangement, share repurchase or otherwise is made to all the holders of Shares resulting in a change in control of the Company (as specified in the Takeovers Code), and such offer becomes or is declared unconditional prior to the vesting of Restricted Shares in the Selected Participant, then all Restricted Shares shall immediately so vest.

Limitation of Restricted Shares

Any grant of Restricted Shares shall be personal to the Selected Participant to whom it is made and shall not be assignable. No Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Restricted Shares pursuant to such grant or the Unaccepted Shares, Additional Shares or any of the Unvested Shares under the Scheme.

A Selected Participant shall have no rights in (a) any cash and non-cash income in respect of a Share administered under the Scheme; and (b) any cash remaining in the trust fund of the Trust in respect of a Share administered under the Scheme. All restrictions and limitations on the Restricted Shares shall be removed upon vesting.

The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust.

The Trustee may not subscribe for any new Shares pertaining to either (a) an open offer of new securities; or (b) bonus warrants issued in respect of any Shares held by the Trustee. In the event of a rights issue, the Trustee shall sell any nil-paid rights allotted to it. In the event of the issue of a bonus warrant, the Trustee shall sell the bonus warrants granted to it. The net proceeds from the sale of such

rights shall be held as cash income of the trust fund of the Trust and shall be applied in accordance with the Scheme Rules to purchase Additional Shares for the benefit of all or one or more of the Participants.

Termination

The Scheme shall terminate on the earlier of the 10th anniversary of the Adoption Date or such date of early termination as determined by a resolution of the Board. Any termination shall be without prejudice to any subsisting rights of any Selected Participant. Upon termination (whether due to early termination or upon expiry of the Scheme Period), no further Restricted Shares shall be granted. The Company shall notify the Trustee of such termination.

Upon receipt of a termination notice from the Company, the Trustee shall vest in the Selected Participants all Restricted Shares referable to the date of termination which are not vested by transferring the same held by and in the trust fund of the Trust to the relevant Selected Participants; and sell all Unaccepted Shares, Unvested Shares, Additional Shares and non-cash income remaining in the Trust and remit the proceeds of sale of the same together with any residual cash accrued in the Trust, net of all appropriate expenses in connection with such sale in accordance with the Trust Deed, to the Company forthwith after the sale.

Definitions

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the following respective meanings:

“2006 Restricted Share Award Scheme”	the restricted share award scheme adopted by the Company on 14 July 2006, as amended on 30 April 2009 and 4 July 2012 and expired on 14 July 2016
“Additional Shares”	additional Shares purchased by the Trustee which are funded by the cash and non-cash income received by the Trustee in respect of the Shares held upon trust
“Administration Committee”	the Remuneration Committee (a sub-committee of the Board) and senior management of the Company which shall include the Chief Executive Officer, the Chief Financial Officer and the Head of Human Resources of the Company, delegated with the power and authority by the Board to administer the Scheme
“Adoption Date”	14 July 2016 (the effective date of the Scheme as approved by the Board on 2 June 2016 upon recommendation of the Remuneration Committee)
“Board”	the board of Directors

“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Employee”	an employee of the Company or any Subsidiary
“Grant Date”	in relation to any Restricted Share, the date on which the Restricted Share is, was or is to be granted
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“INED(s)”	the independent non-executive Director(s)
“inside information”	has the meaning defined in the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) as amended from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Participant”	any individual being a director (including executive and non-executive director), employee, officer, agent or consultant of the Company or any Subsidiary
“Restricted Shares”	Shares granted under the Scheme which are subject to restrictions and limitations
“Scheme”	the restricted share award scheme in its present or any amended form
“Scheme Period”	the period of 10 years commencing from the Adoption Date
“Scheme Rules”	the rules of the Scheme adopted by the Board
“Selected Participant(s)”	any Participant(s) selected by the Administration Committee in accordance with the terms of and entitled to receive a grant of Restricted Shares under the Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 30 May 2014
“Shares”	share(s) with a par value of HK\$0.10 each (or such other nominal amount as shall result from a subdivision or a consolidation of such shares from time to time) in the capital of the Company

“Subsidiary”	the subsidiary of the Company; and “Subsidiaries” shall be construed accordingly
“subsidiary”	has the meaning ascribed to such term in Section 2 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) whether incorporated in Hong Kong or elsewhere
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs for the time being in force and as amended from time to time
“Trust”	the Li Ning Company Limited Restricted Share Award Scheme Trust from which Restricted Shares may be granted to a Selected Participant pursuant to the Scheme
“Trust Deed”	the trust deed constituting the Trust, as restated, supplemented and amended from time to time
“Trustee”	BOCI-Prudential Trustee Limited, being the trustee for the time being of the Trust or any additional or replacement trustee(s)
“Unaccepted Shares”	such Shares which are not accepted by the Selected Participants within 28 days of the Grant Date and have been or will be dealt with in accordance with the Scheme Rules
“Unvested Shares”	such Shares which do not vest in the Selected Participants and have been or will be forfeited in accordance with the Scheme Rules
“Vesting Date”	the date on which Restricted Shares shall vest in the Selected Participants in accordance with the Scheme Rules

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

Hong Kong, 14 July 2016

As at the date of this announcement, the executive director of the Company is Mr. Li Ning. The non-executive directors of the Company are Mr. Chen Yue, Scott and Mr. Wu, Jesse Jen-Wei. The independent non-executive directors of the Company are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Mr. Su Jing Shyh, Samuel.