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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY

The Board is pleased to announce that on 27 August 2021 (after trading hours), the Purchasers, all being indirect wholly owned subsidiaries of the Company, entered into the Framework Agreement with the Vendor, pursuant to which the Purchasers agreed to acquire and the Vendor agreed to sell the Property at the Consideration of approximately RMB1,034,041,000.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Framework Agreement exceeds 5% but all the applicable percentage ratios are lower than 25%, the transaction contemplated under the Framework Agreement constitutes discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 August 2021 (after trading hours), the Purchasers, all being indirect wholly owned subsidiaries of the Company, entered into the Framework Agreement with the Vendor, pursuant to which the Purchasers agreed to acquire and the Vendor agreed to sell the Property at the Consideration of approximately RMB1,034,041,000. The principal terms of the Framework Agreement are as follows:

FRAMEWORK AGREEMENT

Date

27 August 2021 (after trading hours)

Parties

Purchasers : Shanghai Shao Hao Sports Goods Co., Ltd.* (上海少昊體育用品有限公司);
Shanghai Shao Hao Sports Development Co., Ltd.* (上海少昊體育發展有限公司);
Shanghai Ningju Sports Goods Co., Ltd.* (上海寧聚體育用品有限公司);
Shanghai Shao Hao Boyue Commercial Management Co., Ltd.* (上海少昊伯悅商業管理有限公司),

Each of the Purchasers is an indirect wholly owned subsidiary of the Company

Vendor : Shanghai Chenhong Real Estate Development Co., Ltd.* (上海辰泓房地產發展有限公司)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Framework Agreement, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Property to be acquired

The Property to be acquired by the Purchasers are eight (8) office floors, together with 128 parking spaces in Kaiqiao Cultural Square (provisional name)* (凱橋文化廣場 (暫定名稱)) located at No. 28, Huayang Road, Changning District, Shanghai, China* (中國上海市長寧區華陽路街道28街坊).

As at the date of this announcement, the Property is under construction and is expected to be delivered to the Purchasers before 30 September 2022. The expected total GFA of the Property is approximately 17,362.27 sq.m..

Consideration

The Consideration for the Acquisition is approximately RMB1,034,041,000, of which:

- (a) approximately RMB627,568,000 shall be payable by Shanghai Shao Hao Sports Goods;
- (b) approximately RMB135,448,000 shall be payable by Shanghai Shao Hao Sports Development;
- (c) approximately RMB136,677,000 shall be payable by Shanghai Ningju; and
- (d) approximately RMB134,348,000 shall be payable by Shanghai Shao Hao Boyue.

The Consideration is subject to adjustment with reference to the actual GFA of the Property as measured by accredited surveying and mapping agency recognized by the Shanghai Municipal Bureau of Housing.

The Consideration shall be paid in cash in the following manners:

1. within ten (10) business days from the date of the Framework Agreement, each of the Purchasers shall pay 75% of their respective payments;
2. within five (5) business days following the obtaining of the filing document of as-built inspection of the Property, each of the Purchasers shall pay 15% of their respective payments; and
3. within five (5) business days of obtaining the initial registration of estate title of the Property by the Vendor, each of the Purchasers shall pay the remaining 10% of their respective payments.

The Consideration was arrived at after arm's length negotiation among the Purchasers and the Vendor, with reference to, amongst other things, (i) the prevailing market prices of properties of similar nature available in the same vicinity; (ii) the current market conditions; and (iii) the valuation of the Property conducted by an independent property valuer of RMB 1,140,900,000 as of 23 June 2021.

In the event the Vendor fails to deliver the Property on the Completion Date by reasons other than force majeure events, the Vendor shall pay overdue payment to the Purchasers at the daily rate of 0.2% of the Consideration paid, calculated from the day following the Completion Date until the actual delivery date. If the delivery is delayed for more than 60 days, the Purchasers shall have the right to terminate the Framework Agreement by written notice, and request the Vendor to refund the Consideration paid by the Purchasers and pay penalty fee equivalent to 10% of the Consideration.

The Consideration will be funded by the internal resources of the Group.

Formal Agreement

Pursuant to the terms of the Framework Agreement, the Purchasers and the Vendor shall enter into the formal agreement(s) before 31 December 2021 or within 15 business days from the date on which the pre-sale or sale conditions of the Property is fulfilled (whichever is earlier).

Delivery of the Property

The Vendor shall deliver the Property to the Purchasers free from all encumbrances on the Completion Date before 30 September 2022.

Undertakings

Pursuant to the Framework Agreement, the Purchasers undertake that:

1. within two (2) years from the Completion Date, the internal property management of the Property shall be performed by a designated property management agency appointed by the Vendor; and
2. the Purchasers shall hold the Property for not less than five (5) years after obtaining the respective property ownership certificate(s) and shall not transfer or dispose of the Property during the period, unless with the prior consent of the Vendor.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE FRAMEWORK AGREEMENT

The Board considers that the Acquisition is in line with the strategic plan of the Group. The Company will establish its global business headquarter of the Yangtze River Delta in Changning District of Shanghai, therefore the Acquisition of the Property can satisfy the office needs of the Company. As the Property is located in a core commercial and residential area in Shanghai, the Directors believe that the Acquisition will also provide asset appreciation potential to the Group in the long run.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement and the transaction contemplated thereunder are fair and reasonable and are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASERS AND THE GROUP

The Purchasers

Shanghai Shao Hao Sports Goods is a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Shanghai Shao Hao Sports Goods is principally engaged in product design and research and development and marketing management.

Shanghai Shao Hao Sports Development is a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Shanghai Shao Hao Sports Development is principally engaged in management of sports resources and sports service.

Shanghai Ningju is a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Shanghai Ningju is principally engaged in operation of brand culture.

Shanghai Shao Hao Boyue is a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company. Shanghai Shao Hao Boyue is principally engaged in marketing and operational management.

The Group

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

INFORMATION ON THE VENDOR

The Vendor is a state-owned company established under the laws of the PRC with limited liability and is principally engaged in real estate development in the PRC. As at the date of this announcement, the Vendor is held as to 85% by Shanghai Xin Changning (Group) Co., Ltd.* (上海新長寧(集團)有限公司) and 15% by Shanghai Jiuhua Commercial (Group) Co., Ltd.* (上海九華商業(集團)有限公司) which are both ultimately held by State-owned Assets Supervision and Administration Commission of Changning District of Shanghai* (上海市長寧區國有資產監督管理委員會).

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Framework Agreement exceeds 5% but all the applicable percentage ratios are lower than 25%, the transaction contemplated under the Framework Agreement constitutes discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	acquisition of the Property by the Purchasers
“Board”	the board of Directors
“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	a date falling on or before 30 September 2022 upon which the Property shall be delivered to the Purchaser
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	Approximately RMB1,034,041,000, being the total consideration payable by the Purchasers to the Vendor for the Acquisition
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 27 August 2021 entered into among the Purchasers and the Vendor in relation to the Acquisition
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties	parties who are independent of, and not connected with the Company or any of its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Property”	eight (8) office floors, together with 128 parking spaces in Kaiqiao Cultural Square (provisional name)* (凱橋文化廣場 (暫定名稱)) located at No. 28, Huayang Road, Changning District, Shanghai, China* (中國上海市長寧區華陽路街道 28 街坊)
“Purchasers”	collectively, Shanghai Shao Hao Sports Goods, Shanghai Shao Hao Sports Development, Shanghai Ningju and Shanghai Shao Hao Boyue and each as a “Purchaser”
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shanghai Ningju”	Shanghai Ningju Sports Goods Co., Ltd.* (上海寧聚體育用品有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Shanghai Shao Hao Boyue”	Shanghai Shao Hao Boyue Commercial Management Co., Ltd.* (上海少昊伯悅商業管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Shanghai Shao Hao Sports Development”	Shanghai Shao Hao Sports Development Co., Ltd.* (上海少昊體育發展有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Shanghai Shao Hao Sports Goods”	Shanghai Shao Hao Sports Goods Co., Ltd.* (上海少昊體育用品有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“sq.m.”	square metres
“Vendor”	Shanghai Chenhong Real Estate Development Co., Ltd.* (上海辰泓房地產發展有限公司), a state-owned company established under the laws of the PRC with limited liability

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 27 August 2021

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

**For identification purpose only*