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VIVA CHINA HOLDINGS LIMITED

非凡中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8032)



LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2331)

**JOINT ANNOUNCEMENT
TOP-UP PLACING OF EXISTING LI NING SHARES AND
SUBSCRIPTION OF NEW LI NING SHARES
UNDER GENERAL MANDATE**

Placing Agents

J.P.Morgan

NOMURA

THE PLACING AND SUBSCRIPTION

The Li Ning Board and the Viva China Board are pleased to announce that on 27 October 2021 (after trading hours of the Stock Exchange), Li Ning, the Vendor (being a wholly-owned subsidiary of Viva China) and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor (being a substantial shareholder of Li Ning beneficially interested in 271,201,543 Li Ning Shares, which represent approximately 10.87% of the existing issued share capital of Li Ning as at the date of this joint announcement) has agreed to place, through the Placing Agents, on a fully-underwritten basis, an aggregate of 120,000,000 Top-up Placing Shares, at the Top-up Placing Price of HK\$87.50 per Top-up Placing Share; and (ii) the Vendor has agreed to subscribe for 120,000,000 Top-up Subscription Shares at the Top-up Subscription Price of HK\$87.50 per Top-up Subscription Share which is equivalent to the Top-up Placing Price.

The total number of 120,000,000 Top-up Placing Shares held by the Vendor represents (i) approximately 4.81% of the existing issued share capital of Li Ning as at the date of this joint announcement and (ii) approximately 4.59% of the issued share capital of Li Ning as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming that there is no change in the issued share capital of Li Ning from the date of this joint announcement to the completion of the Top-up Subscription save for the issue of the Top-up Subscription Shares).

The Top-up Placing Price of HK\$87.50 per Top-up Placing Share represents:

- (i) a discount of approximately 8.09% to the closing price of HK\$95.2 per Li Ning Share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement;
- (ii) a discount of approximately 5.02% to the average closing price of HK\$92.12 per Li Ning Share as quoted on the Stock Exchange for the last five (5) trading days up to and including 26 October 2021, being the last trading day in respect of the Li Ning Shares immediately prior to the date of the Placing and Subscription Agreement;
- (iii) a discount of approximately 1.02% to the average closing price of HK\$88.41 per Li Ning Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including 26 October 2021, being the last trading day in respect of the Li Ning Shares immediately prior to the date of the Placing and Subscription Agreement; and
- (iv) a discount of approximately 4.78% to the average closing price of HK\$91.90 per Li Ning Share as quoted on the Stock Exchange for the last thirty (30) trading days up to and including 26 October 2021, being the last trading day in respect of the Li Ning Shares immediately prior to the date of the Placing and Subscription Agreement.

Li Ning was authorised to issue and allot up to a total of 249,423,842 Li Ning Shares under the General Mandate granted by the Li Ning Shareholders at the annual general meeting of Li Ning held on 11 June 2021. The General Mandate is sufficient for the issue and allotment of the Top-up Subscription Shares.

As at the date of this joint announcement, the General Mandate has not yet been utilised. Accordingly, Li Ning may issue and allot up to 249,423,842 Li Ning Shares under the General Mandate and it is intended that the Top-up Subscription Shares will be allotted and issued thereunder. Therefore, no Li Ning Shareholders' approval is required for the issue of the Top-up Subscription Shares.

Assuming that the total number of 120,000,000 Top-up Placing Shares is placed to the Places in full and the equivalent number of Top-up Subscription Shares is subscribed for by Viva China under the Top-up Subscription, the total gross proceeds and estimated net proceeds (after deducting the commission payable to the Placing Agents, professional fee and other related costs and expenses in relation to the Top-up Placing and Subscription) from the Top-up Subscription are approximately HK\$10.5 billion and approximately HK\$10.43 billion respectively. On such basis, the net price of each Top-up Subscription Share is approximately HK\$86.92.

Li Ning intends to use the net proceeds from the Top-up Subscription for (1) investment in newly launched product categories; (2) international expansion; (3) investment in reengineered infrastructure and further enhance supply chain system; (4) future business investments when opportunity arises; (5) brand building and (6) general working capital.

An application will be made by Li Ning to the Stock Exchange for the listing of, and permission to deal in, the Top-up Subscription Shares.

As at date of this joint announcement, the Vendor held 271,201,543 Li Ning Shares, representing approximately 10.87% of the issued shares of Li Ning. The Vendor's shareholding in Li Ning will decrease from approximately 10.87% to 6.06% upon completion of the Top-up Placing and will be restored to approximately 10.37% upon completion of the Top-up Subscription. Under Chapter 19 of the GEM Listing Rules, the Top-up Placing and the Top-up Subscription respectively constitutes a very substantial disposal and very substantial acquisition for Viva China.

Viva China has applied to the Stock Exchange for a waiver from strict compliance with the very substantial disposal and very substantial acquisition requirements in respect of the Top-up Placing and the Top-up Subscription under Chapter 19 of the GEM Listing Rules, and the Stock Exchange has granted the aforesaid waiver.

Completion of the Top-up Placing and completion of the Top-up Subscription are subject to fulfilment of the conditions as set out in the Placing and Subscription Agreement. As the Top-up Placing and Subscription may or may not proceed, shareholders and potential investors of Li Ning and Viva China are reminded to exercise caution when dealing in the Li Ning Shares, the Viva China Shares and other securities of Li Ning and Viva China.

The Li Ning Board and the Viva China Board are pleased to announce that on 27 October 2021 (after trading hours of the Stock Exchange), Li Ning, the Vendor (being a wholly-owned subsidiary of Viva China) and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor (being a substantial shareholder of Li Ning beneficially interested in 271,201,543 Li Ning Shares, which represent approximately 10.87% of the existing issued share capital of Li Ning as at the date of this joint announcement) has agreed to place, through the Placing Agents, on a fully-underwritten basis, an aggregate of 120,000,000 Top-up Placing Shares, at the Top-up Placing Price of HK\$87.50 per Top-up Placing Share; and (ii) the Vendor has agreed to subscribe for 120,000,000 Top-up Subscription Shares at the Top-up Subscription Price of HK\$87.50 per Top-up Subscription Share which is equivalent to the Top-up Placing Price.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

27 October 2021 (after trading hours of the Stock Exchange)

Parties

- (i) Li Ning, as the issuer of the Top-up Subscription Shares;
- (ii) the Vendor, as the vendor of the Top-up Placing Shares and the subscriber of the Top-up Subscription Shares; and
- (iii) the Placing Agents, as the placing agents for the placing of the Top-up Placing Shares.

The Vendor is a company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of Viva China. The Vendor is a substantial shareholder of Li Ning beneficially interested in 271,201,543 Li Ning Shares, which represent approximately 10.87% of the existing issued share capital of Li Ning as at the date of this joint announcement.

To the best knowledge, information and belief of the Li Ning Directors and the Viva China Directors, and after having made all reasonable enquiries, the Placing Agents are Independent Third Parties.

The Top-up Placing

Pursuant to the Placing and Subscription Agreement, the Placing Agents have agreed to act as the placing agents for the placing of an aggregate of 120,000,000 Top-up Placing Shares at the Top-up Placing Price of HK\$87.50 per Top-up Placing Share on a fully-underwritten basis.

Number of the Top-up Placing Shares

The total number of 120,000,000 Top-up Placing Shares held by the Vendor represents (i) approximately 4.81% of the existing issued share capital of Li Ning as at the date of this joint announcement and (ii) approximately 4.59% of the issued share capital of Li Ning as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming that there is no change in the issued share capital of Li Ning from the date of this joint announcement to the completion of the Top-up Subscription save for the issue of the Top-up Subscription Shares).

Rights of the Top-up Placing Shares

The Top-up Placing Shares will be sold free from all pledges, liens, charges and encumbrances, equities, security interests or other claims and together with all rights attaching thereto as at the date of the Placing and Subscription Agreement, including the right to receive all dividends, distributions and other rights declared, distributed or paid, in respect of the Top-up Placing Shares. The Top-up Placing Shares rank pari passu in all respects with the other existing Li Ning Shares.

Placees

The Placing Agents have agreed to place, on a fully-underwritten basis, the Top-up Placing Shares. It is expected that the Placing Shares will be placed to not less than six Placees, who will be any professional, institutional or other investors or person or entity procured by or on behalf of the Placing Agents or their agents and the Placees (and their respective ultimate beneficial owners) shall be Independent Third Parties.

It is not expected that any individual Placee will become a substantial shareholder of Li Ning upon the completion of the Top-up Placing. If any of the Placees becomes a substantial shareholder of Li Ning after completion of the Top-up Placing, further announcement will be made as and when appropriate in accordance with the Listing Rules.

Top-up Placing Price

The Top-up Placing Price of HK\$87.50 per Top-up Placing Share represents:

- (i) a discount of approximately 8.09% to the closing price of HK\$95.2 per Li Ning Share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement;
- (ii) a discount of approximately 5.02% to the average closing price of HK\$92.12 per Li Ning Share as quoted on the Stock Exchange for the last five (5) trading days up to and including 26 October 2021, being the last trading day in respect of the Li Ning Shares immediately prior to the date of the Placing and Subscription Agreement;

- (iii) a discount of approximately 1.02% to the average closing price of HK\$88.41 per Li Ning Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including 26 October 2021, being the last trading day in respect of the Li Ning Shares immediately prior to the date of the Placing and Subscription Agreement; and
- (iv) a discount of approximately 4.78% to the average closing price of HK\$91.90 per Li Ning Share as quoted on the Stock Exchange for the last thirty (30) trading days up to and including 26 October 2021, being the last trading day in respect of the Li Ning Shares immediately prior to the date of the Placing and Subscription Agreement.

The Top-up Placing Price is the same as the Top-up Subscription Price.

The Top-up Placing Price was arrived at after arm's length negotiations among Li Ning, the Vendor and the Placing Agents with reference to the recent market condition and the prevailing market price of the Li Ning Shares. The Li Ning Directors and the Viva China Directors consider that the Top-up Placing Price and the terms and conditions of the Placing and Subscription Agreement are on normal commercial terms and are fair and reasonable and are in the interests of Li Ning, Viva China, the Li Ning Shareholders and the Viva China Shareholders as a whole.

Conditions Precedent to the Placing

Completion of the Top-up Placing is conditional upon:

- (i) before completion of the Top-up Placing, there shall not have occurred:
 - (A) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of Li Ning, or Li Ning and its subsidiaries taken as a whole; or
 - (B) any suspension or limitation of trading (a) in any of Li Ning's securities by the Stock Exchange (save and except for any trading halt in relation to the Top-up Placing and the Top-up Subscription), or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
 - (C) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the European Economic Area, (together, the "**Relevant Jurisdictions**", each a "**Relevant Jurisdiction**") of a national emergency or war or other calamity or crisis; or

- (D) any material disruption in commercial banking or securities settlement or clearance services in any Relevant Jurisdiction and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any Relevant Jurisdiction; or
- (E) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in any Relevant Jurisdiction or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agents, would make the placement of the Top-up Placing Shares or the enforcement of contracts to purchase the Top-up Placing Shares impracticable or inadvisable or inexpedient to proceed therewith.

- (ii) the representations and warranties made by any of Li Ning and the Vendor pursuant to the Placing and Subscription Agreement being true and accurate and not misleading as of the date of the Placing and Subscription Agreement and the Placing Completion Date;
- (iii) each of Li Ning and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing and Subscription Agreement on or before the Placing Completion Date; and
- (iv) the Placing Agents having received on the Placing Completion Date a United States legal opinion as referred to in the Placing and Subscription Agreement, such opinion to be in form and substance reasonably satisfactory to the Placing Agents.

Li Ning and the Vendor shall use their respective reasonable endeavours to procure the fulfilment of the foregoing sale conditions (except for the condition set out in (iv) above) on or before the Placing Completion Date. The Placing Agents in their sole discretion may waive any of the conditions of the Top-up Placing, in whole or in part and with or without conditions, by notice to Li Ning and the Vendor. In the event that (a) any of the events set out in (i) above occurs at any time between the date of the Placing and Subscription Agreement and the Placing Completion Date, or (b) the Vendor does not deliver the Top-up Placing Shares on the Placing Completion Date, or (c) any of conditions set out in (ii) to (iv) above has not been satisfied or waived in writing on the dates specified above, the Placing Agents may elect, in their sole discretion, to terminate the Placing and Subscription Agreement forthwith.

Completion of the Top-up Placing

Completion of the Top-up Placing is expected to take place on 1 November 2021, or at such other time and/or date as may be agreed by the Vendor and the Placing Agent.

The Top-up Subscription

Li Ning has conditionally agreed to allot and issue and the Vendor has conditionally agreed to subscribe for 120,000,000 Top-up Subscription Shares.

Number of the Top-up Subscription Shares

The number of Top-up Subscription Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement is equal to the number of the Top-up Placing Shares. The total number of 120,000,000 Top-up Subscription Shares represents (i) approximately 4.81% of the existing issued share capital of Li Ning as at the date of this joint announcement; and (ii) approximately 4.59% of the issued share capital of Li Ning as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming that there is no change in the issued share capital of Li Ning from the date of this joint announcement to the completion of the Top-up Subscription save for the issue of the Top-up Subscription Shares). The aggregate nominal value of the Top-up Subscription Shares will be HK\$12,000,000 on the basis of full subscription of all the Top-up Subscription Shares.

Top-up Subscription Price

The Top-up Subscription Price of HK\$87.50 is the same as the Top-up Placing Price.

The Top-up Subscription Price was determined with reference to the Top-up Placing Price and was negotiated on an arm's length basis based on the Top-up Placing Price among Li Ning, the Vendor and the Placing Agents on the date of the Placing and Subscription Agreement.

Ranking of the Top-up Subscription Shares

The Top-up Subscription Shares will rank, upon issue, pari passu in all respects with the other Li Ning Shares in issue on the date of allotment and issue of the Top-up Subscription Shares.

Conditions of the Top-up Subscription

Completion of the Top-up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting to Li Ning a listing of and permission to deal in, the Top-up Subscription Shares (and such listing and permission not subsequently being revoked prior to the delivery of definition share certificate(s) representing the Top-up Subscription Shares); and
- (ii) the completion of the Top-up Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

None of the conditions stated above can be waived.

In the event of the conditions referred to above not having been fulfilled within 14 days of the date of the Placing and Subscription Agreement (or such later date as may be agreed among the Stock Exchange, Li Ning, the Vendor and the Placing Agents, all obligations and liabilities of Li Ning and the Vendor under the Top-up Subscription shall be null and void and none of Li Ning and Viva China shall have any claim against any other in relation to the Top-up Subscription otherwise save and except any antecedent breach and otherwise than the obligation of Li Ning to refund the sale net proceeds of the Top-up Placing to Viva China.

Completion of the Top-up Subscription

Completion of the Top-up Subscription shall take place on or before the second business day after the date upon which the last of the conditions of the Top-up Subscription shall have been satisfied, provided that it shall be no later than the date falling 14 days after the date of the Placing and Subscription Agreement, i.e. 10 November 2021, or at such later time and/or date as Li Ning, the Vendor and the Placing Agents may agree in writing and in compliance with, as the case may be, the Listing Rules and the GEM Listing Rules.

Application for Listing

An application will be made by Li Ning to the Stock Exchange for the listing of, and permission to deal in, the Top-up Subscription Shares.

LOCK-UP UNDERTAKINGS

Pursuant to the terms of the Placing and Subscription Agreement,

- (i) the Vendor shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents, (A) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any Affiliate of the Vendor or any person in privity with the Vendor or any Affiliate of the Vendor), directly or indirectly, any equity securities of Li Ning or any securities convertible into, or exercisable, or exchangeable for, equity securities of Li Ning, (B) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Li Ning Shares, whether any such transaction described in (A) or (B) above is to be settled by delivery of Li Ning Shares or such other securities, in cash or otherwise, or (C) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 90 days after the Placing Completion Date. The foregoing shall not apply to the sale of the Top-up Placing Shares under the Placing and Subscription Agreement; and

- (ii) Li Ning shall not, and the Vendor shall procure that Li Ning will not, without the prior written consent of the Placing Agents, (A) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of Li Ning or any securities convertible into, or exercisable, or exchangeable for, equity securities of Li Ning, or (B) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Li Ning Shares, whether any such transaction described in (A) or (B) above is to be settled by delivery of Li Ning Shares or such other securities, in cash or otherwise, or (C) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 90 days after the Placing Completion Date. The foregoing shall not apply to (x) the issue of the Top-up Subscription Shares under the Placing and Subscription Agreement and (y) any grant of share option(s) and any issue of new Li Ning Share(s) upon exercise of option(s) under the share option scheme adopted by Li Ning on 30 May 2014.

GENERAL MANDATE

Li Ning was authorised to issue and allot up to a total of 249,423,842 Li Ning Shares under the General Mandate granted by the Li Ning Shareholders at the annual general meeting of Li Ning held on 11 June 2021. The General Mandate is sufficient for the issue and allotment of the Top-up Subscription Shares.

As at the date of this joint announcement, the General Mandate has not yet been utilised. Accordingly, Li Ning may issue and allot up to 249,423,842 Li Ning Shares under the General Mandate and it is intended that the Top-up Subscription Shares will be allotted and issued thereunder. Therefore, no Li Ning Shareholders' approval is required for the issue of the Top-up Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF LI NING

Set out below is the shareholding structure of Li Ning (i) as at the date of this joint announcement; (ii) immediately after the completion of the Top-up Placing but before the completion of the Top-up Subscription; and (iii) immediately after the completion of the Top-up Placing and the completion of the Top-up Subscription, on the assumption that (1) a total number of 120,000,000 Top-up Placing Shares have been placed by the Placing Agents under the Top-up Placing and the Vendor shall subscribe for 120,000,000 Top-up Subscription Shares upon completion of the Top-up Subscription; and (2) there will be no other change to the share capital of Li Ning from the date of this joint announcement until the completion of the Top-up Subscription save for the issue of the Top-up Subscription Shares:

	As at the date of this joint announcement		Immediately after the completion of the Top-up Placing but before the completion of the Top-up Subscription		Immediately after the completion of the Top-up Placing and the completion of the Top-up Subscription	
	<i>Number of Li Ning Shares</i>	<i>Approximate %</i>	<i>Number of Li Ning Shares</i>	<i>Approximate %</i>	<i>Number of Li Ning Shares</i>	<i>Approximate %</i>
Viva China	271,201,543	10.87	151,201,543	6.06	271,201,543	10.37
Mr. Li Ning	3,991,813	0.16	3,991,813	0.16	3,991,813	0.15
Other Li Ning Directors	1,596,525	0.06	1,596,525	0.06	1,596,525	0.06
Top-up Placing Shares	-	-	120,000,000	4.81	120,000,000	4.59
Other Li Ning Shareholders	<u>2,219,211,944</u>	<u>88.91</u>	<u>2,219,211,944</u>	<u>88.91</u>	<u>2,219,211,944</u>	<u>84.83</u>
Total	<u>2,496,001,825</u>	<u>100.00</u>	<u>2,496,001,825</u>	<u>100.00</u>	<u>2,616,001,825</u>	<u>100.00</u>

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Li Ning has not conducted any fund raising activities on issue of equity securities in the past twelve months prior to the date of this joint announcement.

REASONS FOR THE TOP-UP PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

Li Ning is incorporated in the Cayman Islands with limited liability. The Li Ning Group is principally engaged in brand development, design, manufacture, sale and distribution of sport-related footwear, apparel, equipment and accessories in the PRC.

Assuming that the total number of 120,000,000 Top-up Placing Shares is placed to the Placees in full and the equivalent number of Top-up Subscription Shares is subscribed for by Viva China under the Top-up Subscription, the total gross proceeds and estimated net proceeds (after deducting the commission payable to the Placing Agents, professional fee and other related costs and expenses in relation to the Top-up Placing and Subscription) from the Top-up Subscription are approximately HK\$10.5 billion and approximately HK\$10.43 billion respectively. On such basis, the net price of each Top-up Subscription Share is approximately HK\$86.92.

Li Ning intends to use the net proceeds from the Top-up Subscription for (1) investment in newly launched product categories; (2) international expansion; (3) investment in reengineered infrastructure and further enhance supply chain system; (4) future business investments when opportunity arises; (5) brand building and (6) general working capital.

The Li Ning Directors are of the view that the Top-up Placing and Subscription will benefit the Group's long term development by providing a good opportunity to raise additional funds to strengthen the financial position and to broaden Li Ning's shareholder base and capital base to facilitate the future growth and development of its business as well as to increase the liquidity of the Li Ning Shares.

The Li Ning Directors and the Viva China Directors (including the respective independent non-executive directors) are of the view that the Top-up Placing and Subscription is in the interests of Li Ning, Viva China, the Li Ning Shareholders and the Viva China Shareholders as a whole and the terms of the Placing and Subscription Agreement, which were arrived at after arm's length negotiations among Li Ning, the Vendor and the Placing Agents, are fair and the reasonable so far as the Li Ning Shareholders and Viva China Shareholders are concerned.

EFFECT ON THE VENDOR AND VIVA CHINA

As at date of this joint announcement, the Vendor held 271,201,543 Li Ning Shares, representing approximately 10.87% of the issued shares of Li Ning. The Vendor's shareholding in Li Ning will decrease from approximately 10.87% to 6.06% upon completion of the Top-up Placing and will be restored to approximately 10.37% upon completion of the Top-up Subscription. Under Chapter 19 of the GEM Listing Rules, the Top-up Placing and the Top-up Subscription respectively constitutes a very substantial disposal and very substantial acquisition for Viva China.

The purpose of the Top-up Placing and Subscription is to facilitate the fund raising of Li Ning. As it would be unduly burdensome to Viva China to comply with the very substantial disposal and very substantial acquisition requirements in respect of the Top-up Placing and the Top-up Subscription under Chapter 19 of the GEM Listing Rules and taking into account the sensitive timing requirement in connection with a typical placing of shares in a listed company, having to comply with the relevant requirements under the GEM Listing Rules would render the Top-up Placing and Subscription not commercially viable.

Viva China has applied to the Stock Exchange for a waiver from strict compliance with the very substantial disposal and very substantial acquisition requirements in respect of the Top-up Placing and the Top-up Subscription under Chapter 19 of the GEM Listing Rules, and the Stock Exchange has granted the aforesaid waiver.

The granting of the aforementioned waiver will not result in any undue risk to Viva China or its shareholders (in particular, the risk that Top-up Subscription fails to complete after the Top-up Placing has completed) on the basis described below:

- (a) Viva China has applied for the waiver prior to the entering of the Placing and Subscription Agreement and the Top-up Placing has not been implemented when this waiver application is being considered by the Stock Exchange;

- (b) the parties to the Placing and Subscription Agreement will take reasonable steps to ensure completion of the Top-up Subscription. Viva China undertakes to the Stock Exchange that before completion of the Top-up Placing, details of the placees will be submitted to the Stock Exchange as required. Li Ning will apply for the listing approval relating to the Top-up Subscription Shares as soon as practicable after the Placing and Subscription Agreement has been executed. Viva China is not required to obtain a whitewash waiver under the Hong Kong Code on Takeovers and Mergers in connection with the Top-up Subscription and the main conditions precedent to the completion of the Top-up Subscription will be the Stock Exchange's approval of the listing of the Top-up Subscription Shares and the completion of the Top-up Placing. Accordingly, it is unlikely that the Top-up Subscription will fail to complete after the Top-up Placing has been completed;
- (c) if both the Top-up Placing and the Top-up Subscription are completed, there will be a net disposal of 0.5% interests in Li Ning by Viva China and its impact on Viva China will not be material;
- (d) Viva China has disclosed the information relating to the Top-up Placing and Subscription in this joint announcement.

Viva China considers that the Top-up Placing and Subscription will provide funding for Li Ning which will also allow Li Ning to broaden its shareholder and capital base. In addition, relatively more funds are expected to be raised through the Top-up Placing and Subscription than a placing of new shares for subscription by investors which will require a longer period of time for closing to take place compared to a placing of existing shares, and hence resulting in a greater discount to the subscription price given the higher risks involved for the potential investors. Viva China being the single largest shareholder of Li Ning will benefit from the growth and development of Li Ning with possible enhancement in the value in its investments in Li Ning.

Although Viva China's percentage holding in Li Ning will decrease upon completion of the Top-up Placing and Subscription as a result of the dilution, such decrease will be immaterial with Viva China's shareholding in Li Ning remaining at approximately 10.37%.

Li Ning could still raise funds through placing of new shares if Viva China does not provide assistance through the Top-up Placing and Subscription which would likewise result in a dilution of Viva China's interest in Li Ning, mostly likely under less favourable terms as explained above and without any control or involvement of Viva China in the process. The Top-up Placing and Subscription would also enable Viva China to better protect its interest through its participation and involvement in the transaction with influence over the relevant terms.

In view of the aforementioned reasons and benefits, Viva China Board considers that the Top-up Placing and Subscription is in the interest of Viva China and the Viva China Shareholders as a whole.

Completion of the Top-up Placing and completion of the Top-up Subscription are subject to fulfilment of the conditions as set out in the Placing and Subscription Agreement. As the Top-up Placing and Subscription may or may not proceed, shareholders and potential investors of Li Ning and Viva China are reminded to exercise caution when dealing in the Li Ning Shares, the Viva China Shares and other securities of Li Ning and Viva China.

DEFINITIONS

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

“Affiliate”	has the meanings specified in Rule 501(b) of Regulation D under the Securities Act
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules/the GEM Listing Rules
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Li Ning Directors by the Li Ning Shareholders at the annual general meeting of Li Ning held on 11 June 2021 to allot, issue and deal with up to a total of 249,423,842 new Li Ning Shares (representing 10% of the then issued share capital of Li Ning as at the date of the said annual general meeting)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party(ies) independent of and not connected with or acting in concert with Li Ning and Viva China, their respective connected persons and respective associates (as defined in the Listing /GEM Listing Rules)
“JPM”	J.P. Morgan Securities plc
“Li Ning”	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

“Li Ning Board”	the board of Li Ning Directors from time to time
“Li Ning Director(s)”	the director(s) of Li Ning
“Li Ning Group”	Li Ning and its subsidiaries
“Li Ning Share(s)”	ordinary shares of HK\$0.10 each in the share capital of Li Ning
“Li Ning Shareholder(s)”	the holder(s) of the issued Li Ning Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomura”	Nomura International (Hong Kong) Limited
“Placee(s)”	any professional, institutional or other investor(s) or person or entity procured by or on behalf of the Placing Agents or their respective agent(s) to purchase any of the Top-up Placing Shares pursuant to the Placing Agents’ obligations under the Placing and Subscription Agreement
“Placing Agent(s)”	JPM and/or Nomura, as the case may be
“Placing and Subscription Agreement”	the placing and subscription agreement dated 27 October 2021 entered into between the Li Ning, the Vendor and the Placing Agents in relation to the Top-up Placing and Subscription
“Placing Completion Date”	the date as the Vendor and the Placing Agents shall agree on which completion of the Top-up Placing shall take place pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China, for the purpose of this joint announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules/GEM Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules/GEM Listing Rules

“Top-up Placing”	the placing of the Top-up Placing Shares held by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Top-up Placing and Subscription”	the Top-up Placing and the Top-up Subscription
“Top-up Placing Price”	the price of HK\$87.50 per Top-up Placing Share
“Top-up Placing Share(s)”	an aggregate of 120,000,000 Li Ning Shares held by the Vendor and to be placed pursuant to the Placing and Subscription Agreement
“Top-up Subscription”	the subscription of the Top-up Subscription Shares by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Top-up Subscription Price”	the price of HK\$87.50 per Top-up Subscription Share which shall be the same as the Top-up Placing Price
“Top-up Subscription Share(s)”	an aggregate of 120,000,000 new Li Ning Shares to be subscribed for by the Vendor pursuant to the Placing and Subscription Agreement, being the number of the Top-up Placing Shares actually placed by the Placing Agents on behalf of the Vendor pursuant to the terms of the Placing and Subscription Agreement
“trading day”	a day on which the Li Ning Shares and the Viva China Shares are traded on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange in force from time to time
“Vendor”	Viva China Development Limited, a company incorporated in the British Virgin Islands, being a wholly owned subsidiary of Viva China
“Viva China”	Viva China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange, and a substantial shareholder of Li Ning beneficially interested in 271,201,543 Li Ning Shares, which represent approximately 10.87% of the existing issued share capital of Li Ning as at the date of this joint announcement
“Viva China Board”	the board of Viva China Directors from time to time
“Viva China Director(s)”	the director(s) of Viva China

“Viva China Share(s)” Ordinary shares of HK\$0.05 each in the share capital of Viva China

“Viva China Shareholder(s)” the holder(s) of the issued Viva China Shares

By order of the board
Viva China Holdings Limited
LI Ning
*Chairman and
Chief Executive Officer*

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

Hong Kong, 28 October 2021

As at the date of this joint announcement, the Viva China Board comprises three executive directors, namely Mr. Li Ning (Chairman and Chief Executive Officer), Mr. Li Chunyang and Mr. Li Qilin; two non-executive directors, namely Mr. Victor Herrero and Mr. Ma Wing Man; and three independent non-executive directors, namely Mr. Li Qing, Mr. Pak Wai Keung, Martin and Mr. Wang Yan.

As at the date of this joint announcement, the Li Ning Board comprises three executive directors, namely Mr. Li Ning, Mr. Kosaka Takeshi and Mr. Li Qilin; and three independent non-executive directors, namely Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei and Dr. Chan Chung Bun, Bunny.

This joint announcement, for which the Viva China Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Viva China. The Viva China Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint announcement (other than those related to Li Ning Group) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading. The Viva China Directors also jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those related to Li Ning Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

This joint announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least seven days from the date of its posting and Viva China’s website at www.vivachina.hk.

* For identification purpose only