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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) ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES AND (2) CONTINUING CONNECTED TRANSACTIONS

MEMORANDUM OF UNDERSTANDING

The Board has been informed that on 31 August 2010, the Vendors entered into the Memorandum of Understanding with Coolpoint, pursuant to which Coolpoint has proposed to acquire from the Vendors an aggregate of 325,181,850 Shares, representing approximately 30.9% of the entire issued share capital of the Company as at the date of this announcement.

As the Proposed Transaction may or may not proceed, Shareholders and other investors are advised to exercise caution when dealing in the Shares.

MASTER AGREEMENT

On 31 August 2010, the Company and Coolpoint entered into the Master Agreement. Subject to the condition precedent relating to the Master Agreement having been fulfilled, the Coolpoint Group shall provide to the Group services in relation to brand or product endorsement, sponsorship and event management, on normal commercial terms with reference to the terms which similar services are offered in the market and to other factors specific to each individual transaction.

As at the date of this announcement, Mr. Li Ning, a Director and a controlling shareholder of the Company, indirectly holds approximately 63.2% of the listed shares of Coolpoint. Accordingly, Mr. Li is a connected person of the Company, Coolpoint is also a connected person of the Company, and the Relevant Transactions constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Annual Caps for the three financial years ending 31 December 2010, 2011 and 2012 are below 5%, the Relevant Transactions are exempt from independent shareholders' approval but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

MEMORANDUM OF UNDERSTANDING

This announcement in relation to the Memorandum of Understanding is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board has been informed that on 31 August 2010, Victory Mind Assets, Dragon City and Alpha Talent (as Vendors), entered into the Memorandum of Understanding with Coolpoint, pursuant to which Coolpoint has proposed to acquire from the Vendors an aggregate of 325,181,850 Shares, representing approximately 30.9% of the entire issued share capital of the Company as at the date of this announcement.

The Board has also been informed that the Memorandum of Understanding is not legally binding save in respect of the confidentiality, costs, governing law and dispute resolution provisions. As far as the Board is aware, as at the date of this announcement, negotiations with respect to the Proposed Transaction are still in progress and no agreement, whether formal or otherwise, has yet been entered into between the Vendors and Coolpoint. In the event that the Board becomes aware that a formal and legally binding agreement in respect of the Proposed Transaction has been entered into between the Vendors and Coolpoint, a further announcement will be made by the Company in respect thereof in accordance with the Listing Rules where necessary.

The Board believes that the Proposed Transaction would strengthen the relationship between the Group and the Coolpoint Group and would also allow them to explore more opportunities in strategic development of their existing or new businesses by utilising their respective resources on hand. The Proposed Transaction will not result in any change to the existing business strategies, management and day-to-day business of the Group.

As the Proposed Transaction may or may not proceed, Shareholders and other investors are advised to exercise caution when dealing in the Shares.

MASTER AGREEMENT

Date

31 August 2010

Parties

- (1) The Company; and
- (2) Coolpoint

Continuing connected transactions

Subject to the condition precedent relating to the Master Agreement having been fulfilled, member(s) of the Group and member(s) of the Coolpoint Group may enter into the following transactions (the “**Relevant Transactions**”), which will constitute continuing connected transactions of the Company:

- (1) provision of services by any member of the Coolpoint Group in relation to brand or product endorsement and sponsorship to the Group; and
- (2) provision of services by any member of the Coolpoint Group in relation to event management to the Group.

Pursuant to the Master Agreement, the Company and Coolpoint shall procure that the Relevant Transactions and the fees and charges payable by the Group under the Relevant Transactions will be on normal commercial terms with reference to the terms under which similar services are offered in the market and to other factors specific to each individual transaction.

Condition precedent

The Master Agreement is conditional upon the obtaining of the independent shareholders' approval in respect of Coolpoint at its extraordinary general meeting which must be held on or before 15 November 2010. In the event that such approval is not obtained on or before 15 November 2010, the Master Agreement will cease to have any legal effect and neither the Company nor Coolpoint shall have any obligations under the Master Agreement.

Term

Subject to the satisfaction of the aforementioned condition precedent, the Master Agreement shall continue in force until 31 December 2012 or the day on which each of the Company and Coolpoint ceases to be a connected person to the other party (whichever is earlier).

Annual Caps

The Relevant Transactions are subject to the Annual Caps for the three financial periods ending 31 December 2010, 2011 and 2012 set out below:

	Year ending 31 December		
	2010	2011	2012
Annual Cap (RMB)	21,500,000	100,000,000	100,000,000

The Annual Caps are determined with reference to (1) the marketing expenses of the Group; (2) certain marketing plan of the Group that may require services offered by the Coolpoint Group; (3) services that may be offered by the Coolpoint Group in the future and the expected level of service fees; (4) service fee for similar services in the PRC; and (5) the marketing plans proposed to the Group by the Coolpoint Group.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE MASTER AGREEMENT

As indicated in the earlier disclosures and the announcement of even date made by Coolpoint, the Coolpoint Group will diversify its business into sports-related businesses (apart from sports apparel, footwear and equipment businesses). It intends to leverage its resources in hand to establish itself as a leading talent and competition or event manager as well as a sports-related marketing specialist. By utilising the services of the Coolpoint Group, the Group will have better access to sports sponsorship resources and events promotion, which is conducive to the long term stability of the Group's sports sponsorship resources. The Group will also be able to benefit from the synergies and crossover created from other sports resources of the holding platform of the Coolpoint Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Li Ning, a Director and a controlling shareholder of the Company, indirectly holds approximately 63.2% of the listed shares of Coolpoint. Accordingly, Mr. Li is also the controlling shareholder of Coolpoint and therefore Coolpoint is an associate of Mr. Li Ning. As Mr. Li is a connected person of the Company, Coolpoint is also a connected person of the Company and the Relevant Transactions constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Annual Caps for the three financial years ending 31 December 2010, 2011 and 2012 are below 5%, the Relevant Transactions are exempt from independent shareholders' approval but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

OPINION OF THE DIRECTORS

The Directors (including independent non-executive Directors) other than Mr. Li Ning (who has a material interest in the transactions contemplated under the Master Agreement and therefore abstained from voting on the Board's resolution approving, among other things, the Master Agreement) confirm that the Master Agreement has been entered into (and the transactions contemplated under the Master Agreement will be entered into) in the ordinary and usual course of business of the Group, on normal commercial terms, and consider that the terms of the Master Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

The Company

The Company 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, accessories and equipment for sports and leisure use.

Coolpoint

Currently Coolpoint is principally engaged in trading of Chinese herbal products, manufacture and sale of western medicine, and manufacture and trading of new energy source air-conditioners. From the earlier public disclosures, Lead Ahead indicated that it intended to continue the existing green energy businesses of the Coolpoint Group as well as to diversify into other businesses which may include sports-related businesses (apart from sports apparel, footwear and equipment businesses).

Victory Mind Assets

Victory Mind Assets is an investment holding company and is 57% owned by Ace Leader and 38% owned by Jumbo Top. All shares of Ace Leader are held by Equity Trust Company (Cayman) Ltd. in its capacity as trustee of the Jun Tai Trust, the beneficiaries of which include Mr. Li Ning and his family members. All shares of Jumbo Top are held by Equity Trust Company (Cayman) Ltd. in its capacity as trustee of the Yuan Chang Trust, the beneficiaries of which include Mr. Li Chun and his family members. 173,374,000 Shares, representing approximately 16.5% of the total issued share capital of the Company as at the date of this announcement, are held by Victory Mind Assets.

Dragon City

Dragon City is an investment holding company and is 60% owned by Mr. Li Ning and 40% owned by Mr. Li Chun. 150,000,000 Shares, representing approximately 14.3% of the issued share capital of the Company as at the date of this announcement, are held by Dragon City.

Alpha Talent

Alpha Talent is an investment holding company and is wholly owned by Mr. Li Ning. 2,476,184 Shares, representing approximately 0.2% of the total issued share capital of the Company as at the date of this announcement, are held by Alpha Talent. Among the 2,476,184 Shares, 668,334 Shares have been granted to eligible employees of the Group under the share purchase scheme set up by Alpha Talent on 5 June 2004. Therefore, only 1,807,850 Shares owned by Alpha Talent will be subject to the Memorandum of Understanding.

DEFINITIONS

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

“Ace Leader”	Ace Leader Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Alpha Talent”	Alpha Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Annual Caps”	the maximum annual amounts for the Relevant Transactions in respect of the three financial periods ending 31 December 2010, 2011 and 2012
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules or the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Coolpoint”	Coolpoint Energy Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM and owned as to approximately 63.2% by Lead Ahead
“Coolpoint Group”	Coolpoint and its subsidiaries
“Director(s)”	the director(s) of the Company
“Dragon City”	Dragon City Management (PTC) Limited, a company incorporated in the British Virgin Islands with limited liability
“GEM”	The Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Jumbo Top”	Jumbo Top Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Lead Ahead”	Lead Ahead Limited, a company incorporated in the British Virgin Islands and owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Agreement”	the agreement entered into between the Company and Coolpoint on 31 August 2010 relating to the Relevant Transactions which may be entered between member(s) of the Group and member(s) of the Coolpoint Group
“Memorandum of Understanding”	the memorandum of understanding dated 31 August 2010 entered into between the Vendors and Coolpoint in respect of the Proposed Transaction
“PRC”	the People’s Republic of China
“Proposed Transaction”	the transaction proposed to be entered between the Vendors and Coolpoint as contemplated in the Memorandum of Understanding
“Relevant Transactions”	the transactions referred to in the paragraph headed “Master Agreement – Continuing connected transactions” in this announcement
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shares”	the shares of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Vendors”	Victory Mind Assets, Dragon City and Alpha Talent
“Victory Mind Assets”	Victory Mind Assets Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent

By order of the Board
Li Ning Company Limited
Li Ning
Chairman

Hong Kong, 31 August 2010

As at the date of this announcement, the executive directors of the Company are Mr. Li Ning, Mr. Zhang Zhi Yong and Mr. Chong Yik Kay. The non-executive directors are Mr. Lim Meng Ann, Mr. Chu Wah Hui and Mr. James Chun-Hsien Wei. The independent non-executive directors are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei and Mr. Chan Chung Bun, Bunny.