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LISI GROUP (HOLDINGS) LIMITED

利時集團（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

CONTINUING CONNECTED TRANSACTIONS

On 30 May 2012 after trading hours, Lisi Household, a wholly owned subsidiary of the Company, entered into the Lease Agreement with Lisi Electrical to lease the Property at a monthly rental of RMB635,100 for a term of 3 years.

Lisi Electrical is a connected person of the Company. The Lease Agreement constitutes a continuing connected transaction for the Company and is subject to reporting and announcement requirements and annual review requirements but is exempted from independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

THE LEASE AGREEMENT

Date

30 May 2012

Parties

- (i) 寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances Manufacturing Company Limited) as the lessor; and
- (ii) 寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited) as the lessee.

Lisi Electrical is indirectly wholly owned by Lisi Plastics. Lisi Plastics is owned as to 75% by Lisi Group. Lisi Group in turn is beneficially owned as to 98.15% by Mr Li Li Xin, the Company's chairman, executive director and substantial shareholder, and his spouse. Therefore Lisi Electrical is a connected person of the Company.

Subject Matter

Lisi Electrical shall lease the Property to Lisi Household pursuant to the terms and conditions of the Lease Agreement.

Details of Property

<u>Description</u>	<u>Approximate gross area</u>
Workshop #1	19,790 sq.m.
Workshop #2 (1st Floor)	12,364 sq.m.
Workshop #2 (2nd Floor)	12,364 sq.m.
Equipment room	240 sq.m.
Security room	50 sq.m.
248 units of workers quarters	—

Term

The Lease Agreement is for a term of 3 years commencing from 1 June 2012 and expiring on 31 May 2015.

Consideration

The monthly rental for the Property shall be RMB635,100, which is comparable to the market rental charge for adjacent lands and buildings in the local property market. A security deposit equivalent to 1 month's rental will be paid to Lisi Electrical within 30 days from the effective date of the Lease Agreement. The rental shall be payable monthly in advance.

The Annual Caps

Pursuant to the Lease Agreement, the respective amounts of rental payable to Lisi Electrical during the term of the Lease Agreement are expected not to exceed the following amounts:

Period	Rental
From 1 June 2012 to 31 March 2013	RMB6,351,000 (equivalent to approximately HK\$7,748,220)
From 1 April 2013 to 31 March 2014	RMB7,621,200 (equivalent to approximately HK\$9,297,864)
From 1 April 2014 to 31 March 2015	RMB7,621,200 (equivalent to approximately HK\$9,297,864)
From 1 April 2015 to 31 May 2015	RMB1,270,200 (equivalent to approximately HK\$1,549,644)

The above annual caps have been determined by the Directors with reference to the rental payable under the Lease Agreement.

REASONS FOR THE LEASE AGREEMENT

The Group is principally engaged in the manufacturing and trading of household products.

As disclosed in the Company's announcement dated 9 December 2011, the Group is relocating its manufacturing plant in Shenzhen to Ningbo, PRC. The Property shall house the manufacturing base relocated from Shenzhen. The Property is situated close to the Group's existing manufacturing base in Ningbo. The Directors consider that it will drive further synergies to improve efficiency in purchasing, production and logistics.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Agreement, including the annual caps, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Lisi Electrical is indirectly wholly owned by Lisi Plastics. Lisi Plastics is owned as to 75% by Lisi Group. Lisi Group in turn is beneficially owned as to 98.15% by Mr Li Li Xin, the Company's chairman, executive director and substantial shareholder, and his spouse. Therefore Lisi Electrical is a connected person of the Company. As a result, the Lease Agreement constitutes a continuing connected transaction for the Company. Since the applicable percentage ratios in respect of the Lease Agreement are less than 5%, the Leasing Agreement is subject to reporting and announcement requirements and annual review requirements but is exempted from independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the Board of directors of the Company
“Company”	Lisi Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 30 May 2012 made between Lisi Electrical and Lisi Household relating to the leasing of the Property
“Lisi Electrical”	寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances Manufacturing Company Limited), a sino-foreign enterprise established in the PRC
“Lisi Group”	利時集團股份有限公司 (Lisi Group Co., Ltd)
“Lisi Household”	寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Lisi Plastics”	寧波利時塑膠有限公司 (Ningbo Lisi Plastics Company Limited)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Property”	the properties including the factory and office buildings situated at 518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC which is the subject matter of the Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of illustration in this announcement, figures in Renminbi are converted into Hong Kong dollars at the approximate exchange rate of RMB1.00 to HK\$1.22.

The English translation of Chinese names is included for information purposes only and should not be regarded as their official English translation.

By Order of the Board
LISI GROUP (HOLDINGS) LIMITED
Li Li Xin
Chairman

Hong Kong, 30 May 2012

As at the date of this announcement, the Board comprises Mr Li Li Xin (Chairman) and Mr Cheng Jian He being executive Directors, Mr Xu Jin and Mr Lau Kin Hon being non-executive Directors, Mr He Chengying, Mr Chan Man Sum Ivan and Mr Cheung Kiu Cho Vincent being independent non-executive Directors.