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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

Strategic Cooperative Agreement

On 22 November 2018 after trading hours, the OPCo and Binhai Car City entered into the Supplemental Agreement amending the Previous Agreement in relation to the sale of Parallel Imported Cars.

Binhai Car City is a connected person of the Company. Since the applicable percentage ratios in respect of the maximum aggregate annual values under the Strategic Cooperative Agreement are more than 5%, the Strategic Cooperative Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee, comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Strategic Cooperative Agreement. The Board has appointed Vinco Capital Limited as independent financial adviser to advise the independent board committee and the Independent Shareholders on the terms of the Strategic Cooperative Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Strategic Cooperative Agreement; (ii) the recommendation from the independent board committee; (iii) a letter of advice from an independent financial adviser to the Independent Shareholders and (iv) notice of the SGM, will be despatched to the Shareholders on or before 5 December 2018.

Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement

On 22 November 2018 after trading hours, Lisi Household, a wholly owned subsidiary of the Company, entered into (i) the Lease Agreement with Da Mei to lease the Property; (ii) the Export Agency Agreement with Lisi Import & Export for the provision of export agency services and (iii) the Import Agency Agreement with Lisi Import & Export for the provision of import agency services.

On 22 November 2018 after trading hours, New JoySun, a wholly owned subsidiary of the Company, entered into the Mutual Supply Agreement with Lisi Group for the mutual supply of products to each other.

Da Mei, Lisi Import & Export and Lisi Group are connected persons of the Company. The Lease Agreement, the Export Agency Agreement, the Import Agency Agreement and the Mutual Supply Agreement constitute continuing connected transactions for the Company.

Since the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the maximum aggregate annual values under each of the Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement are less than 5%, each of the Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement are subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

STRATEGIC COOPERATIVE AGREEMENT

Date of Supplemental Agreement

22 November 2018

Parties

- (1) the OPCo; and
- (2) Binhai Car City.

Subject

Pursuant to the Strategic Cooperative Agreement, Binhai Car City agreed to supply to the OPCo such Parallel Imported Cars as the OPCo may order from time to time, and procure the completion of all necessary procedures for the purpose of overseas procurement, including but not limited to, logistics and port clearance as well as tax filings to ensure that the sale of such Parallel Imported Cars to the OPCo satisfy all applicable laws, regulations and other conditions. The amount of the order of the Parallel Imported Cars to be made by the OPCo will be determined with reference to (i) the amount of inventory in stock; and (ii) the amount of orders with the OPCo placed by its customers.

Further, in the event that any customer of the OPCo suffer any loss as a result of any purchase of Parallel Imported Cars from the OPCo which in turn cause any loss of Binhai Car City, the loss of which has been proven to be caused by reason of the OPCo, the OPCo shall within 15 days compensate Binhai Car City of such amount. In this regard, within 30 days upon the entering of the Strategic Cooperative Agreement, the OPCo shall provide a sum of RMB50,000,000 as guarantee amount.

Term

The Strategic Cooperative Agreement has a fixed term of three years commenced from 1 January 2019 and ending on 31 December 2021. The OPCo has a right to terminate the Strategic Cooperative Agreement by giving 30 days prior written notice to Binhai Car City.

Pricing Policy

The purchase prices of the Parallel Imported Cars payable by the OPCo to Binhai Car City will be determined with reference to the prevailing market prices of similar products available on the market, and on terms no less favourable to the terms other independent third parties may offer to the OPCo. On the assumption that all conditions being equal, if the purchase price offered by other independent third parties to the OPCo is lower than the purchase price offered by Binhai Car City to the OPCo, Binhai Car City shall reduce the purchase price to the level in line with the lowest price in the market as other independent third parties may offer.

In the event there are suppliers which supply cars of the same brand and quality, OPCo shall ask for a price quote from such suppliers. The transaction between OPCo and Binhai Car City shall be effective upon confirmation by OPCo that the purchase price offered to OPCo by Binhai Car City does not exceed that offered by other suppliers.

In the event no suppliers supply cars of the same brand and quality (i.e. Binhai Car City being the exclusive supplier), Binhai Car City shall provide OPCo with a record of the purchase prices offered by Binhai Car City to other customers for cars of such brand and quality during a period of 30 days prior to the date of the proposed transaction. The transaction between OPCo and Binhai Car City shall be effective upon confirmation by OPCo that the purchase price offered to OPCo does not exceed the purchase prices offered to other customers.

Settlement term

For Parallel Imported Cars to be purchased with reference to the OPCo's inventory level, 20% of the purchase price will be payable by the OPCo in cash when an order is placed within 3 days upon a change of inventory in stock and the remaining balance of the purchase price will be payable by the OPCo upon completion of tax and port clearance of the relevant Parallel Imported Cars after three months.

For Parallel Imported Cars to be purchased with reference to the amount of orders placed with the OPCo by its customers, 20% of the purchase price will be payable by the OPCo in cash when the OPCo receives the deposit sum from its customers and places an order with Binhai Car City and the remaining balance of the purchase price will be payable by the OPCo upon completion of tax and port clearance of the relevant Parallel Imported Cars after three months.

In the event that there is late payment of the purchase price by OPCo, OPCo will be required to pay Binhai Car City damages amounting to 0.5% of the total amount payable calculated on a daily basis.

Condition precedent

The Strategic Cooperative Agreement is conditional upon the approval being obtained from the Independent Shareholders at the SGM.

Historical transaction amount

The historical transaction amounts between the OPCo and Binhai Car City under similar arrangements as the Strategic Cooperative Agreement are as follows:

| Period | Amount |
|---------------------------------------|----------------|
| From 7 February 2017 to 31 March 2017 | RMB57,575,043 |
| From 1 April 2017 to 31 March 2018 | RMB725,048,811 |

Annual Caps

The transaction amounts during the term of the Strategic Cooperative Agreement are expected not to exceed the following amounts:

| Period | Amount |
|---|----------------|
| From 1 January 2019 to 31 December 2019 | RMB800,000,000 |
| From 1 January 2020 to 31 December 2020 | RMB700,000,000 |
| From 1 January 2021 to 31 December 2021 | RMB600,000,000 |

The annual cap amounts of the transaction amounts under the Strategic Cooperative Agreement are determined with reference to (i) the historical transaction amount for the year ended 31 March 2018; (ii) the estimated annual purchase of OPCO for calendar year of 2018 and (iii) the open market prices and the anticipated increases in business demand.

REASONS FOR THE STRATEGIC COOPERATIVE AGREEMENT

The Group is principally engaged in (i) manufacturing and trading of plastic and metal household products, (ii) operation of department stores and supermarkets, (iii) wholesale of alcohol, wine, beverages and electrical appliances and (iv) trading and sales of imported cars.

Binhai Car City is a company established in the PRC and is one of the largest platform companies engaged in the Parallel Import of cars in the China (Tianjin) Pilot Free Zone. Binhai Car City will be able to provide efficient and reliable services for the Group in securing stable supply from overseas car dealers and quality port services.

The Strategic Cooperative Agreement is a renewal of the Previous Agreement of the same subject matters which shall expire on 31 December 2018.

The Directors (excluding the independent non-executive Directors) consider that the terms of the Strategic Cooperative Agreement are fair and reasonable and the entering into of the Strategic Cooperative Agreement is in the interest of the Company and the Independent Shareholders as a whole.

LISTING RULES IMPLICATIONS

Binhai Car City is a company 100% indirectly held by the son-in law of Mr Tong Shiping and Ms Cheng Weihong, Directors and substantial Shareholders. Binhai Car City is therefore a connected person of the Company. Accordingly, the transactions with Binhai Car City as contemplated under the Strategic Cooperative Agreement constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual cap amount under the Strategic Cooperative Agreement are more than 5%, the transactions under the Strategic Cooperative Agreement are subject to the requirements of reporting, announcement, circular and Independent Shareholders' approval under the Listing Rules.

GENERAL

An independent board committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Strategic Cooperative Agreement. The Board has appointed Vinco Capital Limited as independent financial adviser to advise the independent board committee and the Independent Shareholders on the terms of the Strategic Cooperative Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Strategic Cooperative Agreement; (ii) the recommendation from the independent board committee; (iii) a letter of advice from an independent financial adviser to the Independent Shareholders and (iv) notice of the SGM, will be despatched to the Shareholders on or before 5 December 2018.

THE LEASE AGREEMENT

Date

22 November 2018

Parties

- (i) 達美 (寧波) 新材料有限公司 (Da Mei (Ningbo) New Materials 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.

Da Mei is principally engaged in property holding. Da Mei is a non-wholly owned subsidiary of Lisi Group, which is beneficially owned as to 98.15% by Mr Li Lixin, the Company’s chairman, executive director and substantial shareholder, and his son. Therefore Da Mei is a connected person of the Company.

Subject Matter

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

Details of Property

| Description | Approximate gross area |
|---------------------------|-------------------------------|
| Workshop (1st Floor) | 24,823.56 sq. m |
| Workshop (2nd Floor) | 15,055.93 sq. m |
| Office (2nd to 5th Floor) | 10,759.49 sq. m |

Term

The Lease Agreement is for a term of 3 years commencing from 1 January 2019 and expiring on 31 December 2021.

Consideration

The monthly rental for the Property shall be RMB532,242. A security deposit equivalent to 1 month’s rental will be paid to Da Mei. The rental shall be payable quarterly in advance.

The rental was determined after arm’s length negotiations by the parties with reference to the market rental charge for adjacent lands and buildings in the local property market.

The Annual Caps

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

| Period | Amount |
|---------------------------------------|---------------|
| From 1 January 2019 to 31 March 2019 | RMB1,596,726 |
| From 1 April 2019 to 31 March 2020 | RMB6,386,904 |
| From 1 April 2020 to 31 March 2021 | RMB6,386,904 |
| From 1 April 2021 to 31 December 2021 | RMB4,790,178 |

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

THE EXPORT AGENCY AGREEMENT

Date

22 November 2018

Parties

- (i) 寧波利時進出口有限公司 (Lisi Import and Export Company Limited*); and
- (ii) 寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited*).

Lisi Import & Export is principally engaged in import and export of goods and materials in the PRC. Lisi Import & Export is owned as to 80% by Lisi Group and 18.18% by a company wholly owned by Mr. Li Lixin and his son. Therefore Lisi Import & Export is a connected person of the Company.

Subject Matter

Lisi Import & Export shall provide export agency services to Lisi Household pursuant to the Export Agency Agreement. These services include assisting Lisi Household on handling government applications, settlement services and other liaison services between local government departments and the customers. The Government applications would mainly be customs declarations. The major category of products involved will be plastic and metal household products. Lisi Import & Export would provide all such services for every transaction assigned by the Group.

Term

The Export Agency Agreement is for a term of 3 years commencing from 1 January 2019 and ending on 31 December 2021.

Consideration

For the provision of the export agency services, Lisi Import & Export will charge an amount equivalent to approximately 1.11% (subject to the change of the value added tax rebate on exports) of the gross transactions amounts handled by Lisi Import & Export on behalf of Lisi Household. Currently the rate of value added tax is 16% and the tax rebate is 13%. Change in the tax rebate from 0% to 16% will result in change in the rate of the export service fee from approximately 0.98% to 1.16% respectively. The actual export service fee in RMB will be subject to exchange rate fluctuations. The service fee is payable after completion of each transaction with the usual credit term of 30-60 days which is no less favourable than those offered by other independent third party agents.

The rate of service fees was determined after arm's length negotiations by the parties with reference to the market rates of comparable companies engaging in similar services.

Historical transaction amount

The historical amounts of service fees paid to Lisi Import & Export under similar arrangement as the Export Agency Agreement are as follows:

| Period | Amount |
|------------------------------------|---------------|
| From 1 April 2015 to 31 March 2016 | RMB3,735,200 |
| From 1 April 2016 to 31 March 2017 | RMB3,444,972 |
| From 1 April 2017 to 31 March 2018 | RMB3,194,895 |

Annual Caps

The respective amounts of service fees payable to Lisi Import & Export during the term of the Export Agency Agreement are expected not to exceed the following amounts:

| Period | Amount |
|---------------------------------------|---------------|
| From 1 January 2019 to 31 March 2019 | RMB1,250,000 |
| From 1 April 2019 to 31 March 2020 | RMB5,250,000 |
| From 1 April 2020 to 31 March 2021 | RMB6,250,000 |
| From 1 April 2021 to 31 December 2021 | RMB5,250,000 |

The above proposed annual caps have been determined by the Directors with reference to, among others, (i) the amount of past transactions between Lisi Import & Export and Lisi Household and the actual service fees paid up to 31 March 2018, (ii) the estimated annual sales of Lisi Household of approximately USD68 million for the calendar year of 2019, (iii) the expected growth of the business of Lisi Household at the rate of 10% per annum and the corresponding increase in the service fees payable for the calendar years of 2020 and 2021, and (iv) buffer for the annual growth and the impact of exchange rate fluctuation on export activities (assuming further depreciation of the RMB exchange rate for up to 5% per year).

The estimated growth rate of the business of Lisi Household of 10% per annum is based on, among others, the following assumptions: (i) the modest sales growth of Lisi Household supported by continuous exchange rate depreciation of RMB in coming years widely expected in the market; (ii) the strength of Lisi Household in maintaining and enlarging its customer base; (iii) the continuous effort of the Group in cost control measures and business strategy of focusing on higher margin products and customers and development of new products and customers.

THE IMPORT AGENCY AGREEMENT

Date

22 November 2018

Parties

- (i) 寧波利時進出口有限公司 (Lisi Import and Export Company Limited*); and
- (ii) 寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited*).

Lisi Import & Export is a connected person of the Company.

Subject Matter

Lisi Import & Export shall provide import agency services to Lisi Household pursuant to the Import Agency Agreement. These services include the handling of government applications, settlement services and the provision of guarantees in respect of payment obligations under raw materials or goods purchase contracts entered into between Lisi Household with other third parties. The government applications would include customs declarations and tax refund. The major category of products involved will be raw materials such as polypropylene and copolyester. Lisi Import & Export would provide all such services for every transaction assigned by the Group. In providing the import agency services, due to customs declaration, it is necessary for Lisi Import & Export to purchase the products in its name and resell the products to the Group at costs.

Term

The Import Agency Agreement is for a term of 3 years commencing from 1 January 2019 and ending on 31 December 2021.

Consideration

Lisi Household will purchase raw materials or goods from Lisi Import & Export at costs to Lisi Import & Export. In addition, for the provision of the import agency services, Lisi Import & Export will charge an amount equivalent to 0.6% of the gross transaction amounts handled by Lisi Import & Export on behalf of Lisi Household. The purchase price and the service fees are payable after completion of each transaction with the usual credit term of 30-45 days which is no less favourable than those offered by other independent third party agents.

The rate of service fees was determined after arm’s length negotiations by the parties with reference to the market rates of comparable companies engaging in similar services.

Historical transaction amount

The historical gross transaction amounts with Lisi Import & Export under similar arrangement as the Import Agency Agreement are as follows:

| Period | Amount |
|------------------------------------|---------------|
| From 1 April 2015 to 31 March 2016 | RMB73,782,944 |
| From 1 April 2016 to 31 March 2017 | RMB70,295,291 |
| From 1 April 2017 to 31 March 2018 | RMB67,395,565 |

Annual Caps

The respective gross transaction amounts with Lisi Import & Export during the term of the Import Agency Agreement are expected not to exceed the following amounts:

| Period | Amount |
|---------------------------------------|---------------|
| From 1 January 2019 to 31 March 2019 | RMB18,750,000 |
| From 1 April 2019 to 31 March 2020 | RMB77,080,000 |
| From 1 April 2020 to 31 March 2021 | RMB85,420,000 |
| From 1 April 2021 to 31 December 2021 | RMB68,750,000 |

The above proposed annual caps have been determined by the Directors with reference to, among others, (i) the amount of past transactions between Lisi Import & Export and Lisi Household and the actual gross transaction amounts up to 31 March 2018, (ii) the estimated annual purchase of Lisi Household for calendar year of 2019, (iii) the expected growth of the business of Lisi Household at the rate of 10% per annum for the calendar years of 2020 and 2021, and (iv) buffer for the annual growth and the impact of exchange rate fluctuation on import activities (assuming further depreciation of the RMB exchange rate for 5% per year).

MUTUAL SUPPLY AGREEMENT

Date

22 November 2018

Parties

- (i) New JoySun (for itself and on behalf of its subsidiaries); and
- (ii) Lisi Group (for itself and on behalf of its subsidiaries).

Term

The term of the Mutual Supply Agreement is from 1 January 2019 to 31 December 2021, unless at any time any one party gives at least three (3) months' prior notice of termination to the other party. Upon expiry, the Mutual Supply Agreement will, subject to compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of 3 years.

Mutual supply of products

Pursuant to the Mutual Supply Agreement, New JoySun agreed to procure its subsidiaries to supply to Lisi Group and its subsidiaries food and beverage products.

In return, Lisi Group agreed to procure its subsidiaries to supply to New JoySun and its subsidiaries certain household products.

The parties will enter into individual supply contracts to set out specific terms of supply including but not limited to the products to be supplied, price, payment terms and terms of delivery. Such terms will be consistent with the principles and the terms of the Mutual Supply Agreement. If there is any conflict between the terms of an individual supply contract and the Mutual Supply Agreement, the latter shall prevail.

Pricing basis and payment terms

The terms of the individual supply contracts including unit price of the products and payment terms shall be determined and negotiated based on normal commercial terms and with reference to the prevailing fair market prices of comparable products, and such terms shall be no less favourable than those offered to or from New JoySun and its subsidiaries by or to independent third parties.

Depending on the products to be supplied, market demand, level of inventory and volume and time of delivery for each transaction, it is generally expected that payment shall be made by telegraphic transfer. The time of payment will be negotiated upon the parties entering into individual supply contracts.

Historical transaction amount

The historical transaction amount in respect of the mutual supply of products between New JoySun and Lisi Group and their respective subsidiaries under similar arrangements as the Mutual Supply Agreement are as follows:

| Period | Supply of products from New JoySun to Lisi Group (RMB) | Supply of products from Lisi Group to New JoySun (RMB) | Total (RMB) |
|------------------------------------|---|---|------------------------|
| From 1 April 2015 to 31 March 2016 | 2,134,713 | 19,841 | 2,154,554 |
| From 1 April 2016 to 31 March 2017 | 1,505,568 | 0 | 1,505,568 |
| From 1 April 2017 to 31 March 2018 | 1,452,449 | 0 | 1,452,449 |

Annual Caps

The respective gross transaction amounts during the term of the Mutual Supply Agreement are expected not to exceed the following amounts:

| Period | Supply of products from New JoySun to Lisi Group (RMB) | Supply of products from Lisi Group to New JoySun (RMB) | Total (RMB) |
|---------------------------------------|---|---|------------------------|
| From 1 January 2019 to 31 March 2019 | 330,000 | 300,000 | 630,000 |
| From 1 April 2019 to 31 March 2020 | 3,000,000 | 1,290,000 | 4,290,000 |
| From 1 April 2020 to 31 March 2021 | 3,300,000 | 1,420,000 | 4,720,000 |
| From 1 April 2021 to 31 December 2021 | 2,772,000 | 1,193,000 | 3,965,000 |

The above annual caps are determined, after arm's length negotiations between the parties with reference to, among others (i) the historical transaction amount for similar transactions between New JoySun and Lisi Group; (ii) the price of comparable products sold to or purchased from independent third parties; and (iii) the expected growth in business between New JoySun and Lisi Group.

REASONS FOR THE LEASE AGREEMENT, EXPORT AGENCY AGREEMENT, IMPORT AGENCY AGREEMENT AND MUTUAL SUPPLY AGREEMENT

The Group is principally engaged in (i) manufacturing and trading of plastic and metal household products, (ii) operation of department stores and supermarkets, (iii) wholesale of alcohol, wine, beverages and electrical appliances and (iv) trading and sales of imported cars.

The Lease Agreement, the Export Agency Agreement and the Import Agency Agreement will enable Lisi Household to make use of the Property as its factory and office and the export and import agency services provided by Lisi Import & Export which are necessary for the continued smooth operation of Lisi Household's business.

The Mutual Supply Agreement will enable the Group to acquire prompt and stable supply of products from Lisi Group, thus lowering the operation risks and costs and facilitating the Group's routine management on its business operations.

Each of the Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement is a renewal of the respective existing agreements of the same subject matters which shall expire on 31 December 2018.

The Directors (including the independent non-executive Directors) are of the view that the terms of each of the Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement, including their respective annual caps, are fair and reasonable and on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Da Mei is a non-wholly owned subsidiary of Lisi Group, which is beneficially owned as to 98.15% by Mr Li Lixin, the Company's chairman, executive director and substantial shareholder, and his son. Lisi Import & Export is owned as to 80% by Lisi Group and 18.18% by a company wholly owned by Mr Li Lixin and his son. Therefore Da Mei, Lisi Import & Export and Lisi Group are connected persons of the Company. As a result, the Lease Agreement, the Export Agency Agreement, the Import Agency Agreement and the Mutual Supply Agreement constitute continuing connected transactions for the Company.

Since the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the maximum aggregate annual values under each of the Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement are less than 5%, each of the Lease Agreement, Export Agency Agreement, Import Agency Agreement and Mutual Supply Agreement are subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

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| “Board” | the Board of directors of the Company |
| “Binhai Car City” | 天津濱海國際汽車城有限公司 (Tianjin Binhai International Car City Co., Ltd.*), a company established in the PRC |
| “Company” | Lisi Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “Da Mei” | 達美(寧波)新材料有限公司 (Da Mei (Ningbo) New Materials Company Limited*), a sino-foreign equity joint venture incorporated under the laws of the PRC |
| “Directors” | the directors of the Company |
| “Export Agency Agreement” | the export agency agreement dated 22 November 2018 made between Lisi Import & Export and Lisi Household relating to the provision of export agency services |
| “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 |
| “Import Agency Agreement” | the import agency agreement dated 22 November 2018 made between Lisi Import & Export and Lisi Household relating to the provision of import agency services |
| “Independent Shareholders” | Shareholders who are not involved or interested in the transactions contemplated under the Strategic Cooperative Agreement |
| “Lease Agreement” | the lease agreement dated 22 November 2018 made between Da Mei and Lisi Household relating to the leasing of the Property |

| | |
|--------------------------|---|
| “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 Import & Export” | 寧波利時進出口有限公司 (Lisi Import and Export Company Limited*) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New JoySun” | 寧波新江廈股份有限公司 (New JoySun Corp.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company |
| “OPCo” | 天津開利星空汽車城運營管理有限公司 (Tianjin Calistar Automall Operations Management Co., Ltd.*), a company established in the PRC and an indirectly wholly-owned subsidiary of the Company |
| “Parallel Import” | the importation of goods bearing a registered trademark or manufactured under license into a different jurisdiction by the owner of the trademark or right, otherwise with the consent of such owner |
| “Parallel Imported Cars” | cars imported into the PRC by way of Parallel Import |
| “PRC” | The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Previous Agreement” | the strategic cooperative agreement dated 2 June 2016 made between the OPCo and Binhai Car City relating to the sale of Parallel Imported Cars |
| “Property” | 34,269 square meters of factory space and 3,200 square meters of office premises located in 中國寧波市鄞州區投資創業中心誠信路518號 (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 |

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|-----------------------------------|---|
| “SGM” | the special general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving the Strategic Cooperative Agreement and the transactions contemplated thereunder |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Strategic Cooperative Agreement” | the Previous Agreement as amended and supplemented by the Supplemental Agreement relating to the sale of Parallel Imported Cars |
| “Supplemental Agreement” | the supplemental agreement dated 22 November 2018 made between the OPCo and Binhai Car City amending and supplementing the Previous Agreement |

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

Hong Kong, 22 November 2018

As at the date of this announcement, the Board comprises Mr Li Lixin (Chairman), Mr Tong Shiping, Mr Cheng Jianhe and Ms Jin Yaxue being executive Directors, Ms Cheng Weihong and Mr Lau Kin Hon being non-executive Directors, Mr He Chengying, Mr Cheung Kiu Cho Vincent, Mr Shin Yick Fabian and Mr Kwong Kwan Tong being independent non-executive Directors.

* *for identification purpose only*