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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)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION**

This announcement is made by LISI Group (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **THE MEMORANDUM OF UNDERSTANDING**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 9 October 2018 (after trading hours), the Company and Valuable Peace Limited (a company incorporated in the British Virgin Islands with limited liability) (the “**Potential Vendor**”, together with the Company, the “**Parties**”) entered into a memorandum of understanding (the “**MOU**”).

#### **THE POSSIBLE ACQUISITION**

Pursuant to the MOU, the Company intends to acquire, and the Potential Vendor intends to sell, 51% issued share capital of Robust Cooperation Limited (a company incorporated in the British Virgin Islands with limited liability) (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) which holds indirectly the entire equity interest in 天津濱海國際汽車城有限公司 (Tianjin Binhai International Automobile City Company Limited\*) (a company established in the People’s Republic of China (the “**PRC**”)) (the “**Possible Acquisition**”).

## **INFORMATION ON THE TARGET GROUP**

The Target Group owns two properties located in Tianjin, the PRC, which are used for conducting its business. The main business operations of the Target Group is trading and sales of imported cars and operation of various car showrooms in its properties in Tianjin, the PRC with a showroom area of nearly 50,000 square metres with over 1,000 display car spaces, as well as its involvement with more than 200 dealers.

The Target Group is one of the first enterprises to engage in the business of parallel import and sales of cars in the PRC with experience of nearly 20 years, and is one of the leaders in the industry. Possessing distinguished port service resources in Tianjin and access to the domestic sales network, the Company considers that the Target Group is well positioned as a national sales and logistics hub for trading and sales of imported cars in the PRC.

## **NON-LEGALLY BINDING EFFECT**

The MOU is not legally binding, save for certain provisions relating to confidentiality and governing law.

## **LISTING RULES IMPLICATIONS**

The Potential Vendor is solely owned by the son-in-law of Mr. Tong Shiping (an executive Director) and Ms. Cheng Weihong (a non-executive Director) and hence a connected person (as defined under the Listing Rules) of the Company. The Possible Acquisition, if materialised, may constitute a connected and notifiable transaction for the Company under the Listing Rules. The Company will publish further announcement(s) in relation to the Possible Acquisition and comply with all other applicable requirements under the Listing Rules as and when appropriate.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION**

The principal activities of the Group are manufacturing and trading of household products, operation of department stores and supermarkets, wholesale of wine and beverages and electrical appliances, trading and sales of imported cars, and investments holding.

The Possible Acquisition, if materialised, would further expand the Company's business in trading and sales of imported cars and thereby enhance the competitive strength of the Group in the imported car industry in the PRC.

**The Board wishes to emphasize that the MOU is not legally binding and the Possible Acquisition is subject to, among other things, due diligence review on the Target Group by the Company and negotiations on the relevant terms and conditions (including the consideration) which are yet to be finalised. The Possible Acquisition may or may not proceed and potential investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 9 October 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 only*