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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)

(1) MAJOR TRANSACTION IN RELATION TO SUBSCRIPTION OF FINANCIAL PRODUCTS; AND (2) CONTINUING CONNECTED TRANSACTIONS

SUBSCRIPTION OF NATIONAL TRUST FINANCIAL PRODUCTS

On 30 September 2024, Lisi Household, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with National Trust pursuant to which Lisi Household conditionally agreed to subscribe for the National Trust Financial Products for the maximum subscription amount of RMB800,000,000.

2025 MUTUAL SUPPLY AGREEMENT, 2025 EXPORT AGENCY AGREEMENT AND 2025 IMPORT AGENCY AGREEMENT

On 30 September 2024, New JoySun, an indirect wholly-owned subsidiary of the Company, entered into the 2025 Mutual Supply Agreement with Lisi Group for the mutual supply of products to each other.

On 30 September 2024, Lisi Household entered into (i) the 2025 Export Agency Agreement with Lisi Import & Export for the provision of export agency services; and (ii) the 2025 Import Agency Agreement with Lisi Import & Export for the provision of import agency services.

LISTING RULES IMPLICATIONS

Major transaction

As the highest applicable percentage ratios in respect of the subscription of the National Trust Financial Products, when calculated on an aggregated basis, is more than 25% and less than 100%, the subscription of the National Trust Financial Products constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Continuing connected transactions

Lisi Import & Export is owned as to 80% by Lisi Group and 18.18% by a company wholly-owned by Mr. Li, the Chairman, the executive Director and the controlling shareholder of the Company, and his son. Lisi Group is beneficially owned as to 98.15% by Mr. Li and his son. Therefore, Lisi Import & Export and Lisi Group are connected persons of the Company. Accordingly, the entering into of each of the 2025 Mutual Supply Agreement, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement constitutes continuing connected transactions for the Company.

Since the applicable percentage ratios in respect of the maximum aggregate annual values under the 2025 Mutual Supply Agreement are more than 0.1% but less than 5%, the 2025 Mutual Supply Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the maximum aggregate annual values under the 2025 Export Agency Agreement and the 2025 Import Agency Agreement are more than 5%, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of 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 2025 Export Agency Agreement and the 2025 Import Agency Agreement. Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A SGM will be convened and held for (i) the Shareholders to consider and, if thought fit, to approve, among other matters, the Agreement for the subscription of the National Trust Financial Products and the transactions contemplated thereunder; and (ii) the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement and the respective transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the National Trust Financial Products and the transactions contemplated thereunder; (ii) further information on the 2025 Export Agency Agreement and the 2025 Import Agency Agreement; (iii) the recommendation from the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2025 Export Agency Agreement and the 2025 Import Agency Agreement; and (v) a notice to convene the SGM, will be despatched to the Shareholders on or before 23 October 2024.

BACKGROUND

References are made to the circular of the Company dated 29 April 2022 in relation to, among other things, the subscription of the Previous National Trust Financial Products and the circular of the Company dated 12 April 2023 in relation to, among other things, the extension of the Previous National Trust Financial Products.

Between April 2020 and September 2020, National Trust entered into the Previous National Trust Agreements with each of (i) New JoySun Supermarket, an indirect wholly-owned subsidiary of the Company, and (ii) New JoySun, separately pursuant to which New JoySun Supermarket and New JoySun collectively subscribed for the Previous National Trust Financial Products at the maximum subscription amount of RMB800,000,000 for a term of 36 months commenced from the respective commencement dates.

On 14 March 2023, National Trust entered into the Supplemental Agreements with (i) New JoySun Supermarket, and (ii) New JoySun (in respect of the respective Previous National Trust Financial Products subscribed by each of them) to extend the respective terms of the Previous National Trust Financial Products from 36 months to 54 months. The Previous National Trust Financial Products are expected to reach maturity consecutively between October 2024 and March 2025.

SUBSCRIPTION OF NATIONAL TRUST FINANCIAL PRODUCTS

On 30 September 2024, Lisi Household, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with National Trust pursuant to which Lisi Household conditionally agreed to subscribe for the National Trust Financial Products for the maximum subscription amount of RMB800,000,000. A summary of the National Trust Financial Products is set out as follows:

National Trust Financial Products

Date:	30 September 2024
Parties:	(1) National Trust (2) Lisi Household
Name of the financial products:	國民信托申鑫85號單一資金信托
Maturity date:	Three years from (i) the effective date of the Agreement for the financial products relating to the initial tranche of the subscription amount; and (ii) the respective commencement dates of the financial products after Lisi Household has transferred subsequent tranches of the subscription amounts under the Agreement to the trust account to be managed by National Trust
Nature:	Standalone trusts (單一類信托)
Mandate:	In accordance with the management instruction of the settlor and beneficiary, to invest in treasury bonds, financial bonds, central bank bills, bank deposits, cash, bank wealth management products, issuing trust loans, and other money market instruments that comply with laws and regulations
Maximum subscription amount:	RMB800,000,000
Payment method:	Lisi Household may settle the subscription amount by installments, and the first tranche of the subscription amount shall be not less than RMB40,000,000. Lisi Household shall transfer the first tranche of the subscription amount to the trust account to be managed by National Trust within 60 business days after the effective date of the Agreement, and shall transfer subsequent tranches of all remaining subscription amounts to the trust account within 180 business days after the effective date of the Agreement.

Principal guarantee:	No guarantee of minimum return
Historical rate of return:	4.55% to 4.93%
Conditions precedent of the Agreement:	<p>The Agreement shall become effective upon fulfillment of all of the following conditions:</p> <ul style="list-style-type: none"> (a) Lisi Household and National Trust having duly signed the Agreement and risk disclosure statement; (b) National Trust and the relevant parties having duly signed the relevant transaction documents for carrying out the investments; (c) such other conditions as may be required by National Trust; and (d) the Company having satisfied all applicable requirements under the Listing Rules, including but not limited to, the Shareholders' approval requirements in respect of the Agreement and the transactions contemplated thereunder.

As at the date of this announcement, the condition set out in paragraph (a) above has been fulfilled.

BASIS OF DETERMINING THE MAXIMUM SUBSCRIPTION AMOUNT OF THE NATIONAL TRUST FINANCIAL PRODUCTS

The maximum subscription amount and terms of the National Trust Financial Products were determined after arm's length negotiation between Lisi Household and National Trust having taken into account various factors including (i) cash management of the Group; (ii) the level of risk, expected return and respective maturity dates of the National Trust Financial Products; and (iii) other comparable financial products available in the market.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF NATIONAL TRUST FINANCIAL PRODUCTS

The Company previously utilized certain idle funds to subscribe for the Previous National Trust Financial Products. Purchase of wealth management products has been one of the means by the Group's management to increase the Group's income. In deciding whether to subscribe for the National Trust Financial Products, the Board has considered, among other things, (i) the background and financial condition of National Trust; (ii) the historical return of the Previous National Trust Financial Products; (iii) the level of risk and expected return of the National Trust Financial Products when compared with the financial products offered by two other trust companies; (iv) the expected maturity dates of the Previous National Trust Financial Products; and (v) the Group's cash management and working capital level against the maturity dates of the National Trust Financial Products.

After considering the above, the Board is of the view that the National Trust Financial Products are highly secured with appropriate returns, and the proposed subscription of the National Trust Financial Products is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interests in the subscription of the National Trust Financial Products or is required to abstain from voting on the Board resolutions approving the subscription of the National Trust Financial Products and the transactions contemplated thereunder.

INVESTMENT STRATEGY

The Company's investment policies for the investments in financial products are formulated with reference to rating of the financial products. Given that (i) the National Trust Financial Products are regular return products (固定收益類產品); and (ii) the historical rate of return of the Previous National Trust Financial Products had been stable, the Board considers the risk of the investment in the National Trust Financial Products is relatively low.

In respect of the underlying assets of the financial products, the Group is restricted by the Company's investment policies to purchase those financial products investing only in national debts, financial debts, central bank bills, bank wealth management, deposits as well as state-owned enterprise bonds and trust products with higher ratings. Although the underlying assets of the National Trust Financial Products have not yet been determined and may not be in line with the Group's principal business, the primary objective of the proposed investments in the National Trust Financial Products is to utilize certain idle funds of the Group so as to generate better returns. As such, the Directors are of the view that the proposed subscription of the National Trust Financial Products aligns with the Company's investment policies and is in the interests of the Company and the Shareholders as a whole.

2025 MUTUAL SUPPLY AGREEMENT, 2025 EXPORT AGENCY AGREEMENT AND 2025 IMPORT AGENCY AGREEMENT

References are made to the announcement of the Company dated 20 December 2021 and the circular of the Company dated 12 January 2022 in relation to, among other things, the 2022 Mutual Supply Agreement, the 2022 Export Agency Agreement and 2022 Import Agency Agreement.

As each of the 2022 Mutual Supply Agreement, the 2022 Export Agency Agreement and 2022 Import Agency Agreement shall expire on 31 December 2024, on 30 September 2024, (i) New JoySun, an indirect wholly-owned subsidiary of the Company, entered into the 2025 Mutual Supply Agreement with Lisi Group; and (ii) Lisi Household, an indirect wholly-owned subsidiary of the Company, entered into each of the 2025 Export Agency Agreement and the 2025 Import Agency Agreement with Lisi Import & Export to renew the respective existing agreements of the same subject matters.

2025 MUTUAL SUPPLY AGREEMENT

Date

30 September 2024

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 2025 Mutual Supply Agreement is for a term of three years commencing from 1 January 2025 and ending on 31 December 2027, unless at any time any one party gives at least three (3) months’ prior notice of termination to the other party.

Mutual supply of products

Pursuant to the 2025 Mutual Supply Agreement, New JoySun agreed to procure its subsidiaries to supply to Lisi Group and its subsidiaries household electronic appliances, food and beverage products and other household 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 2025 Mutual Supply Agreement. If there is any conflict between the terms of an individual supply contract and the 2025 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. For further information about the pricing policy of the Company in respect of the 2025 Mutual Supply Agreement, please refer to the section headed “Internal Control” below.

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 or by cash. The purchase price is payable with the usual credit term of within 60 days after completion of each transaction which is no less favourable than those offered by other Independent Third Parties.

Historical transaction amounts

The historical transaction amounts in respect of the mutual supply of products between New JoySun and Lisi Group and their respective subsidiaries under the 2022 Mutual Supply Agreement are as follows:

Period	Supply of products from New JoySun to Lisi Group (RMB'000)	Supply of products from Lisi Group to New JoySun (RMB'000)	Total (RMB'000)
From 1 January 2022 to 31 March 2022	1,254	–	1,254
From 1 April 2022 to 31 March 2023	1,682	–	1,682
From 1 April 2023 to 31 March 2024	1,570	–	1,570
From 1 April 2024 to 30 September 2024	2,321	–	2,321
			<i>(unaudited figures)</i>

Annual Caps

The respective gross transaction amounts during the term of the 2025 Mutual Supply Agreement are expected not to exceed the following amounts:

Period	Supply of products from New JoySun to Lisi Group (RMB'000)	Supply of products from Lisi Group to New JoySun (RMB'000)	Total (RMB'000)
From 1 January 2025 to 31 March 2025	2,500	225	2,725
From 1 April 2025 to 31 March 2026	10,125	900	11,025
From 1 April 2026 to 31 March 2027	10,625	900	11,525
From 1 April 2027 to 31 December 2027	8,250	675	8,925

The above annual caps have been determined by the Directors after arm's length negotiations between the parties with reference to, among others (i) the historical transaction amounts for similar transactions between New JoySun and Lisi Group under the 2022 Mutual Supply Agreement; (ii) the price of comparable products sold to or purchased from Independent Third Parties; (iii) the expected growth in business between New JoySun and Lisi Group; and (iv) the expected increment in the price of the products taking into account the expected inflation rate in the next few years.

The Directors considered that the respective gross transaction amounts during the term of the 2022 Mutual Supply Agreement were adversely impacted by the COVID-19 pandemic, which resulted in lower demand for food and beverage products. In setting the proposed annual caps for the transactions contemplated under the 2025 Mutual Supply Agreement, the Directors have considered that there is expected to be an increase in the demand for food and beverage products following the removal of COVID-related restrictions in the PRC and the gradual recovery of the domestic economy.

2025 EXPORT AGENCY AGREEMENT

Date

30 September 2024

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*).

Subject Matter

Lisi Import & Export shall provide export agency services to Lisi Household pursuant to the 2025 Export Agency Agreement. These export agency services primarily include assisting Lisi Household in handling government applications such as custom declarations, and settlement services and other liaison services between local government departments and the customers as requested by Lisi Household from time to time. The major category of products involved in the 2025 Export Agency Agreement will be plastic and metal household products. Lisi Import & Export would provide all such requested services for every transaction assigned by the Group.

Term

The 2025 Export Agency Agreement is for a term of three years commencing from 1 January 2025 and ending on 31 December 2027, unless at any time Lisi Household gives at least one (1) month prior notice of termination to Lisi Import & Export.

Consideration

For the provision of the export agency services, Lisi Import & Export will charge an amount calculated based on the formula as set out in the 2025 Export Agency Agreement, which is equivalent to approximately 1.11% (subject to the change of the value added tax rebate on exports) of the gross transactions amounts to be handled by Lisi Import & Export on behalf of Lisi Household. Currently, the rate of value added tax is 13% and the tax rebate is 13%. Any change in the tax rebate from 0% to 13% will result in change in the rate of the export service fee from approximately 0.98% to 1.13% respectively. The actual export service fee in RMB will be subject to exchange rate fluctuations. The service fee is payable with the usual credit term of 30-60 days after completion of each transaction 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.

Condition precedent

The 2025 Export Agency Agreement is conditional upon the approval being obtained from the Independent Shareholders at the SGM.

Historical transaction amounts

The historical transaction amounts of service fees paid to Lisi Import & Export under the 2022 Export Agency Agreement are as follows:

Period	Amount <i>(RMB'000)</i>
From 1 January 2022 to 31 March 2022	2,755
From 1 April 2022 to 31 March 2023	11,107
From 1 April 2023 to 31 March 2024	12,975
From 1 April 2024 to 30 September 2024	6,884

(unaudited figures)

Annual Caps

The respective amounts of service fees payable to Lisi Import & Export during the term of the 2025 Export Agency Agreement are expected not to exceed the following amounts:

Period	Amount <i>(RMB'000)</i>
From 1 January 2025 to 31 March 2025	4,375
From 1 April 2025 to 31 March 2026	17,700
From 1 April 2026 to 31 March 2027	18,550
From 1 April 2027 to 31 December 2027	14,475

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 under the 2022 Export Agency Agreement; (ii) the estimated annual sales of Lisi Household of approximately USD210 million for the calendar year of 2025; (iii) the expected growth of the business of Lisi Household at the rate of 5% per annum and the corresponding increase in the service fees payable for the calendar years from 2025 to 2027; 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 10% per year).

2025 IMPORT AGENCY AGREEMENT

Date

30 September 2024

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*).

Subject Matter

Lisi Import & Export shall provide import agency services to Lisi Household pursuant to the 2025 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 2025 Import Agency Agreement is for a term of three years commencing from 1 January 2025 and ending on 31 December 2027, unless at any time Lisi Household gives at least one (1) month prior notice of termination to Lisi Import & Export.

Consideration

Lisi Household will purchase raw materials or goods from Lisi Import & Export at costs. 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.

Condition precedent

The 2025 Import Agency Agreement is conditional upon the approval being obtained from the Independent Shareholders at the SGM.

Historical transaction amounts

The historical gross transaction amounts with Lisi Import & Export under the 2022 Import Agency Agreement are as follows:

Period	Amount <i>(RMB'000)</i>
From 1 January 2022 to 31 March 2022	26,094
From 1 April 2022 to 31 March 2023	147,172
From 1 April 2023 to 31 March 2024	40,014
From 1 April 2024 to 30 September 2024	32,235

(unaudited figures)

Annual Caps

The respective gross transaction amounts with Lisi Import & Export during the term of the 2025 Import Agency Agreement are expected not to exceed the following amounts:

Period	Amount <i>(RMB'000)</i>
From 1 January 2025 to 31 March 2025	28,900
From 1 April 2025 to 31 March 2026	170,850
From 1 April 2026 to 31 March 2027	175,850
From 1 April 2027 to 31 December 2027	149,400

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 under the 2022 Import Agency Agreement; (ii) the sales forecast of Lisi Household for the calendar year of 2025 based on the expected growth of the business of Lisi Household at the rate of 5% per annum; and (iii) buffer for the annual growth and the impact of exchange rate fluctuation on import activities (assuming further depreciation of the RMB exchange rate for 10% per year) and the fluctuation of the price of the raw materials and transportation costs.

In setting the proposed annual caps for the transactions contemplated under the 2025 Import Agency Agreement, the Directors have considered that the Group's demand for import agency services during the relevant periods will be subject to the Group's expected demand for raw materials and goods to be procured from overseas suppliers, which in turn will be affected by the type of products demanded by the Group's customers from time to time as well as the price quotations for the supply of the relevant raw materials and goods to be obtained by the Group from its overseas suppliers and domestic suppliers. Hence, the Directors considered that the proposed annual caps under the 2025 Import Agency Agreement should take into account the fluctuation in the Group's demand for import agency services and the potential increase in the procurement of raw materials and goods by the Group from overseas suppliers depending on the then prevailing market conditions.

INTERNAL CONTROL

The Company has established various internal control measures in order to ensure that the transactions under the 2025 Mutual Supply Agreement, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement Agreements will be conducted in accordance with the pricing policies of the Group and their respective terms are on normal commercial terms or on terms no less favourable than those offered by Independent Third Parties for similar products or services in its ordinary and usual course of business. Such internal control measures mainly include the following:

- (i) The management of the Company obtains price quotation from at least two independent service providers or suppliers (subject to practical availability and feasibility), taking into account factors including the relevant experience, capability and available resources of the service providers or suppliers (“**Factors**”), to ensure the quality standards of the service providers or suppliers.
- (ii) In the event that the pricing terms and the Factors offered by Lisi Group and/or Lisi Import & Export (as the case may be) are not considered to be comparable with the pricing terms and the Factors offered by the other independent service providers or suppliers, the Group will not approve and accept the price quotation from Lisi Group and/or Lisi Import & Export (as the case may be). The final acceptance of price quotation offered by Lisi Group and/or Lisi Import & Export (as the case may be) shall be approved by the senior management of the Group in accordance with the pricing policies of the Group and will not be prejudicial to the interests of the Group and the shareholders of the Company as a whole.
- (iii) The operation team of the Company conducts regular checks (once per quarter) on whether the transactions under the 2025 Mutual Supply Agreement, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement are conducted in accordance with the agreed contract terms.
- (iv) The independent non-executive Directors and the auditor of the Company will conduct annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that the transactions are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions.

REASONS FOR THE 2025 MUTUAL SUPPLY AGREEMENT, 2025 EXPORT AGENCY AGREEMENT AND 2025 IMPORT AGENCY AGREEMENT

The principal activities of the Group are (i) manufacturing and trading of household products; (ii) operation of supermarkets and property rental services; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investment holding.

The 2025 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.

The 2025 Export Agency Agreement and the 2025 Import Agency Agreement will enable Lisi Household to make use of the export and import agency services provided by Lisi Import & Export which are necessary for the continued smooth operation of Lisi Household's business. By way of entering into the 2025 Export Agency Agreement and the 2025 Import Agency Agreement, the Group may utilise (i) the experience and resources of Lisi Import & Export in dealing and communicating with local government authorities, tax authorities and customs, (ii) the long term relationship established by Lisi Import & Export with the overseas suppliers so as to secure stable source of raw materials with favourable price and good credit payment terms, and (iii) the connection of Lisi Import & Export with the financial institutions for credit support.

Each of the 2025 Mutual Supply Agreement, 2025 Export Agency Agreement and 2025 Import Agency Agreement is a renewal of the respective existing agreements of the same subject matters which shall expire on 31 December 2024.

Since Mr. Li, the Chairman, the executive Director and the controlling shareholder of the Company, has material interest in each of the 2025 Mutual Supply Agreement, 2025 Export Agency Agreement and 2025 Import Agency Agreement, he has abstained from voting on the Board resolutions approving the 2025 Mutual Supply Agreement, 2025 Export Agency Agreement and 2025 Import Agency Agreement.

In respect of the 2025 Mutual Supply Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2025 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 interests of the Company and the Shareholders as a whole.

In respect of the 2025 Export Agency Agreement and the 2025 Import Agency Agreement, the Directors (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee to be contained in the circular) are of the view that the terms of each of the 2025 Export Agency Agreement and 2025 Import Agency Agreement, including their respective proposed 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 interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company. Together with its subsidiaries, the Company operates business through four segments: (i) manufacturing and trading of household products; (ii) operation of supermarkets and property rental services; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investment holding.

National Trust

According to the 2023 annual report of National Trust, National Trust was established in 1987 with the approval for establishment from the China Banking and Insurance Regulatory Commission. National Trust is a licensed financial institution in the PRC and is principally engages in the asset management and provision of financial products in the PRC.

According to public information available to the Company and to the best knowledge of the Board, National Trust is owned as to:

- (i) approximately 40.73% by 富德生命人壽保險股份有限公司 (Funde Sino Life Insurance Co., Ltd.*) (“**FunDe Sino**”), a life insurance company in the PRC and is owned as to:
 - (a) 20.00% by 富德控股(集團)有限公司 (Funde Holdings Group Co., Ltd.*) (“**FunDe Holdings**”) indirectly. Funde Holdings is a Shenzhen-based company established in 2007 and principally engages in property development, which is ultimately owned as to approximately 95.05% by 張峻 (Zhang Jun*);
 - (b) approximately 17.93% by 深圳市厚德金融控股有限公司 (Shenzhen Houde Financia lHoldings Co., Ltd.*) which is owned as to 56.75% by 張逢源 (Zhang Fengyuan*), 39.92% by 羅桂都 (Luo Guidu*) and 3.33% by 方曉紅 (Fang Xiaohong*);
 - (c) approximately 16.77% by 深圳市國民投資發展有限公司 (Shenzhen National Investment Development Co., Ltd.*), which is indirectly owned as to 51.00% by 陳小兵 (Chen Xiaobing*) and 49.00% by 張錦填 (Zhang Jintian*); and
 - (d) approximately 15.27% by 深圳市盈德置地有限公司 (Shenzhen Yingde Land Co., Ltd.*), which is indirectly owned as to approximately 52.00% by 新亞洲集團有限公司 (Sun Asia Group Company Limited) and approximately 48.00% by 張慶龍 (Zhang Qinlong*).

- (ii) approximately 31.73% by 上海豐益股權投資基金有限公司 (Shanghai Fengyi Equity Investment Fund Co., Ltd.*), which is wholly-owned by FunDe Sino; and
- (iii) approximately 27.55% by 上海璟安實業有限公司 (Shanghai Jingan Industrial Co., Ltd.*), which is wholly-owned by 深圳市新啟源實業發展有限公司 (Shenzhen Xinqiyuan Industrial Development Co., Ltd.*) (“**Shenzhen Xinqiyuan**”). Shenzhen Xinqiyuan is owned as to 99.00% by 深圳泊通實業發展有限公司 (Shenzhen Potong Industrial Development Co., Ltd.*) which is indirectly owned as to 70.00% by 莊泳水 (Zhuang Yongshui*) and 30.00% by 楊振常 (Yang Zhenchang*).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, National Trust and its ultimate beneficial owners are Independent Third Parties.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there is, and in the past twelve months, there has been, no material loan arrangement between (a) National Trust, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of National Trust who can exert influence on the subscription of the National Trust Financial Products; and (b) the Company, any connected person at the Company’s level and/or any connected person at the subsidiary level (to the extent that such subsidiary is involved in the subscription of the National Trust Financial Products).

Lisi Import and Export

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 and his son. Therefore, Lisi Import & Export is a connected person of the Company.

Lisi Group

Lisi Group is principally engaged in manufacturing and sales of plastics and hardware products, operation of department stores, and investment in real estate development projects in the PRC. Lisi Group is beneficially owned as to 98.15% by Mr. Li and his son. Therefore, Lisi Group is a connected person of the Company.

LISTING RULES IMPLICATIONS

Major transaction

As the highest applicable percentage ratios in respect of the subscription of the National Trust Financial Products, when calculated on an aggregated basis, is more than 25% and less than 100%, the subscription of the National Trust Financial Products constitutes a major transaction for the Company and is therefore subject to reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

Continuing connected transactions

Lisi Import & Export is owned as to 80% by Lisi Group and 18.18% by a company wholly-owned by Mr. Li, the Chairman, the executive Director and the controlling shareholder of the Company, and his son. Lisi Group is beneficially owned as to 98.15% by Mr. Li and his son. Therefore, Lisi Import & Export and Lisi Group are connected persons of the Company. Accordingly, the entering into of each of the 2025 Mutual Supply Agreement, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement constitutes continuing connected transactions for the Company.

Since the applicable percentage ratios in respect of the maximum aggregate annual values under the 2025 Mutual Supply Agreement are more than 0.1% but less than 5%, the 2025 Mutual Supply Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the maximum aggregate annual values under the 2025 Export Agency Agreement and the 2025 Import Agency Agreement are more than 5%, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of 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 2025 Export Agency Agreement and the 2025 Import Agency Agreement. Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A SGM will be convened and held for (i) the Shareholders to consider and, if thought fit, to approve, among other matters, the Agreement for the subscription of the National Trust Financial Products and the transactions contemplated thereunder; and (ii) the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the 2025 Export Agency Agreement and the 2025 Import Agency Agreement and the respective transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the National Trust Financial Products and the transactions contemplated thereunder; (ii) further information on the 2025 Export Agency Agreement and the 2025 Import Agency Agreement; (iii) the recommendation from the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2025 Export Agency Agreement and the 2025 Import Agency Agreement; and (v) a notice to convene the SGM, will be despatched to the Shareholders on or before 23 October 2024.

DEFINITIONS

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

“2022 Export Agency Agreement”	the export agency agreement dated 20 December 2021 entered into between Lisi Import & Export and Lisi Household relating to the provision of export agency services
“2022 Import Agency Agreement”	the import agency agreement dated 20 December 2021 entered into between Lisi Import & Export and Lisi Household relating to the provision of import agency services
“2022 Mutual Supply Agreement”	the mutual supply agreement dated 20 December 2021 entered into between New JoySun (for itself and on behalf of its subsidiaries) and Lisi Group (for itself and on behalf of its subsidiaries)
“2025 Export Agency Agreement”	the export agency agreement dated 30 September 2024 entered into between Lisi Import & Export and Lisi Household relating to the provision of export agency services
“2025 Import Agency Agreement”	the import agency agreement dated 30 September 2024 entered into between Lisi Import & Export and Lisi Household relating to the provision of import agency services
“2025 Mutual Supply Agreement”	the mutual supply agreement dated 30 September 2024 entered into between New JoySun (for itself and on behalf of its subsidiaries) and Lisi Group (for itself and on behalf of its subsidiaries)
“Agreement”	the agreement entered into between National Trust and Lisi Household on 30 September 2024 in relation to the subscription of the National Trust Financial Products by Lisi Household
“Board”	the Board of directors of the Company
“Company”	Lisi Group (Holdings) Limited (stock code: 526), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of 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
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser”	Vinco Financial Limited, a licensed corporation permitted to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser appointed to advise and make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the 2025 Export Agency Agreement and the 2025 Import Agency Agreement and the respective transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who have a material interest in the 2025 Export Agency Agreement and the 2025 Import Agency Agreement and the respective transactions contemplated thereunder
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected with the Company and/or the connected person(s) of the Company
“Lisi Group”	利時集團股份有限公司 (Lisi Group Co., Ltd*), a limited liability company incorporated in the PRC
“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 an indirect 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*), a limited liability company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Li”	Mr. Li Lixin, the Chairman, the executive Director and a controlling shareholder of the Company
“National Trust”	國民信托有限公司 (National Trust Company Limited*), one of the licensed financial institutions in the PRC under the supervision of the China Banking and Insurance Regulatory Commission
“National Trust Financial Products”	the financial products offered by National Trust and to be subscribed by Lisi Household at the maximum subscription amount of RMB800,000,000 pursuant to the Agreement
“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
“New JoySun Supermarket”	寧波新江廈連鎖超市有限公司 (Ningbo New JoySun Supermarket Chain Limited*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“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 Agreements”	collectively, the agreements entered into between (i) National Trust and New JoySun Supermarket, and (ii) National Trust and New JoySun, on various dates between April 2020 and September 2020 in relation to the subscription of the Previous National Trust Financial Products by each of New JoySun Supermarket and New JoySun, which were subsequently amended by the Supplemental Agreements
“Previous National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket and New JoySun separately between April 2020 and September 2020 at the maximum subscription amount of RMB800,000,000 pursuant to the Previous National Trust Agreements (as amended by the Supplemental Agreements), which is expected to reach maturity consecutively between October 2024 and March 2025, details of which are set out in the circulars of the Company dated 29 April 2022 and 12 April 2023

“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting to be convened by the Company for (i) the Shareholders to consider and, if thought fit, to approve the Agreement for subscription of the National Trust Financial Products and the transactions contemplated thereunder; and (ii) the Independent Shareholders to consider and, if thought fit, to approve the 2025 Export Agency Agreement and the 2025 Import Agency Agreement and the respective transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	collectively, the supplemental agreements entered into between (i) National Trust and New JoySun Supermarket, and (ii) National Trust and New JoySun, on 14 March 2023 to amend the term of the corresponding Previous Agreements
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In case of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.

By Order of the Board
LISI GROUP (HOLDINGS) LIMITED
Cheng Jianhe
Executive Director

Hong Kong, 30 September 2024

As at the date of this announcement, the Board comprises Mr. Li Lixin, Mr. Cheng Jianhe and Ms. Jin Yaxue being the executive Directors, Mr. He Chengying, Mr. Shin Yick Fabian and Mr. Kwong Kwan Tong being the independent non-executive Directors.

* *for identification purpose only*