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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lisi Group (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSED RE-ELECTION OF DIRECTORS,
GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Lisi Group (Holdings) Limited to be held at Unit A, 5/F, Garment Centre, No.576-586 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 3:00 p.m. on 31 August 2012 is set out on pages 19 and 22 of this circular. Whether or not you intend to attend the meeting, you are advised to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

30 July 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held on 31 August 2012 at 3:00 p.m. at Unit A, 5/F, Garment Centre, No.576-586 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	Bye-laws of the Company
“Company”	Lisi Group (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Scheme”	the existing share option scheme of the Company adopted on 8 August 2002
“Grantee”	the holder for the time being of any Option
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the proposed general mandate to be granted to the Directors to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“Latest Practicable Date”	25 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Scheme”	the share option scheme proposed to be adopted at the AGM, the principal terms of which are set out in Appendix III

DEFINITIONS

“Option(s)”	an option to subscribe for Shares granted under the New Scheme
“Participants”	(a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any shareholder of any member of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers as amended from time to time.
“%”	per cent.

LETTER FROM THE BOARD



LISI GROUP (HOLDINGS) LIMITED

利時集團(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

Executive Directors:

Mr Li Li Xin (*Chairman*)

Mr Cheng Jian He

Non-executive Directors:

Mr Xu Jin

Mr Lau Kin Hon

Independent non-executive Directors:

Mr He Chengying

Mr Chan Man Sum Ivan

Mr Cheung Kiu Cho Vincent

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Principal place of business in

Hong Kong:

Unit A, 5/F, Garment Centre,
No.576-586 Castle Peak Road,
Cheung Sha Wan

Kowloon

Hong Kong

30 July 2012

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF DIRECTORS,
GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you information regarding (i) re-election of Directors (ii) grant of the Issue Mandate, (iii) grant of the Repurchase Mandate and (iv) adoption of the New Scheme. This circular contains the explanatory statement required to be given to the Shareholders in compliance with the Listing Rules and to give all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions in the AGM.

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF DIRECTORS

According to Bye-laws 87(1) and 87(2), Mr He Chengying, Mr Chan Man Sum Ivan and Mr Cheung Kiu Cho Vincent shall retire at the AGM and, being eligible, offer themselves for re-election. Biographies of the Directors to be re-elected at the AGM are set out in Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to allot and issue further Shares representing up to 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the resolution. In addition, if the resolution for the granting of the Repurchase Mandate is passed, a resolution will be proposed to authorise the Directors to allot and issue Shares up to an amount equal to the aggregate nominal amount of the Shares purchased under the Repurchase Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,476,963,794 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Issue Mandate, the maximum number of Shares which may be issued pursuant to the Issue Mandate will be 495,392,758 Shares.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase the Shares subject to the criteria set out in this circular. Under the Repurchase Mandate, the maximum number of Shares that the Company may repurchase shall not exceed such number as represents 10 per cent of the share capital of the Company in issue on the date of the passing of the resolution. The Company's authority is restricted to purchases made on the Stock Exchange and otherwise in accordance with the Listing Rules. An explanatory statement to the Repurchase Mandate is set out in Appendix II to this circular.

EXPIRY OF EXISTING SCHEME

The Existing Scheme was adopted on 8 August 2002 and shall expire on 8 August 2012. Any options granted prior to such expiry shall continue to be valid and exercisable in accordance with the Existing Scheme. As at the Latest Practicable Date, there is no option granted and outstanding under the Existing Scheme.

LETTER FROM THE BOARD

ADOPTION OF NEW SCHEME

The Directors propose to adopt the New Scheme, the principal terms of which are set out in Appendix III to this circular. The New Scheme will take effect conditional upon (i) the passing of the resolution by the Shareholders to approve and adopt the New Scheme and to authorise the Board to grant Options under the New Scheme and to allot and issue Shares pursuant to the exercise of any Options; and (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options and (iii) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Scheme.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, 247,696,379 new Shares which may fall to be issued pursuant to the exercise of the Options, being 10% of the total number of Shares in issue as at the date of the AGM assuming that there being no further issue or repurchase of Shares between the Latest Practicable Date and the date of the AGM.

The purpose of the New Scheme is to reward Participants who have contributed to the Group and to provide incentives to Participants to work towards the success of the Company. The Directors considers that the New Scheme will provide the Participants with the opportunity to participate in the growth of the Group.

The Directors believe that the authority given to the Directors under the New Scheme to specify any minimum holding period and/or performance targets as conditions in any Option granted and the requirement for a minimum subscription price as well as the authority to select the appropriate Participants as prescribed by the rules of the New Scheme will serve to protect the value of the Company as well as to achieve the purposes of the New Scheme.

The Directors consider it inappropriate to state the value of all Options that can be granted pursuant to the New Scheme as if they had been granted at the Latest Practicable Date because a number of variables crucial for the calculation cannot be determined. Such variables include the exercise price, exercise period, any conditions which the Options are subject to and other relevant variables. The Directors believe that any statement regarding the value of the Options based on a large number of assumptions will not be meaningful to the Shareholders.

AGM

Notice of the AGM is set out on pages 19 and 22 of this circular. All resolutions to be proposed at the AGM will be voted on by poll.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend, you are advised to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

RECOMMENDATION

The Directors consider that the re-election of the Directors, the granting of the Issue Mandate, the granting of the Repurchase Mandate and the adoption of the New Scheme are in the interest of the Company and the Shareholders and so recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the draft rules of the New Scheme will be available for inspection at the head office and principal place of business of the Company at Unit A, 5/F, Garment Centre, No.576-586 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong during normal business hours on any business day from 30 July 2012 up to and including the date of the AGM.

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

APPENDIX I BIOGRAPHIES OF THE DIRECTORS PROPOSED TO BE RE-ELECTED

This appendix sets out the brief biography of each of the Directors to be re-elected at the AGM.

Mr HE Chengying, independent non-executive Director, aged 49, graduated from the Department of Accountancy of South Western University of Finance and Economics, holds a Master Degree of Economics from Zhejiang University, a Doctoral Degree of Economics from Xiamen University. He previously worked for Shenzhen Investment Holding Corporation, China Eagle Securities and United Securities. Mr He is currently the Assistant to President and General Manager of the R&D Department of Guosen Securities. He is also an associate professor, senior economist and a special research fellow of the China Management Science Research Institute and Researcher (Professor) of Zhejiang University of Finance and Economy. Mr He had previously engaged in state enterprise, state-owned asset management, as well as directly participated in drafting and formulating policies for state enterprise and state-owned asset management reforms. Subsequently, Mr He has engaged in stock market innovation, asset reorganisation, as well as capital market operation and research. He has accumulated extensive experience in corporate reform, asset reorganisation and capital management planning. Mr He is a director of Guangdong Golden Dragon Development Inc. whose shares are listed on the Shenzhen Stock Exchange. Save as aforesaid, Mr He did not hold any other directorship in any public listed companies in the last three years. Mr He's appointment will be for a term of three years, subject to retirement by rotation and re-election at the annual general meeting of the Company. There is no service contract between Mr He and the Company. Mr He is entitled to an annual remuneration of HK\$120,000.00 which was determined by the Board with reference to his duties and responsibilities with the Company. Mr He does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company, nor does he hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr He does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no information to be disclosed by Mr He pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

Mr Chan Man Sum Ivan, independent non-executive Director, aged 38, is a member of the American Institute of Certified Public Accountants and holds a Bachelor of Science Degree in Business Administration with emphasis on Accounting issued by California State University Los Angeles. Mr Chan was a Director of an investment bank and a chief financial officer of a listed company. Mr Chan has over 14 years of experience in the field of investment banking, accounting and financial management. Mr Chan did not hold any other directorship in any public listed companies in the last three years. Mr Chan's appointment will be for a term of three years commencing from the date of election, subject to retirement by rotation and re-election at the annual general meeting of the Company. There is no service contract between Mr Chan and the Company. Mr Chan is entitled to an annual remuneration of HK\$144,000.00 which was determined by the Board with reference to his duties and responsibilities with the Company. Mr Chan does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company, nor does he hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr Chan does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no information to be disclosed by Mr Chan pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

APPENDIX I BIOGRAPHIES OF THE DIRECTORS PROPOSED TO BE RE-ELECTED

Mr Cheung Kiu Cho Vincent, independent non-executive Director, aged 36, is a Registered Professional Surveyor in the General Practice Division and member of both The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors, UK. Mr Cheung holds a Master of Business Administration degree in International Management granted by University of London in association with Royal Holloway and Bedford New College and a Bachelor of Science (Honours) degree in Real Estate granted by The Hong Kong Polytechnic University. Mr Cheung is a National Director, Greater China of an international corporate valuation and advisory company. Mr Cheung has over 15 years of experience in the field of assets valuation, assets management and corporate advisory. Mr Cheung did not hold any other directorship in any public listed companies in the last three years. Mr Cheung's appointment will be for a term of three years commencing from the date of election, subject to retirement by rotation and re-election at the annual general meeting of the Company. There is no service contract between Mr Cheung and the Company. Mr Cheung is entitled to an annual remuneration of HK\$120,000.00 which was determined by the Board with reference to his duties and responsibilities with the Company. Mr Cheung does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company, nor does he hold any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr Cheung does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. There is no information to be disclosed by Mr Cheung pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

This appendix serves as an explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

On the Latest Practicable Date, there were in issue an aggregate of 2,476,963,794 ordinary Shares of HK\$0.01 each in the Company. Exercise in full of the Repurchase Mandate, on the basis that no further Shares of the Company are issued or repurchased prior to the date of the AGM, would result in up to a maximum of 247,696,379 Shares being repurchased by the Company. The Repurchase Mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or by the Bye-laws (as amended from time to time) or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

2. REASON FOR REPURCHASE SHARES

Although the Directors have no present intention of repurchasing any Shares, they consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchase as and when appropriate and is beneficial to the Company. Such repurchases may enhance the Company's net asset value and/or earnings per share. The Directors would only make such purchases in circumstances whereby they consider them to be in the best interests of the Company.

As compared with the financial position of the Company at 31 March 2012 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there might be material adverse impact on the working capital and on the gearing position of the Company in the event that the Repurchase Mandate were exercised in full. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

3. FUNDING OF REPURCHASES

Repurchase of the Shares will be funded entirely from the Company's available cash flow or working capital facilities, and will, in any event, be made out of funds legally available for the repurchase in accordance with the Bye-laws (as amended from time to time) and the applicable laws of Bermuda. Under the laws of Bermuda, the repurchased Shares will be cancelled and the Company's issued share capital will be reduced by the nominal value of those repurchased Shares accordingly. However, the aggregate amount of the Company's authorised share capital will not be reduced.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date respectively are as follows:

	Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
July	0.49	0.42
August	0.47	0.385
September	0.445	0.35
October	0.42	0.35
November	0.38	0.245
December	0.315	0.16
2012		
January	0.45	0.25
February	0.42	0.335
March	0.41	0.34
April	0.38	0.32
May	0.32	0.25
June	0.30	0.255
July (up to the Latest Practicable Date)	0.35	0.25

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules, all applicable laws of Bermuda, and in accordance with the regulations set out in the memorandum of association and Bye-laws (as amended from time to time).

6. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) of any of the Directors has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

7. EFFECT OF TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr Li Li Xin (“Mr Li”) was deemed to be interested in 1,350,493,014 Shares (representing approximately 54.52% of the total issued share capital) through Shares held by himself beneficially, his spouse and his controlled corporation. Mr Xu Jin (“Mr Xu”) held 253,837,198 Shares (representing approximately 10.25% of the total issued share capital). Mr Li and Mr Xu were the only substantial shareholders of the Company holding more than 5% of the issued share capital of the Company respectively. In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholdings of Mr Li and Mr Xu in the Company would be increased to approximately 60.58% and 11.39% of the issued share capital of the Company respectively. Such increase will not trigger any mandatory offer under Rule 26 of the Takeovers Code. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

8. SHARE REPURCHASE MADE BY THE COMPANY

In the six months preceding the Latest Practicable Date, no Shares have been repurchased by the Company (whether on the Stock Exchange or otherwise).

The following is a summary of the principal terms of the New Scheme proposed to be adopted at the AGM.

(a) Purpose

The purpose of the New Scheme is to reward Participants who have contributed to the Group and to provide incentives to Participants to work towards the success of the Company.

(b) Who may join

The Directors may at their absolute discretion grant Options to (a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any shareholder of any member of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board.

(c) Duration of New Scheme

The New Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted.

(d) Acceptance and exercise of Option

An offer of the grant of an Option may be accepted within 28 days from the date of grant together with a remittance of HK\$1.00 by way of consideration for the grant thereof. An Option may be exercised during such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date of grant.

(e) Exercise Price

The exercise price of the Option shall be determined at the discretion of the Directors which shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the Shares.

(f) Minimum holding period

Save as determined at the discretion of the Board, there is no minimum holding period before an Option is exercisable.

(g) Performance target

Save as determined at the discretion of the Board, there is no performance target that must be achieved before any Options can be exercised.

(h) Transferability of Options

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

(i) Rights on ceasing to be a Participant

(1) in the event of the Grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph (o)(4) below having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 6 months following his death provided that where any of the events set out in paragraph (j), (k), (l) and (m) below occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods respectively set out in such paragraphs provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (o)(4) below which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate his Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and the Company shall return to him the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;;

(2) in the event of a Grantee who is an employee or a Director of the Company or another member of the Group ceasing to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph (o)(4) below, his Option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable;

(3) in the event of a Grantee who is not an employee or a Director of the Company or another member of the Group ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which his Option (or such remaining part thereof) shall be exercisable following the date of such cessation;

(4) in the event of the Grantee ceasing to be a Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph (o)(4) below, his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised his Option in whole or in part, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;

(j) Rights on a takeover

In the event a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (k) below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise his Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company;

(k) Rights on a scheme of arrangement

In the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise his Option to its full extent or to the extent notified by the Company;

(l) Rights on winding up

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily windup the Company, the Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise his Option to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise;

(m) Rights on compromise or arrangement

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (k) above, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise his Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(n) Ranking of the Share

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the bye-laws of the Company for the time being in force and shall rank pari passu in all respects (including the rights arising on a liquidation of the Company) with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted..

(o) Lapse of Options

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (1) the expiry of the period referred to in paragraph (d) above;
- (2) the expiry of the periods referred to in paragraphs(i), (j), (k), (l) and (m) above;
- (3) the date of the commencement of the winding-up of the Company;
- (4) the date on which the Grantee (if an employee or Director of the Company or another member of the Group) ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily;
- (5) the date on which the Grantee commits a breach of paragraph (h) above; and
- (6) the date the Grantee ceases to be a Participant for any other reason.

(p) Cancellation of Options

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits approved by Shareholders, excluding the cancelled Options, and are otherwise granted in accordance with the terms of the New Scheme.

(q) Maximum number of Share

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the date of adoption (the "Scheme Mandate Limit"). Options lapsed will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewed limit. Options previously granted under the New Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

The Company may grant Options beyond the Scheme Mandate Limit to Participants if separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and the Company has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

At any time, the maximum number of Shares which may be issued upon exercise of all Options which then has been granted and have yet to be exercised under the New Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time.

(r) Maximum entitlement of each Grantee

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the New Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "Individual Limit"). Any further grant of Options exceeding the Individual Limit must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(s) Grant of Options to connected persons

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:–

- (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders. The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

(t) Adjustments

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation issue, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to (i) the number or nominal amount of Shares subject to the Option so far as unexercised or (ii) the subscription price, or any combination thereof, provided that any such adjustments shall give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled and no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

The Company shall engage the auditors of the Company for the time being or an independent financial advisor to certify in writing, either generally or as regards any particular Grantee, that the adjustments made by the Company satisfy the requirements set out in the New Scheme.

(u) Variations

Those specific provisions of the New Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants, and changes to the authority of the Board in relation to any alteration of the terms of the New Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the New Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme. The New Scheme so altered must comply with Chapter 17 of the Listing Rules.

(v) Termination

The Company by ordinary resolution in general meeting or the Board may at any time terminate the New Scheme and in such event no further Options may be granted but in all other respects the provisions of the New Scheme shall remain in full force and effect in respect of Options which are granted during the life of the New Scheme and which remain unexpired immediately prior to the termination of the operation of the New Scheme.

(w) Restriction on time of grant

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the relevant provisions of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

NOTICE OF THE ANNUAL GENERAL MEETING



LISI GROUP (HOLDINGS) LIMITED

利時集團（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

NOTICE IS HEREBY GIVEN that the annual general meeting of Lisi Group (Holdings) Limited (利時集團（控股）有限公司) (“**Company**”) will be held at Unit A, 5/F, Garment Centre, No.576-586 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on 31 August 2012 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors (“**Directors**”) and auditors of the Company for the year ended 31 March 2012.
2.
 - (a) To re-elect Mr He Chengying as independent non-executive Director;
 - (b) To re-elect Mr Chan Man Sum Ivan as independent non-executive Director;
 - (c) To re-elect Mr Cheung Kiu Cho Vincent as independent non-executive Director;
 - (d) To authorize the board of Directors to fix the remunerations of the Directors.
3. To appoint Mazars CPA Limited as the Company’s auditor until the conclusion of the forthcoming annual general meeting and to authorise the board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

4. **“THAT**
 - (a) subject to paragraph (c), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF THE ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue (as defined below) or the exercise of the subscription rights under the share option scheme of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company (“Bye-laws”) or any applicable laws to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

5. **“THAT**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and

NOTICE OF THE ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. **“THAT** conditional upon resolution no. 5 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 4 above.”
7. **“THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares fall to be issued pursuant to the exercise of any options granted under the New Scheme (as defined in the Company’s circular dated 30 July 2012 (“Circular”)), a copy of which marked “A” is now produced to the Meeting and for the purpose of identification signed by the Chairman hereof, the principal terms of which are set out in the Circular now produced to the Meeting, the New Scheme be approved and adopted to be the share option scheme for the Company and that the Directors be authorised to grant options thereunder and to allot and issue shares which may fall to be issued upon exercise of the options to be granted pursuant to the New Scheme and take all such steps as may be necessary or desirable to implement the New Scheme.”

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

Date: 30 July 2012

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.

As at the date of this notice, the board of directors of the Company 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.