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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) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION;**
- (2) PROPOSED CONTINUING CONNECTED TRANSACTIONS; AND**
- (3) RESUMPTION OF TRADING**

**Financial Adviser to the Company**



### **(1) THE ACQUISITION**

The Board is pleased to announce that on 4 March 2013, the Company (as purchaser) entered into the Sale & Purchase Agreement with Shi Hui (as vendor) and the Guarantors (as guarantors), pursuant to which the Company conditionally agreed to purchase and Shi Hui conditionally agreed to sell the Wealthy Honor Sale Share, being the entire issued share capital of Wealthy Honor, for the Consideration of HK\$892,800,000, out of which HK\$510,000,000 will be satisfied by way of allotment and issue of the Consideration Shares at the issue price of HK\$0.3 per Consideration Share whilst HK\$382,800,000 will be satisfied by way of issue of the Consideration Convertible Bonds in the principal amount of HK\$382,800,000 at the initial conversion price of HK\$0.3 per Conversion Share.

Upon completion of the Acquisition, the Company will hold the entire issued share capital of Wealthy Honor which will in turn hold 95% of the issued share capital of New JoySun via Treasure Time and Da Mei (Ningbo) Electrical Appliance.

The Target Group is principally engaged in the retail operation of two (2) department stores, thirty-seven (37) supermarkets and wholesale business in Ningbo City. More information on the business operations of the Target Group is set out in the paragraph headed “Information of the Parties – Information of the Target Group” in this announcement.

Both the Consideration Shares and the Conversion Shares shall be allotted and issued pursuant to the Specific Mandate, and shall rank *pari passu* with the Shares in issue.

The Consideration Shares represent (i) approximately 68.63% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 31.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares. The Conversion Shares represent (i) approximately 51.51% of the existing share capital of the Company as at the date of this announcement; and (ii) approximately 23.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

### **Listing Rules Implications**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed(s) 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is owned as to approximately 54.52% by Big-Max, which is in turn owned by Mr. Li Li Xin (the Chairman, an executive Director and one of the controlling Shareholders of the Company) and his spouse, Ms. Jin Ya Er, as to 90% and 10% respectively. Shi Hui is a wholly-owned subsidiary of Big-Max and is therefore a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. As Mr. Li Li Xin has material interests in the Acquisition, Mr. Li Li Xin and his associates are required to abstain from voting on the relevant resolutions relating to the Acquisition at the SGM.

## **(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS**

Lisi Co is owned as to 98.15% by Mr. Li Li Xin and his spouse, Ms. Jin Ya Er, and Lisi Co and its subsidiaries are therefore associates of Mr. Li Li Xin and connected persons of the Company. Immediately following completion of the Acquisition, members of the Target Group will become subsidiaries of the Company. As such, certain continuing and recurring transactions between Lisi Group and the Target Group (more details of which are set out in the paragraph headed "Proposed Continuing Connected Transactions" in this announcement) will become continuing connected transactions of the Company. The Company will comply with the Listing Rules, where applicable, in relation to the Continuing Connected Transactions.

As Mr. Li Li Xin has material interests in the Continuing Connected Transactions, Mr. Li Li Xin and his associates are required to abstain from voting on the relevant resolutions relating to the Continuing Connected Transactions at the SGM.

### **Independent Board Committee and Independent Financial Adviser**

An independent board committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the Acquisition, the proposed grant of the Specific Mandate, the issue of the Consideration Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares and the Continuing Connected Transactions in accordance with the Listing Rules.

An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Acquisition.

### **Despatch of Circular**

A circular containing, among other things, (a) further details of the Acquisition and the Continuing Connected Transactions; (b) the recommendations of the Independent Board Committee; (c) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (d) financial information of the Group; (e) financial information of the Target Group; (f) unaudited pro forma financial information of the Enlarged Group; (g) valuation report of the properties owned by New JoySun Group; (h) the notice convening the SGM; and (i) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 March 2013.

### **(3) RESUMPTION OF TRADING**

At the request of the Company, trading in its Shares on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 5 March 2013 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Wednesday, 6 March 2013.

**As the Acquisition is conditional upon the fulfilment or waiver of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.**

### **(1) THE ACQUISITION**

Reference is made to the announcement of the Company in relation to unusual share price and trading volume movements dated 31 October 2012.

The Board is pleased to announce that on 4 March 2013, the Company (as purchaser) entered into the Sale & Purchase Agreement with Shi Hui (as vendor) and the Guarantors (as guarantors), pursuant to which the Company conditionally agreed to purchase and Shi Hui conditionally agreed to sell the Wealthy Honor Sale Share, being the entire issued share capital of Wealthy Honor.

Upon completion of the Acquisition, the Company will hold the entire issued share capital of Wealthy Honor which will in turn hold 95% of the issued share capital of New JoySun via Treasure Time and Da Mei (Ningbo) Electrical Appliance.

### **THE SALE & PURCHASE AGREEMENT**

#### **Date**

4 March 2013

#### **Parties**

Purchaser: the Company

Vendor: Shi Hui

Guarantors: the Guarantors

Wealthy Honor is wholly-owned by Shi Hui, which is in turn wholly-owned by the Guarantors via Big-Max. The Guarantors, through Big-Max, is indirectly interested in an aggregate of 54.52% of the issued share capital of the Company as at the date of this announcement.

Pursuant to the terms of the Sale & Purchase Agreement, the Guarantors shall guarantee the due and punctual performance by Shi Hui of all its obligations under the Sale & Purchase Agreement.

### **Assets to be acquired under the Sale & Purchase Agreement**

Pursuant to the Sale & Purchase Agreement, the Company conditionally agreed to purchase and Shi Hui conditionally agreed to sell the Wealthy Honor Sale Share, being the entire issued share capital of Wealthy Honor, subject to the terms and conditions as set out in the Sale & Purchase Agreement.

The information regarding the Target Group is set out in the paragraph headed “Information of the Parties – Information of the Target Group” below.

### **Consideration**

The Consideration is HK\$892,800,000, which is to be satisfied by the Company in the following manner:

- (a) HK\$510,000,000 will be satisfied by way of allotment and issue of the Consideration Shares; and
- (b) HK\$382,800,000 will be satisfied by way of issue of the Consideration Convertible Bonds.

The Consideration was determined among the parties to the Acquisition based on arm’s length negotiations after taking into account, among others, the historical financial position and performance of the Target Group’s business, the future prospects of the Target Group, the price to earning ratios of the other companies listed on the Stock Exchange engaging in similar businesses of the Target Group, the preliminary appraised value of the property interests of New JoySun Group as at 31 December 2012 and the benefits to be derived by the Group from the Acquisition as described herein below.

The preliminary appraised value of the property interests of New JoySun Group attributable to the equity shareholder of Wealthy Honor as appraised by the Valuer amounts to approximately RMB1,058 million (equivalent to approximately HK\$1,312 million) as at 31 December 2012. The Consideration of HK\$892,800,000 represents a discount of approximately 32% to such appraised value.

### **Consideration Shares**

The Consideration Shares represent (a) approximately 68.63% of the existing issued share capital of the Company as at the date of this announcement, (b) approximately 40.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and (c) approximately 31.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

The Consideration Shares will be allotted and issued by the Company pursuant to the Specific Mandate and will rank *pari passu* with the Shares in issue on the date of allotment and issue including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issue. There are no restrictions on any subsequent sale of the Consideration Shares.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

The issue price for the Consideration Shares of HK\$0.3 per Consideration Share was determined based on arm's length negotiations among the parties to the Sale & Purchase Agreement by reference to the prevailing market prices of the Shares as illustrated below. It represents:

- (a) a discount of 6.25% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 1.64% to the average closing price of HK\$0.305 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (c) a discount of approximately 5.06% to the average closing price of HK\$0.316 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 188.46% to the consolidated net assets value of the Group of approximately HK\$0.104 per Share as at 30 September 2012 (based on the unaudited consolidated net assets value of the Group of approximately HK\$257,631,080 as at 30 September 2012 and 2,476,963,794 issued Shares as at the date of this announcement).

### **Consideration Convertible Bonds**

The Company will issue the Consideration Convertible Bonds in an aggregate principal amount of HK\$382,800,000 to Shi Hui (and/or its nominees as it may direct) to settle part of the Consideration.

The terms and conditions of the Consideration Convertible Bonds were determined among the parties to the Sale & Purchase Agreement based on arm's length negotiations.

The principal terms of the Consideration Convertible Bonds are summarised as follows:

Issuer:	The Company
Bondholder:	Shi Hui (and/or its nominees as it may direct)
Aggregate principal amount:	HK\$382,800,000
Interest:	3%
Maturity date:	The maturity date of the Consideration Convertible Bonds will be the third (3th) anniversary of the issue date thereof.
Conversion rights:	The Bondholder will have the right to convert the whole or part of the outstanding principal amount of the Consideration Convertible Bonds (in the amount of HK\$5,000,000 or integral multiples thereof) at any time during the period commencing from the date of issue of the Consideration Convertible Bonds up to 4:00 p.m. on the maturity date, provided that the Consideration Convertible Bonds may not be converted, to the extent if such conversion would result in (a) the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08 of the Listing Rules; or (b) a Bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in such percentage of the issued share capital of the Company as from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer.
Conversion price:	<p>The initial conversion price of HK\$0.3 per Conversion Share (subject to adjustments for subdivision or consolidation of Shares or rights issues) was determined based on arm's length negotiations among the parties to the Sale &amp; Purchase Agreement by reference to the prevailing market prices of the Shares as illustrated below. It represents:</p> <ul style="list-style-type: none"><li>– a discount of 6.25% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Last Trading Day;</li><li>– a discount of approximately 1.64% to the average closing price of HK\$0.305 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;</li></ul>

- a discount of approximately 5.06% to the average closing price of HK\$0.316 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- a premium of approximately 188.46% to the consolidated net assets value of the Group of approximately HK\$0.104 per Share as at 30 September 2012 (based on the unaudited consolidated net assets value of the Group of approximately HK\$257,631,080 as at 30 September 2012 and 2,476,963,794 issued Shares as at the date of this announcement).

Conversion Shares:

The maximum number of Conversion Shares that are issuable under the Consideration Convertible Bonds in accordance with the terms thereof (assuming no adjustment to the conversion price) is 1,276,000,000 Conversion Shares, representing (i) approximately 51.51% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 23.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

The Conversion Shares will be allotted and issued by the Company pursuant to the Specific Mandate and will rank *pari passu* with the Shares in issue on the date of allotment and issue including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issue. There are no restrictions on any subsequent sale of the Conversion Shares.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Redemption:

At any time from the issue date up to the maturity date, the Company may redeem all or part, from time to time, of the Consideration Convertible Bonds at 100% of the outstanding principal amount and any unpaid interest.

The Bondholder has no right to require the Company to redeem the Consideration Convertible Bonds, whether at maturity or otherwise.



Status of the Consideration Convertible Bonds:	The Consideration Convertible Bonds constitute a direct, general, unconditional and unsecured obligation of the Company and rank <i>pari passu</i> with all other present and/or future unsecured and unsubordinated obligations of the Company.
Transferability:	The Consideration Convertible Bonds are not transferable.
Voting rights:	The Bondholder shall not be entitled to receive notice of, attend or vote at any meetings of the Company.
Listing:	The Consideration Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

### **Conditions precedent**

Completion of the Acquisition is conditional upon, but not limited to:–

- (a) the results of the due diligence review carried out by the Company on the assets, business operations, financial situation and prospects of the Target Group to the satisfaction of the Company;
- (b) each of the warranties given by Shi Hui in the Sale & Purchase Agreement being true, accurate and complete in every respect as at the date of completion of the Acquisition;
- (c) all requisite filings or registrations having been made with, and all requisite authorisations (including but not limited to the Stock Exchange and the SFC) have been obtained from all applicable governmental authorities, or other third parties which are necessary in connection with the execution and performance of the Sale & Purchase Agreement and any transaction contemplated herein;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of and permission to deal in the Consideration Shares and the Conversion Shares;
- (e) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM approving the Sale & Purchase Agreement and the transactions contemplated thereunder, the allotment and issue of the Consideration Shares, the issue of the Consideration Convertible Bonds and the allotment and issue of the Conversion Shares; and

- (f) the completion of the Reorganisation and (1) Shi Hui providing the Company with written evidence on completion of each step of the Reorganisation; and (2) a PRC legal opinion being issued by a PRC legal counsel approved by the Company confirming that (including but not limited) each step of the Reorganisation has been completed in compliance with PRC laws and regulations and all necessary PRC approvals and permits have been obtained (the contents of which shall be acceptable to the Company).

The Company may at any time waive any of the conditions (except the conditions referred to in (d) and (e) above) (to the extent it is capable of being waived) by written notice to Shi Hui. If the conditions are not fulfilled or waived on or before 31 December 2013, the Sale & Purchase Agreement shall lapse and be of no further effect and no party to the Sale & Purchase Agreement shall have any claim against or liability to the other parties.

### **Completion**

Completion of the Acquisition under the Sale & Purchase Agreement shall take place on the fifth (5th) Business Day after the fulfillment or waiver of all conditions precedent set out in the Sale & Purchase Agreement.

### **Post-completion Undertakings of Shi Hui and the Guarantors**

Shi Hui and the Guarantors have given the following undertaking in favour of the Company after Completion:

Shi Hui and the Guarantors shall jointly and severally indemnify and keep the Company indemnified against all losses arising from or in connection with any failure to obtain the land use rights certificates of certain properties of the Target Group.

## **INFORMATION OF THE PARTIES**

### **Information of the Group**

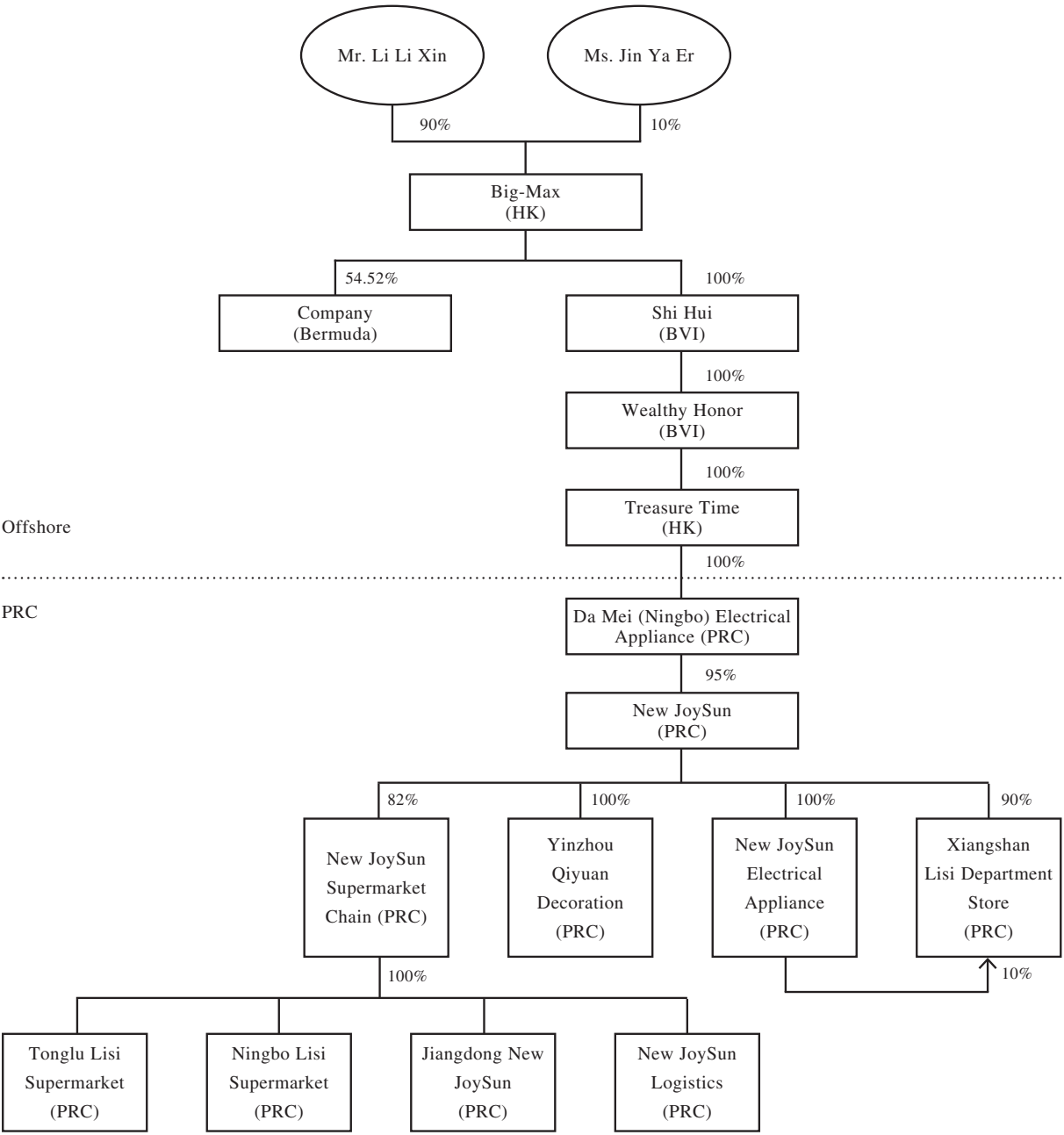
The Company is a company incorporated in Bermuda as an exempted company with limited liability. The Group is principally engaged in manufacturing and trading of plastic and metal household products.

### **Information of Shi Hui**

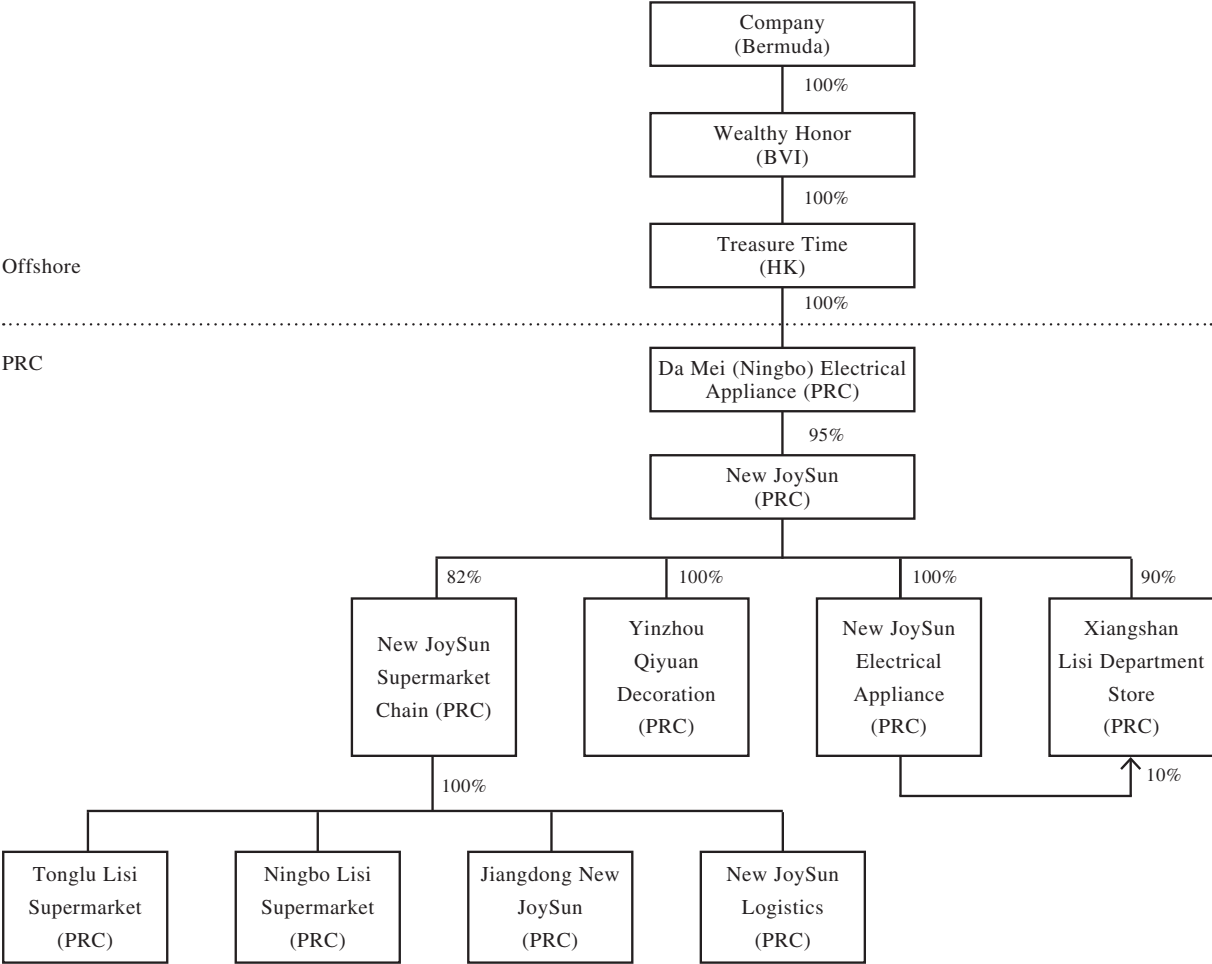
Shi Hui is an investment holding company incorporated in the BVI. As at the date of this announcement, it is wholly owned by Big-Max which is in turn owned by Mr. Li Li Xin and his spouse, Ms. Jin Ya Er, as to 90% and 10% respectively.

### Shareholding Structure of the Group and the Target Group before and after completion of the Acquisition

The following diagram sets out the shareholding structure of the Group and the Target Group after completion of the Reorganisation and immediately prior to completion of the Acquisition:



The following diagram sets out the shareholding structure of the Enlarged Group immediately following completion of the Acquisition:



## SHAREHOLDING STRUCTURE

The following chart depicts the effects of the issue of the Consideration Shares and the Conversion Shares on the shareholding structure of the Company based on the issued share capital and shareholding structure of the Company as at the date of this announcement and assuming full exercise of the conversion rights attaching to the Consideration Convertible Bonds at the initial conversion price, assuming no further Shares will be allotted and issued after the date of this announcement and prior to completion of the Acquisition:

Name of Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares but before issue of any Conversion Shares		Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares (assuming issue of maximum number of Conversion Shares – for illustration purpose only, as this would not happen given that there will not be sufficient public float)		Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares to the extent that immediately after such conversion, there will be a sufficient public float	
	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company
Shi Hui	0	0	1,700,000,000	40.70	2,976,000,000	54.57	2,028,919,326	45.03
Big-Max	1,350,493,014	54.52	1,350,493,014	32.33	1,350,493,014	24.77	1,350,493,014	29.97
Sub-total for Mr. Li Li Xin and his associates	1,350,493,014	54.52	3,050,493,014	73.03	4,326,493,014	79.34	3,379,412,340	75
Public Shareholders	1,126,470,780	45.48	1,126,470,780	26.97	1,126,470,780	20.66	1,126,470,780	25
Total	2,476,963,794	100	4,176,963,794	100	5,452,963,794	100	4,505,883,120	100

## **INFORMATION OF THE TARGET GROUP**

### **Structure of the Target Group**

The Target Group consists of Wealthy Honor, Treasure Time, Da Mei (Ningbo) Electrical Appliance, New JoySun, New JoySun Supermarket Chain, Xiangshan Lisi Department Store, New JoySun Electrical Appliance, Yinzhou Qiyuan, Tonglu Lisi Supermarket, Ningbo Lisi Supermarket, Jiangdong New JoySun and New JoySun Logistics, respectively.

### **Businesses of the Target Group**

The Target Group comprises both retail and wholesale business operations in Ningbo City. The Target Group is principally engaged in the retail operation of (i) two department stores; and (ii) a chain of supermarkets comprising thirty-seven (37) supermarkets. The Target Group also comprises two business operations which are engaged in (i) the wholesale of alcohol and soft-drink beverages; and (ii) the wholesale of two well-known brands of air-conditioning units/systems.

In addition, the Target Group provides decorating services to its two department stores.

### **New JoySun**

New JoySun, incorporated in 1992, comprises two business divisions, namely (1) the New JoySun department store; and (2) a wholesale operation engaged in the sales of alcohol and soft-drink beverages.

#### *Retail business*

The New JoySun department store is located in an urban area of Ningbo City at No.301-305, East Zhongshan Road, Jiangdong District, Ningbo City. The New JoySun department store carries a wide-range of products including clothing, jewellery, health care products, cosmetics and toiletries aimed at the mid-end market. The property where the New JoySun department store is situated is self-owned by the Target Group and has a gross floor area of approximately 16,763 square metres.

#### *Wholesale business*

Under the brand name New JoySun, the Target Group wholesales a range of alcohol, wine and soft-drink beverages. In respect of their wine operations, the Target Group is the sole distributor of three well-known and popular brands of Chinese wine in Ningbo City.

### **Xiangshan Lisi Department Store**

The Xiangshan Lisi Department Store was incorporated in 2008 and is located in a prime urban area of Xiangshan County at No.165 Jianshe Road, Dandong Street, Xiangshan County, Ningbo City. The Xiangshan Lisi Department Store carries a wide-range of products including clothing, jewellery, health care products, cosmetics and toiletries aimed at the mid-end and high-end of the market. The property where the Xiangshan Lisi Department Store is situated is self-owned by the Target Group and has a gross floor area of approximately 6,056 square metres.

### **New JoySun Supermarket Chain**

The New JoySun Supermarket Chain was incorporated in 2001 and has four wholly-owned subsidiaries, namely, Tonglu Lisi Supermarket, Ningbo Lisi Supermarket, Jiangdong New JoySun and New JoySun Logistics, respectively, which comprises thirty-seven (37) supermarkets mainly located in second and third tier cities and counties in the urban area of Ningbo City. Thirty-six (36) out of the thirty-seven (37) supermarkets of the Target Group are defined as community shops with an average gross floor area of approximately 3,500 square metres.

In January 2012, the New JoySun Supermarket Chain successfully opened one hypermarket covering a gross floor area of approximately 18,500 square metres which offers its customers a wide variety of quality products and services at competitive prices at a comprehensive “one-stop” shopping destination. This will enable it to increase and consolidate its market share in Ningbo City and benefit from the strong growth potential in the retail sector in the PRC.

The New JoySun Supermarket Chain carries a wide variety of products including daily necessities, groceries, fresh food, and home appliances, which aims to satisfy all the day-to-day needs of community residents. The New JoySun Supermarket Chain also leases some areas of their supermarkets to offer catering services to their customers.

Fourteen (14) of the thirty-seven (37) properties of the New JoySun Supermarket Chain operated by the Target Group are self-owned, whilst the remaining twenty-three (23) are leased properties.

### **New JoySun Electrical Appliance**

New JoySun Electrical Appliance was incorporated in 2004 and operates as a wholesaler of two well-known air conditioning brands in Ningbo City, providing both stand-alone and central air-conditioning systems. New JoySun Electrical Appliance will place more emphasis and focus on the sale of central air conditioning systems to their customers.

### **Yinzhou Qiyuan**

Yinzhou Qiyuan was incorporated in 2002 and provides decorating services to both the New JoySun department store and the Xiangshan Department Store.

## Property interests

The properties where the New JoySun department store, the Xiangshan Lisi Department Store, New JoySun Electrical Appliance and fourteen (14) of the thirty-seven (37) supermarkets are situated are self-owned by the Target Group. The following table sets out a breakdown of the total gross floor area of the Target Group's self-owned properties:–

<b>Use of property</b>	<b>Total gross floor area</b> <i>(square metres)</i>
Department stores the New JoySun department store & the Xiangshan Lisi Department Store	22,818.89
New JoySun Supermarket Chain	70,155.63
New JoySun Electrical Appliance	124.22
Warehouse facilities	5,055.47
<b>Total:</b>	<b>98,154.21</b>

New JoySun Supermarket Chain enters into lease/tenancy contracts for the remainder of the supermarkets.

## Financial Information of the Target Group

Set out below is the financial information of the Target Group based on the unaudited combined financial statements for the financial years ended 31 December 2010, 31 December 2011 and the nine months ended 30 September 2012:

	<b>For the</b> <b>year ended</b> <b>31 December</b> <b>2010</b> <i>RMB'000</i>	<b>For the</b> <b>year ended</b> <b>31 December</b> <b>2011</b> <i>RMB'000</i>	<b>For the nine</b> <b>months ended</b> <b>30 September</b> <b>2012</b> <i>RMB'000</i>
Turnover	749,563	888,602	727,450
Profit before taxation	64,723	70,288	48,401
Net profit after taxation	47,179	50,977	34,091

The unaudited total assets and net assets of the Target Group as at 30 September 2012 amount to approximately RMB2,657,161,000 and RMB499,876,000 respectively.



The financial figures of the Target Group contained in this announcement are based on the preliminary assessment by the Board in accordance with the unaudited financial accounts of the Target Group and are not based on any figures or information which have been audited by the auditors of the Company. Audited financial figures will be disclosed in the circular to be despatched by the Company in due course.

The preliminary appraised value of the property interests of New JoySun Group attributable to the equity holder of Wealthy Honor as appraised by the Valuer amounts to approximately RMB1,058 million (equivalent to approximately HK\$1,312 million) as at 31 December 2012. The Consideration of HK\$892,800,000 represents a discount of approximately 32% to such appraised value.

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

The principal activities of the Company, operating through its subsidiaries, are the manufacture and supply of various plastic and metal household products. The Company continues to focus upon its existing business.

The Company has also adopted and implemented a diversification strategy aimed at identifying suitable investment opportunities that will benefit the Company and the Shareholders as a whole. As a result, the Company has continued to explore the feasibility of strategic acquisitions with potential businesses that have strong growth potential and good earnings potential.

The Target Group operates mainly in Ningbo City. The retail and wholesale sectors in Zhejiang Province continues to benefit from the continuing trend of positive macro-economic growth. According to the Ningbo Statistic Yearbook published by China Statistics Press, in 2011, the amount of sales of Ningbo City's supermarket and department stores amounted to approximately RMB16.0 billion and RMB8.8 billion respectively, constituting approximately 15.9% and 8.8% of turnover of the retail industry of Ningbo City, while the turnover of wholesale industry of Ningbo City amounted to approximately RMB641.5 billion, accounting for approximately more than one quarter of the turnover of Zhejiang's wholesale industry. The information disclosed under the heading of "Financial Information of the Target Group" sets out the historical performance of the Target Group.

Following the Acquisition, the Company intends to retain the management team of the Target Group to ensure smooth operation of the Target Group's businesses and supply chain, and its seamless integration into the Group. The Directors consider that the brand recognition of the businesses of the Target Group, and in particular its department stores and supermarket chain, will benefit from the acquisition by the Company, a Hong Kong listed entity which already has an operational presence in Ningbo City, which will in turn benefit the Enlarged Group.

The Acquisition enables the Company to augment its business operations to include the existing retail operations of department stores and supermarkets, together with the various wholesale businesses operated by the Target Group. The Acquisition marks the Company's entry into the department store and supermarket retail businesses. Synergy between the Target Group's businesses and the Company's existing businesses may be achieved in future should and as suitable opportunities arise.

To this end, the Directors consider the Acquisition is in line with the diversification strategy and represents an attractive investment opportunity for the Company. The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser, consider that the terms of the Sale & Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion, the companies comprising the Target Group will become subsidiaries of the Company and financial results of the Target Group will be consolidated into the Group's financial statements. The Directors have considered the risks associated with the Acquisition, the potential financial impact of the Acquisition and the results of the Company's due diligence exercise. Based on the above, the Directors believe that the Acquisition would bring synergy and enhance the competitive edge of the Group.

The Group currently intends to continue its existing business and there is no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination or scaling down of the Group's existing businesses or assets up to the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed(s) 100%, the Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is owned as to approximately 54.52% by Big-Max, which is in turn owned by Mr. Li Li Xin (the Chairman, an executive Director and one of the controlling Shareholders of the Company) and his spouse, Ms. Jin Ya Er, as to 90% and 10% respectively. Shi Hui is a wholly-owned subsidiary of Big-Max and is therefore a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As Mr. Li Li Xin has material interests in the Acquisition, Mr. Li Li Xin and his associates are required to abstain from voting on the relevant resolutions relating to the Acquisition at the SGM.

## **(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS**

Lisi Co is owned as to 98.15% by Mr. Li Li Xin and his spouse, Ms. Jin Ya Er, and Lisi Co and its subsidiaries are therefore associates of Mr. Li Li Xin and connected persons of the Company. Immediately following completion of the Acquisition, members of the Target Group will become subsidiaries of the Company. As such, certain continuing and recurring transactions between Lisi Group and the Target Group will become continuing connected transactions of the Company.

As the counterparty to each of the Continuing Connected Transactions is regarded as a connected person of the Company since it is an associate of Mr. Li Li Xin, the Continuing Connected Transactions are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As the aggregate amount of the annual caps under the Continuing Connected Transactions will exceed HK\$10 million per annum, the Continuing Connected Transactions constitute continuing connected transactions of the Company immediately following completion of the Acquisition and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As Mr. Li Li Xin has material interests in the Continuing Connected Transactions, Mr. Li Li Xin and his associates are required to abstain from voting on the relevant resolutions relating to the Continuing Connected Transactions at the SGM.

The principal terms of each of the Continuing Connected Transactions are set out as follows:

### **A. LEASING FRAMEWORK AGREEMENT**

#### **Date**

5 March 2013

#### **Parties**

- a) New JoySun (for itself and on behalf of its subsidiaries); and
- b) Lisi Co (for itself and on behalf of its subsidiaries)

#### **Term**

The term of the Leasing Framework Agreement is from 5 March 2013 to 31 December 2015, unless at any time the landlord gives at least three (3) months' prior notice of termination to the other party. Upon expiry, the Leasing Framework Agreement will, subject to compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three (3) years.

## Leasing of premises

Pursuant to the Leasing Framework Agreement between New JoySun and Lisi Co, it was agreed, *inter alia*, that members of New JoySun Group may lease various premises from members of Lisi Group, and reciprocally, members of Lisi Group may lease various premises from members of New JoySun Group.

Each of New JoySun and Lisi Co will procure its subsidiaries respectively to enter into individual lease agreements in respect of the certain premises in the PRC during the term thereof and on terms which are in line with the terms of the Leasing Framework Agreement. The individual lease agreement will set out specific terms of the leases, including but not limited to particulars of the premises, rental and other fees payable and the payment terms thereof.

Pursuant to the terms of the Leasing Framework Agreement, the terms and conditions of each individual lease agreement will be negotiated on an arm's length basis among the contracting parties and on normal commercial terms or terms no less favourable to New JoySun Group than terms available to or from (as appropriate) Independent Third Parties for leasing similar properties.

The rent should be determined principally by arm's length negotiations according to the principles of fairness and reasonableness between the relevant parties with reference to the market rent of similar properties in the relevant area from time to time.

## Historical transaction value

The historical transaction value in respect of the leasing transactions between members of Lisi Group (as landlord) and members of New JoySun Group (as tenant) are as follows:

	<b>Year ended 31 December 2010</b>	<b>2011</b>	<b>Nine months ended 30 September 2012</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Leasing transactions between members of Lisi Group (as landlord) and members of New JoySun Group (as tenant)	375,000	500,000	375,000

No transaction value was recorded in respect of leasing of premises from members of New JoySun Group (as landlord) to members of Lisi Group (as tenant) for each of the three years ended 31 December 2010, 2011 and 2012.

### **Proposed annual caps**

The proposed annual caps for the leasing transactions contemplated under the Leasing Framework Agreement for each of the three years ending 31 December 2015 are set out as follows:

	<b>Year ended 31 December</b>		
	<b>2013</b> <i>(RMB)</i>	<b>2014</b> <i>(RMB)</i>	<b>2015</b> <i>(RMB)</i>
Leasing transactions between members of Lisi Group (as landlord) and members of New JoySun Group (as tenant)	750,000	750,000	750,000
Leasing transactions between members of New JoySun Group (as landlord) to members of Lisi Group (as tenant)	1,800,000	1,800,000	1,800,000
Total	2,550,000	2,550,000	2,550,000

The proposed annual caps for the leasing transactions between Lisi Group (as landlord) and New JoySun Group (as tenant) are determined, after arm's length negotiations between the parties, by reference to (1) historical transaction value for similar leasing transactions between Lisi Group (as landlord) and New JoySun Group (as tenant) and (2) current market rate of similar transactions.

The proposed annual caps for the leasing transactions between New JoySun Group (as landlord) and Lisi Group (as tenant) are determined, after arm's length negotiations between the parties, by reference to current market rate of similar transactions.

## **B. MUTUAL SUPPLY FRAMEWORK AGREEMENT**

### **Date**

5 March 2013

### **Parties**

- a) New JoySun (for itself and on behalf of its subsidiaries); and
- b) Lisi Co (for itself and on behalf of its subsidiaries)

### **Term**

The term of the Mutual Supply Framework Agreement is from 5 March 2013 to 31 December 2015, unless at any time any one party gives at least three (3) months' prior notice of termination to the other party. Upon expiry, the Mutual Supply Framework Agreement will, subject to compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three (3) years.

### **Mutual supply of products**

Pursuant to the Mutual Supply Framework Agreement, New JoySun agreed to procure its subsidiaries to supply to members of Lisi Group certain products which can be divided into the following three categories:

- (1) electrical appliance products, for use in Lisi Group's property development projects;
- (2) Chinese liquor, wine and other food and beverage products; and
- (3) fresh food, daily necessities, groceries, sanitary products and other domestic products for supermarket operated by Lisi Group.

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

The parties will enter into individual supply contracts to set out specific terms of supply including but not limited to the products to be supplied, price, payment terms and terms of delivery. Such terms will be consistent with the principles and the terms of the Mutual Supply Framework Agreement. If there is any conflict between the terms of an individual supply contract and the Mutual Supply Framework 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 members of New JoySun Group by or to independent third parties

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

### Historical transaction value

The historical transaction value in respect of the mutual supply of products between New JoySun Group and Lisi Group under the Mutual Supply Framework Agreement are as follows:–

	Year ended 31 December		Nine months ended
	2010	2011	30 September
	(RMB)	(RMB)	2012
			(RMB)
<i>Supply of products from</i>			
<i>New JoySun Group to Lisi Group</i>			
(1) electrical appliance products	Nil	Nil	3,900,000
(2) food and beverage products	Nil	2,350,000	1,920,000
(3) daily necessities for supermarket operated by Lisi Group	Nil	5,920,000	4,150,000
<i>Supply of products from</i>			
<i>Lisi Group to New JoySun Group</i>			
– household products	Nil	Nil	5,000,000

### Proposed annual caps

The proposed annual caps for the transactions contemplated under the Mutual Supply Framework Agreement for each of the three years ending 31 December 2015 are set out as follows:

	Year ended 31 December		
	2013	2014	2015
	(RMB)	(RMB)	(RMB)
<i>Supply of products from</i>			
<i>New JoySun Group to Lisi Group</i>			
(1) electrical appliance products	28,000,000	44,000,000	57,000,000
(2) food and beverage products	3,000,000	3,500,000	4,100,000
(3) daily necessities for supermarket operated by Lisi Group	10,000,000	15,000,000	20,000,000
<i>Supply of products from</i>			
<i>Lisi Group to New JoySun Group</i>			
– household products	15,000,000	25,000,000	35,000,000
Total	56,000,000	87,500,000	116,100,000

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

## **REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

Prior to the Acquisition, members of New JoySun Group and Lisi Group have been engaging in various continuing and recurring transactions including but not limited to providing and procuring products to and from each other in their ordinary and usual course of business and based on arm's length commercial terms. Upon completion of the Acquisition, New JoySun Group being part of the Target Group will become subsidiaries of the Company and such transactions between New JoySun Group and Lisi Group will become continuing connected transactions between the Enlarged Group and Lisi Group.

The Continuing Connected Transactions will enable the Enlarged Group to maintain and expand the business relationship with Lisi Group. The Enlarged Group will also be able to acquire prompt and stable supply of products from Lisi Group, thus lowering the operation risks and costs and facilitating the Enlarged Group's routine management on its business operations.

In light of above, the Directors believe that the entering into of the Continuing Connected Transactions is in the ordinary and usual course of business of the Enlarged Group and the Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser) consider that the terms of each of the Leasing Framework Agreement and the Mutual Supply Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

### **Independent Board Committee and Independent Financial Adviser**

An independent board committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the Acquisition, the proposed grant of the Specific Mandate, the issue of the Consideration Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares and the Continuing Connected Transactions in accordance with the Listing Rules.

An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Acquisition and the Continuing Connected Transactions.



## **Despatch of Circular**

A circular containing, among other things, (a) further details of the Acquisition and the Continuing Connected Transactions; (b) the recommendations of the Independent Board Committee; (c) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (d) financial information of the Group; (e) financial information of the Target Group; (f) unaudited pro forma financial information of the Enlarged Group; (g) valuation report of the properties owned by New JoySun Group; (h) the notice convening the SGM; and (i) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 March 2013.

## **(3) RESUMPTION OF TRADING**

At the request of the Company, trading in its Shares on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 5 March 2013 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Wednesday, 6 March 2013.

**As the Acquisition is conditional upon fulfillment or waiver of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the entire issued share capital of Wealthy Honor by the Company from Shi Hui pursuant to the terms of the Sale & Purchase Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Big-Max”	Big-Max Manufacturing Co., Limited (達美製造有限公司), a company incorporated in Hong Kong with limited liability, a controlling Shareholder and connected person of the Company;
“Board”	the board of Directors;
“Bondholder”	holder of any Consideration Convertible Bonds;
“Business Day”	a day (other than Sunday) on which banks in Hong Kong are open for business in Hong Kong generally throughout their normal business hours;

“BVI”	the British Virgin Islands;
“Company”	Lisi Group (Holdings) Limited (利時集團(控股)有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration of HK\$892,800,000 payable by the Company in respect of the Acquisition under the Sale & Purchase Agreement;
“Consideration Convertible Bonds”	the convertible bonds in the principal amount of HK\$382,800,000 to be issued by the Company to Shi Hui (and/or its nominees as it may direct) to settle part of the Consideration;
“Consideration Shares”	the 1,700,000,000 new Shares to be allotted and issued by the Company to Shi Hui (and/or its nominees as it may direct) to settle part of the Consideration, and a “Consideration Share” shall be construed accordingly
“Continuing Connected Transactions”	the continuing connected transactions between New JoySun Group and Lisi Group;
“Conversion Shares”	the 1,276,000,000 new Shares which may fall to be allotted and issued upon conversion of the Consideration Convertible Bonds at the initial conversion price;
“Da Mei (Ningbo) Electrical Appliance”	達美(寧波)電器有限公司 (Da Mei (Ningbo) Electrical Appliance Limited*), a sino-foreign equity joint venture company incorporated in the PRC which will be converted into a wholly foreign owned enterprise upon completion of the Reorganisation;
“Director(s)”	the director(s) of the Company;
“Enlarged Group”	the Group (including the Target Group) following completion of the Acquisition;
“Group”	the Company and its subsidiaries;
“Guarantors”	Mr. Li Li Xin and his spouse, Ms. Jin Ya Er;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hua Yi Investment”	寧波華逸投資有限公司 (Hua Yi Investment Limited*), a company incorporated in the PRC with limited liability owned by Mr. Li Li Xin and his spouse, Ms. Jin Ya Er, as to 86.5% and 13.5% respectively;
“Independent Board Committee”	the independent board committee established by the Company (comprising all the three independent non-executive Directors) to advise the Independent Shareholders in connection with the Acquisition, the proposed grant of the Specific Mandate, the issue of the Consideration Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares and the Continuing Connected Transactions in accordance with the Listing Rules;
“Independent Shareholders”	the Shareholders other than Mr. Li Li Xin and his associates who are required to abstain from voting at the SGM pursuant to the Listing Rules;
“Independent Third Parties”	third parties who are independent from the Company and its connected persons;
“Jiangdong New JoySun”	寧波江東新江廈超市有限公司 (Ningbo Jiangdong New JoySun Supermarket Limited*) a limited liability company incorporated in the PRC which is wholly owned by New JoySun Supermarket;
“Last Trading Day”	4 March 2013, being the last trading date immediately prior to the date on which the Shares were suspended from trading on the Stock Exchange pending the release of this announcement;
“Leasing Framework Agreement”	the leasing framework agreement dated 5 March 2013 between New JoySun and Lisi Co;
“Lisi Co”	利時集團股份有限公司 (Lisi Group Co. Ltd*), a limited liability company incorporated in the PRC;
“Lisi Group”	Lisi Co and its subsidiaries;

“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Li Li Xin”	Li Li Xin, the Chairman, an executive Director and one of the controlling Shareholders;
“Mutual Supply Framework Agreement”	the mutual supply framework agreement dated 5 March 2013 between New JoySun and Lisi Co;
“New JoySun”	寧波新江廈股份有限公司 (New JoySun Corp.*), a limited liability company incorporated in the PRC which will be 95% owned by Da Mei (Ningbo) Electrical Appliance following completion of the Reorganisation;
“New JoySun Electrical Appliance”	寧波新江廈家電百貨批發有限公司 (New JoySun Electrical Appliance Department Store Wholesale Limited*), a limited liability company established in Ningbo City, Zhejiang Province, PRC, which is wholly owned by New JoySun;
“New JoySun Group”	New JoySun and its subsidiaries;
“New JoySun Logistics”	寧波新江廈物流有限公司 (Ningbo New JoySun Logistics Limited*) a limited liability company established in the PRC which is wholly owned by New JoySun Supermarket;
“New JoySun Supermarket Chain”	寧波新江廈連鎖超市有限公司 (New JoySun Supermarket Chain Limited*), a limited liability company established in the PRC and will be 82% owned by New JoySun upon completion of the transfer of 32% equity interest from Lisi Co to New JoySun;
“Ningbo City”	the sub-provincial city of Ningbo, Zhejiang Province, PRC;
“Ningbo Lisi Supermarket”	寧波利時超市有限公司(Ningbo Lisi Supermarket Limited*), a limited liability company established in the PRC and is wholly owned by New JoySun Supermarket Chain;
“PRC”	the People’s Republic of China;

“Reorganisation”	the reorganisation of the Target Group, which involve, (i) a transfer of 13.25% shareholding in New JoySun from Hua Yi Investment to Lisi Co; (ii) an increase of the registered capital of Da Mei (Ningbo) Electrical Appliance by Lisi Co with an aggregate of 95% shareholding in New JoySun; and (iii) a transfer by Lisi Co of its entire shareholding in Da Mei (Ningbo) Electrical Appliance to Treasure Time and the conversion of Da Mei (Ningbo) Electrical Appliance into a wholly-foreign owned company upon completion of the aforesaid steps;
“Sale & Purchase Agreement”	the agreement dated 4 March 2013 entered into among the Company, Shi Hui and the Guarantors in respect of the Acquisition;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Acquisition and the Continuing Connected Transactions;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shi Hui”	Shi Hui Holdings Limited (世匯控股有限公司), a limited liability company incorporated in the BVI indirectly wholly owned by the Guarantors;
“Specific Mandate”	the specific mandate to be obtained by the Board from the Independent Shareholders at the SGM for allotment and issue of the Consideration Shares and the Conversion Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers;
“Target Group”	the group of companies consisting of Wealthy Honor and all its subsidiaries;
“Tonglu Lisi Supermarket”	桐廬利時超市有限公司 (Tonglu Lisi Supermarket Limited*), a limited liability company established in the PRC and is wholly owned by New JoySun Supermarket Chain;

“Treasure Time”	Treasure Time Holdings Limited (豐時控股有限公司), a limited liability company incorporated in Hong Kong wholly owned by Wealthy Honor;
“Valuer”	DTZ Debenham Tie Leung Limited, an independent qualified valuer;
“Wealthy Honor”	Wealthy Honor Holdings Limited (盛新控股有限公司), a limited liability company incorporated in the BVI wholly owned by Shi Hui;
“Wealthy Honor Sale Share”	one (1) ordinary share, comprising 100% of the total issued share capital, of Wealthy Honor;
“Xiangshan Lisi Department Store”	象山利時百貨有限公司 (Xiangshan Lisi Department Store Limited*), a limited liability company established in the PRC which is ultimately wholly owned by New JoySun;
“Yinzhou Qiyuan”	寧波市鄞州啟元住宅裝飾有限公司 (Yinzhou Qiyuan Decoration Limited*), a limited liability company established in the PRC and is beneficially wholly owned by New JoySun; and
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.24. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

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

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

Hong Kong, 5 March 2013

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

\* For identification purposes only