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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)**

### **FRAMEWORK AGREEMENT RELATING TO RELOCATION COMPENSATION FOR THE JINDA INDUSTRIAL AREA URBAN RENOVATION PROJECT AND RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **Framework Agreement**

The Board is pleased to announce that Jinda Plastic, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement with Xinshun Property on 11 May 2014 in relation to the Proposed Relocation Compensation Arrangement for the Jinda Industrial Area Urban Renovation Project. Principal terms of the Framework Agreement are set out below.

The Company will enter into the Formal Agreement with Xinshun Property for the detailed terms in relation to the Proposed Relocation Compensation Arrangement.

If the Proposed Relocation Compensation Arrangement materialises and the Formal Agreement is entered into, the transaction may constitute a very substantial disposal for the Company under the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules including issuing further announcement(s) and circular in relation to the Proposed Relocation Compensation Arrangement and obtaining approval from the Shareholders as and when appropriate.

**Since the Proposed Relocation Compensation Arrangement is subject to, among other things, the entering into of the Formal Agreement, the Proposed Relocation Compensation Arrangement may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **Resumption of trading**

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 12 May 2014 pending the release of this announcement. An application has been made by the Company to The Stock Exchange of Hong Kong Limited for the resumption of trading in the Shares from 9:00 a.m. on 13 May 2013.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **FRAMEWORK AGREEMENT**

The Board is pleased to announce that Jinda Plastic, an indirect wholly-owned subsidiary of the Company, entered into the Framework Agreement with Xinshun Property on 11 May 2014 in relation to the Proposed Relocation Compensation Arrangement for the Jinda Industrial Area Urban Renovation Project. Mr. Ng, the owner of the Ng Land (which forms part of the land under the Jinda Industrial Area Urban Renovation Project), has authorized Jinda Plastic to negotiate on his behalf the terms of the Proposed Relocation Compensation Arrangement and enter into the Framework Agreement with Xinshun Property. The principal terms of the Framework Agreement are set forth below:

Date: 11 May 2014

Parties: (i) Jinda Plastic, an indirect wholly-owned subsidiary of the Company; and  
(ii) Xinshun Property.

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

The Proposed Relocation Compensation Arrangement:

- (i) Xinshun Property agreed to pay the Relocation Compensation in the aggregate amount of RMB1,900 million, which comprises the relocation compensation payable to Jinda Plastic and Mr. Ng, all taxes (related to such compensation) payable by Jinda Plastic and all expenses incidental to the relocation payable by Jinda Plastic and Mr. Ng.
- (ii) Jinda Plastic agreed to accept the Relocation Compensation and assist Xinshun Property in becoming the project implementation entity of the Jinda Industrial Area Urban Renovation Project, enter into the land use rights transfer agreement and assist Xinshun Property in obtaining all development rights of the Jinda Industrial Area Urban Renovation Project.

Deposit:

Within the following day after signing of the Framework Agreement, the Deposit in the sum of RMB200 million shall be payable by Xinshun Property to Jinda Plastic. The Deposit shall form part of the Relocation Compensation payable to Jinda Plastic if the Formal Agreement is entered into.

Jinda Plastic has received the Deposit from Xinshun Property on 12 May 2014.

In the event that Xinshun Property unilaterally terminates the Framework Agreement or deliberately refuses to enter into the Formal Agreement within the time as stipulated in the Framework Agreement, the Deposit shall be retained by Jinda Plastic. On the contrary, if Jinda Plastic unilaterally terminates the Framework Agreement or deliberately refuses to enter into the Formal Agreement within the time as stipulated in the Framework Agreement, Jinda Plastic shall return the Deposit in doubled amount to Xinshun Property. In the event that (i) the parties fail to enter into the Formal Agreement within the time as stipulated in the Framework Agreement for any reason other than the aforesaid; or (ii) Jinda Plastic fails to provide its shareholders' resolutions as well as the Company's Directors' and Shareholders' resolutions approving the Formal Agreement within sixty (60) days after signing of the Formal Agreement; or (iii) Jinda Plastic fails to provide the Formal Plan Approval within thirty (30) days after signing the Formal Agreement, Xinshun Property shall have the right to terminate the Framework Agreement by notice and Jinda Plastic shall return the Deposit (with interest) to Xinshun Property within three (3) days from the date of the termination notice. In respect of (i), Jinda Plastic shall also have the right to terminate the Framework Agreement.

Formal Agreement, Formal Plan Approval and Shareholders' Approval:

Jinda Plastic and Xinshun Property agreed to enter into the Formal Agreement within fifteen (15) days after signing of the Framework Agreement. Xinshun Property and Mr. Ng will separately enter into a formal agreement in respect of the relocation compensation arrangement between them in respect of the Ng Land owned by Mr. Ng.

Pursuant to the Framework Agreement, Jinda Plastic agreed to provide the Formal Plan Approval within thirty (30) days after signing of the Framework Agreement.

The parties also agreed that each party shall provide the other party with its shareholder's resolutions approving the Formal Agreement within sixty (60) days after signing of the Formal Agreement. Jinda Plastic further agreed to provide the Directors' and Shareholders' resolutions of the Company and that the Company will complete all compliance obligations in respect of the transactions contemplated under the Formal Agreement within the aforesaid time period.

## **INFORMATION ON THE JINDA LAND**

The Jinda Land is situated within the Jinda Industrial Area, Bao'an District, Shenzhen and forms part of the land under the Jinda Industrial Area Urban Renovation Project. The Jinda Industrial Area Urban Renovation Project covers an aggregate site area of approximately 74,746.6 square metres and comprises the Jinda Land and the Ng Land. The Jinda Land with a site area of 71,033.4 square metres is owned by Jinda Plastic and the Ng Land with a site area of approximately 3,713.2 square metres is owned by Mr. Ng.

The Jinda Land hosted the Group's previous Shenzhen manufacturing plant prior to completion of the relocation thereof to Ningbo in late 2012. The Group applied for and obtained the approval in respect of the change in primary use of the Jinda Land to residential and commercial use. Earlier this year, the Jinda Industrial Area Urban Renovation Project was reviewed by the Urban Planning, Land and Resources Commission of Shenzhen Municipality of the PRC and was then posted for public review.

## **REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT**

The Jinda Land has been left vacant after the Group's Shenzhen manufacturing plant was relocated to Ningbo in late 2012 and since then, the Group has considered various options in connection with the Jinda Land including, among others, offer for sale and further development in accordance with the relevant laws and regulations. As at the date of this announcement, there is no immediate plan to develop the Jinda Land.

Recently, the Group has been in contact with various PRC property developers who expressed interest in purchasing the Jinda Land. Taking into account the gain that will be recorded as a result of the disposal of the Jinda Land, the Board considers that the Proposed Relocation Compensation Arrangement under the Framework Agreement represents a very good opportunity for the Group to realise its investment in the Jinda Land. Further, the proceeds generated from the Proposed Relocation Compensation Arrangement can strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development. Based on the aforesaid, the Directors consider the terms of the Framework Agreement are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

If the Proposed Relocation Compensation Arrangement materialises and the Formal Agreement is entered into, the transaction may constitute a very substantial disposal for the Company under the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules including issuing further announcement(s) and circular in relation to the Proposed Relocation Compensation Arrangement and obtaining approval from the Shareholders as and when appropriate.

**Since the Proposed Relocation Compensation Arrangement is subject to, among other things, the entering into of the Formal Agreement, the Proposed Relocation Compensation Arrangement may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 9:00 a.m. on 12 May 2014 pending the release of this announcement. An application has been made by the Company to The Stock Exchange of Hong Kong Limited for the resumption of trading in the Shares from 9:00 a.m. on 13 May 2013.

## DEFINITIONS

“Board”	the board of Directors
“Company”	Lisi Group (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Deposit”	the refundable deposit of RMB200 million payable by Xinshun Property to Jinda Plastic pursuant to the terms of the Framework Agreement
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement which may or may not be entered into in relation to the Proposed Relocation Compensation Arrangement
“Formal Plan Approval”	the formal approval in respect of the Jinda Industrial Area Urban Renovation Project to be obtained from the Urban Planning, Land and Resources Commission of Shenzhen Municipality of the PRC
“Framework Agreement”	the framework agreement between Jinda Plastic and Xinshun Property dated 11 May 2014 relating to the Proposed Relocation Compensation Arrangement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules) any member of the Group, the Directors, chief executive and substantial Shareholders of the Company and its subsidiaries and their respective associates

“Jinda Industrial Area Urban Renovation Project”	the urban renovation project in connection with the Jinda Industrial Area titled “寶安區沙井街道金達工業區城市更新單元規劃”
“Jinda Land”	the land owned by Jinda Plastic and situated within the Jinda Industrial Area, Bao’an District, Shenzhen, Guangdong Province, the PRC, particulars of which are set out in the paragraph headed “Information on the Jinda Land” of this announcement
“Jinda Plastic”	金達塑膠五金製品（深圳）有限公司 (Jinda Plastic Metal Products (Shenzhen) Co., Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Mr. Ng Woon Yim (吳煥炎先生), an ex-director of a subsidiary of the Company
“Ng Land”	the land owned by Mr. Ng and situated within the Jinda Industrial Area, Bao’an District, Shenzhen, Guangdong Province, the PRC and forms part of the land under the Jinda Industrial Area Urban Renovation Project
“PRC”	the People’s Republic of China
“Proposed Relocation Compensation Arrangement”	the proposed arrangements on, among others, the Relocation Compensation payable by Xinshun Property and transfer of land use rights of the Jinda Land as contemplated under the Framework Agreement
“Relocation Compensation”	the compensation agreed to be paid by Xinshun Property under the Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xinshun Property”

深圳市星順房地產開發有限公司 (Shenzhen City Xinshun Property Development Company Limited\*), a company established in the PRC, a subsidiary of 星河控股集團有限公司 (Galaxy Holding Group Property Co., Ltd.\*) and an Independent Third Party

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

Hong Kong, 12 May 2014

*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*