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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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE NEW PROCUREMENT AND SALES AGREEMENT WITH SANJIANG SHOPPING CLUB

THE NEW PROCUREMENT AND SALES AGREEMENT

The Company is pleased to announce that New JoySun, an indirect wholly-owned subsidiary of the Company, and Sanjiang Shopping Club entered into the New Procurement and Sales Agreement which came into effect on 24 June 2015 whereby New JoySun agreed to sell the Commodities to Sanjiang Shopping Club for the period between 1 January 2015 and 31 December 2015.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Sanjiang Shopping Club holds 18% equity interest in New JoySun Supermarket Chain, which is an indirect 82% owned subsidiary of the Company. Pursuant to Rule 14A.06(9) of the Listing Rules, Sanjiang Shopping Club is a connected person of the Company at the subsidiary level and the Transactions under the New Procurement and Sales Agreement between Sanjiang Shopping Club and New JoySun constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Transactions contemplated under the New Procurement and Sales Agreement is/are more than 1% but less than 5%, the New Procurement and Sales Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE NEW PROCUREMENT AND SALES AGREEMENT

Major Terms

The major terms of the New Procurement and Sales Agreement are as follows:

- Effective Date : 24 June 2015

- Parties : (a) New JoySun (as supplier); and
(b) Sanjiang Shopping Club (as purchaser)

- Term : 1 January 2015 to 31 December 2015

- Sale and purchase of goods : New JoySun agreed to sell and Sanjiang Shopping Club agreed to purchase from Sanjiang Shopping Club the Commodities during the term of the New Procurement and Sales Agreement. Each Transaction shall be effected by the relevant purchase order to be entered into between New JoySun and Sanjiang Shopping Club.

The Commodities agreed to be supplied by New JoySun to Sanjiang Shopping Club are essentially alcoholic products, particulars of each type of Commodities, including but not limited to the price, size, quality standard and packaging requirements, shall be agreed by the parties under each purchase.

- Pricing and Price Adjustment : The price of each type of the Commodities shall be agreed by the parties under each purchase. It is agreed that the price of any Commodity purchased by Sanjiang Shopping Club should not be higher than the price offered by New JoySun to any third party (as far as legitimate under the applicable laws).

The parties shall determine and adjust the price of the Commodities with reference to change of the price of the raw materials, production costs and supply and demand relationship, etc.

In determining and adjusting the prices of the Commodities, the parties would consider New JoySun's acquisition costs of the Commodities, which mainly depends on the purchase prices of the alcoholic products from wine and liquor suppliers. The prices of the Commodities are determined by the acquisition costs of New JoySun plus a profit margin (a level of market practice for wine wholesalers in Ningbo). Specifically, the management of New JoySun will review the quotations of the relevant Commodities (or other comparable products) provided by the wine and liquor suppliers via email or mail on an irregular basis, which could be once or multiple times a year. In deciding whether to purchase from a particular wine or liquor supplier, the management of New JoySun will consider, among other things, the reputation of the supplier, the popularity, market demand and the profit margin of the products as well as the quotation, volume and frequency of supply offered by the supplier. Besides, New JoySun will also review its sale performance of the Commodities to Sanjiang Shopping Club and other independent purchasers from time to time, and negotiate and adjust the prices of the relevant Commodities with Sanjiang Shopping Club if necessary.

Each of New JoySun and Sanjiang Shopping Club may propose to the other party an adjustment to the price of a particular Commodity based on its own business performance and conditions, for instance, both parties had in the past proposed adjusting the prices of certain Commodities downwards as a result of short-term sales promotions.

The above price determination and adjustment mechanism is substantially the same as those applied in commodities transactions between New JoySun and other purchasers who are independent third parties of the Company, and the terms offered by New JoySun to Sanjiang Shopping Club are not more favorable than those offered to independent third parties. In the event of any proposed price adjustment of the relevant Commodities, New JoySun will only agree on such adjustment provided that the relevant adjusted profit margin is substantially the same as those applied in commodities transactions between New JoySun and other purchasers who are independent third parties of the Company, and the adjusted terms offered by New JoySun to Sanjiang Shopping Club are not more favorable than those offered to independent third parties.

- Rebate : Sanjiang Shopping Club is entitled to a rebate of 4.5% of the total purchase price. In addition, if the total purchase amount reached RMB30 million during the term of the New Procurement and Sales Agreement, Sanjiang Shopping Club is entitled to additional rebate of 0.5% of its total purchase price.
- Payment Term : Sanjiang Shopping Club shall settle the payment of each purchase within 45 days upon delivery.

ANNUAL CAP

It is expected that the transaction amount in respect of the sales of the Commodities between New JoySun and Sanjiang Shopping Club for the year ending 31 December 2015 will not exceed RMB34,125,000 (the “**Annual Cap**”).

Basis for determining the Annual Cap

In arriving at the Annual Cap, the Directors had considered:

- (a) the historical transaction amounts in respect of the sales of the Commodities between New JoySun and Sanjiang Shopping Club for the year ended 31 December 2013 and 31 December 2014 of RMB29,675,000 and RMB24,631,000 respectively; and
- (b) a 5% increase to the annual cap for the year ended 31 December 2014 of RMB32,500,000.

Reasons and benefits of entering into the New Procurement and Sales Agreement

Sanjiang Shopping Club is a supermarket chain operator in Zhejiang Province. The Transactions will enable the Group to maintain and develop its long-term relationship with Sanjiang Shopping Club and in turn provide a stable source of revenue for the Group.

The Directors (including the independent non-executive Directors) are of the view that the New Procurement and Sales Agreement and the Transactions are (1) negotiated on an arm’s length basis and on normal commercial terms; and (2) fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group is principally engaged in manufacturing and trading of plastic and metal household products, operation of department stores and supermarkets, and wholesale of alcohol, wine, beverages and electrical appliances.

Sanjiang Shopping Club is a joint stock company incorporated in the PRC whose shares are listed on Shanghai Stock Exchange (Stock Code: 601116). It is principally engaged in the operation of local chain supermarkets in Zhejiang Province.

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DEFINITIONS

“Board”	the board of Directors
“Commodities”	the commodities which essentially comprise alcoholic products and procured by Sanjiang Shopping Club from New Joysun pursuant to the New Procurement and Sales Agreement
“Company”	Lisi Group (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New JoySun”	寧波新江廈股份有限公司 (New JoySun Corp.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“New JoySun Supermarket 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 is owned as to 82% and 18% by New JoySun and Sanjiang Shopping Club, respectively
“New Procurement and Sales Agreement”	the procurement and sales agreement entered into between New JoySun and Sanjiang Shopping Club and effective on 24 June 2015
“PRC”	the People’s Republic of China
“Previous Procurement and Sales Agreement”	the procurement and sales agreement dated 27 August 2014 between New JoySun and Sanjiang Shopping Club
“RMB”	Renminbi, the lawful currency of the PRC
“Sanjiang Shopping Club”	三江購物俱樂部股份有限公司 (Sanjiang Shopping Club Co., Ltd*), a joint stock company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601116), holder of 18% equity interest in New JoySun Supermarket Chain and a connected person of the Company at the subsidiary level
“Shares”	ordinary shares of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the New Procurement and Sales Agreement
“%”	per cent.

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

Hong Kong, 24 June 2015

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

** In this announcement, the English names of the PRC entities are translation of their Chinese names and included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*