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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)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

This announcement is made by Lisi Group (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The board of directors of the Company (the “**Board**”) is pleased to announce that on 25 September 2015 (after trading hours of the Stock Exchange), the Company and Mighty Mark Investments Limited (the “**Vendor**”) entered into a memorandum of understanding (“**MOU**”), pursuant to which the parties agreed to enter into further negotiation regarding a possible conditional acquisition by the Company, and the possible conditional disposal by the Vendor, of the entire shareholding interest in Mega Convention Group Limited (the “**Target Company**”, and together with its subsidiaries, the “**Target Group**”) (the “**Proposed Acquisition**”). Subject to the finalization and entering into of the definitive agreements to be entered into by the Company and the Vendor (the “**Definitive Agreements**”) and upon the completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

Principal terms of the MOU is set out as follows:

Consideration shares

The MOU envisages that, subject to further negotiation between the Company and the Vendor and subject to the entering into of the Definitive Agreements, the consideration for the Proposed Acquisition may involve issuance of new shares by the Company as consideration to the Proposed Acquisition (the “**Consideration Shares**”). The exact number of Consideration Shares shall be subject to further negotiation between the Company and the Vendor upon completion of the due diligence by the Company.

Due diligence review

Upon the entering into of the MOU, the Company, the Company’s agent and/or its advisers shall carry out due diligence review in relation to the assets, liabilities and business of the Target Group, including but not limited to due diligence review on the financial, tax and legal status of the Target Group, and the Vendor agrees that it shall use all reasonable endeavours to assist the Company in its due diligence review against the Target Group.

Conditions precedent

The MOU envisages that the Proposed Acquisition is conditional upon, inter alia, the following:

- (i) the parties having obtained all necessary approvals, and permits as required for the Proposed Acquisition; and
- (ii) other conditions precedent customary for the transaction similar to the Proposed Acquisition.

Nature of the MOU

The MOU does not constitute any legally binding commitment in respect of the Proposed Acquisition, save and except that each party agrees to be legally bound by certain provisions relating to, among others, confidentiality, expenses dispute resolutions and the governing law. The Proposed Acquisition is subject to further negotiation of the terms of the Definitive Agreements between the parties and the execution and completion of the Definitive Agreements, if any.

Reasons for the Proposed Acquisition

The Board considers that the Proposed Acquisition is in line with the Group’s investment strategy. The Target Group, which is currently undergoing its group restructuring and upon completion thereof, will be principally engaged in import and trading of cars and related services in China. Upon completion of the Proposed Acquisition, the Group is able to consolidate the revenue, profits and assets of the Target Group and as a result, the financial performance and position of the Group could be improved. Therefore, the Board considers that the Proposed Acquisition would enable the Company to further strengthen its revenue base and therefore in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. The principal business of the Target Group, upon completion of its group restructuring, will be import and trading of cars and related services in China.

To the best of the knowledge, information and belief of the directors of the Company, each of the Vendor, the Target Company and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION ON THE GROUP

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, and investments holding.

GENERAL

If the Proposed Acquisition materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated. The shareholders of the Company and potential investors should note that the Proposed Acquisition is subject to, among other things, the signing of Definitive Agreements, the terms and conditions of which are yet to be agreed. The Proposed Acquisition may or may not proceed and the final structure and terms of the Proposed Acquisition, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. In the event that the legally binding Definitive Agreements are signed, further announcement(s) will be made by the Company in compliance with the Listing Rules and all other applicable laws and regulation. The shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Lisi Group (Holdings) Limited
Li Lixin
Chairman

Hong Kong, 25 September 2015

As at the date of this announcement, the Board comprises of 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.