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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 LEASE AGREEMENT

THE LEASE AGREEMENT

On 2 April 2024 after trading hours, Lisi Household, a wholly owned subsidiary of the Company entered into the Lease Agreement with Lisi Electrical with a term commencing from 1 June 2024 to 31 May 2025 for the renewal of the 2021 Lease Agreement which will expire on 31 May 2024.

LISTING RULES IMPLICATIONS

Lisi Electrical is an indirectly wholly owned by Lisi Plastics. Lisi Plastics is owned as to 75% by Lisi Group, which in turn is ultimately beneficially owned as to 98.15% by Mr. Li Lixin, the Chairman, the executive Director and the controlling shareholder of the Company, and his son. Therefore, Lisi Electrical is a connected person of the Company. Accordingly, the Lease Agreement constitutes a continuing connected transaction for the Company.

Since the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the maximum annual value under the Lease Agreement are more than 0.1% but less than 5%, the Lease Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 2 April 2024 after trading hours, Lisi Household, a wholly owned subsidiary of the Company entered into the Lease Agreement with Lisi Electrical with a term commencing from 1 June 2024 to 31 May 2025 for the renewal of 2021 Lease Agreement which will expire on 31 May 2024.

The principal terms of the Lease Agreement are summarised below:

Date

2 April 2024

Parties

- (i) 寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances Manufacturing Company Limited*) as the lessor; and
- (ii) 寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited*) as the lessee.

Lisi Electrical is principally engaged in home appliance manufacturing and processing. Lisi Electrical is an indirectly wholly owned by Lisi Plastics. Lisi Plastics is owned as to 75% by Lisi Group, which in turn is ultimately beneficially owned as to 98.15% by Mr. Li Lixin, the Chairman, the executive Director and the controlling shareholder of the Company, and his son. Therefore, Lisi Electrical is a connected person of the Company.

Subject Matter

Lisi Electrical shall lease the Property to Lisi Household pursuant to the terms and conditions of the Lease Agreement.

Details of the Property

Description	Approximate gross area
Workshop #1	19,790 sq.m
Workshop #2 (1st Floor)	12,364 sq.m
Workshop #2 (2nd Floor)	12,364 sq.m
Equipment room	240 sq.m
Security room	50 sq.m
248 units of workers quarters	—

Term

The Lease Agreement is for a term of 12 months commencing from 1 June 2024 and expiring on 31 May 2025.

Historical transaction amount

The historical amounts of rental payment paid to Lisi Electrical under the 2021 Lease Agreement are as follows:

Period	Amount
From 1 June 2021 to 31 March 2022	RMB6,351,000
From 1 April 2022 to 31 March 2023	RMB7,621,200
From 1 April 2023 to 31 March 2024	RMB7,621,200

Consideration and annual cap

The monthly rental for the Property shall be RMB635,100. A security deposit equivalent to one month's rental will be paid to Lisi Electrical. The rental shall be payable monthly in advance.

The monthly rental was determined after arm's length negotiations by the parties with reference to the market rental of adjacent lands and buildings in the local property market.

The aggregate amount of rent payable by Lisi Household to Lisi Electrical for the entire lease term of the Lease Agreement (from 1 June 2024 to 31 May 2025) will not exceed RMB7,621,200. The above annual cap has been determined by the Directors after arm's length negotiation between Lisi Electrical and Lisi Household with reference to (i) the historical amount of rent paid to Lisi Electrical under the 2021 Lease Agreement; and (ii) the prevailing market rent of comparable properties in vicinity.

REASONS OF ENTERING INTO THE LEASE AGREEMENT

The principal activities of the Group are (i) manufacturing and trading of household products; (ii) operation of supermarkets and property rental services; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investment holding.

The Lease Agreement will enable Lisi Household to continue to make use of the Property as its factory and quarters, which will enhance the operation and management capacity of the Group and facilitate the continuing smooth operation of Lisi Household's businesses. The Lease Agreement is a renewal of the 2021 Lease Agreement which will expire on 31 May 2024.

The Board (including the independent non-executive Directors) is of the view that the transaction contemplated under the Lease Agreement is conducted in the ordinary and usual course of the business of the Group, and the terms of the Lease Agreement are fair and reasonable, and on normal commercial terms or better. The Board thus considers that the transaction contemplated under the Lease Agreement is in the interests of the Company and the Shareholders as a whole.

Since Mr. Li Lixin, Mr. Cheng Jianhe and Ms. Jin Yaxue have their respective interests in the Lease Agreement, Mr. Li Lixin, Mr. Cheng Jianhe and Ms. Jin Yaxue have abstained from voting on the Board resolutions approving the Lease Agreement.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“2021 Lease Agreement”	the lease agreement dated 1 April 2021 entered into between Lisi Electrical (as lessor) and Lisi Household (as lessee) relating to the leasing of the Property
“Board”	the board of Directors of the Company
“Company”	Lisi Group (Holdings) Limited (stock code: 526), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Lease Agreement”	the lease agreement dated 2 April 2024 entered into between Lisi Electrical (as lessor) and Lisi Household (as lessee) relating to the leasing of the Property
“Lisi Electrical”	寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances manufacturing Company Limited*), a sino-foreign enterprise established in the PRC
“Lisi Plastics”	寧波利時塑膠有限公司 (Ningbo Lisi Plastics Company Limited*), a company established in the PRC
“Lisi Group”	利時集團股份有限公司 (Lisi Group Co., Ltd.*), a company established in the PRC
“Lisi Household”	寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited*), a wholly foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	the property including the factory and quarter situated at 518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC* which is the subject matter of the Lease Agreement
“RMB”	Reminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In case of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.

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

Hong Kong, 2 April 2024

As at the date of this announcement, the Board comprises Mr Li Lixin, Mr Cheng Jianhe and Ms Jin Yaxue being the executive Directors, Mr He Chengying, Mr Shin Yick Fabian and Mr Kwong Kwan Tong being the independent non-executive Directors.

* *for identification purpose only*