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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)

ISSUE OF TRANCHE C CONSIDERATION SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that the conditions set out in the Acquisition Agreement for the issue of the Tranche C Consideration Shares have been fulfilled and the Tranche C Consideration Shares were allotted and issued on 28 September 2018.

Reference is made to the announcements of the Company dated 25 September 2015, 9 August 2016, 29 September 2016, 27 October 2016, 3 January 2017, 7 February 2017 and 18 April 2017 and the circular of the Company dated 30 September 2016 (the “**Circular**”) in relation to, among other things, the Acquisition Agreement and the allotment and issue of the Consideration Shares pursuant to the Specific Mandate. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Circular.

ISSUE OF TRANCHE C CONSIDERATION SHARES

The Board is pleased to announce that the conditions as set out in the Acquisition Agreement for the issue of the Tranche C Consideration Shares have been fulfilled, hence the third tranche of the Consideration was paid by the Company by way of allotment and issue of a total of 1,865,981,820 Tranche C Consideration Shares to the Vendor (as to 1,800,000,000 Shares) and two designated parties of the Vendor (as to 62,981,820 Shares and 3,000,000 Shares respectively) on 28 September 2018.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below for illustrative purposes is the shareholding structure of the Company (i) immediately before the allotment and issue of the Tranche C Consideration Shares; and (ii) upon the allotment and issue of the Tranche C Consideration Shares:

Shareholders	Immediately before the allotment and issue of Tranche C Consideration Shares		Upon the allotment and issue of Tranche C Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Li Lixin and his associate ^(Note 1)	2,847,939,680	50.16	2,847,939,680	37.75
The Vendor and its designated parties	238,406,636 ^(Note 2)	4.20	2,104,388,456 ^(Note 3)	27.89
Public shareholders	2,591,692,255	45.64	2,591,692,255	34.35
Total:	<u>5,678,038,571</u>	<u>100%</u>	<u>7,544,020,391</u>	<u>100%</u>

Note 1: Mr. Li Lixin and associate's interests in 2,847,939,680 Shares is held as to 17,822,000 Shares by Mr. Li Lixin personally, 15,566,000 Shares by his son, 1,332,139,014 Shares through Big-Max Manufacturing Co., Limited and 1,482,412,666 Shares through Shi Hui Holdings Limited. The issued share capital of Big-Max Manufacturing Co., Limited is beneficially owned as to 90% by Mr. Li Lixin. The issued share capital of Shi Hui Holdings Limited is wholly owned by Mr. Li Lixin.

Note 2: Ms. Cheng Wei Hong owns the entire issued share capital of the Vendor, which in turn legally and beneficially held 200,243,702 shares of the Company immediately before the allotment and issue of Tranche C Consideration Shares. Tong Shipping, an executive director of the Company, is the spouse of Ms. Cheng Wei Hong and therefore was deemed to be interested in the same number of shares held by Ms. Cheng Wei Hong. The other 38,162,934 shares of the Company were held by the parties as designated by the Vendor.

Note 3: Ms. Cheng Wei Hong owns the entire issued share capital of the Vendor which in turn legally and beneficially holds 2,000,243,702 shares of the Company upon allotment and issue of Tranche C Consideration Shares. Tong Shipping, an executive director of the Company, is the spouse of Ms. Cheng Wei Hong and therefore is deemed to be interested in the same number of shares held by Ms. Cheng Wei Hong. The other 104,144,754 shares of the Company are held by the parties as designated by the Vendor.

FINANCIAL INFORMATION OF THE COMPANY

With reference to the audited financials of the Group (the Company together with its subsidiaries) as at 31 March 2018, the net asset and debt-to-asset ratio of the Group before the allotment and issue of Tranche C Consideration Shares have been substantially changed upon allotment and issue of Tranche C Consideration Shares as shown in the table below as the contingent consideration payable in the amount of RMB1,809,093,000 has been reclassified to the share capital and share premium of the Company upon allotment and issue of Tranche C Consideration Shares.

	Before the allotment and issue of Tranche C Consideration Shares (RMB'000)	Upon allotment and issue of Tranche C Consideration Shares (RMB'000)
Net Asset	354,178	2,163,271
Debt to Asset Ratio	92%	54%

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

Hong Kong, 28 September 2018

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