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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)**

### **SUPPLEMENTAL ANNOUNCEMENT**

#### **(1) CONNECTED AND MAJOR TRANSACTIONS IN RELATION TO THE FUNDS TRANSFERS AND DISCLOSURE UNDER RULE 13.13 OF THE LISTING RULES; AND (2) DISCLOSEABLE AND MAJOR TRANSACTIONS IN RELATION TO THE ADVANCES TO SUPPLIERS**

Reference is made to the announcement (“**Announcement**”) of the Company dated 12 July 2024. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the shareholders of the Company and potential investors with additional information regarding the Funds Transfers and the Advances to Supplier A as follows:

#### **Listing Rules implications**

During the Relevant Period, New JoySun made a number of Funds Transfers to Ningbo Lisi. The Funds Transfers were approved by Mr. Li Lixin and Mr. Cheng Jianghe who are the directors of New JoySun. The Funds Transfers were reviewed by the finance supervisor and finance director of New JoySun and approved by the directors of New JoySun. Such approval arrangement satisfied the financial management approval requirements of New JoySun and the Group. However, as set out in the Announcement, due to the misunderstanding of the relevant personnel that the Funds Transfers and the Advances to the Suppliers would not constitute “financial assistance” or “transactions” under Chapters 13, 14 and 14A of the Listing Rules, the Company did not apply its internal control policies regarding connected and notifiable transactions when making such payments which resulted in the non-compliance with the relevant rules under Chapters 13, 14 and 14A of the Listing Rules.

With reference to the highest applicable percentage ratio in respect of each Funds Transfers determined on the basis of the respective daily outstanding balance, (i) the highest applicable percentage ratios of 4 Funds Transfers fell below 5% and did not constitute a discloseable transaction for the Company; (ii) 31 Funds Transfers constituted a discloseable transaction for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (iii) 191 Funds Transfers constituted a major transaction for the Company and were subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Ningbo Lisi is an associate of Mr. Li Lixin and a connected person to the Company under the Listing Rules, the Funds Transfers constituted connected transactions for the Company under Chapter 14A of the Listing Rules. With reference to the highest applicable percentage ratio in respect of each Funds Transfers determined on the basis of the respective daily outstanding balance, (i) 1 Funds Transfers constituted a de minimis transaction that were fully exempted from the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) 225 Funds Transfers were subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the assets ratio in respect of 2 Funds Transfers exceeded 8% at the relevant time, the Company was subject to the general disclosure obligations under Rule 13.13 of the Listing Rules in respect of those Funds Transfers.

Taking into account that (i) the amount paid out by the Group under the Funds Transfers and the Advances to Supplier A had already been fully recovered by the Group; (ii) the Group has ceased to carry out any Funds Transfers or make any Advances to Supplier A after the end of the Relevant Period; and (iii) relevant information relating to the Funds Transfers and the Advances to Supplier A has already been set forth in the Announcement and herein, it is submitted that the issuance of a circular, which aims to provide necessary information to facilitate independent shareholders' consideration of the Funds Transfers and the shareholders' consideration of the Advances to Supplier A, could no longer serve its purpose, and therefore the Company does not intend to issue a circular to its shareholders or to convene a special general meeting for the purposes of considering and approving the Funds Transfers and the Advances to Supplier A.

### **Information on Ningbo Lisi**

Ningbo Lisi is ultimately owned as to approximately (i) 96.61% by Mr. Li Lixin (李立新), being a Director and a controlling shareholder of the Company; (ii) 1.79% by Mr. Li Zhangyi (李章逸), being the son of Mr. Li Lixin; (iii) 1.21% by Mr. Li Zhihong (李志鴻), being the father of Mr. Li Lixin; (iv) 0.13% by Mr. Cheng Jianhe (程建和), being an executive director of the Company; (v) 0.13% by Ms. Jin Yaxue (金亞雪), being an executive director of the Company; and (vi) 0.13% by Xu Jinbo (許金波), being a former senior management of the Private Group.

## **Internal control review**

As part of the remedial measures and to prevent the reoccurrence of the similar incidents of non-compliance with the Listing Rules, the Company has engaged BDO Risk Advisory Services Ltd., an independent internal control consultant (“**IC Consultant**”), to conduct an internal control review of the Group’s internal procedures (“**Review**”) over the non-compliance incidents with a view to enhancing the Company’s internal control and corporate governance generally.

It is proposed that the scope of the Review, with a review period from 1 July 2023 to 30 June 2024, will include the following internal control procedures:

1. identification of notifiable and/or connected transactions, supervision and compliance with Chapter 14 and 14A of the Listing Rules;
2. funds management, approval of fund transfers and treasury management;
3. compliance with the disclosure obligations relating to advances to entity and financial assistance and guarantees to affiliated companies under Rules 13.12 to 13.16 of the Listing Rules;
4. monitoring and regular reporting mechanism among the subsidiaries and associated companies (if any) within the Group;
5. compliance with the requirements on release of annual and/or interim results and publication of annual and/or interim reports under Rules 13.47 to 13.49 of the Listing Rules;
6. compliance with the disclosure obligations relating to inside information under Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the Securities and Futures Ordinance;
7. compliance with the Corporate Governance Code under Appendix C1 to the Listing Rules; and
8. compliance with the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Listing Rules.

In particular, the Review of items 1 to 4 of the above internal control procedures would cover the matters relating to the Funds Transfers and the Advances to Suppliers. The Company will make announcement of the material findings of the Review and the recommendations implemented by the Company as and where appropriate.

It is currently expected that the IC Consultant has commenced its initial review in late August 2024. With reference to the findings of the initial review, the Company will implement the recommendations from the IC Consultant between mid-October 2024 and mid-November 2024. Thereafter, the IC Consultant will perform a follow-up review and issue a final review report in around mid-December 2024.

By Order of the Board  
**LISI GROUP (HOLDINGS) LIMITED**  
**Pun Kam Wai Peter**  
*Company Secretary*

Hong Kong, 22 October 2024

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