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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Lisi Group (Holdings) Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

**VERY SUBSTANTIAL ACQUISITION  
SUPPLEMENTAL AGREEMENTS IN RELATION TO  
EXTENSION OF FINANCIAL PRODUCTS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined under the section “Definitions” of this circular.

A notice convening the SGM to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on Friday, 28 April 2023 at 10:00 a.m. is set out on pages SGM-1 and SGM-2 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours before the time designated for holding the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish and in such event the relevant form of proxy shall be deemed to be revoked.

12 April 2023

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“Agreements”	collectively, the agreements entered into between (i) National Trust and New JoySun Supermarket, and (ii) National Trust and New JoySun, on various dates between April 2020 and September 2020 in relation to the subscription of the National Trust Financial Products by each of New JoySun Supermarket and New JoySun; and each “Agreement” shall be construed accordingly
“Announcement”	the announcement of the Company dated 14 March 2023 in respect of, among others, the Supplemental Agreements and the proposed extension of the National Trust Financial Products
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Lisi Group (Holdings) Limited (stock code: 526), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected with the Company and/or the connected person(s) of the Company
“Latest Practicable Date”	11 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lisi Co.”	利時集團股份有限公司 (Lisi Group Co., Ltd.*), a company established in the PRC and is owned as to 98.15% by Mr. Li and his son as at the Latest Practicable Date

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## DEFINITIONS

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“Lisi Group”	Lisi Co. and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Lixin, an executive Director, chairman and a controlling shareholder of the Company
“National Trust”	國民信託有限公司 (National Trust Company Limited*), one of the licensed trust financial institutions in the PRC under the supervision of the China Banking and Insurance Regulatory Commission
“National Trust Financial Products”	collectively, the 1st National Trust Financial Products, 2nd National Trust Financial Products, 3rd National Trust Financial Products, 4th National Trust Financial Products, 5th National Trust Financial Products, 6th National Trust Financial Products, 7th National Trust Financial Products, 8th National Trust Financial Products, 9th National Trust Financial Products, 10th National Trust Financial Products, 11th National Trust Financial Products, 12th National Trust Financial Products and 13th National Trust Financial Products
“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”	寧波新江廈連鎖超市有限公司 (Ningbo New JoySun Supermarket Chain Limited*), a limited liability incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on Friday, 28 April 2023 at 10:00 a.m. to consider, and if thought fit, to approve the Supplemental Agreements and the transactions contemplated thereunder

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreements”	collectively, the supplemental agreements entered into between (i) National Trust and New JoySun Supermarket, and (ii) National Trust and New JoySun, on 14 March 2023 to amend the term of the corresponding Agreements
“1st National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB50,000,000 pursuant to the Agreement dated 29 April 2020
“2nd National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB90,000,000 pursuant to the Agreement dated 18 May 2020
“3rd National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB60,000,000 pursuant to the Agreement dated 28 June 2020
“4th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB80,000,000 pursuant to the Agreement dated 10 August 2020
“5th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB70,000,000 pursuant to the Agreement dated 17 August 2020
“6th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB70,000,000 pursuant to the Agreement dated 21 August 2020
“7th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun Supermarket at RMB60,000,000 pursuant to the Agreement dated 24 August 2020
“8th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun at RMB60,000,000 pursuant to the Agreement dated 31 August 2020

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## DEFINITIONS

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“9th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun at RMB60,000,000 pursuant to the Agreement dated 3 September 2020
“10th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun at RMB60,000,000 pursuant to the Agreement dated 7 September 2020
“11th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun at RMB50,000,000 pursuant to the Agreement dated 10 September 2020
“12th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun at RMB50,000,000 pursuant to the Agreement dated 14 September 2020
“13th National Trust Financial Products”	the financial products offered by National Trust and subscribed by New JoySun at RMB40,000,000 pursuant to the Agreement dated 16 September 2020
“%”	per cent.

*Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, amounts or percentage in this circular may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Li Lixin

Mr. Cheng Jianhe

Ms. Jin Yaxue

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-Executive Directors:*

Mr. He Chengying

Mr. Shin Yick Fabian

Mr. Kwong Kwan Tong

*Principal place of business in Hong Kong:*

Office 6, 2/F

International Enterprise Centre 3

No. 18 Tai Chung Road, Tsuen Wan

New Territories, Hong Kong

12 April 2023

*To the Shareholders*

Dear Sir/Madam

**VERY SUBSTANTIAL ACQUISITION  
SUPPLEMENTAL AGREEMENTS IN RELATION TO  
EXTENSION OF FINANCIAL PRODUCTS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Supplemental Agreements and the proposed extension of the National Trust Financial Products.

On 14 March 2023, National Trust entered into the Supplemental Agreements with (i) New JoySun Supermarket, an indirect wholly-owned subsidiary of the Company, and (ii) New JoySun, an indirect wholly-owned subsidiary of the Company, (in respect of the respective National Trust Financial Products subscribed by each of them) to extend the respective terms of the National Trust Financial Products from 36 months to 54 months. Save as disclosed above, all other terms of the Agreements shall remain in full force and effect.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further details of the Supplemental Agreements; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the SGM and a form of proxy.

### BACKGROUND

Reference is made to the circular of the Company dated 29 April 2022 in relation to, among other things, the subscription of National Trust Financial Products.

Between April 2020 and September 2020, National Trust entered into the Agreements with each of (i) New JoySun Supermarket and (ii) New JoySun separately pursuant to which New JoySun Supermarket and New JoySun collectively subscribed for the National Trust Financial Products at the maximum subscription amount of RMB800,000,000 for a term of 36 months commenced from the respective commencement dates. The National Trust Financial Products will reach maturity consecutively between April 2023 and September 2023.

### SUPPLEMENTAL AGREEMENTS

On 14 March 2023, National Trust entered into the Supplemental Agreements with (i) New JoySun Supermarket and (ii) New JoySun (in respect of the respective National Trust Financial Products subscribed by each of them) to extend the respective terms of the National Trust Financial Products from 36 months to 54 months.

The key terms of the Supplemental Agreements are set out below:

**Date:** 14 March 2023

**Parties:** **In respect of the National Trust Financial Products subscribed by New JoySun Supermarket:**

- (1) National Trust
- (2) New JoySun Supermarket

**In respect of the National Trust Financial Products subscribed by New JoySun:**

- (1) National Trust
- (2) New JoySun

**Term of the National Trust Financial Products:** The term of each National Trust Financial Products is extended from 36 months to 54 months.



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## LETTER FROM THE BOARD

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**Conditions precedent of the Supplemental Agreements:** The Supplemental Agreements shall become effective upon fulfillment of the following conditions:

- (a) the parties having duly signed the Supplemental Agreements; and
- (b) the Company having satisfied all applicable requirements under the Listing Rules, including but not limited to, the shareholders' approval requirements in respect of the Supplemental Agreements and the transactions contemplated thereunder.

As at the Latest Practicable Date, the condition set out in paragraph (a) above has been fulfilled.

Save as disclosed above, all other terms of the Agreements shall remain in full force and effect.

### NATIONAL TRUST FINANCIAL PRODUCTS

Please find below summary of each National Trust Financial Products (as amended by the Supplemental Agreements):

**(1) 1st National Trust Financial Products**

Date:	29 April 2020
Parties:	(1) National Trust (2) New JoySun Supermarket
Name of the financial products:	國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)
Term:	54 months
Subscription amount:	RMB50,000,000
Principal guarantee:	No guarantee of minimum return
Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date:	RMB6,515,000

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## LETTER FROM THE BOARD

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**(2) 2nd National Trust Financial Products**

Date: 18 May 2020

Parties: (1) National Trust  
(2) New JoySun Supermarket

Name of the financial products: 國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB90,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest RMB11,472,000  
income received by the Group since  
subscription and up to the Latest  
Practicable Date:

**(3) 3rd National Trust Financial Products**

Date: 28 June 2020

Parties: (1) National Trust  
(2) New JoySun Supermarket

Name of the financial products: 國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB60,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest RMB7,332,000  
income received by the Group since  
subscription and up to the Latest  
Practicable Date:

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## LETTER FROM THE BOARD

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**(4) 4th National Trust Financial Products**

Date: 10 August 2020

Parties: (1) National Trust  
(2) New JoySun Supermarket

Name of the financial products: 國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB80,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB9,289,000

**(5) 5th National Trust Financial Products**

Date: 17 August 2020

Parties: (1) National Trust  
(2) New JoySun Supermarket

Name of the financial products: 國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB70,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB8,061,000

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## LETTER FROM THE BOARD

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**(6) 6th National Trust Financial Products**

Date: 21 August 2020

Parties: (1) National Trust  
(2) New JoySun Supermarket

Name of the financial products: 國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB70,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB8,005,000

**(7) 7th National Trust Financial Products**

Date: 24 August 2020

Parties: (1) National Trust  
(2) New JoySun Supermarket

Name of the financial products: 國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB60,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB6,845,000

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## LETTER FROM THE BOARD

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**(8) 8th National Trust Financial Products**

Date: 31 August 2020

Parties: (1) National Trust  
(2) New JoySun

Name of the financial products: 國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB60,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB6,278,000

**(9) 9th National Trust Financial Products**

Date: 3 September 2020

Parties: (1) National Trust  
(2) New JoySun

Name of the financial products: 國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB60,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB6,256,000

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## LETTER FROM THE BOARD

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### (10) 10th National Trust Financial Products

Date: 7 September 2020

Parties: (1) National Trust  
(2) New JoySun

Name of the financial products: 國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB60,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB6,226,000

### (11) 11th National Trust Financial Products

Date: 10 September 2020

Parties: (1) National Trust  
(2) New JoySun

Name of the financial products: 國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB50,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB5,170,000

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## LETTER FROM THE BOARD

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### (12) 12th National Trust Financial Products

Date: 14 September 2020

Parties: (1) National Trust  
(2) New JoySun

Name of the financial products: 國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB50,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB5,145,000

### (13) 13th National Trust Financial Products

Date: 16 September 2020

Parties: (1) National Trust  
(2) New JoySun

Name of the financial products: 國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*)

Term: 54 months

Subscription amount: RMB40,000,000

Principal guarantee: No guarantee of minimum return

Approximate historical interest income received by the Group since subscription and up to the Latest Practicable Date: RMB4,101,000

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## LETTER FROM THE BOARD

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國民信托申鑫70號單一資金信托 (National Trust Shenxin No. 70 Single Fund Trust\*) is a standalone trust (單一類信託) and its underlying assets include (i) 寧銀理財寧欣固定收益類1個月定期開放式理財14號產品 (Bank of Ningbo Ningxin Fixed Income Open-end Wealth Management Product No. 14\*) at the amount of RMB80 million with an expected yield of 2.74%; and (ii) 射陽鑫建市政建設有限公司 (Sheyang Xinjian Municipal Construction Co., Ltd.\*), a company established in the PRC in 2015 with its registered office located in Sheyang County, Jiangsu Province and principally engages in public works and infrastructure construction, at the amount of approximately RMB399.7 million with an expected yield of 5.60%.

國民信托申鑫80號單一資金信托 (National Trust Shenxin No. 80 Single Fund Trust\*) is a standalone trust (單一類信託) and its underlying assets include (i) 寧銀理財寧欣天天鑾金現金管理類理財產品4號產品 (Bank of Ningbo Tiantian Bojin Cash Management Financial Product No. 4\*) at the amount of RMB50 million with an expected yield of 2.77%; (ii) 寧銀理財寧欣固定收益類1個月定期開放式理財14號產品 (Bank of Ningbo Ningxin Fixed Income Open-end Wealth Management Product No. 14\*) at the amount of RMB50 million with an expected yield of 2.71%; and (iii) 射陽鑫海建設發展有限公司 (Sheyang Xinhai Construction Development Co., Ltd.\*), a company established in the PRC in 2011 with its registered office located in Sheyang County, Jiangsu Province and principally engages in construction works and public works, at the amount of approximately RMB219.8 million with an expected yield of 5.60%.

The National Trust Financial Products are regular return products (固定收益類產品) where at least 80% of its underlying assets and interests are deposits, bonds and other debt investments. The interest of each National Trust Financial Products is accrued and paid out in June and December of every year during the term, and the subscription amount (together with any unpaid interest) of each National Trust Financial Products will be returned to the subscriber within 10 business days following their respective maturity.

The mandate of each National Trust Financial Products is to invest in treasury bonds, financial bonds, central bank bills, bank deposits, cash, bank wealth management products, issuing trust loans, and other money market instruments that comply with laws and regulations in accordance with the management instruction of the settlor and beneficiary.

### FINANCIAL EFFECTS OF THE SUPPLEMENTAL AGREEMENTS

All the National Trust Financial Products were classified by the Group as financial assets at fair value through profit or loss of approximately RMB811.4 million as at 30 September 2022, with gain in change in fair value of approximately RMB22.1 million and income tax expense of RMB5.5 million recognised in profit or loss for the six months ended 30 September 2022. Save as the returns from the National Trust Financial Products, the Directors expect that Supplemental Agreements will not have significant impact to the Company's assets, liabilities and earnings.



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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENTS

The Company previously utilized certain funds to subscribe for the National Trust Financial Products. Purchase of wealth management products has been one of the means by the Group's management to increase the Group's income. In deciding whether to subscribe for the National Trust Financial Products in 2020, the Board considered, among other things, (i) the background and financial condition of National Trust; (ii) the historical return and expected return of the National Trust Financial Products when compared with the financial products offered by four other trust companies; (iii) the underlying assets of the National Trust Financial Products; (iv) the level of risk and return of National Trust Financial Products; and (v) the Group's cash management and working capital level against the maturity dates of the National Trust Financial Products. After considering the above, the Board was of the view that, the National Trust Financial Products were highly secured with appropriate returns, and the subscription of the National Trust Financial Products were on normal commercial terms, fair and reasonable and were in the interests of the Company and the Shareholders as a whole at the relevant time. For further details of the initial subscription of the National Trust Financial Products in 2020, please refer to the circular of the Company dated 29 April 2022.

The National Trust Financial Products are expecting to reach maturity consecutively between April and September 2023. As at the Latest Practicable Date, the outstanding subscription amount of the National Trust Financial Products was approximately RMB800 million in total and the related interest received by the Group since the subscription of the National Trust Financial Products was approximately RMB90.7 million in total.

As at 30 September 2022, the National Trust Financial Products were classified by the Group as financial assets at fair value through profit or loss of approximately RMB811.4 million, and the Group had a net current assets of approximately RMB1,137.6 million and a cash and cash equivalents of approximately RMB335.0 million. Before entering into the Supplemental Agreements, the management of the Company assessed the Group's working capital needs for the upcoming sixteen months and was of the view that the extension of the National Trusts Financial Products would not affect the working capital or business operation of the Group. Factors considered when assessing the Group's working capital needs include, among other things, the Group's existing working capital level, the historical cash flow of the Group's continuing business segments, and the Group's future business plan and expected funding needs.

In order to maximise the utilization of the surplus cash balances in the capital account without affecting the Group's operational liquidity, and after taking into account of, among other things, (i) the background and financial condition of National Trust; (ii) the historical return and expected return of the National Trust Financial Products; (iii) the underlying assets of the National Trust Financial Products; (iv) the level of risk and return of National Trust Financial Products; (v) the Group's cash management and working capital level against the extended maturity dates of the National Trust Financial Products; (vi) the financial impact on the Group by the National Trust Financial Products; and (vii) the Group's experience of investing in the financial products managed by National Trust, the Board proposed, and National Trust agreed, to extend the term of each of the National Trust Financial Products from 36 months to 54 months, which the Board considered to be conducive to enhancing the utilization of capital and increasing income from the funds of the Group.

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## LETTER FROM THE BOARD

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The principal amount and term of the National Trust Financial Products proposed to be extended were determined by the Board after taking into account their respective maturity date and various factors mentioned above.

According to the 2021 annual report of National Trust, National Trust was established in 1987 with the approval for establishment from the China Banking and Insurance Regulatory Commission. As at 31 December 2021, the balance of trust assets (信託資產) of National Trust was approximately RMB185.5 billion which include, among others, currency assets (貨幣資產), loan (貸款), financial assets available for sale (交易性金融資產), held-to-maturity investment (可供出售金融產品) and long-term equity investment (長期股權投資) etc. According to the 2021 annual report of National Trust, National Trust settled 283 trusts with weighted average annualized rate of return of 5.08% for the year ended 31 December 2021, among which 56 were collective trusts (集合類信託項目) with weighted average annualized rate of return of 5.51%, 223 were standalone trusts (單一類信託項目) with weighted average annualized rate of return of 5.06% and four were property management trusts (財產管理類信託項目) with weighted average annualized rate of return of 0.00%.

When considering whether to extend to term of the National Trust Financial Products, the Company has also considered the PRC macro-economic environment and the investment return of other alternative mid-term wealth management products. The benchmark bank lending rates designated by the People's Bank of China in the PRC has stayed at a relatively low level in recent years. Against this background, the National Trust Financial Products have a better expected rate of return than normal bank deposits generally offered by licensed commercial banks in the PRC. The management of the Company also referred to the website of financial media and noted that the interest rate of mid-term wealth management products is generally between 4.0% and 4.6%, which is relatively lower than the historical rate of return of the National Trust Financial Products. As the historical return of the National Trust Financial Products have been stable, the Group projected that the expected return would be stable although there was no guarantee of minimum return.

Taking into account of the above and the financial effects of the Supplemental Agreements on the Group set out in the paragraph headed "Financial Effects of the Supplemental Agreements" in this circular, the Directors are of the view that the proposed extension of the National Trust Financial Products are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### INVESTMENT STRATEGY

The Company's investment policies for the investments in financial products are formulated with reference to rating of the financial products. Given (i) the underlying assets of the National Trust Financial Products are investment in state-owned enterprise with ultimate beneficial owners being governmental authorities of the PRC; (ii) the National Trust Financial Products are regular return products (固定收益類產品) where at least 80% of its underlying assets and interests are deposits, bonds and other debt investments; and (iii) the historic income of the National Trust Financial Products having been stable, the Board considers the risk of the investment in the National Trust Financial Products are relatively low.

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## LETTER FROM THE BOARD

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In respect of the underlying assets of the financial products, the Group is restricted by the Group's investment policies to purchase those financial products investing only in national debts, financial debts, central bank bills, bank wealth management, deposits as well as state-owned enterprise bonds and trust products with higher ratings. Although the business of the target company relating to the National Trust Financial Products invested by the Group may not be in line with the Company's principal business, the primary objective of the investments in the National Trust Financial Products was to utilize the funds of the Company so as to generate better returns. As such, the Directors are of the view that the subscription of the National Trust Financial Products aligns with the Company's investment policies and is in the interest of the Company and the Shareholders as a whole.

### INFORMATION ON THE PARTIES

#### The Group

The Company is an investment holding company and the principal business of the Group primarily includes (i) manufacturing and trading of household products; (ii) operation of department stores and supermarkets; (iii) wholesales of alcohol, wine, beverages and electrical appliances; and (iv) investment holding.

#### National Trust

According to the 2021 annual report of National Trust, National Trust was established in 1987 with the approval for establishment from the China Banking and Insurance Regulatory Commission. National Trust is a licensed financial institution in the PRC and is principally engages in the asset management and provision of financial products in the PRC.

According to public information available to the Company and to the best knowledge of the Board, as at the Latest Practicable Date, National Trust is owned as to:

- (i) approximately 40.73% by 富德生命人壽保險股份有限公司 (Funde Sino Life Insurance Co., Ltd.\*) (“**FunDe Sino**”), a life insurance company in the PRC and is owned as to:
  - (a) 20.00% by 富德控股(集團)有限公司 (Funde Holdings Group Co., Ltd.\*) (“**FunDe Holdings**”) indirectly. Funde Holdings is a Shenzhen-based company established in 2007 and principally engages in property development, which is ultimately owned as to 94.00% by 張峻 (Zhang Jun\*);
  - (b) approximately 17.93% by 深圳市厚德金融控股有限公司 (Shenzhen Houde Financial Holdings Co., Ltd.\*) which is owned as to 56.75% by 張逢源 (Zhang Fengyuan\*), 39.92% by 羅桂都 (Luo Guidu\*) and 3.33% by 方曉紅 (Fang Xiaohong\*);
  - (c) approximately 16.77% by 深圳市國民投資發展有限公司 (Shenzhen National Investment Development Co., Ltd.\*), which is indirectly owned as to 51.00% by 陳小兵 (Chen Xiaobing\*) and 49.00% by 張錦填 (Zhang Jintian\*); and

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## LETTER FROM THE BOARD

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- (d) approximately 15.27% by 深圳市盈德置地有限公司 (Shenzhen Yingde Land Co., Ltd.\*), which is indirectly owned as to approximately 52.00% by 新亞洲集團有限公司 (Sun Asia Group Company Limited) and approximately 48.00% by 張慶龍 (Zhang Qinlong\*).
- (ii) approximately 31.73% by 上海豐益股權投資基金有限公司 (Shanghai Fengyi Equity Investment Fund Co., Ltd.\*), which is indirectly and wholly owned by FunDe Sino; and
- (iii) approximately 27.55% by 上海璟安實業有限公司 (Shanghai Jingan Industrial Co., Ltd.\*), which is wholly owned by 深圳市新啟源實業發展有限公司 (Shenzhen Xinqiyuan Industrial Development Co., Ltd.\*) (“**Shenzhen Xinqiyuan**”). Shenzhen Xinqiyuan is owned as to 99.00% by 深圳泊通實業發展有限公司 (Shenzhen Potong Industrial Development Co., Ltd.\*) which is indirectly owned as to 70.00% by 莊泳水 (Zhuang Yongshui\*) and 30.00% by 毛衛華 (Mao Weihua\*).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, National Trust and its ultimate beneficial owners are Independent Third Parties.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, there is, and in the past twelve months, there has been, no material loan arrangement between (a) National Trust, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of National Trust who can exert influence on the subscription and extension of the National Trust Financial Products; and (b) the Company, any connected person at the Company’s level and/or any connected person at the subsidiary level (to the extent that such subsidiary is involved in the subscription and extension of the National Trust Financial Products).

### IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the subscription of the National Trust Financial Products, when calculated on an aggregated basis, exceeds 100%, the proposed extension of the National Trust Financial Products contemplated under the Supplemental Agreements constitute a very substantial acquisition for the Company and is therefore subject to reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their close associates have any material interest in the Supplemental Agreements and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting at the SGM on the relevant resolution to approve the Supplemental Agreements and the transaction contemplated thereunder.

### SGM

The Company will convene the SGM at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on Friday, 28 April 2023 at 10:00 a.m. for the Shareholders to consider, and if thought fit, to approve, among other things, the Supplemental Agreements and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The notice of the SGM is set out on pages SGM-1 and SGM-2 of this circular. The voting on resolutions to be proposed at the SGM will be conducted by way of poll in accordance with Rule 13.39(4) of the Listing Rules.

The Company will publish an announcement on the results of the SGM with respect to whether or not the proposed resolutions have been passed by the Shareholders.

A form of proxy is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event the relevant form of proxy shall be deemed to be revoked.

### RECOMMENDATION

The Board considers that the terms of the Supplemental Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions approving the Supplemental Agreements and the transactions contemplated thereunder at the SGM.

### FURTHER INFORMATION

Your attention is also drawn to the information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**LISI GROUP (HOLDINGS) LIMITED**  
**Li Lixin**  
*Chairman and Executive Director*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the six months ended 30 September 2022 are disclosed in the following documents which have been published and are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.lisigroup.com.hk>):

- The annual report of the Company for the year ended 31 March 2020 (pages 54 to 154) published on 30 July 2020, available on:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073000694.pdf>
- The annual report of the Company for the year ended 31 March 2021 (pages 54 to 142) published on 8 September 2021, available on:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0908/2021090801127.pdf>
- The annual report of the Company for the year ended 31 March 2022 (pages 63 to 158) published on 29 July 2022, available on:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0729/2022072902164.pdf>
- The interim report of the Company for the six months ended 30 September 2022 (pages 3 to 36) published on 28 December 2022, available on:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1228/2022122800460.pdf>

**2. STATEMENT OF INDEBTEDNESS OF THE GROUP**

At the close of business on 28 February 2023, being the latest practicable date of the purpose of this statement of indebtedness prior to the printing of this circular, the Group has the following loans and lease liabilities:

	<b>Balance at 28 February 2023</b> <i>RMB ('000)</i>
<b>Bank loans</b>	
– Secured and guaranteed	130,000
– Secured and unguaranteed	684,600
	<hr/>
	814,600
<b>Other borrowings</b>	
– Unsecured and unguaranteed	25,664
<b>Lease liabilities</b>	
– Unsecured and unguaranteed	39,310
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<b>Total outstanding debts</b>	<b>879,574</b>
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Saved as aforesaid and apart from intra-group liabilities and normal trade payable in the ordinary course of business, the Group did not, at the close of business on 28 February 2023, have any outstanding loan issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, term loans (whether guaranteed, unguaranteed, secured and unsecured), debts securities or any other similar indebtedness loans (whether guaranteed, unguaranteed, secured and unsecured) or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptable credits or any guarantees or other material contingent liabilities.

**3. WORKING CAPITAL STATEMENT OF THE GROUP**

The Directors, after due and careful enquiry and after taking into account the financial effect of the proposed extension of the National Trust Financial Products contemplated under the Supplemental Agreements, the financial resources available to the Group (including cash and cash equivalents on hand and cash flows from operating activities and other financial resources available to the Group) and assuming the success renewal of bank loans upon maturity, are of the opinion that the Group will have sufficient working capital for its present requirements and for at least the next twelve months commencing from the date of issue of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As at the Latest Practicable Date, the Company is an investment holding company and the principal activities of the Group are the business of manufacturing and trading of household products, operations of supermarkets and property rental service, wholesale of wine and electrical appliances and investing holding.

The manufacturing and trading business of the group is the cornerstone of the Group's operation. The Group will continue with its cost control measures and the business strategy of focusing on higher margin products. Apart from the continuing effort in cost control measures such as integration and realignment of management and sales resources together with structural changes in procurement and manufacturing planning, the Group will also continue with its efforts to develop and roll out new products so as to satisfy the needs of different customers. Besides, the Group will also enlarge its customer base in both existing and emerging markets to achieve its goal of continuous achievement of growth and performance improvement.

Within the Group's wholesales business, the heating, ventilation and air-conditioning (HVAC) wholesale business is well performing due to the sales strategy and efforts of the business team. The Group will adopt the approach of working with large property groups in the long term to expand its business to various regions across the PRC. As the removal of COVID-related restrictions in PRC, it enables normal operations to resume for the retail business. The retail business and the wholesale business of wine and beverage can resume to a large extent, may be toward pre-COVID levels in the best case scenarios.



The Group's financial position have strengthened further during the past year and therefore enable us to continue our prudent approach of selecting suitable business strategy and investment opportunities to enhance the Group's performance. The management of the Company will also closely monitor the volatility of global financial markets, better communicate with our clients and timely adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement. Leveraging its solid foundation and committed managing team, the Group has full confidence in overcoming all the difficulties ahead of us.

## **6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP**

Set out below is the management discussion and analysis of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the six months ended 30 September 2022 as extracted from the annual reports of the Company for the years ended 31 March 2020, 2021 and 2022 and the interim report of the Company for the six months ended 30 September 2022, respectively.

### **For the year ended 31 March 2020**

#### **FINANCIAL HIGHLIGHTS**

##### **General Information**

For the year ended 31 March 2020 ("FY2020"), the Group recorded a revenue for the continuing operations of approximately RMB1,184.0 million, representing a decrease of 56.6% when compared with the revenue of approximately RMB2,729.9 million reported for the last year. Net loss for FY2020 was approximately RMB154.5 million compared to a net profit of RMB210.7 million for the last year. The Group's basic and diluted loss per share for FY2020 were RMB1.96 cents while the Group's basic and diluted earnings per share were RMB2.79 cents and RMB1.67 cents for the corresponding period last year.

##### **Net Assets, Liquidity and Financial Resources**

As at 31 March 2020, the Group's net assets increased to RMB2,647.2 million, rendering net asset value per share at RMB32.91 cents. The increase in net assets was mainly the result of the issuance of shares for the acquisition of a car trading platform business on 31 July 2019, and the acquisition has brought positive contribution to the asset base.

As at 31 March 2020, the Group's total assets were valued at RMB7,947.4 million, including cash and bank deposits of approximately RMB259.9 million. Consolidated bank loans and other borrowings were amounted to RMB1,060.7 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been decreased from 46.0% as at 31 March 2019 to 40.1% as at 31 March 2020. The change in the debt-to-equity ratio was essentially due to the bank loans of a car trading platform business consolidated into the Group upon completion of the acquisition of a car trading platform business mentioned above.

Most of the Group's business transactions were conducted in RMB and US\$. As at 31 March 2020, the Group's major borrowings included bank loans and loans from other financial institutions, which had an outstanding balance of RMB1,052.9 million, other borrowings from shareholders totaling RMB7.77 million. All of the Group's borrowings are denominated in RMB, HK\$, US\$ and CAD.

**Pledge of Assets**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB1,609.2 million for continuing operations as at 31 March 2020 were pledged to secure bank borrowing and facilities of the Group.

**Prepayment to Suppliers**

As at 31 March 2020, the balance of prepayment to suppliers is RMB617.6 million. As at the 30 June 2020, the utilization of the prepayment to suppliers was approximately RMB493.8 million or 79.9% of the balance.

**Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources to acquisitions, better utilization of the Company's assets, and improvement of capital assets to improve operations efficiency and to meet customer needs and market demands. Sources of funding are expected to come primarily from trading revenue that the Group will generate from operations and alternative debt and equity financing.

**Exposure to Foreign-Exchange Fluctuations**

The functional currency of the Company is RMB and the Group's monetary assets and liabilities were principally denominated in RMB, HK\$, US\$ and CAD. The Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. Given that RMB is not yet an international hard currency, there is no effective method to hedge the relevant risk for the size and cash flow pattern of the Group. As the Chinese Government is driving RMB to get more internationalized and towards free floating in the future, we expect more hedging tools will be available in the currency market. The Group will monitor closely the development of currency policy of the Chinese Government and the availability of the hedging tools which are appropriate for the operations of manufacturing business and car business of the Group in this respect.

**Segment Information**

With the acquisition of car-sale business in 2017 and car trading platform business in 2019, the overall car business has emerged to become the most important business segment of the Group in the year ended 31 March 2020. Retail and wholesale business, manufacturing and trading business and investments holding business were classified as discontinued operations for FY2020.

In terms of geographical location, all of the Group's revenue for the continuing operations is generated from Mainland China.

**Contingent Liabilities**

As at 31 March 2020, the Group provides guarantees to secure bank loans borrowed by some major customers. Such arrangements were made by 天津濱海國際汽車城有限公司 (Tianjin Binhai International Automobile City Company Ltd\*) prior to the acquisition in July 2019. The Directors do not consider it probable that a claim in excess of the provision for warranties provided by the Group will be made against the Group under any of the guarantees. The maximum liability of the Group as of the close of business under the guarantees issued is RMB2,187.0 million being the aggregate banking facilities granted to third party customer of the Group by banks.

**Goodwill**

The goodwill reduced from approximately RMB679.8 million to approximately RMB396.5 for FY2020 as compared with last year, which was attributable to the recognition of the impairment loss on goodwill for the car-sales cash generating unit ("CGU") amounting approximately RMB240.0 million and manufacturing and trading CGUs amounting approximately RMB43.3 million during the year. The impairment to reduce their carrying value to recoverable amount. The impairment was mainly due to the impact to the CGU for the implementation of Limits and Measurement Methods for Emissions from Lightduty Vehicles (China VI), COVID-19 outbreak and recent trade friction between the governments of the PRC and the United States.

The impairment was based on a valuation by an independent professional valuer. Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The assumptions in the value-in-use calculations are as follows:

	Manufacturing and trading		Car-sales	
	2020	2019	2020	2019
Long-term growth rate	3.0%	2.0%	3.0%	2.5%
Discount rate (pre-tax)	18.9%	14.7%	14.5%	14.1%

The Group expected the market will soon be back to normal in late 2020 as the demand of the customers was expected to be rebounded after relief of the COVID-19 pandemic. The management is confident that the sales performance will catch up in the foreseeable future.

### Employee Information

As at 31 March 2020, the Group employed a workforce of 1,697 employees for the continuing and discontinued operations in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees. There was a share option scheme in force but no share option was granted during FY2020.

### Review of Operations

For FY2020, the Group recorded a net loss of RMB154.5 million, compared to the net profit of RMB210.7 million for the corresponding last year. The change was mainly attributable to the recognition of the gain in fair value change of approximately RMB85.0 million from the Tranche C consideration shares for the car-sale business project in Tianjin in the last year for the continuing operations while impairment loss on goodwill of approximately RMB240.0 million in FY2020 for continuing operations.

### Revenue for the Continuing Operations

The Revenue for the continuing operations comprised car-sale business and car-trading platform business. During FY2020, the Group recorded revenue from continuing operations of approximately RMB1,184.0 million, representing a decrease of 56.6% when compared with the revenue of approximately RMB2,729.9 million reported for the last year.

**Car-sale Business**

The Group had originally anticipated that there would be considerable growths of revenue of the car-sale business as at the date of acquisition. However, the trading and sales of imported cars business decreased substantially by 58.7% to RMB1,126.3 million for the year ended 31 March 2020 as compared with RMB2,729.9 million for the corresponding period last year. The trade friction between the United States of America and China, the issuance of Limits and Measurement Methods for Emissions from Light-duty Vehicles (China VI) and COVID-19 pandemic did have adverse impact on the business and investment environment in China and thus affected the mood of consumers in China especially in the market of durable goods. The desire for purchase of imported cars is lessened and some customers have a wait-and-see attitude on their purchase plan which affected the transactions of imported cars and resulted in a drop of turnover for our car-sale business in the year ended 31 March 2020 as compared with the corresponding period last year. Decrease in revenue in 2020 affected the sales forecasted incoming years assumed in the valuation model. As a result, the recoverable amounts assessed by an independent professional valuer was lower than the carrying value of the car-sale business, and impairment losses of approximately RMB240.0 million on goodwill was recognised for the year ended 31 March 2020. The management team of car-sale business expected the market of imported cars will soon be back to normal in late 2020 as the demand of the customers was expected to be rebounded after relief of the COVID-19 pandemic. The management is confident that the sales performance will catch up in the foreseeable future.

**Car Trading Platform Business**

The imported cars platform services and property rental business started operation after completion of the acquisition in July 2019. The business contributed revenue of RMB57.6 million for the year ended 31 March 2020. The management is confident that its business will provide considerable revenue for the next year.

**Revenue for the Discontinued Operations**

Revenue for the discontinued operations included retail and wholesale business, manufacturing and trading business and investment holding business. During FY2020, the Group recorded revenue for the discontinued operations of approximately RMB1,481.9 million, representing an increase of 20.5% when compared with the total revenue of approximately RMB1,230.2 million reported for the last year.

**Retail and Wholesale Business**

Retail business increased by 9.3% to RMB504.7 million and wholesale business increased by 1.0% to RMB284.7 million for FY2020 as compared with last year. Although keen market competition from e-commerce, large supermarket chains and new shopping malls nearby, the retail business was operated successfully and recorded an increase in revenue. On the other hand, the wholesale business in wine and beverages has stabilized and recorded a satisfactory increase in revenue contributed by the hard work of the sale team for FY2020.

**Manufacturing and Trading Business**

During FY2020, the manufacturing and trading business contributed approximately RMB645.0 million to the revenue for the discontinued operations. The business of this segment increased by RMB211.1 million when compared with the last year of approximately RMB433.9 million. The competition in overseas market has been severe and our management team in this business line works very hard to look for further opportunities in the market. Their contribution successfully strengthen our established customer base, and the base can cope with short term fluctuation in the market. The business of this segment performed quite well in FY2020.

**Investments Holding Business**

Dividend income and investment income decreased by 9.8% to RMB47.4 million during FY2020 as compared with the last year.

**For the year ended 31 March 2021****FINANCIAL HIGHLIGHTS****General Information**

For the year ended 31 March 2021 (“FY2021”), the Group recorded a revenue of approximately RMB1,850.0 million, representing a decrease of 30.6% when compared with the revenue of approximately RMB2,665.8 million reported for the last year. Net loss for FY2021 was approximately RMB2,551.0 million compared to a net loss of RMB154.5 million for the last year. The Group’s basic and diluted loss per share for FY2021 were RMB31.71 cents while the Group’s basic and diluted loss per share were RMB1.96 cents for the corresponding period last year.

**Net Assets, Liquidity and Financial Resources**

As at 31 March 2021, the Group’s net assets decreased to approximately RMB119.3 million, rendering net asset value per share at RMB1.48 cents. The decrease in net assets was mainly due to impairment of goodwill, net valuation loss of investment properties and impairment loss on financial assets and guarantee contract amounting to RMB396.5 million, RMB195.7 million and 1,866.9 million during the year.

As at 31 March 2021, the Group's total assets were valued at RMB5,125.5 million, including cash and bank deposits of approximately RMB332.7 million. Consolidated bank loans and other borrowings were amounted to RMB2,576.3 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been increased from 40.1% as at 31 March 2020 to 2,159.9% as at 31 March 2021. The change in the debt-to-equity ratio was essentially due to the significant reduction in equity as a result of the net loss of approximately RMB2,551.0 million for the year ended 31 March 2021 incurred mainly from impairment losses and valuation loss for car sale and car trading platform businesses.

Most of the Group's business transactions were conducted in RMB and US\$. As at 31 March 2021, the Group's major borrowings included bank loans and loans from other financial institutions, which had an outstanding balance of RMB2,383.8 million, other borrowings from shareholders totaling RMB192.5 million. All of the Group's borrowings are denominated in RMB, HK\$ and US\$.

### **Pledge of Assets**

The Group's leasehold land and buildings, investment properties and trade receivables with a carrying amount of RMB1,535.9 million as at 31 March 2021 and equity interest in a subsidiary of the Group were pledged to secure bank borrowing and facilities of the Group.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB15.5 million as at 31 March 2021 were pledged to secure bank loans borrowed by a third party company.

### **Prepayment to Suppliers**

As at 31 March 2021, the balance of prepayment to suppliers is RMB146.8 million. As at the 31 July 2021, the utilization of the prepayment to suppliers was approximately RMB111.9 million or 76.2% of the balance.

### **Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources better utilization of the Company's assets and improvement of capital assets to improve operations efficiency and to meet customer needs and market demands. Sources of funding are expected to come primarily from trading revenue that the Group will generate from operations and alternative debt and equity financing.

**Exposure to Foreign-Exchange Fluctuations**

The functional currency of the Company is RMB and the Group's monetary assets and liabilities were principally denominated in RMB, HK\$ and US\$. The Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. Given that RMB is not yet an international hard currency, there is no effective method to hedge the relevant risk for the size and cash flow pattern of the Group. As the Chinese government is driving RMB to get more internationalized and towards free floating in the future, we expect more hedging tools will be available in the currency market. The Group will monitor closely the development of currency policy of the Chinese government and the availability of the hedging tools which are appropriate for the operations of manufacturing business and car business of the Group in this respect.

**Segment Information**

Car-sale business and car trading platform business contribute 9.3% of total revenue of the Group in FY2021. Retail and wholesale business, manufacturing and trading business and investments holding business had 43.5%, 45.0% and 2.2% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 59.2% of total revenue of the Group for FY2021. The remaining comprised of revenue from North America 28.7%, Europe 6.5% and others 5.6%.

**Contingent Liabilities**

As at 31 March 2021, the Group provides guarantees to secure bank loans borrowed by some major customers. Such arrangements were made by 天津濱海國際汽車城有限公司 (Tianjin Binhai International Automobile City Company Ltd\*) prior to the acquisition in July 2019. The maximum liability of the Group as of the close of business under the guarantees issued is RMB2,623 million being the aggregate banking facilities granted to third party customer of the Group by banks.

**Employee Information**

As at 31 March 2021, the Group employed a workforce of 1,940 employees for the continuing and discontinued operations in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees. There was a share option scheme in force but no share option was granted during FY2021.



**Review of Operations**

For FY2021, the Group recorded a net loss of RMB2,551.0 million, compared to the net loss of RMB154.5 million for the corresponding last year. The significant increase in the net loss was mainly attributable to the following factors:

- (1) a one-time net gain arising from the acquisition of Robust Cooperation Limited of approximately RMB258.2 million in the last financial year;
- (2) impairment loss on financial assets and guarantee contracts of approximately RMB1,866.9 million which included RMB1,570.6 million impairment loss on advances to customers of car trading platform and prepayment for purchase of parallel imported cars but orders subsequently cancelled and RMB296.3 million expected credit loss for financial guarantees issued for customers of car trading platform with reference to the assessment result by professional valuer;
- (3) impairment loss on the goodwill of the car sale subsidiary in Tianjin of approximately RMB396.5 million with reference to the valuation result by professional valuer; and
- (4) valuation loss on the investment properties essentially in Tianjin of RMB195.7 million with reference to the valuation result by professional valuer.

The factors (2), (3) and (4) above were the reflection of the adverse business environment encountered by the market participants (including our Group and our customers) of parallel imported car business in Mainland China in the past year as a result of change in industry policy, US-China trade war and COVID-19 pandemic and the consequent impact of such issues on both the supply side and the end-consumer behaviour of the market.

**Revenue**

During FY2021, the Group recorded revenue of approximately RMB1,850.0 million, representing a decrease of 30.6% when compared with the revenue of RMB2,665.8 million reported for the last year.

**Car-sale Business**

The Group had originally anticipated that there would be considerable growths of revenue of the car-sale business as at the date of acquisition. However, the trading and sales of imported cars business decreased substantially by 87.9% to RMB136.7 million for the year ended 31 March 2021 as compared with RMB1,126.3 million for the corresponding period last year. The trade friction between the United States of America and China, the issuance of Limits and Measurement Methods for Emissions from Light-duty Vehicles (China VI) and COVID-19 pandemic did have adverse impact on the business and investment environment in China and thus affected the mood of consumers in China especially in the market of durable goods. Decrease in revenue in 2021 affected the sales forecasted incoming years assumed in the valuation model. As a result, the recoverable amounts assessed by an independent professional valuer was lower than the carrying value of the car-sale business, and impairment losses of approximately RMB396.5 million on goodwill was recognised for the year ended 31 March 2021.

**Car Trading Platform Business**

The imported cars platform services and property rental business started operation after completion of the acquisition in July 2019. The business contributed revenue of RMB35.3 million for FY2021, representing decrease of 38.7% when comparing with the revenue of RMB57.6 million for the last financial year. The business was also affected by the COVID-19 pandemic. It is expected that the domestic parallel imported cars market will recover by the end of 2021 and gradually resume normal development, property occupancy rates will rise steadily, and there will be a nice increase in platform service revenue.

**Retail and Wholesale Business**

The revenue of the retail business increased by 2.2% to RMB515,608,000 for FY2021 as compared with the last year. Although affected by the pandemic and in spite of keen market competition from e-commerce, large supermarket chains and new shopping malls nearby, the retail business still managed to maintain balanced development. The revenue of the wholesale business increased by 1.4% to RMB288,618,000.

**Manufacturing and Trading Business**

During FY2021, the manufacturing and trading business contributed approximately RMB833.1 million to the revenue. The business of this segment increased by RMB188.1 million when compared with the last year of approximately RMB645.0 million. The competition in overseas market has been severe and our management team in this business line works very hard to look for further opportunities in the market. Their contribution successfully strengthen our established customer base, and the base can cope with short term fluctuation in the market during the period of the COVID-19 pandemic. The business of this segment performed quite well in FY2021.

### Investments Holding Business

Dividend income and investment income decreased by 14.1% to RMB40.8 million during FY2021 as compared with the last year.

### Significant Investments Held

The Company utilized certain idle funds to subscribe for certain financial products from National Trust and 大業信託有限責任公司 (Daye Trust Co., Ltd.\*). Given the Board is of the views that such financial products are highly secured with appropriate returns, the Board considers the subscriptions are conducive to enhancing the utilization of capital and increasing income from idle funds. The consideration in relation to the subscriptions of such financial products was determined after taking into account various factors including cash management, the level of risk and return of the financial products and their respective maturity dates. Accordingly, the Directors are of the view that the subscriptions of such financial products are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Details of the financial products of the Group as at 31 March 2021 are as follows:

Name of the financial products	Name of the trust company	Subscription Date	Subscription	Fair	Return for
			Amount RMB million	value RMB million	FY2021 RMB million
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	29 April 2020	50.0	50.3	2.3
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	18 May 2020	90.0	90.6	3.8
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	28 June 2020	60.0	60.4	2.2
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	10 August 2020	80.0	80.5	2.5
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	17 August 2020	70.0	70.5	2.1

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

Name of the financial products	Name of the trust company	Subscription Date	Subscription Amount	Fair value	Return for FY2021
			RMB million	RMB million	RMB million
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	21 August 2020	70.0	70.5	2.1
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	24 August 2020	60.0	60.4	1.7
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	31 August 2020	60.0	59.8	1.6
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	3 September 2020	60.0	59.8	1.6
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	7 September 2020	60.0	59.8	1.5
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	10 September 2020	50.0	49.9	1.3
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	14 September 2020	50.0	49.9	1.2
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	16 September 2020	40.0	39.9	1.0
大業信托新江廈(一期)單－資金信托合同 (Daye Trust Xin Jiang Sha (Phase 1) Single Fund Trust Contract*)	大業信托有限公司 (Daye Trust Co., Ltd.*)	31 March 2021	80.0	80.3	Nil

**For the year ended 31 March 2022****FINANCIAL HIGHLIGHTS****General Information**

For the year ended 31 March 2022 (“FY2022”), the Group recorded a revenue of approximately RMB2,149.6 million, representing an increase of 16.2% when compared with the revenue of approximately RMB1,850.0 million reported for the last year. Net loss for FY2022 was approximately RMB385.2 million compared to a net loss of RMB2,551.0 million for the last year. The Group’s basic and diluted loss per share for FY2022 were RMB4.79 cents while the Group’s basic and diluted loss per share were RMB31.71 cents for the corresponding period last year.

**Net Assets, Liquidity and Financial Resources**

As at 31 March 2022, the Group’s net assets decreased to approximately RMB(254.8) million, rendering net assets value per share at RMB(3.17) cents. The decrease in net assets was mainly due to net valuation loss of investment properties and impairment losses on financial assets, contract assets and guarantee contracts amounting to RMB166.1 million and RMB144.3 million during the year.

As at 31 March 2022, the Group’s total assets were valued at RMB5,010.6 million, including cash and bank deposits of approximately RMB320.5 million. Consolidated bank loans and other borrowings were amounted to RMB2,487.2 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been decreased from 2,159.9% as at 31 March 2021 to (976.1)% as at 31 March 2022. The change in the debt-to-equity ratio was essentially due to the significant reduction in equity as a result of the net loss of approximately RMB385.2 million for the year ended 31 March 2022 incurred mainly from impairment losses and valuation loss for car sale and car trading platform businesses.

Most of the Group’s business transactions were conducted in RMB and US\$. As at 31 March 2022, the Group’s major borrowings included bank loans and loans from other financial institutions, which had an outstanding balance of RMB2,296.0 million, other borrowings from shareholders totaling RMB191.2 million. All of the Group’s borrowings are denominated in RMB, HK\$ and US\$.

**Pledge of Assets**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB1,943.6 million as at 31 March 2022, and equity interest were pledged to secure bank borrowing and facilities of the Group. Bank deposits of RMB172 million were pledged for the Group's bank loans and bills and security performance.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.6 million as at 31 March 2022 were pledged to secure bank loans borrowed by a third party company.

**Prepayment to Suppliers**

As at 31 March 2022, the balance of prepayment to suppliers is RMB288.3 million. Subsequent to 31 March 2022, the utilization of the prepayment to suppliers was approximately RMB35.1 million or 12.2% of the balance and RMB195 million or 67.6% of the balance was refunded.

**Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources better utilization of the Company's assets and improvement of capital assets to improve operations efficiency and to meet customer needs and market demands. Sources of funding are expected to come primarily from trading revenue that the Group will generate from operations and alternative debt and equity financing.

**Exposure to Foreign-Exchange Fluctuations**

The functional currency of the Company is RMB and the Group's monetary assets and liabilities were principally denominated in RMB, HK\$ and US\$. The Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. Given that RMB is not yet an international hard currency, there is no effective method to hedge the relevant risk for the size and cash flow pattern of the Group. As the Chinese Government is driving RMB to get more internationalized and towards free floating in the future, we expect more hedging tools will be available in the currency market. The Group will monitor closely the development of currency policy of the Chinese Government and the availability of the hedging tools which are appropriate for the operations of manufacturing business and car business of the Group in this respect.

**Segment Information**

Car-sale business and car trading platform business contribute 0.7% of total revenue of the Group in FY2022. Retail and wholesale business, manufacturing and trading business and investments holding business had 43.0%, 54.0% and 2.3% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 49.6% of total revenue of the Group for FY2022. The remaining comprised of revenue from North America 36.6%, Europe 8.1% and others 5.7%.

**Contingent Liabilities**

As at 31 March 2022, the Group provides guarantees to secure bank loans borrowed by some major customers. Such arrangements were made by 天津濱海國際汽車城有限公司 (Tianjin Binhai International Automobile City Company Ltd\*). The maximum liability of the Group as of the close of business under the guarantees issued is RMB2,623 million being the aggregate banking facilities granted to third party customer of the Group by banks.

**Employee Information**

As at 31 March 2022, the Group employed a workforce of 1,500 employees in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees. There was a share option scheme in force but no share option was granted during FY2022.

**Review of Operations**

For FY2022, the Group recorded a net loss of RMB385.2 million, compared to the net loss of RMB2,551.0 million for the corresponding last year. The loss was attributable to the net valuation loss on investment properties of approximately RMB166.1 million and the impairment losses on financial assets, contract assets and guarantee contracts of approximately RMB144.3 million.

**Revenue**

During FY2022, the Group recorded revenue of approximately RMB2,149.6 million, representing an increase of 16.2% when compared with the revenue of RMB1,850.0 million reported for the last year.

**Car-sale Business**

The trading and sales of imported cars business decreased substantially by 100% to RMBnil for the year ended 31 March 2022 as compared with RMB136.7 million for the corresponding period last year. The trade friction between the United States of America and China, the issuance of Limits and Measurement Methods for Emissions from Lightduty Vehicles (China VI) and COVID-19 pandemic did have adverse impact on the business and investment environment in China and thus affected the mood of consumers in China especially in the market of durable goods.

**Car Trading Platform Business**

The imported cars platform services and property rental business contributed revenue of RMB15.9 million for FY2022, representing a decrease of 54.9% when comparing with the revenue of RMB35.3 million for the last year. The business was also affected by the COVID-19 pandemic.

**Retail and Wholesale Business**

For the keen market competition from e-commerce and large supermarket chains, the slowdown of consumption and recurrence of the pandemic, the revenue of the retail business decreased by 18% to RMB422.9 million for FY2022 as compared with the last year. The revenue of the wholesale business increased by 73.5% to RMB500.7 million. The wholesale business in wine and beverages has stabilized and in electrical appliances (heating, ventilation and air-conditioning (HVAC)) recorded a significantly increase in revenue which contributed by the working with large property companies.

**Manufacturing and Trading Business**

During FY2022, the manufacturing and trading business contributed approximately RMB1,159.9 million to the revenue. The business of this segment increased by RMB326.8 million when compared with the last year of approximately RMB833.1 million. The competition in overseas market has been severe and our management team in this business line works very hard to look for further opportunities in the market. Their contribution successfully strengthen our established customer base, and the base can cope with short term fluctuation in the market during the period of the COVID-19 pandemic. The business of this segment performed quite well in FY2022.

**Investments Holding Business**

Dividend income and investment income increased by 22.8% to RMB50.0 million during FY2022 as compared with the last year.



**Significant Investments Held**

The Company utilized certain idle funds to subscribe for certain financial products from National Trust. Given the Board is of the views that such financial products are highly secured with appropriate returns, the Board considers the subscriptions are conducive to enhancing the utilization of capital and increasing income from idle funds. The consideration in relation to the subscriptions of such financial products was determined after taking into account various factors including cash management, the level of risk and return of the financial products and their respective maturity dates. Accordingly, the Directors are of the view that the subscriptions of such financial products are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Details of the financial products of the Group as at 31 March 2022 are as follows:

Name of the financial products	Name of the trust company	Subscription Date	Subscription Amount		Fair value	Return for FY2022
			RMB million	RMB million		
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	29 April 2020	50.0	50.1	2.5	
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	18 May 2020	90.0	91.0	4.4	
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	28 June 2020	60.0	60.7	3.0	
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	10 August 2020	80.0	81.0	3.9	
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	17 August 2020	70.0	70.9	3.5	
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	21 August 2020	70.0	70.9	3.5	
國民信托申鑫70號單－資金信托 (National Trust Shenxin No. 70 Single Fund Trust*)	National Trust	24 August 2020	60.0	60.8	3.0	

Name of the financial products	Name of the trust company	Subscription Date	Subscription Amount	Fair value	Return for FY2022
			RMB million	RMB million	RMB million
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	31 August 2020	60.0	60.5	2.7
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	3 September 2020	60.0	60.5	2.7
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	7 September 2020	60.0	60.5	2.7
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	10 September 2020	50.0	50.4	2.3
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	14 September 2020	50.0	50.4	2.3
國民信托申鑫80號單－資金信托 (National Trust Shenxin No. 80 Single Fund Trust*)	National Trust	16 September 2020	40.0	40.3	1.8

**For the six months ended 30 September 2022**

## **FINANCIAL HIGHLIGHTS**

### **Continuing Operations**

The continuing operations of the Group (the “**Continuing Operations**”) comprised (i) manufacturing and trading business; (ii) retail business; (iii) wholesale business and (iv) investments holding business, which together reported revenue of approximately RMB1,277.4 million for six months ended 30 September 2022 (the “**Reporting Period**”), representing an increase of 25.1% when compared with the revenue of approximately RMB1,021.1 million reported for the corresponding period last year. Net profit of the Continuing Operations for the Reporting Period was approximately RMB168.8 million when compared to a net profit of RMB170.4 million for the corresponding period last year. The Group’s basic and diluted earnings per share of the Continuing Operations for the Reporting Period were RMB2.10 cent and the Group’s basic and diluted earnings of the Continuing Operations per share were RMB2.12 cent for the corresponding period last year.

### **Discontinued Operations**

On 6 May 2022, the Group entered into an agreement to sell the car-sale business and car trading platform business (“**Automotive Business**” or “**Discontinued Operations**”) at a consideration of HK\$3 million. The disposal was completed in 21 June 2022. The gain on disposal of Automotive Business of approximately RMB2,124.3 million was recognized in the Reporting Period. Excluded the gain on disposal of Automotive Business of approximately RMB2,124.3 million, the net loss of the Discontinued Operations for the period from 1 April 2022 to 21 June 2022 was approximately RMB56.6 million.

### **Continuing Operations and Discontinued Operations**

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded a revenue of approximately RMB1,278.1 million for the Reporting Period, representing an increase of 23.9% when compared with the revenue of approximately RMB1,031.7 million reported for the corresponding period last year. Net profit for the Reporting Period was approximately RMB2,236.5 million compared to a net profit of RMB88.1 million for the corresponding period last year. The Group’s basic and diluted earnings per share for the Reporting Period were RMB27.8 and the Group’s basic and diluted earnings per share were RMB1.10 cent for the corresponding period last year.

### **Net Assets, Liquidity and Financial Resources**

As at 30 September 2022, the Group’s net assets increased to RMB1,967.5 million, rendering net asset value per share at RMB24.5 cent. The increase in net assets is mainly due to the disposal of Automotive Business of net liabilities by approximately RMB2,162.5 million during the period.

As at 30 September 2022, the Group's total assets were valued at RMB3,705.6 million, including cash and bank deposits of approximately RMB335.0 million. Consolidated bank loans and other borrowings amounted to RMB752.9 million. Debt-to-equity ratio (bank loans and other borrowings over total equity) has been improved significantly from (976.1)% as at 31 March 2022 to 38.3% as at 30 September 2022. The significant change in the debt-to-equity ratio was mainly due to the disposal of Automotive Business which included bank loans and other borrowings amounted to approximately RMB1,667.8 million.

Most of the Group's business transactions were conducted in RMB and US\$. As at 30 September 2022, the Group's major borrowings included bank loans, loan from other financial institutions which had an outstanding balance of RMB726.6 million, other borrowings from shareholders totaling RMB26.3 million. All of the Group's borrowings have been denominated in RMB, HK\$ and US\$.

#### **Pledge of Assets**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB695.9 million as at 30 September 2022, and equity interest were pledged to secure bank borrowing and facilities of the Group. Bank deposits of RMB241.1 million were pledged for the Group's bank loans and bills and security performance.

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.2 million as at 30 September 2022 were pledged to secure bank loans borrowed by a third party of company.

#### **Prepayment to Suppliers**

As at 30 September 2022, the balance of prepayment to suppliers is RMB55.2 million. Subsequent to 30 September 2022, the utilization of the prepayment to suppliers was approximately RMB31.6 million or 57.2% of the balance.

#### **Capital Expenditure and Commitments**

The Group will continue to allocate a reasonable amount of resources for better utilization of the Company's assets, and improvement of capital assets to improve operations efficiency and to meet customer needs and market demands. Sources of funding are expected to come primarily from trading revenue that the Group will generate from operations and alternative debt and equity financing.

**Exposure to Foreign-Exchange Fluctuations**

The functional currency of the Company is RMB and the Group's monetary assets and liabilities were principally denominated in RMB, HK\$ and US\$. The Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. Given that RMB is not yet an international hard currency, there is no effective method to hedge the relevant risk for the size and cash flow pattern of the Group. As the PRC government is driving RMB to get more internationalized and towards free floating in the future, we expect more hedging tools will be available in the currency market. The Group will monitor closely the development of currency policy of the Chinese government and the availability of the hedging tools which are appropriate for the operations of manufacturing business in this respect.

**Segment Information**

On 6 May 2022, the Group entered into an agreement to sell the Automotive Business which comprise of car-sale business and car trading platform business at a consideration of HK\$3 million. The disposal was completed in 21 June 2022. Subsequent to the disposal of Automotive Business, the Group will focus its resources and efforts on its remaining business segments which include (i) manufacturing and trading business; (ii) retail business; (iii) wholesales business; and (iv) investments holding business.

**Continuing Operations**

Manufacturing and trading business contribute 58.9% of total revenue of the Group for the Continuing Operations in the Reporting Period. Retail business, wholesales business and investments holding business had 13.2%, 26.2% and 1.7% of the remaining respectively.

In terms of geographical location, China is the primary market of the Group, which accounted for 44.6% of total revenue of the Group for the Reporting Period. The remaining comprised of revenue from North America 43.9%, Europe 10.3% and others 1.2%.

**Discontinued Operations**

Car sale business and car trading platform business contribute approximately RMB0.7 million in revenue for the period from 1 April 2022 to 21 June 2022.

**Contingent liabilities**

The Group's leasehold land and buildings and investment properties with a carrying amount of RMB14.2 million as at 30 September 2022 were pledged to secure bank loans borrowed by a third party of company. The Directors do not consider it probable that a claim in excess of the provision for warranties provided by the Group will be made against the Group under any of the guarantees. The maximum liability of the Group as of the close of business under the guarantees issued is RMB18.0 million being the balance of the principal amount of the bank loans the Group pledged for.

**Employee Information**

As at 30 September 2022, the Group employed a workforce of 1,498 employees in its various chain stores, offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with the individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees.

**Review of Operations**

For the Reporting Period, the Group recorded a net profit for the Continuing Operations of approximately RMB168.8 million, compared to a net profit of RMB170.4 million for the corresponding period last year.

For the Reporting Period, the Group recorded a gain on disposal of Automotive Business of approximately RMB2,124.3 million in the Discontinued Operations. Excluded the gain on disposal of Automotive Business of approximately RMB2,124.3 million, the Group recorded a net loss from the Discontinued Operations of approximately RMB56.6 million for the period from 1 April 2022 to 21 June 2022.

Including both the results of Continuing Operations and Discontinued Operations, the Group recorded a net profit of approximately RMB2,236.5 million for the Reporting Period, compared to a net profit of RMB88.1 million for the corresponding period last year.

**Revenue from the Continuing Operations**

For the Reporting Period, the Group recorded revenue for the Continuing Operations of approximately RMB1,277.4 million, representing an increase of 25.1% when compared with the revenue of approximately RMB1,021.1 million reported for the corresponding period last year.

**Manufacturing and Trading Business**

During the Reporting Period, the manufacturing and trading business contributed approximately RMB751.9 million to the total revenue of the Group for the Continuing Operations. The business of this segment increased significantly by RMB230.3 million or 44.2% when compared with the corresponding period last year of approximately RMB521.6 million. The competition in overseas market has been severe and our management team works very hard to look for further opportunities in the market. The increase in the revenue under this segment proved their contribution last year to be successful to strengthen our established customer base which could cope with the short term fluctuation in the market during the period of the COVID-19 pandemic. The business of this segment performed very well in the Reporting Period.

**Retail and Wholesale Business**

Retail business increased by 2.8% to RMB168.9 million and wholesale business increased by 10.0% to RMB334.5 million for the Reporting Period as compared with the corresponding period last year. For the various preventive measures imposed by the PRC government, the epidemic seems to be under control. People are gradually back to normal life and the retail business recorded a slightly increase in revenue. The wholesale business in wine and beverages has stabilized and the sale of electrical appliances (heating, ventilation and air-conditioning (HVAC)) recorded an increase in revenue which was resulted by the hardworking of the sale team and good sales strategy with large property companies for the Reporting Period.

**Investments Holding Business**

Dividend income and investment income was decreased by 28.7% to RMB22.1 million for the Reporting Period as compared with the corresponding period last year.

**Revenue from the Discontinued Operations****Car-sale business and car trading platform business**

The trading and sales of imported car business, car trading platform and property rental business contributed approximately RMB0.7 million for the period from 1 April 2022 to 21 June 2022.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company or their associates had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executives of the Company or their associates were deemed or taken to have under provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name	Capacity	Number of shares/underlying shares ( <i>Note 1</i> )	Approximate
			percentage of the issued share capital of the Company
Mr. Li Lixin	<i>Note 2</i>	2,755,137,680 (L)	34.25%
		1,687,282,681 (S)	20.98%

*Note 1:* (L) denotes long positions (S) denotes short positions.

*Note 2:* Mr. Li Lixin's interest in 2,755,137,680 shares is held as to 17,822,000 shares personally, 1,382,141,014 shares through Big-Max Manufacturing Co., Limited ("**Big-Max**") and 1,355,174,666 shares through Shi Hui Holdings Limited ("**Shi Hui**"). The issued share capital of Big-Max and Shi Hui are wholly-owned by Mr. Li Lixin.



Save as disclosed above, none of the Directors or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

**(b) Substantial Shareholders' interests and short positions**

As at the Latest Practicable Date, save as disclosed below, so far as was known to any Director or chief executive of the Company, no other person or company (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity	Number of shares/underlying shares (Note)	Approximate percentage of the issued share capital of the Company
Big-Max Manufacturing Co., Limited	Beneficial owner	1,382,141,014 (L)	17.18%
		893,521,680 (S)	11.11%
Shi Hui Holdings Limited	Beneficial owner	1,355,174,666 (L)	16.85%
		793,761,001 (S)	9.87%
Central Huijin Investment Ltd.	Person having a security interest in shares/ Interest in controlled corporation	2,329,995,680 (L)	28.97%
China Construction Bank Corporation	Person having a security interest in shares/ Interest in controlled corporation	2,329,995,680 (L)	28.97%
Cheng Weihong	Interest in controlled corporation	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%
Tong Shipping	Interest of spouse	1,849,407,702 (L)	22.99%
		398,000,000 (S)	4.95%
Mighty Mark Investments Limited	Beneficial owner	956,407,702 (L)	11.89%

Name	Capacity	Number of shares/underlying shares (Note)	Approximate percentage of the issued share capital of the Company
Poly Platinum Enterprises Limited	Person having a security interest in shares/ Beneficial owner	933,000,000 (L)	11.60%
Greater Bay Area Homeland Development Fund (GP) Limited	Person having a security interest in shares/ Interest in controlled corporation	933,000,000 (L)	11.60%
Greater Bay Area Homeland Investments Limited	Person having a security interest in shares/ Interest in controlled corporation	933,000,000 (L)	11.60%
Hopeful Glad Limited	Beneficial owner	893,000,000 (L) 398,000,000 (S)	11.10% 4.95%

Note: (L) denotes long positions (S) denotes short positions.

Save as disclosed above, the Company had not been notified and is not aware of any other persons who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at the Latest Practicable Date.

### 3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, so far as the Directors are aware of, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, or is in conflict or is likely to be in conflict, either directly or indirectly, with the business of Group.

As at the Latest Practicable Date, Mr. Li, an executive Director, chairman and a controlling shareholder of the Company, together with his son, beneficially owns 98.15% equity interest of Lisi Co. Mr. Cheng Jianhe, an executive Director, and Ms. Jin Yaxue, an executive Director, are also directors of Lisi Co. As at the Latest Practicable Date, the principal businesses of Lisi Group include the manufacturing and sale of plastic and hardware products, the operation of department stores and supermarket chain, and investments in property development in the PRC.

Lisi Group operates four department stores (the “**Excluded Department Stores**”) and one supermarket (the “**Excluded Supermarket**”). Two out of the four Excluded Department Stores and the Excluded Supermarket are located in Ningbo City and the remaining two Excluded Department Stores are located in Tonglu County, Hangzhou City and Haiyan County, Jiaqing City in Zhejiang Province, respectively. All four Excluded Department Stores commenced business in 2010 or 2011 and recorded net losses for each of the two financial years ended 31 December 2012. Since the Excluded Department Stores are still in their start-up stage of operation and are loss making, the Directors decided not to acquire the Excluded Department Stores at the material time.

The Excluded Supermarket is situated at the basement of one of the Excluded Department Stores and forms part of that Excluded Department and as such, the Directors decided not to include the Excluded Supermarket into the target group acquired by the Group from Lisi Group in August 2013.

The Directors believed that the Group was capable of carrying on its business independently of, and at arm’s length from, the Excluded Department Stores and the Excluded Supermarket owned by Lisi Group, on the basis that, among other factors:

- (a) while two of the Excluded Department Stores are situated in Ningbo City, the districts in which they are located are different from those in which the two department stores owned by the Group namely, New JoySun Department Store and Xiangshan Lisi Department Store, are located. The other two Excluded Department Stores are located in Tonglu County, Hangzhou City and Haiyan County, Jiaqing City; and
- (b) the Company entered into a non-competition deed (the “**Non-Competition Deed**”) with Shi Hui, the guarantors and Lisi Co. (the “**Covenantors**”) on 31 August 2013. Under the Non-Competition Deed, the Covenantors have undertaken not to engage, other than through the Excluded Department Stores and the Excluded Supermarket, in any businesses of manufacture and sale of household products as well as the retail trade in merchandise in department stores and supermarkets in Ningbo City. The non-competition restrictions under the Non-Competition Deed shall terminate on the earlier of (i) the date on which the Covenantors cease to be a controlling Shareholder; and (ii) the date on which the Shares ceased to be listed on the Stock Exchange. As such, Lisi Group will not open, own or operate any new department stores or supermarkets in Ningbo City other than the Excluded Department Stores and the Excluded Supermarket so long as the Non-Competition Deed is in effect. Under the Non-Competition Deed, the Covenantors granted the Company an option to purchase the whole or part of the interest in the Excluded Department Stores or the Excluded Supermarket. The price at which the option will be exercised shall be negotiated and agreed between the Company and Lisi Co. at the time of exercise. If the parties fail to agree on the exercise price, an independent internationally recognised firm of valuers will be appointed to determine the exercise price. The Covenantors also granted the Company a right of first refusal in the event that Lisi Co. wishes to sell the whole or part of its interest in the Excluded Department Stores or the Excluded Supermarket to any third party. Decisions as to whether or not to exercise the right of first refusal shall be subject to the review and approval of the independent non-executive Directors. If the Company decides not to acquire such interest, an announcement will be issued by the Company setting out the reasons for not exercising such right and Lisi Co. may proceed to sell to the third party, provided that the price may not be lower than the price which was offered to the Company.

#### 4. DIRECTORS' INTERESTS IN ASSETS

On 30 August 2022, 寧波利時日用品有限公司 (Ningbo Lisi Household Products Company Limited\*) (“**Lisi Household**”) (as tenant), a wholly-owned subsidiary of the Company, entered into a lease agreement (“**YinZhou Investment & Venture Centre Lease Agreement**”) with 達美(寧波)新材料有限公司 (Da Mei (Ningbo) New Materials Company Limited\*) (as landlord), a non-wholly owned subsidiary of Lisi Co., for the leasing of a factory space and office premises located in 中國寧波市鄞州區投資創業中心誠信路518號 (518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC\*) for a term from 1 October 2022 to 30 September 2023 at a monthly rental of RMB701,528. For details, please refer to the announcement of the Company dated 30 August 2022.

On 25 October 2022, New JoySun (as tenant) entered into a lease agreement (“**Lisi City Outlet Lease Agreement**”) with 寧波新江夏投資有限公司 (Ningbo New JoySun Investment Company Limited\*) (as landlord), a wholly-owned subsidiary of Lisi Co., for the leasing of the premises at 浙江省寧波市鄞州區四明中路688號利時城市奧萊F1-17A室 (Unit No. F1-17A on level 1, Lisi City Outlet, No. 688 Siming Middle Road, Yinzhou District, Ningbo, Zhejiang Province, the PRC\*) for a term from 1 September 2022 to 31 August 2025 at the rental of RMB341,630.00 in total for the first year, RMB362,992.50 in total for the second year, and RMB385,412.63 for in total the third year. For details, please refer to the announcement of the Company dated 25 October 2022.

On 16 December 2022, New JoySun Supermarket (as tenant) entered into a lease agreement (“**Jinse Jiangshan Outlet Lease Agreement**”) with 寧波利富置業有限公司 (Ningbo Lifu Land Company Limited\*) (as landlord), a wholly-owned subsidiary of Lisi Co., for the leasing of the premises at 浙江省寧波市鄞州區明山路金色江山購物廣場1F室 (Unit No. 1F, Jinse Jiangshan Outlet, Mingshan Road, Yinzhou District, Ningbo, Zhejiang Province, the PRC\*) for a term from 1 January 2023 to 31 December 2024 at the rental of RMB366,667 in total for the first year and RMB400,000 in total for the second year.

As at the Latest Practicable Date, so far as the Directors are aware, save for Mr. Li Lixin’s interest in the lease agreements mentioned above, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

#### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

## 6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group, save for the following:

- (a) the lease agreement dated 1 April 2021, between Lisi Household and 寧波利時電器制造有限公司 (Ningbo Lisi Electrical Appliances Manufacturing Company Limited\*) (“**Lisi Electrical**”) as disclosed in the Company’s announcement dated 1 April 2021 pursuant to which Lisi Electrical leased the properties located at 518 Cheng Xin Lu, Yinzhou Investment & Venture Centre, Yinzhou, Ningbo, PRC for a period of three years commenced from 1 June 2021 and expiring on 31 May 2024. Lisi Electrical is indirectly wholly owned by 寧波利時塑膠有限公司 (Ningbo Lisi Plastics Company Limited) which is owned as to 75% by Lisi Co.;
- (b) the Mutual Supply Agreement dated 20 December 2021 made between New JoySun and Lisi Co. pursuant to which New JoySun agreed to procure its subsidiaries to supply to the Lisi Group electronic appliances, food and beverage products. In return, Lisi Co. agreed to procure its subsidiaries to supply to New JoySun and its subsidiaries certain household products for a term of three years commenced from 1 January 2022 and ending on 31 December 2024;
- (c) the 2022 Export Agency Agreement dated 20 December 2021 as disclosed in the Company’s announcement dated 20 December 2021 pursuant to which 寧波利時進出口有限公司 (Lisi Import and Export Company Limited\*) (“**Lisi Import & Export**”) agreed to provide export agency services to Lisi Household for a term of three years commenced from 1 January 2022 and ending on 31 December 2024. Lisi Import & Export is owned as to 80% by Mr. Li and his son and 18.18% by a company wholly owned by Mr. Li and his son;
- (d) the 2022 Import Agency Agreement as disclosed in the Company’s announcement dated 20 December 2021 pursuant to which Lisi Import and Export agreed to provide import agency services to Lisi Household for a term of three years commenced from 1 January 2022 and ending on 31 December 2024;
- (e) the YinZhou Investment & Venture Centre Lease Agreement;
- (f) the Lisi City Outlet Lease Agreement; and
- (g) the Jinse Jiangshan Outlet Lease Agreement.

For further details of agreements under items (e) to (g) above, please refer to the paragraph headed “4. Directors’ Interests in Assets” in this appendix.

## 7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 8. MATERIAL CONTRACTS

Saved as disclosed below, no material contracts (not being contract entered into in the ordinary course of business carried out by the Group) have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the sale and purchase agreement dated 26 April 2021 between New JoySun Supermarket (as seller) and 周龍科 (Zhou Long Ke\*) (as purchaser) in relation to the disposal of the site comprising the parcels of land at 寧波市鄞州區姜山鎮人民路26號 (No. 26, Remin Lu, Jiang Shan Zhen, Yin Zhou Qu, Ningbo Shi\*) with a total site area of approximately 1,382 square metres, together with the commercial building complexes erected thereon with a total floor area of approximately 4,363.71 square metres at a consideration of RMB55,000,000. For further details, please refer to the announcement of the Company dated 26 April 2021;
- (b) the termination deed dated 1 June 2021 between the Company and Mr. Li whereby the parties have mutually agreed to terminate the sale and purchase agreement dated 28 May 2020 between the Company (as seller) and Mr. Li or his nominee (as purchaser) (“SPA”) in relation to the disposal of the entire issued share capital of each of Magician Investments (BVI) Limited, Magician Strategic Limited and Wealthy Honor Holdings Limited with effect from the date of the termination deed and to release and discharge each other from its respective obligations under the SPA (save for any antecedent claim or request prior to such termination). For further details, please refer to the announcement of the Company dated 1 June 2021;
- (c) the sale and purchase agreement dated 15 June 2021 between New JoySun (as seller) and 黃永光 (Huang Yong Guang\*) (as purchaser) in relation to the disposal of the site comprising the parcels of land at 寧波市鄞州區中山東路301-305號 (No. 301-305, Zhongshan Dong Lu, Yin Zhou Qu, Ningbo Shi\*) with a total site area of approximately 633.50 square metres, together with the commercial building complexes erected thereon with a total floor area of approximately 3,078.26 square metres at a consideration of RMB49,000,000. For further details, please refer to the announcement of the Company dated 15 June 2021;
- (d) the sale and purchase agreement dated 15 June 2021 between New JoySun (as seller) and 周蕾 (Zhou Lei\*) (as purchaser) in relation to the disposal of the site comprising the parcels of land at 寧波市鄞州區中山東路301-305號 (No. 301-305, Zhongshan Dong Lu, Yin Zhou Qu, Ningbo Shi\*) with a total site area of approximately 554.50 square metres, together with the commercial building complexes erected thereon with a total floor area of approximately 2,694.4 square metres at a consideration of RMB35,000,000. For further details, please refer to the announcement of the Company dated 15 June 2021;
- (e) the sale and purchase agreement dated 6 May 2022 between the Company (as seller) and Keenpay International Company Limited (肯付國際有限公司) (as purchaser) in relation to the disposal of the entire issued share capital of Robust Cooperation Limited and Mega Convention Group Limited at a total consideration of HK\$3 million. For further details, please refer to the circular of the Company dated 26 May 2022; and
- (f) the Supplemental Agreements.

**9. GENERAL**

- (a) The company secretary of the Company is Ms. Pang Yuen Shan Christina. She is a solicitor qualified in Hong Kong.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The principal place of business of the Company is Office 6, 2/F, International Enterprise Centre 3, No. 18 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**10. DOCUMENTS ON DISPLAY**

Copies of the Supplemental Agreements will be published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.lisigroup.com.hk>) for a period of 14 days from the date of this circular.

\* *For identification purposes only*

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “SGM”) of Lisi Group (Holdings) Limited (the “Company”) will be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on Friday, 28 April 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT**

- (a) the Supplemental Agreements (as defined in the circular of the Company dated 12 April 2023) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary or desirable for the purpose of or in connection with or to give effect to the Supplemental Agreements and the transactions contemplated thereunder; and
- (c) any and all actions of the Company, or of any Director or officer of the Company, taken in connection with the foregoing resolutions prior to the execution hereof be and were hereby ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval, and approved by, the Company prior to such action being taken.”

By Order of the Board

**LISI GROUP (HOLDINGS) LIMITED**

**Li Lixin**

*Chairman and Executive Director*

Hong Kong, 12 April 2023



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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.
4. The transfer books and register of members of the Company will be closed from 25 April 2023 to 28 April 2023, both days inclusive, to determine the entitlement of shareholders of the Company to attend and vote at the SGM, during which period no share transfers can be registered. In order to be eligible to attend and vote at the SGM, all duly completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 24 April 2023.
5. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, the resolutions as set out in this notice will be decided by poll at the meeting.

*As at the date of this notice, 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.*