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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)**

### **(1) APPOINTMENT OF COMPLIANCE ADVISER; (2) COMPLETION OF INTERNAL CONTROL REVIEW; AND (3) COMPLETION OF DIRECTORS' TRAINING**

Reference is made to the regulatory news release published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 July 2023 (the “**News Release**”) in relation to, among other things, the Stock Exchange’s disciplinary action against Lisi Group (Holdings) Limited (the “**Company**”) for its breaches of Rules 13.46(2), 13.49(1), 13.49(3)(i)(c), 14.34, 14.38A, 14.40, 14A.35, 14A.36, 14A.46 and 14A.54(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

#### **DIRECTIONS FROM THE STOCK EXCHANGE**

As set out in the News Release, the Listing Committee of the Stock Exchange issued the following directions (the “**Direction(s)**”) to the Company:

- (1) the Company shall appoint a compliance adviser for a term of two years;
- (2) the Company shall complete an independent review of its internal controls for procuring compliance with Chapters 13, 14 and 14A of the Listing Rules; and
- (3) the Company shall procure each of its current directors (the “**Director(s)**”) to attend 24 hours of training on regulatory and legal topics and Listing Rule compliance within 90 days, including at least three hours on each of (a) directors’ duties; (b) the Corporate Governance Code; and (c) the Listing Rule requirements for Chapters 13, 14 and 14A (the “**Training**”) provided by a course provider (the “**Training Provider**”) approved by the Stock Exchange.

## **APPOINTMENT OF COMPLIANCE ADVISER**

In accordance with Direction (1), the Company has appointed VBG Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, as its compliance adviser for a term of 2 years commencing from 1 August 2023 and ending on 31 July 2025.

## **COMPLETION OF INTERNAL CONTROL REVIEW**

In accordance with Direction (2), the Company has appointed Elite Partners Risk Advisory Services Limited (the “**Internal Control Adviser**”) to conduct a review of, and make recommendations to improve, the Company’s internal controls (the “**Internal Control Review**”) and for procuring compliance with Chapters 13, 14 and 14A of the Listing Rules.

Pursuant to the written report of the Internal Control Review:

- (1) the Internal Control Adviser made the recommendations in respect of the following areas including (a) establish financial mechanism to enforce the timing requirement for publication of the Group’s financial results; (b) establish procedures for financial reporting under extreme circumstances; and (c) maintain a risk register to ensure the Group’s major risks are monitored and proper internal control procedures are in place to reduce the potential risks (collectively, the “**Recommendations**”); and
- (2) within a period of two months from the date of the Recommendations being made, the Company has adopted and implemented all the Recommendations.

In addition, after the Company had identified the non-compliances mentioned in the News Release, it had promptly carried out various remedial measures to enhance its internal control mechanism and to prevent reoccurrence of similar events in future. Key measures include, among other things, (a) establish a working group, comprising staff of the Group in the PRC and Hong Kong, to ensure implementation of the operational internal control procedures; (b) increase the number of team members for overseeing on-going transactions of the Group to ensure compliance with the Listing Rules and for co-ordinating the reporting arrangements among various departments of the Group; and (c) maintain close cooperation with the Company’s professional advisers in relation to regulatory compliance. For further details of the actions taken, please refer to (a) the circular of the Company dated 30 November 2021 in respect of revision of annual caps for the export agency agreement and import agency agreement; (b) the circular of the Company dated 29 April 2022 in respect of, among other things, subscription of financial products; and (c) the announcement of the Company dated 30 September 2022 in respect of provision of guarantees.

## **COMPLETION OF DIRECTORS' TRAINING**

In accordance with Direction (3), the Company confirms that the Directors have completed the Training and provided the Stock Exchange with the Training Providers' written certification of full compliance after completion of the Training.

Based on the above, the Company has fulfilled all Directions set out by the Stock Exchange in the News Release.

By Order of the Board  
**LISI GROUP (HOLDINGS) LIMITED**  
**Cheng Jianhe**  
*Executive Director*

Hong Kong, 20 November 2023

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