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LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED

中國聯塑集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2128)

ANNOUNCEMENT

TRANSFER OF RIGHTS UNDER THE LEASE AGREEMENT

This announcement is made by China Lesso Group Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 30 December 2014 (the “**Announcement**”). Capitalised terms used in this announcement have the same meaning as those defined in the Announcement unless otherwise stated herein.

BACKGROUND

On 30 December 2014, 廣東聯塑科技實業有限公司 (“**Guangdong Lesso Technology**”), an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with 廣東聯塑機器製造有限公司 (“**Guangdong Liansu Machinery**”), a company indirectly wholly-owned by Mr. Wong Luen Hei (“**Mr. Wong**”), an executive Director and chairman of the Company, in relation to the lease of the Property, being certain plants erected on Lot G03-2-1, Daba Industrial Estate of Longjiang Community Residents’ Committee, Longjiang Town, Shunde District, Foshan City, the PRC (中國佛山市順德區龍江鎮龍江社區居民委員會大壩工業園G03-2-1號地塊), by Guangdong Lesso Technology as lessee for a term commencing from 1 January 2015 and ending on 31 December 2017 at the rent of RMB368,419.12 per month.

Under the Lease Agreement, Guangdong Lesso Technology agreed to bear all third party costs, including electricity and water charges. As the relevant government authorities charged Guangdong Liansu Machinery, being the owner of the Property, not Guangdong Lesso Technology, for the costs of utilities consumed by Guangdong Lesso Technology in the Property, Guangdong Liansu Machinery would pay such utilities costs first and then be reimbursed by Guangdong Lesso Technology.

Guangdong Liansu Machinery was a connected person of the Company under the Listing Rules. The applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the transactions contemplated under the Lease Agreement on an annual basis were between 0.1% and 5%. Accordingly, the transactions contemplated under the Lease Agreement constituted non-exempt continuing connected transactions and were subject to the reporting and disclosure requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

TRANSFER OF RIGHTS UNDER THE LEASE AGREEMENT

The Board was notified that the land use right of the Property owned by Guangdong Liansu Machinery was transferred to 佛山市星俊置業發展有限公司 (“**Foshan Star Excel**”). Accordingly, Guangdong Lesso Technology, Guangdong Liansu Machinery and Foshan Star Excel entered into an agreement in relation to transfer of rights under the Lease Agreement (the “**Agreement**”) pursuant to which Guangdong Liansu Machinery agreed to transfer all its the rights and obligations under the Lease Agreement to Foshan Star Excel and Foshan Star Excel agreed to assume all of the rights and obligations in substitution for Guangdong Liansu Machinery. No other terms of the Lease Agreement has been amended.

Foshan Star Excel is a company incorporated in the PRC. It is principally engaged in property lease and management.

Foshan Star Excel is a company indirectly wholly-owned by Mr. Wong. Mr. Wong is the chairman of the Company, an executive Director and the founder of a trust which holds the entire issued share capital of Xi Xi Development Limited and which in turn holds New Fortune Star Limited, holder of approximately 68.28% of the issued share capital of the Company as at the date of this announcement. Accordingly, Foshan Star Excel is a connected person of the Company under the Listing Rules.

Mr. Zuo Manlun, an executive Director and the chief executive officer of the Group, and Ms. Zuo Xiaoping, an executive Director, are the brother-in-law and the wife of Mr. Wong respectively. Both Mr. Wong, Mr. Zuo Manlun and Ms. Zuo Xiaoping are considered to have a material interest in the transactions and have abstained from voting at the board meeting approving the transactions contemplated under the Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the above, no other Director has a material interest in the transactions and therefore no other Director is required to abstain from voting on the board resolution in relation to the transactions contemplated under the Agreement.

The Board considers that the Agreement is for the sole purpose of transfer of the identity of the lessor under the Lease Agreement upon the transfer of the land use right of the Property, without any change to the underlying terms and conditions of the Lease Agreement or to the rights, benefits and obligations of Guangdong Lesso Technology under the Lease Agreement.

The terms of the Agreement were arrived at after arm's length negotiations between Guangdong Lesso Technology, Guangdong Liansu Machinery and Foshan Star Excel. The Board considers that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

By Order of the Board
China Lesso Group Holdings Limited
Wong Luen Hei
Chairman

Hong Kong, 5 June 2017

As at the date of this announcement, the executive directors of the Company are Mr. Wong Luen Hei, Mr. Zuo Manlun, Ms. Zuo Xiaoping, Mr. Lai Zhiqiang, Mr. Kong Zhaocong, Mr. Chen Guonan, Dr. Lin Shaoquan, Mr. Huang Guirong, Mr. Luo Jianfeng; the non-executive director of the Company is Mr. Lin Dewei; and the independent non-executive directors of the Company are Mr. Fung Pui Cheung, Mr. Wong Kwok Ho Jonathan, Mr. Cheung Man Yu, Ms. Lan Fang and Dr. Tao Zhigang.

* *For identification purposes only*