

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



CHINA LIANSU 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)

PLACING OF EXISTING SHARES BY CONTROLLING SHAREHOLDER

The Placing Agents

J.P.Morgan



This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules. The Board has been informed by New Fortune that on 6 January 2011 New Fortune and the Placing Agents entered into the Agreement under which New Fortune has agreed to place through the Placing Agents an aggregate of 150,000,000 Shares, representing approximately 5.0% of the total issued share capital of the Company, to Placees at a price of HK\$6.28 per Placing Share. The Placing Shares are to be placed on a fully underwritten basis.

As at the date of the Agreement, New Fortune directly held 2,250,000,000 Shares, representing approximately 75.0% of the total issued share capital of the Company. Upon completion of the Placing, New Fortune will hold 2,100,000,000 Shares, representing approximately 70.0% of the total issued share capital of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board announced that it has been informed by New Fortune that on 6 January 2011 New Fortune and the Placing Agents entered into the Agreement under which New Fortune has agreed to place through the Placing Agents an aggregate of 150,000,000 Shares to Placees at a price of HK\$6.28 per Placing Share.

1. Parties

The parties to the Agreement are:

- (1) Seller: New Fortune, a company incorporated in the British Virgin Islands with limited liability and being a Controlling Shareholder of the Company;
- (2) Guarantor: Mr. Wong Luen Hei, the Chairman and executive director of the Company and the sole beneficial owner of New Fortune; and
- (2) the Placing Agents.

2. Placing

The Placing Shares are to be placed on a fully underwritten basis.

3. Number of Shares to be Placed

The Placing Shares represent approximately 5.0% of the total issued share capital of the Company.

4. Placing Price

The placing price is HK\$6.28 per Placing Share.

5. Lock-up Undertaking

Each of New Fortune and the Guarantor have undertaken to each of the Placing Agents that (except for the sale of the Placing Shares pursuant to the Agreement) from the date of the Agreement until (and including) the date being 90 days after the Closing Date it shall not, and it shall procure that the companies or entities through which it is interested in the Shares shall not (without the prior written consent of the Placing Agents):

- (A) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests, or
- (B) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company, whether any such transaction described in (A) or (B) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or

(C) announce any intention to enter into or effect any such transaction described in (A) or (B) above.

New Fortune has also undertaken to each of the Placing Agents that that it will procure the Company, not to, from the date of the Agreement and until (and including) the date being 90 days after the Closing Date (without the prior written consent of the Placing Agents):

(A) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests, or

(B) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company, whether any such transaction described in (A) or (B) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or

(C) announce any intention to enter into or effect any such transaction described in (A) or (B) above.

6. Rights

The Placing Shares will be sold free of any third party rights and the holders of the Placing Shares will receive all dividends and distributions declared or distributed at any time on or after the Trade Date.

7. Completion of the Placing

Completion of the Placing is currently expected to take place on 11 January 2011, provided that the Agreement is not terminated in accordance with its terms.

8. Shareholding structure before and after the Placing

As at the date of the Agreement, New Fortune directly held 2,250,000,000 Shares, representing approximately 75.0% of the total issued share capital of the Company. Upon completion of the Placing, New Fortune will hold 2,100,000,000 Shares, representing approximately 70.0% of the total issued share capital of the Company.

9. Definitions

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Agreement”	the placing agreement dated 6 January 2011 entered into between New Fortune and the Placing Agents
“Board”	the board of Directors
“Closing Date”	the completion of the Placing, currently expected to take place on 11 January 2011
“Company”	China Liansu Group Holdings Limited (中國聯塑集團控股有限公司), a company incorporated in the Cayman Islands on 5 November 2009 with limited liability and whose Shares are listed on the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company, whose names are set out at the end of this announcement
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wong Luen Hei, the Chairman and executive director of the Company and the sole beneficial owner of New Fortune
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the purchasers procured by the Placing Agents to purchase any of the Placing Shares pursuant to the Agreement
“Placing”	the placing of the Placing Shares by New Fortune through the Placing Agents at the Placing Price pursuant to the Agreement

“Placing Agents”	J.P. Morgan Securities (Asia Pacific) Limited and UBS AG, Hong Kong Branch
“Placing Price”	HK\$6.28 per Placing Share
“Placing Shares”	150,000,000 existing Shares beneficially owned by New Fortune and to be placed pursuant to the Agreement
“Seller” or “New Fortune”	New Fortune Star Limited
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Date”	7 January 2011

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

Hong Kong, 7 January 2011

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, Mr. Lin Shaoquan, Mr. Huang Guirong and Mr. Luo Jianfeng; the Non-executive Director is Mr. Lin Dewei; and the Independent Non-executive Directors are Mr. Bai Chongen, Mr. Fung Pui Cheung, Mr. Wong Kwok Ho Jonathan.

* *For identification purposes only*