

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.

This announcement is for information only and does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act 1933, as amended. No securities may be offered or sold in the United States absent registration or an exemption from the registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or the selling security holder. Such prospectus will contain detailed information about the company involved and its management and financial statements. The Company does not intend to make any public offering of securities or register any of the securities in the United States.



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)

ISSUANCE OF US\$300 MILLION 7.875% SENIOR NOTES DUE 2016

Reference is made to the announcement of the Company dated 26 April 2011 (the “**Announcement**”) in respect of the Notes Issue. Terms defined in the Announcement have the same meanings where used in this announcement, unless otherwise defined. On 6 May 2011 (New York time), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with J.P. Morgan and RBS in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts, fees and commissions and other estimated expenses payable by the Company, will amount to approximately US\$292 million and the Company currently intends to use the net proceeds for refinancing of existing indebtedness, for capital expenditures and for other general corporate purposes. The Company expects that the timing and final amount of disbursements to be made for the foregoing purposes will be determined by its Directors with a view to obtaining the optimal benefit for the Company. However, depending on future events or

developments, such as general market conditions, the level of demand for the Company's products and the outlook for the industry, changes in social, political and economic conditions and the regulatory environment in the places where the Company conducts its business, changes in the Company's need for capital and the availability of financing and capital to fund these needs, the Company may use the net proceeds differently than as described above.

Approval-in-principle has been obtained for the listing and quotation of the Notes on the SGX-ST. Admission of the Notes to the Official List of the SGX-ST or quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. No listing of the Notes has been sought in Hong Kong.

Reference is made to the announcement of the Company dated 26 April 2011 (the "**Announcement**") in respect of the Notes Issue. Terms defined in the Announcement have the same meanings where used in this announcement, unless otherwise defined. The Board is pleased to announce that on 6 May 2011 (New York time), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with J.P. Morgan and RBS in relation to the Notes Issue.

THE PURCHASE AGREEMENT

Date 6 May 2011 (New York time)

Parties (a) the Company as the issuer;

(b) the Subsidiary Guarantors as the guarantors of the Company's obligations under the Notes;

(c) J.P. Morgan and RBS as the initial purchasers.

J.P. Morgan and RBS are the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of J.P. Morgan and RBS is an independent third party and not a connected person of the Company and its connected persons (as defined under the Listing Rules).

The Notes will be offered only (i) in the United States, to qualified institutional buyers in reliance on the exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act provided by Rule 144A, or (ii) outside the United States, in compliance with Regulation S under the U.S. Securities Act. The Notes have not been or will not be registered under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company. No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Notes but Notes may be acquired by British Virgin Islands persons who receive the offer of the Notes outside of the British Virgin Islands and in a manner which does not contravene the laws of the jurisdiction in which such offer is received. No invitation whether directly or indirectly will be made to the public in the Cayman Islands to subscribe for the Notes.

Principal terms of the Notes

The following is a summary of certain provisions of the Indenture, the Notes and the Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Subsidiary Guarantees.

Notes offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$300 million which will mature on 13 May 2016, unless earlier redeemed pursuant to the terms thereof.

Offering price

The offering price of the Notes will be 99.493% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including 13 May 2011 at the rate of 7.875% per annum, payable semi-annually in arrears.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4)

guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations under the Indenture; (5) effectively subordinated to other secured obligations of the Company and the Subsidiary Guarantors to the extent of the value of the assets serving as security thereof; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Events of default

The events of default under the Notes include, among others:

- (i) default in the payment of principal (or premium, if any);
- (ii) default in the payment of interest that continues for a period of 30 days;
- (iii) defaults in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause its Restricted Subsidiaries to create, a first priority lien on the Collateral in accordance with the covenants as described in the Indenture;
- (iv) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than the default specified in (i), (ii) and (iii) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of the Notes of 25% or more in aggregate principal amount of the Notes;
- (v) there occurs with respect to any indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$15.0 million (or the equivalent thereof) or more in the aggregate for all such indebtedness of all such Persons;
- (vi) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15.0 million (or the equivalent thereof) (in excess of amounts that the Company's insurance carriers have agreed in writing to pay) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (vii) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking

the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar laws as now or hereafter in effect;

- (viii) the Company or any Restricted Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors;
- (ix) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect;
- (x) any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the Collateral or which adversely affects the condition or value of the Collateral; and
- (xi) the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any Security Document or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Collateral Agent ceases to have a first priority security interest in the Collateral, subject to any permitted liens.

If an event of default (other than an event of default specified in (vii) or (viii) above) occurs and is continuing under the Indenture, the Trustee or the holders of the Notes of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders of the Notes), may, and the Trustee at the request of such holders of the Notes

shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable.

If an event of default specified in (vii) or (viii) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the Notes.

Covenants

The Notes, the Indenture and the guarantees to be provided by the Subsidiary Guarantors will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue preferred stock;
- (b) pay dividends, redeem capital stock and make investments;
- (c) make other restricted payments;
- (d) create or permit to exist liens;
- (e) enter into sale and leaseback transactions;
- (f) impose restrictions on the ability of the Company's subsidiaries to pay dividends or make other payments to the Company;
- (g) transfer, lease or sell certain assets, including subsidiary stock;
- (h) merge or consolidate with other entities;
- (i) enter into transactions with affiliates; and
- (j) enter into unrelated businesses.

Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after 13 May 2014, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal

to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on 13 May of each of the years indicated below.

Period	Redemption Price
2014	103.9375%
2015	101.96875%

- (2) At any time prior to 13 May 2014, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes, plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) At any time and from time to time prior to 13 May 2014, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of the Shares in an equity offering (the “**Equity Offering**”) at a redemption price of 107.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption.

- (4) The Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount thereof plus accrued and unpaid interest, if any, upon the occurrence of a change of control triggering event, which is defined as (A) the occurrence of any of the following: (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries to another person (other than one or more Permitted Holders); (ii) the merger or consolidation of the Company with or into any Person (other than one or more Permitted Holders) or the merger or consolidation of another person (other than one or more Permitted Holders) with or into the Company; (iii) the Permitted Holders are the beneficial owners of less than 35% of the total voting power of the Company; (iv) any “person” or “group” (as defined in the United States Securities and Exchange Act of 1934) is or becomes the beneficial owner, directly or indirectly, of total voting power of the Company greater than such total voting power held beneficially by the Permitted Holders; (v) individuals

who on the original issue date constituted the board of directors of the Company, together with any new directors approved by a vote of at least a majority of the directors then still in office, cease for any reason to constitute a majority of the Board; or (vi) the adoption of a plan relating to the liquidation or dissolution of the Company; accompanied by (B) a rating decline.

Use of proceeds

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts, fees and commissions and other estimated expenses payable by the Company, will amount to approximately US\$292 million and the Company currently intends to use the net proceeds from the Notes Issue for refinancing of existing indebtedness, for capital expenditures and for other general corporate purposes.

The Company expects that the timing and final amount of disbursements to be made for the foregoing purposes will be determined by its Directors with a view to obtaining the optimal benefit for the Company. However, depending on future events or developments, such as general market conditions, the level of demand for the Company's products and the outlook for the industry, changes in social, political and economic conditions and the regulatory environment in the places where the Company conducts its business, changes in the Company's need for capital and the availability of financing and capital to fund these needs, the Company may use the net proceeds differently than as described above.

Listing

Approval-in-principle has been received for the listing and quotation of the Notes on the SGX-ST. Admission of the Notes to the Official List of the SGX-ST or quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or the Notes. No listing of the Notes has been sought in Hong Kong.

Rating

The Notes have been provisionally rated "Ba2" by Moody's Investors Service and "BB" by Fitch Ratings.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:-

“Board”	the board of Directors;
“Collateral”	all collateral securing, or purported to be securing, directly or indirectly, the Notes or any Subsidiary Guarantee pursuant to the Security Documents, and shall initially consist of the capital stock of the initial Subsidiary Guarantors held by the Company or any Restricted Subsidiary;
“Collateral Agent”	The Bank of New York Mellon and its relevant affiliates;
“Company”	China Liansu Group Holdings Limited (中國聯塑集團控股有限公司*), an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“connected person”	shall have the meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indenture”	the indenture to govern the Notes;
“J.P. Morgan”	J.P. Morgan Securities Ltd., one of the joint bookrunners and the joint lead managers in respect of the Notes Issue;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Non-Guarantor Subsidiaries”	Restricted Subsidiaries that are organized under the laws of the PRC;

“Notes”	US\$300 million 7.875% senior notes due 2016 to be issued by the Company;
“Notes Issue”	the issue of the Notes by the Company;
“Permitted Holders”	Mr. Wong Luen Hei, Ms. Zuo Xiaoping, their immediate family members and their affiliate(s) and any person both the capital and the voting power of which are owned as to at least 80% by the foregoing persons;
“Person”	any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;
“PRC” or “China”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan);
“Purchase Agreement”	the agreement entered into among the Company, the Subsidiary Guarantors, J.P. Morgan and RBS in relation to the Notes Issue on 6 May 2011 (New York time);
“RBS”	The Royal Bank of Scotland plc, one of the joint bookrunners and the joint lead managers in respect of the Notes Issue;
“Restricted Subsidiary”	any subsidiary of the Company other than an Unrestricted Subsidiary;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Security Documents”	collectively, the pledge or charge agreements and any other agreements or instruments that, including the Indenture, may evidence or create any security interest in favor of the Collateral Agent and the Trustee and/or any holders in any or all of the Collateral;
“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;
“Subsidiary Guarantee”	any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor;

“Subsidiary Guarantor”	any initial Subsidiary Guarantor and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes, provided that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes;
“Subsidiary Guarantor Pledgor”	any initial Subsidiary Guarantor Pledgor and any other Subsidiary Guarantor which pledges Collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee, provided that a Subsidiary Guarantor Pledgor will not include any Person whose pledge under the Security Documents has been released in accordance with the Security Documents, the Indenture and the Notes;
“Trustee”	The Bank of New York Mellon;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“Unrestricted Subsidiary”	any subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board in the manner provided in the Indenture, and any subsidiary of an Unrestricted Subsidiary; and
“US\$”	US dollar, the lawful currency of the United States of America.

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

Hong Kong, 8 May 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, 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 Dr. Bai Chongen, Mr. Fung Pui Cheung and Mr. Wong Kwok Ho Jonathan.

* *For identification purposes only*