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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)

**DISCLOSEABLE TRANSACTION:
LEASE AGREEMENTS**

THE LEASE AGREEMENTS

The Board is pleased to announce that on 7 July 2017 (after trading hours of the Stock Exchange), the Lessee, an indirect non-wholly owned subsidiary of the Company, as lessee entered into the Block B Lease Agreement with the Lessor, pursuant to which the Lessor agreed to lease Block B to the Lessee for a term commencing from 7 July 2017 and ending on 31 December 2027.

On 7 July 2017 (after trading hours of the Stock Exchange), the Lessee as sub-lessee entered into the Block C Lease Agreement with the Block C Sub-lessor and the Lessor, pursuant to which the Block C Sub-lessor agreed to sublease Block C to the Lessee for a term commencing from 7 July 2017 and ending on 31 December 2027.

LISTING RULES IMPLICATIONS

As the monetary value of the Lease Agreements on an annual basis when aggregated represents more than 200% increase in the scale of the Group's existing operations conducted through lease arrangement of such kind, the transactions contemplated under the Lease Agreements constitute "transactions" under Rule 14.04(1)(d) of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Lease Agreements are more than 5% but less than 25%, the transactions contemplated under the Lease Agreements when aggregated constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 7 July 2017 (after trading hours of the Stock Exchange), the Lessee, an indirect non-wholly owned subsidiary of the Company, as lessee entered into the Block B Lease Agreement with the Lessor, pursuant to which the Lessor agreed to lease Block B to the Lessee for a term commencing from 7 July 2017 and ending on 31 December 2027.

On 7 July 2017 (after trading hours of the Stock Exchange), the Lessee as sub-lessee entered into the Block C Lease Agreement with the Block C Sub-lessor and the Lessor, pursuant to which the Block C Sub-lessor agreed to sublease Block C to the Lessee for a term commencing from 7 July 2017 and ending on 31 December 2027.

The principal terms of the Lease Agreements are set out as follows:

THE BLOCK B LEASE AGREEMENT

Date

7 July 2017 (after trading hours of the Stock Exchange)

Parties

the Lessor: the Lessor, being 佛山(國際)家居博覽城有限公司 (Foshan International Furniture Expo Mall Ltd.*)

the Lessee: the Lessee, being 廣東領尚環球之家企業策劃有限公司(Guangdong Lesso Home Corporate Planning Co., Ltd.*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company

The Lessee is a company established in the PRC. It is ultimately owned as to 60% by the Group, as to 9% by Mr. Lie and as to 31% by companies which together with their respective ultimate beneficial owner(s) are, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, third parties independent of the Group and its connected persons.

The Lessor is a company established in the PRC. As at the date of this announcement, Mr. Lie has an effective interest of approximately 25.72% in the equity interest of the Lessor. Save for the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessor and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

According to the Lessor, it is principally engaged in the Furniture Expo Mall operation and management, sale and display of home furnishings, electrical and lighting products, marketing, project investment, storage and logistics services.

Property to be leased

Under the terms of the Block B Lease Agreement, the Lessor agreed to lease Block B, being Floors 1-9, Block B, Furniture Expo Mall, No. 189 Foshan Middle Avenue, Chancheng District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市禪城區佛山大道中189號家博城B棟一至九層), to the Lessee. The total gross floor area of Block B is 166,587 sq.m.

The Lessee is entitled under the Block B Lease Agreement to sublease units of Block B to sub-tenants.

The Lessor agreed to give priority to the Lessee and its sub-tenants to use car parking spaces located on the ground floor and basement of Block B.

Use of property

Block B shall be leased to the Lessee as the operating, trading, exhibition and office space of the Group's commercial tenants.

Term

Under the Block B Lease Agreement, Block B shall be leased by the Lessor to the Lessee for the following term:

- (1) the Renovation Period: commencing from 7 July 2017 and ending on 31 December 2017, during which the Lessee shall be entitled to commence renovation work in Block B and to commence business operation;

- (2) the Initial Term: 5 years commencing from 1 January 2018 and ending on 31 December 2022; and
- (3) the Second Term: 5 years commencing from 1 January 2023 and ending on 31 December 2027.

Thereafter, upon expiry of the Second Term, the Lessee may renew the Block B Lease Agreement for successive five-year periods by giving not less than 180 days' written notice to the Lessor prior to the expiry of such term, at a rent to be negotiated and agreed by the parties.

Rent, prepayment and payment terms

Under the Block B Lease Agreement, rent shall be payable by the Lessee to the Lessor in the following manner:

- (1) during the Renovation Period, rent shall be calculated on the basis of RMB10 (equivalent to approximately HK\$12) per sq.m. per month, multiplied by the gross floor area of 166,587 sq.m. (but deducting therefrom the gross floor area of the 9th floor until its delivery in accordance with the paragraph headed "Delivery of Block B" below), inclusive of tax, payable in arrears before the tenth day of each quarter;
- (2) during the Initial Term, rent shall be calculated on the basis of RMB50 (equivalent to approximately HK\$58) per sq.m. per month multiplied by the gross floor area of Block B, inclusive of tax, property management fees, cleaning expenses, security expenses, central air-conditioning charges, mall advertising expenses, marketing expenses and public area electricity and water charges, but exclusive of non-public area electricity and water charges (the "**Block B Basic Rent**");
- (3) during the Second Term:
 - (a) rent shall comprise of (i) the Block B Basic Rent; and (ii) the Block B Additional Rent (as defined below);

- (b) the “**Block B Additional Rent**” means an amount per sq.m. per month (inclusive of tax) not exceeding 60% of the amount calculated pursuant to the following formula:

Block B Average Rental Income – the Block B Basic Rent – Block B Operating Expenses Incurred by the Lessee

Where:

“**Block B Average Rental Income**” means the aggregate rental income received by the Lessee for subleasing Block B ÷ total gross floor area of Block B;

“**Block B Operating Expenses Incurred by the Lessee**” means an amount not exceeding 5% of the Block B Average Rental Income per sq.m. per month, which shall have included labour costs and advertising expenses etc incurred by the Lessee for the operation of Block B, which have been included as operating costs in the financial statements of the Lessee in accordance with financial accounting standards (to be certified and audited by a qualified accountant if disputed by the parties);

PROVIDED THAT the Block B Additional Rent for the Second Term shall not exceed RMB100 (equivalent to approximately HK\$115) per sq.m. per month;

- (c) the Block B Additional Rent for a calendar year shall be determined and agreed by the parties before the 15th day of the first month of the following calendar year, and shall be payable by the Lessee before the 31st day of the first month of the following calendar year.

All rent payable for the Initial Term and the Second Term (except the Block B Additional Rent) under the Block B Lease Agreement shall be payable monthly in arrears before the tenth day of the month.

The Lessee shall as rental prepayment pay an aggregate amount of RMB78,000,000 (equivalent to approximately HK\$89,708,000) (the “**Block B Prepayment**”) to the Lessor before 31 December 2017 by monthly instalments of not less than RMB6,000,000 (equivalent to approximately HK\$6,901,000) per month. The Block B Prepayment shall be applied to setoff (in the amount of RMB2,600,000 (equivalent to approximately HK\$2,990,000) every month) against the rent payable by the Lessee on a dollar-for-dollar basis for the period of 30 months from 1 January 2019 to 30 June 2021. In the event of early termination of the Block B Lease Agreement, the Lessor shall refund the balance of the Block B Prepayment (which has not been setoff) (the “**Balance of Block B Prepayment**”) to the Lessee without interest within 10 days after all outstanding payment has been settled by the Lessee. The Lessor shall have the right to deduct the Block B Prepayment to settle any outstanding payment by the Lessee upon such termination.

The rent has been arrived at after arm’s length negotiations between the Lessee and the Lessor with reference to the current conditions of Block B, as well as the rental valuation of Block B at RMB55 (equivalent to approximately HK\$63) per sq.m. per month as at 19 June 2017, prepared by 廣東京信房地產土地評估有限公司 (Guangdong Jingxin Real Estate and Land Appraisals Co., Ltd.*), a firm of independent professional valuers, adopting the market comparison approach. The Directors consider the rent, prepayment and payment terms are fair and reasonable and are of normal commercial terms.

Refund of management fees

From 1 January 2018, the Lessee shall have the right to engage other property management companies in relation to the management of Block B in accordance with the terms of the Block B Lease Agreement. In such event, the Lessee shall be entitled to a refund of management fees by the Lessor in the amount of RMB9 (equivalent to approximately HK\$10) per sq.m. per month.

Deposit

The Lessee shall pay the Block B Deposit, being RMB10,000,000 (equivalent to approximately HK\$11,501,000), as security deposit to the Lessor upon signing of the Block B Lease Agreement. The Block B Deposit shall be refundable to the Lessee without interest within 10 days after all outstanding payment has been settled by the Lessee at the expiry or termination of the Block B Lease Agreement.

Delivery of Block B

The Lessor shall deliver the 1st to 8th floor of Block B to the Lessee upon signing of the Block B Lease Agreement, with a total gross floor area of 154,814 sq.m.

Under the Block B Lease Agreement, the Lessor agreed to complete construction of the escalator access to the 9th floor of Block B and deliver the 9th floor of Block B to the Lessee before 1 January 2018, failing which the Lessor shall be liable to the Lessee for daily default damages at a rate of 5/1,000 of the daily rent applicable to the respective period of the term of the Block B Lease Agreement.

The Lessor shall terminate all existing leases with existing tenants of Block B before 7 July 2017 and arrange for vacant possession by the Lessee.

First right of refusal

In the event the Lessor has obtained the land use right certificate of Block B during the term of the Block B Lease Agreement, the Lessee shall have the first right of refusal if the Lessor intends to transfer its interest in Block B to other third party purchaser.

If the first right of refusal is not exercised by the Lessee, the Lessor may sell Block B to other third party purchaser and shall provide undertaking in relation to the continuing performance by the third party purchaser of its obligations under the Block B Lease Agreement.

Liabilities for breach of the Block B Lease Agreement

The Lessee's right

In the event the Lessor unilaterally terminates the Block B Lease Agreement, or if the normal use of Block B by the Lessee is affected due to reasons on the part of the Lessor (which cannot be rectified by the Lessor after the 3rd attempt):

- (a) the Lessor shall, within 3 days after occurrence of such event and receipt of written notice issued by the Lessee, return the Block B Deposit and the Balance of Block B Prepayment, and shall pay to the Lessee default damages in the amount of RMB10,000,000 (equivalent to approximately HK\$11,501,000);
- (b) the Lessor shall be liable for all losses sustained by the Lessee and its sub-tenants, including the estimated rental income for the calendar year;

- (c) If the Lessor fails to return the Block B Deposit and/or the Balance of Block B Prepayment in accordance with paragraph (a) above, it shall be liable to pay to the Lessee daily default damages at a rate of 5/1,000 of such unreturned amount;
- (d) If the Lessor fails to co-operate with the Lessee and/or the property management companies engaged by the Lessee in relation to property management, the Lessor shall be liable to pay to the Lessee daily default damages at a rate of 5/1,000 of the property management fees payable by the Lessee.

In the event the Lessor sells Block B after obtaining the land use right certificate to other third party purchaser in breach of the first right of refusal granted to the Lessee under the Block B Lease Agreement, it shall be liable to pay to the Lessee default damages in an amount equivalent to 2 times of the Block B Prepayment.

The Lessor's right

In the event the Lessee unilaterally terminates the Block B Lease Agreement, or if rent, management fees and/or water and electricity charges is unpaid and overdue for more than 3 months:

- (a) the Lessor shall be entitled to forfeit the Balance of Block B Prepayment;
- (b) the Lessee shall be responsible for all losses sustained by it and/or its sub-tenants;
- (c) the Lessor shall be entitled to re-possess Block B without liability to pay any compensation to the Lessee;
- (d) the Lessee shall be liable to pay to the Lessor all outstanding payments and daily default damages at the rate of 5/1,000 of the amount of the outstanding payments.

Termination

The Block B Lease Agreement may be terminated:

- (a) by both parties after mutual agreement;
- (b) by occurrence of any force majeure events rendering the Block B Lease Agreement unenforceable;
- (c) if the Block B Lease Agreement is not approved by the Stock Exchange or the SFC, or if its terms do not comply with requirements of the Listing Rules, in which case neither party shall bear any liability;
- (d) by occurrence of events of termination as stipulated in the Block B Lease Agreement.

THE BLOCK C LEASE AGREEMENT

Date

7 July 2017 (after trading hours of the Stock Exchange)

Parties

- Head lessor: the Lessor, being 佛山(國際)家居博覽城有限公司 (Foshan International Furniture Expo Mall Ltd.*)
- Sub-lessor: the Block C Sub-lessor, being 廣東源海物業經營服務有限公司 (Guangdong Yuanhai Property Management Services Ltd.*)
- Sub-lessee: the Lessee, being 廣東領尚環球之家企業策劃有限公司 (Guangdong Lesso Home Corporate Planning Co., Ltd.*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company

The Block C Sub-lessor is a company established in the PRC. As at the date of this announcement, 59% of the Block C Sub-lessor is ultimately owned by Mr. Lie. Save for the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Block C Sub-lessor and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

According to the Block C Sub-lessor, it is principally engaged in property investment and management operations, and department store and other related businesses.

Property to be sub-leased

Under the terms of the Block C Lease Agreement, the Block C Sub-lessor agreed to sublease Block C, being Floors 1-9, Block C, Furniture Expo Mall, No. 189 Foshan Middle Avenue, Chancheng District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市禪城區佛山大道中189號家博城C棟一至九層), to the Lessee. The total gross floor area of Block C is 129,138.26 sq.m.

The Lessee is entitled under the Block C Lease Agreement to further sublease units of Block C to sub-tenants.

The Block C Sub-lessor agreed to give priority to the Lessee and its sub-tenants to use car parking spaces located on the ground floor and basement of Block C.

Use of property

Block C shall be subleased to the Lessee as the operating, trading, exhibition and office space of the Group's commercial tenants.

Term

Under the Block C Lease Agreement, Block C shall be subleased by the Block C Sub-lessor to the Lessee for the following term:

- (1) the Renovation Period: commencing from 7 July 2017 and ending on 31 December 2017, during which the Lessee shall be entitled to commence renovation work in Block C and to commence business operation;

- (2) the Initial Term: 5 years commencing from 1 January 2018 and ending on 31 December 2022; and
- (3) the Second Term: 5 years commencing from 1 January 2023 and ending on 31 December 2027.

Thereafter, upon expiry of the Second Term, the Lessee may renew the Block C Lease Agreement for successive five-year periods by giving not less than 180 days' written notice to the Block C Sub-lessor prior to the expiry of such term, at a rent to be negotiated and agreed by the Block C Sub-lessor and the Lessee.

Rent and payment terms

Under the Block C Lease Agreement, rent shall be payable by the Lessee to the Block C Sub-lessor in the following manner:

- (1) during the Renovation Period, rent shall be calculated on the basis of RMB5 (equivalent to approximately HK\$6) per sq.m. per month multiplied by the gross floor area of Block C (being 129,138.26 sq.m.), inclusive of tax, payable in arrears before the tenth day of each quarter;
- (2) during the Initial Term, rent shall be calculated on the basis of RMB25 (equivalent to approximately HK\$29) per sq.m. per month multiplied by the gross floor area of Block C, inclusive of tax, property management fees, cleaning expenses, security expenses, central air-conditioning charges, mall advertising expenses, marketing expenses and public area electricity and water charges, but exclusive of non-public area electricity and water charges (the "**Block C Basic Rent**");
- (3) during the Second Term:
 - (a) rent shall comprise of (i) the Block C Basic Rent; and (ii) the Block C Additional Rent (as defined below);

- (b) the “**Block C Additional Rent**” means an amount per sq.m. per month (inclusive of tax) not exceeding 60% of the amount calculated pursuant to the following formula:

Block C Average Rental Income – Block C Basic Rent – Block C Operating Expenses Incurred by the Lessee

Where:

“**Block C Average Rental Income**” means the aggregate rental income received by the Lessee for further subleasing Block C ÷ total gross floor area of Block C;

“**Block C Operating Expenses Incurred by the Lessee**” means an amount not exceeding 5% of the Block C Average Rental Income per sq.m. per month which shall have included labour costs and advertising expenses etc incurred by the Lessee for the operation of Block C which have been included as operating costs in the financial statements of the Lessee in accordance with financial accounting standards (to be certified and audited by a qualified accountant if disputed by the parties);

PROVIDED THAT the Block C Additional Rent for the Second Term shall not exceed RMB100 (equivalent to approximately HK\$115) per sq.m. per month;

- (c) the Block C Additional Rent for a calendar year shall be determined and agreed by the Block C Sub-lessor and the Lessee before the 15th day of the first month of the following calendar year, and shall be payable by the Lessee before the 31st day of the first month of the following calendar year.

All rent payable for the Initial Term and the Second Term (except the Block C Additional Rent) under the Block C Lease Agreement shall be payable monthly in arrears before the tenth day of the month.

The rent has been arrived at after arm’s length negotiations between the Lessee and the Block C Sub-lessor with reference to the current conditions of Block C, as well as the rental valuation of Block C at RMB40 (equivalent to approximately HK\$46) per sq.m. per month as at 19 June 2017, prepared by 廣東京信房地產土地評估有限公司 (Guangdong Jingxin Real Estate and Land Appraisals Co., Ltd.*), a firm of independent professional valuers, adopting the market comparison approach. The Directors consider the rent and payment terms are fair and reasonable and are on normal commercial terms.

Refund of management fees

Under the Block C Lease Agreement, rent is inclusive of management fees and the Block C Sub-lessor shall be responsible for the management of Block C. If the Block C Sub-lessor ceases to be responsible for the management of Block C, the Lessee may engage other property management companies in relation to the management of Block C and shall be entitled to a refund of management fees by the Block C Sub-lessor with reference to the amount of management fees paid by the Lessee to other management companies.

Deposit

The Lessee shall pay the Block C Deposit, being RMB10,000,000 (equivalent to approximately HK\$11,501,000), as security deposit upon signing of the Block C Lease Agreement. The Block C Sub-lessor and the Lessor shall be jointly and severally liable for refund of the Block C Deposit without interest within 10 days after all outstanding payment has been settled by the Lessee at the expiry or termination of the Block C Lease Agreement.

Delivery of Block C

Under the Block C Lease Agreement, Block C shall be delivered to the Lessee on 7 July 2017.

The Lessor and the Block C Sub-lessor shall terminate all existing leases with existing tenants of Block C before 7 July 2017 and arrange for vacant possession by the Lessee.

First right of refusal

The Lessee shall have the first right of refusal on the same terms as third party purchaser in the event the Lessor shall transfer its interest in Block C to other third party purchaser.

If the Lessor sells Block C to the Block C Sub-lessor or other third party purchaser, the Lessor and the Block C Sub-lessor or other third party purchaser shall provide undertaking in relation to their continuing performance of their obligations under the Block C Lease Agreement.

Liabilities for breach of the Block C Lease Agreement

The Lessee's right

In the event the Lessor or the Block C Sub-lessor unilaterally terminates the Block C Lease Agreement, or if the normal use of Block C by the Lessee is affected due to reasons on the part of the Lessor or the Block C Sub-lessor (which cannot be rectified by the Lessor or the Block C Sub-lessor after the 3rd attempt):

- (a) the Lessor and the Block C Sub-lessor shall, within 3 days after occurrence of such event and receipt of written notice issued by the Lessee, return the Block C Deposit and shall pay to the Lessee default damages in the amount of RMB10,000,000 (equivalent to approximately HK\$11,501,000);
- (b) the Lessor and the Block C Sub-lessor shall be liable for all losses sustained by the Lessee and its sub-tenants, including the estimated rental income for the calendar year;
- (c) If the Lessor and the Block C Sub-lessor fail to return the Block C Deposit in accordance with paragraph (a) above, they shall be liable to pay to the Lessee daily default damages at a rate of 5/1,000 of such unreturned amount;
- (d) If the Lessor and the Block C Sub-lessor fail to co-operate with the Lessee and/or the property management companies engaged by the Lessee in relation to property management, the Lessor and the Block C Sub-lessor shall be liable to pay to the Lessee daily default damages at a rate of 5/1,000 of the property management fees payable by the Lessee.

In the event that the Lessor sells Block C after obtaining the land use right certificate to other third party purchaser in breach of the first right to refusal granted to the Lessee under the Block C Lease Agreement, the Lessor and the Block C Sub-lessor shall be liable to pay to the Lessee default damages in an amount equivalent to 5 times of the Block C Deposit.

In the event the lease arrangement entered into between the Lessor and the Block C Sub-lessor shall be terminated and the Block C Sub-lessor shall cease to be the sub-lessor under the Block C Lease Agreement, the Lessor undertakes that it shall assume all of the rights and obligations in substitution for the Block C Sub-lessor under the Block C Lease Agreement.

The Block C Sub-lessor's right

In the event the Lessee unilaterally terminates the Block C Lease Agreement, or if rent, management fees and/or water and electricity charges is unpaid and overdue for more than 3 months:

- (a) the Block C Sub-lessor shall be entitled to forfeit the Block C Deposit;
- (b) the Lessee shall be responsible for all losses sustained by it and/or its sub-tenants;
- (c) the Block C Sub-lessor shall be entitled to re-possess Block C without liability to pay any compensation to the Lessee;
- (d) the Lessee shall be liable to pay to the Block C Sub-lessor all outstanding payments and daily default damages at the rate of 5/1,000 of the amount of the outstanding payments.

Termination

The Block C Lease Agreement may be terminated:

- (a) by all parties after mutual agreement;
- (b) by occurrence of any force majeure events rendering the Block C Lease Agreement unenforceable;
- (c) if the Block C Lease Agreement is not approved by the Stock Exchange or the SFC, or if its term do not comply with requirements of the Listing Rules, in which case neither party shall bear any liability;
- (d) by occurrence of events of termination as stipulated in the Block C Lease Agreement.

INFORMATION OF BLOCK B AND BLOCK C

Furniture Expo Mall is a large scale expo centre and shopping centre which lesses retail space, with domestic and foreign furniture and home appliance brands being the primary tenants. Block B is located on the Foshan Middle Avenue while Block C is behind Block B. Block C requires relatively more renovation works than Block B before it can go into operation.

REASONS FOR AND THE BENEFITS OF THE LEASE AGREEMENTS

The Group is principally engaged in the manufacturing and sale of building materials and interior decoration products; property investment and management operations; the provision of renovation and installation works, environmental engineering and other related services and financial services.

Southern China is one of the major production bases and markets of the Group. Therefore, the Directors believe that leveraging its geographical advantage and strategic location, the Block B and Block C will facilitate and support the future development of the Group.

The Group intends to lease the Furniture Expo Mall and further sublease as the office and exhibition centre of the Group's sub-tenants to provide one-stop integrated trading and exhibition platform as well as related value-added services to suppliers, buyers, distributors and traders and business partners of the Group. The Board is of the opinion that, apart from strengthening the communication and strategic cooperation with its existing and potential partners, such plan can also satisfy the Group's needs for additional office area resulting from its business expansion. In the meantime, the Group will also earn additional rental income by sub-leasing to its partners.

The Board believes that the arrangement of the Lease Agreements is in the interest of the Group and the Shareholders as a whole, and the terms of the Lease Agreements are fair and reasonable and of normal commercial terms by reference to the prevailing market rent of comparable properties in the vicinity.

LISTING RULES IMPLICATIONS

As the monetary value of the Lease Agreements on an annual basis when aggregated represents more than 200% increase in the scale of the Group's existing operations conducted through lease arrangement of such kind, the transactions contemplated under the Lease Agreements constitute "transactions" under Rule 14.04(1)(d) of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Lease Agreements are more than 5% but less than 25%, the transactions contemplated under the Lease Agreements when aggregated constitute a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the content otherwise requires, the following expressions have the following meaning:

“Block B”	Floors 1-9, Block B, Furniture Expo Mall, No. 189 Foshan Middle Avenue, Chancheng District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市禪城區佛山大道中189號家博城B棟一至九層)
“Block B Deposit”	the amount of RMB10,000,000 (equivalent to approximately HK\$11,501,000) payable by the Lessee to the Lessor as security deposit under the Block B Lease Agreement
“Block B Lease Agreement”	the lease agreement dated 7 July 2017 entered into between the Lessor and the Lessee in relation to the lease of Block B by the Lessor to the Lessee
“Block C”	Floors 1-9, Block C, Furniture Expo Mall, No. 189 Foshan Middle Avenue, Chancheng District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市禪城區佛山大道中189號家博城C棟一至九層)
“Block C Deposit”	the amount of RMB10,000,000 (equivalent to approximately HK\$11,501,000) payable by the Lessee to the Block C Sub-lessor as security deposit under the Block C Lease Agreement
“Block C Lease Agreement”	the lease agreement dated 7 July 2017 entered into between the Lessor, the Block C Sub-lessor and the Lessee in relation to the sublease of Block C by the Block C Sub-lessor to the Lessee
“Block C Sub-lessor”	廣東源海物業經營服務有限公司 (Guangdong Yuanhai Property Management Services Ltd.*), a company established in the PRC
“Board”	the board of Directors

“Company”	China Lesso Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Term”	the initial term of 5 years commencing from 1 January 2018 and ending on 31 December 2022
“Lease Agreements”	collectively, the Block B Lease Agreement and the Block C Lease Agreement
“Lessee”	廣東領尚環球之家企業策劃有限公司 (Guangdong Lesso Home Corporate Planning Co., Ltd.*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Lessor”	佛山(國際)家居博覽城有限公司 (Foshan International Furniture Expo Mall Ltd.*), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Lie”	Lie Haiquan
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan

“Renovation Period”	the period commencing from 7 July 2017 and ending on 31 December 2017
“Second Term”	the second term of 5 years commencing from 1 January 2023 and ending on 31 December 2027
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre
“%”	per cent

An exchange rate of HK\$1.00 to RMB0.86949 has been adopted in this announcement for illustration purposes.

** For identification purpose only*

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

Hong Kong, 7 July 2017

As at the date of this announcement, the executive Directors 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 is Mr. Lin Dewei; and the independent non-executive Directors are Mr. Fung Pui Cheung, Mr. Wong Kwok Ho Jonathan, Mr. Cheung Man Yu, Ms. Lan Fang and Dr. Tao Zhigang.