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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has resolved to adopt the Scheme on the Adoption Date to recognise the contributions by certain Eligible Persons to the Group and to offer suitable incentives to attract and retain targeted talent and personnel for the continual operation and future development of the Group.

Pursuant to the Scheme Rules, Shares will be purchased by the independent Trustee from the open market out of cash contributed by the Company and be held on trust for the Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the Scheme Rules.

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Scheme.

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has resolved to adopt the Scheme on the Adoption Date, pursuant to which Shares will be purchased by the Trustee from the open market out of cash contributed by the Company and held on trust for the Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the Scheme Rules. For the avoidance of doubt, no new Shares will be granted under the Scheme.

SUMMARY OF THE SCHEME RULES

Purposes and objectives

The specific purposes and objectives of the Scheme are (i) to recognise the contributions by certain Eligible Persons to the Group; and (ii) to offer suitable incentives to attract and retain targeted talent and personnel for the continual operation and future development of the Group.

Duration and Administration

Unless terminated earlier pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date. The Scheme shall be subject to the administration of the Board in accordance with Scheme Rules and, where applicable, the Trust Deed. A decision of the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall be final and binding on all persons affected thereby.

Scheme limit

The total amount of the funds contributed to the Scheme by the Company shall not exceed HK\$750 million and the Board shall at its absolute discretions to determine the amount of fund contributed to the Scheme for each financial year of the Company during the Award Period.

The Company shall not make any further grant of Award which will result in the aggregate number of Shares underlying all grants made pursuant to the Scheme (excluding Award Shares that have been forfeited in accordance with the Scheme) to exceed 5% of the issued share capital of the Company without Shareholders' approval. The total number of non-vested Award Shares granted to a Selected Participant under the Scheme shall not exceed 1% of the total number of issued Shares from time to time.

As at the date of this announcement, the total issued share capital of the Company comprised 3,102,418,400 Shares.

Operation of the Scheme

Pursuant to the Scheme Rules, the Board may, from time to time, select any Eligible Persons to participate in the Scheme as Selected Participants and determine the Awards to be granted during the Award Period, subject to the terms and conditions set out in the Scheme.

The Board may from time to time cause to be paid a contributed amount to the Trust by way of settlement or otherwise contributed by the Company or any Subsidiary as directed by the Board which shall constitute part of the Trust Fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed from the Adoption Date up to 31 December 2022, being the end of the fifth financial year of the Company from the Adoption Date.

For the purpose of satisfying the grant of Awards, the Company may from time to time, transfer to the Trust the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, or apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares are not sufficient to satisfy the Awards granted, the Company shall as soon as reasonably practicable and no later than 30 Business Days from the Grant Date, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further Shares through on-market transactions at the prevailing market price.

Where the Trustee has received instructions from the Company to acquire Shares through on-market transactions, the Trustee shall acquire such number of Shares as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Company.

Vesting of Award

The Board may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

For the purposes of vesting the Award, the Board may either (a) direct and procure the Trustee to release from the Trust the Award Shares to the Selected Participants by transferring the number of Award Shares to the Selected Participants; or (b) where it is not practicable for the Selected Participant to receive the Award in Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares.

Subject to the Scheme Rules, in the event that a Selected Participant ceases to be an Eligible Person by reason of (i) death of the Selected Participant, (ii) termination of the Selected Participant's employment or contractual engagement with the Group or an Affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the Selected Participant's employment or contractual engagement with the Group by reason of redundancy or (iv) in other situations specified in the terms of the Scheme, any outstanding Award Shares not yet vested shall be immediately forfeited, unless the Board determines otherwise at its absolute discretion.

A Selected Participant to whom the Award Shares have not been vested, shall not be entitled to receive any rights or interests (including the right to receive dividend) arising from the non-vested Award Shares prior to the Vesting Date, and a Selected Participant shall have only a contingent interest in the Award subject to the vesting of such Award in accordance with the Scheme Rules.

Voting rights

Neither the Selected Participant nor the Trustee may exercise any voting rights in respect of any Shares held under the Trust that have not yet been vested.

Restrictions on grant of Award

Subject to the Scheme Rules, no grant of any Award Shares to any Selected Participant may be made where (i) the requisite approval from any applicable regulatory authorities has not been granted; (ii) any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Scheme, unless the Board determines otherwise; (iii) such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction; and (iv) such grant of Award would result in a breach of the scheme limit.

Further, no Award shall be made to Selected Participants pursuant to the Scheme Rules and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under the Scheme:

- (a) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors of the Company are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (b) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results of the Group; and
- (c) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results of the Group.

Any grant of an Award to the directors or senior management of the Company must first be approved by the remuneration committee of the Company and any grant of an Award to any connected person of the Company shall comply with all applicable laws, rules and regulations, including the Listing Rules and any corresponding code or securities dealing restrictions adopted by the Company.

Assignability

Any Award granted under the Scheme but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

Alteration of the Scheme

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Participant.

Termination

The Scheme shall terminate on the earlier of the end of the Award Period or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant.

Following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made or can be made under the Scheme, the Trustee shall sell all the Shares remaining in the Trust and remit all cash and net proceeds of such sale and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company within a reasonable time period as agreed between the Trustee and the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Scheme.

DEFINITIONS

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

- “Actual Selling Price” the actual price at which the Award Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company, the consideration receivable under the related scheme or offer;
- “Adoption Date” 28 August 2018, being the date on which the Board approved this Scheme;
- “Affiliate” means a company that directly, indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an associated company of the holding company of the Company; or (i) an associated company of the Company; or (j) associated company of controlling shareholder of the Company;
- “Award” an award granted by the Board to a Selected Participant, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the Scheme Rules;
- “Award Period” the period commencing on the Adoption Date, and ending on the Business Day immediately prior to the tenth anniversary of the Adoption Date;
- “Award Shares” the Shares granted to a Selected Participant in an Award;
- “Board” the board of directors of the Company;
- “Business Day” any day on which the Stock Exchange is open for the business of dealing in securities;

“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 under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Eligible Person”	any individual, being an Employee, director, officer, consultant or advisor of any member of the Group or any Affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term Eligible Person;
“Employee”	any employee (whether full-time or part-time employee) of any members of the Group or any Affiliate provided that the Selected Participant shall not cease to be an Employee in the case of (a) any leave of absence approved by the Company or the relevant Affiliate; or (b) transfer amongst the Company and any Affiliates or any successor, and provided further that an Employee shall, for the avoidance of doubt, cease to be an Employee with effect from (and including) the date of termination of his employment;
“Grant Date”	the date on which the grant of an Award is made to a Selected Participant;
“Group”	the Company and its Subsidiaries from time to time, and the expression “member of the Group” shall be construed accordingly;
“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 of Hong Kong Limited;

“on-market”	the acquisition of Shares of the Company through one or more transactions through the facilities of the Stock Exchange in accordance with the Listing Rules and any other applicable laws and regulations;
“Returned Shares”	such Award Shares that are not vested and/or are forfeited in accordance with the terms of the Scheme, or such Shares being deemed to be Returned Shares under the Scheme Rules;
“Scheme”	the share award scheme adopted by the Company in accordance with the Scheme Rules;
“Scheme Rules”	the rules relating to the Scheme as amended from time to time;
“Selected Participant”	any Eligible Person approved for participation in the Scheme and who has been granted any Award by the Board pursuant to the Scheme Rules;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Shareholder(s)”	holder(s) of the Share(s);
“Shares”	ordinary shares with a nominal value of HK\$0.05 each in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary” or “Subsidiaries”	any subsidiary (as the term is defined in the Listing Rules) of the Company;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time);

“Trust Fund”	the funds and Shares held under the Trust and managed by the Trustee for the benefit of the Selected Participants in accordance with the Scheme Rules and the Trust Deed;
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Vesting Date”	the date or dates, as determined from time to time by the Board, on which the Award (or part thereof) is to vest in the relevant Selected Participant; and
“%”	per cent.

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

Hong Kong, 28 August 2018

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 and Mr. Lin Dewei; and the independent non-executive directors of the Company are Mr. Wong Kwok Ho Jonathan, Mr. Cheung Man Yu, Ms. Lan Fang, Dr. Tao Zhigang and Mr. Cheng Dickson.

* For identification purpose only