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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)**

**CONTINUING CONNECTED TRANSACTIONS —**

- (1) RENEWAL OF THE EXISTING MACHINERY PURCHASE AGREEMENT;  
AND  
(2) ENTERING INTO OF THE SUPPLY AGREEMENT**

**RENEWAL OF THE EXISTING MACHINERY PURCHASE AGREEMENT**

Reference is made to the announcements of the Company dated 29 December 2017 and 28 December 2020 in relation to the Machinery Purchase Agreement and the Existing Machinery Purchase Agreement. As the Existing Machinery Purchase Agreement has expired on 31 December 2023, the Board announces that on 31 January 2024 (after trading hours), the Company entered into the New Machinery Purchase Agreement with Guangdong Liansu Machinery, a company indirectly wholly-owned by Mr. Wong (the chairman and executive Director as well as the controlling Shareholder) in relation to the possible purchase of machinery by the Group from Guangdong Liansu Machinery during the years ending 31 December 2024, 31 December 2025 and 31 December 2026 at a price not exceeding the price offered to the Group by any Independent Third Parties.

**ENTERING INTO OF THE SUPPLY AGREEMENT**

The Board also announces that on 31 January 2024 (after trading hours), the Company entered into the Supply Agreement with Yan Sing Fu Sing, a company ultimately and wholly-owned by four connected persons of the Company, in relation to the possible supply of building materials, new energy solutions and renovation services by the Group to Yan Sing Fu Sing during the years ending 31 December 2024, 31 December 2025 and 31 December 2026 at a price no more favorable than the price offered by the Group to any Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the transactions contemplated under each of the New Machinery Purchase Agreement and the Supply Agreement are between 0.1% and 5%, the transactions contemplated under each of the New Machinery Purchase Agreement and the Supply Agreement constitute non-exempt continuing connected transactions and are subject to the reporting and disclosure requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

### **1. PRINCIPAL TERMS OF THE NEW MACHINERY PURCHASE AGREEMENT**

#### **Date**

31 January 2024 (after trading hours)

#### **Parties**

Supplier: Guangdong Liansu Machinery, a wholly foreign-owned enterprise established in the PRC and indirectly wholly-owned by Mr. Wong, the principal business of which is the manufacturing, sales and services in extrusion and automation equipment.

Purchaser: the Company

#### **Term**

36 months commencing with retrospective effect from 1 January 2024 and ending on 31 December 2026.

#### **Termination**

The New Machinery Purchase Agreement may be terminated prior to its expiration by mutual agreement, or by either party to the New Machinery Purchase Agreement in any of the following events:

- (1) the occurrence of force majeure event;
- (2) any party to the New Machinery Purchase Agreement having assigned its corresponding rights under the New Machinery Purchase Agreement without the prior written consent of the other party;
- (3) any party to the New Machinery Purchase Agreement having notified the other party that it is not going to perform its obligations thereunder prior to its expiration;
- (4) any party to the New Machinery Purchase Agreement having failed to perform its corresponding obligations after any grace period given;

- (5) any party to the New Machinery Purchase Agreement having breached any terms thereof; or
- (6) any other circumstances requiring the termination of the New Machinery Purchase Agreement under any applicable laws.

### **Subject matter**

The New Machinery Purchase Agreement is a master agreement which governs the supply and purchase of pipe production line series products, profiled material production line series products, cast film production line series products, extruder series products and auxiliary equipment series products etc. between the Group and Guangdong Liansu Machinery. Pursuant to the New Machinery Purchase Agreement, the Group agreed to purchase (on a non-exclusive basis) equipment and machinery from Guangdong Liansu Machinery, and Guangdong Liansu Machinery agreed to supply (on a non-exclusive basis) such equipment and machinery to the Group.

The Group and Guangdong Liansu Machinery will enter into separate purchase order for each purchase from time to time, which shall stipulate the product quantity, delivery details as well as price for each such purchase.

### **Historical figures**

The following table shows the historical figures in relation to the purchase of equipment and machinery by the Group from Guangdong Liansu Machinery under the Existing Machinery Purchase Agreement:

	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i> (unaudited)
Purchase amounts	153	164	206
Annual caps	190	220	250

### **Price and annual caps**

Pursuant to the New Machinery Purchase Agreement, the price payable by the Group shall not exceed any quotation obtainable by the Group from Independent Third Parties of similar product. The equipment and machinery to be purchased will be priced based on the following mechanism: the Group will first conduct price consultation and inspection in respect of the same or similar equipment and machinery provided by Independent Third Parties. The management shall consider at least two to three comparable deals with Independent Third Parties for the same period when determining whether the price for any equipment and machinery under the New Machinery Purchase Agreement is reasonable. Upon discussion with the management, the Group will then negotiate the price with Guangdong Liansu Machinery by taking into account the average price obtained from comparable deals.

For each of the year ending 31 December 2024, 31 December 2025 and 31 December 2026, the aggregate amount of price payable by the Group to Guangdong Liansu Machinery for all purchases made pursuant to the New Machinery Purchase Agreement shall not exceed RMB300 million (the “**Annual Machinery Purchase Caps**”).

In the event the Group fails to make payment in accordance with the relevant purchase order, it shall pay a penalty on the basis of 0.05% of the overdue amount calculated daily, the total amount which shall be capped at 5% of the overdue amount. In the event Guangdong Liansu Machinery fails to deliver in accordance with the relevant purchase order, it shall pay a penalty on the basis of 0.05% of the undelivered goods’ purchase price calculated daily.

The Annual Machinery Purchase Caps were arrived at after considering and taking into account the historical figures, the expected and planned expansion and automation of the Group’s production facilities, the expected quantities and types of equipment and machinery required, the market prices of such equipment and machinery, the market conditions and the expected development trend of the building material industry, as well as the expected growth in the demand and supply of the Group’s products. Based on the above, the Directors considered the Annual Machinery Purchase Caps are fair and reasonable.

#### **Reasons for and benefits of the transactions under the New Machinery Purchase Agreement**

The Group is principally engaged in the business of manufacturing and sales of plastic piping, building materials and home improvement, environmental protection, new energy and operating a supply chain service platform.

Guangdong Liansu Machinery is principally engaged in the manufacturing, sales and services in extrusion and automation equipment. Guangdong Liansu Machinery is familiar with the Group’s requirements and is a reliable source of quality equipment at reasonable prices. Based on the above, the Directors are of the view that it is in the interest of the Group to have the arrangement in place to purchase from Guangdong Liansu Machinery.

The Directors (including the independent non-executive Directors) therefore consider that the New Machinery Purchase Agreement has been entered into in the ordinary and usual course of business of the Company and the terms are on normal commercial terms which have been arrived at after arm’s length negotiations between the parties thereto, and that the terms (including the Annual Machinery Purchase Caps) are fair and reasonable and that the entering into of the New Machinery Purchase Agreement is in the interest of the Company and the Shareholders (other than Mr. Wong and his associates) as a whole.

## **Relationship with Guangdong Liansu Machinery**

Guangdong Liansu Machinery is a company indirectly wholly-owned by Mr. Wong, 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, which in turn holds New Fortune Star Limited, holder of approximately 68.93% of the issued share capital of the Company as at the date of this announcement. Accordingly, Guangdong Liansu Machinery 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. All of 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 New Machinery Purchase 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 contemplated under the New Machinery Purchase Agreement and therefore no other Director is required to abstain from voting on the board resolution in relation to the transactions contemplated under the New Machinery Purchase Agreement.

## **Listing Rules implications**

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the transactions contemplated under the New Machinery Purchase Agreement are between 0.1% and 5%, the transactions contemplated under the New Machinery Purchase Agreement constitute non-exempt continuing connected transactions and are subject to the reporting and disclosure requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **2. PRINCIPAL TERMS OF THE SUPPLY AGREEMENT**

### **Date**

31 January 2024 (after trading hours)

### **Parties**

Supplier: the Company

Purchaser: Yan Sing Fu Sing, a company incorporated in Hong Kong with limited liability and a conglomerate principally engaged in real estate development, commercial real estate development, hotel management and property management.

### **Term**

36 months commencing with retrospective effect from 1 January 2024 and ending on 31 December 2026.

## **Termination**

The Supply Agreement may be terminated prior to its expiration by mutual agreement, or by either party to the Supply Agreement in any of the following events:

- (1) the occurrence of force majeure event;
- (2) any party to the Supply Agreement having assigned its corresponding rights under the Supply Agreement without the prior written consent of the other party;
- (3) any party to the Supply Agreement having notified the other party that it is not going to perform its obligations thereunder prior to its expiration;
- (4) any party to the Supply Agreement having failed to perform its corresponding obligations after any grace period given;
- (5) any party to the Supply Agreement having breached any terms thereof; or
- (6) any other circumstances requiring the termination of the Supply Agreement under any applicable laws.

## **Subject matter**

The Supply Agreement is a master agreement which governs the supply and provision of building materials, new energy solutions and renovation services between the Group and Yan Sing Fu Sing. Pursuant to the Supply Agreement, the Group agreed to supply (on a non-exclusive basis) building materials and new energy solutions and provide renovation services, and Yan Sing Fu Sing agreed to purchase (on a non-exclusive basis) such products and services from the Group.

The Group and Yan Sing Fu Sing will enter into separate sales order for each sale from time to time, which shall stipulate the product quantity and/or service details, delivery details as well as price for each such sale.

## **Historical figures**

There is no historical transaction amount with respect to the provision of building materials, new energy solutions and renovation services from the Group to Yan Sing Fu Sing.

## **Price and annual caps**

Pursuant to the Supply Agreement, the selling price shall be no more favorable than that offered by the Group to Independent Third Parties of similar products and/or services. The building materials, new energy solutions and renovation services to be supplied or provided will be priced based on the following mechanism: the Group will first consider the prices offered to Independent Third Parties in respect of the same or similar products and/or services. The management shall consider at least two to three comparable deals with Independent Third Parties for the same period when determining whether the price for any products and/or services under the Supply Agreement is

reasonable. Upon discussion with the management, the Group will then negotiate the price with Yan Sing Fu Sing by taking into account the average price obtained from comparable deals.

For each of the year ending 31 December 2024, 31 December 2025 and 31 December 2026, the aggregate amount of price payable by Yan Sing Fu Sing to the Group for all purchases made pursuant to the Supply Agreement shall not exceed RMB200 million (the “**Annual Sales Caps**”).

In the event Yan Sing Fu Sing fails to make payment in accordance with the relevant sales order, it shall pay a penalty on the basis of 0.05% of the overdue amount calculated daily, the total amount which shall be capped at 5% of the overdue amount. In the event the Group fails to deliver or perform in accordance with the relevant sales order, it shall pay a penalty on the basis of 0.05% of the undelivered goods’ or services’ selling price calculated daily.

The Annual Sales Caps were arrived at after considering and taking into account the expected property project(s) of Yan Sing Fu Sing and relevant products and services required from the project(s), existing market price of the required products and services and expected development of Yan Sing Fu Sing. Based on the above, the Directors considered the Annual Sales Caps are fair and reasonable.

### **Reasons for and benefits of the transactions under the Supply Agreement**

The Group is principally engaged in the business of manufacturing and sales of plastic piping, building materials and home improvement, environmental protection, new energy and operating a supply chain service platform.

Yan Sing Fu Sing is a conglomerate principally engaged in real estate development, commercial real estate development, hotel management and property management. Yan Sing Fu Sing requires building materials, new energy solutions and renovation services from time to time. The sales of building materials and new energy solutions and the provision of renovation services to Yan Sing Fu Sing generates additional and steady revenue for the Group. Based on the above, the Directors are of the view that it is in the interest of the Group to have the arrangement in place to supply building materials and new energy solutions and provide renovation services to Yan Sing Fu Sing.

The Directors (including the independent non-executive Directors) therefore consider that the Supply Agreement has been entered into in the ordinary and usual course of business of the Company and the terms are on normal commercial terms which have been arrived at after arm’s length negotiations between the parties thereto, and that the terms (including the Annual Sales Caps) are fair and reasonable and that the entering into of the Supply Agreement is in the interest of the Company and the Shareholders (other than Mr. Wong, Ms. Zuo Xiaoping, Mr. Zuo Manlun and their associates) as a whole.



## **Relationship with Yan Sing Fu Sing**

Yan Sing Fu Sing is a company ultimately and wholly-owned by four connected persons of the Company, namely (i) Ms. Zuo Xiaoping, an executive Director and the wife of Mr. Wong and the controlling Shareholder; (ii) Mr. Zuo Manlun, an executive Director and the chief executive officer of the Group and the brother-in-law of Mr. Wong; (iii) Ms. Zuo Xiaoying, a director of a subsidiary of the Company and a sister of both Ms. Zuo Xiaoping and Mr. Zuo Manlun; and (iv) Mr. Liu Laiduo, the husband of Ms. Zuo Xiaoying, as to 68%, 28%, 2% and 2% respectively. Accordingly, Yan Sing Fu Sing is a connected person of the Company under the Listing Rules.

Ms. Zuo Xiaoping and Mr. Zuo Manlun are both ultimate owners of Yan Sing Fu Sing. Mr. Wong, the chairman of the Company and an executive Director of the Group, is the husband and brother-in-law of Ms. Zuo Xiaoping and Mr. Zuo Manlun respectively. All of Mr. Wong, Ms. Zuo Xiaoping and Mr. Zuo Manlun 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 Supply 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 Supply Agreement.

## **Listing Rules implications**

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the transactions contemplated under the Supply Agreement are between 0.1% and 5%, the transactions contemplated under the Supply Agreement constitute non-exempt continuing connected transactions and are subject to the reporting and disclosure requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“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 Rule 1.01 of the Listing Rules and as extended by Rule 14A.07 of the Listing Rules
“Director(s)”	the director(s) of the Company



“Existing Machinery Purchase Agreement”	the master agreement dated 28 December 2020 entered into between the Company and Guangdong Liansu Machinery in relation to the purchase of equipment and machinery by the Group from Guangdong Liansu Machinery
“Group”	the Company and its subsidiaries
“Guangdong Liansu Machinery”	Guangdong Liansu Machinery Manufacturing Co., Ltd.* (廣東聯塑機器製造有限公司), a wholly foreign-owned enterprise established in the PRC and indirectly wholly-owned by Mr. Wong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties which are third party independent of the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machinery Purchase Agreement”	the master agreement dated 29 December 2017 entered into between the Company and Guangdong Liansu Machinery in relation to the purchase of equipment and machinery by the Group from Guangdong Liansu Machinery
“Mr. Wong”	Mr. Wong Luen Hei, 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, which in turn holds New Fortune Star Limited, holder of approximately 68.93% of the issued share capital of the Company as at the date of this announcement
“New Machinery Purchase Agreement”	the master agreement dated 31 January 2024 entered into between the Company and Guangdong Liansu Machinery in relation to the purchase of equipment and machinery by the Group from Guangdong Liansu Machinery
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supply Agreement”	the master agreement dated 31 January 2024 entered into between the Company and Yan Sing Fu Sing in relation to the supply of building materials, new energy solutions and renovation services by the Group to Yan Sing Fu Sing
“Yan Sing Fu Sing”	Yan Sing Fu Sing Real Estate (Holdings) Limited (盈信富星地產集團有限公司), a company incorporated and existing under the laws of Hong Kong with limited liability and ultimately and wholly-owned by four connected persons of the Company
“%”	per cent.

\* For identification purpose only.

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

Hong Kong, 31 January 2024

*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 and Mr. Luo Jianfeng; and the independent non-executive Directors are Dr. Tao Zhigang, Mr. Cheng Dickson, Ms. Lu Jiandong, Dr. Hong Ruijiang and Ms. Lee Vanessa.*