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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 TRANSACTION — RENEWAL OF THE EXISTING MACHINERY PURCHASE AGREEMENT

RENEWAL OF THE EXISTING MACHINERY PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 31 January 2024 in relation to the Existing Machinery Purchase Agreement. As the Existing Machinery Purchase Agreement will expire on 31 December 2026, the Board announces that on 27 November 2026 (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 2027, 31 December 2028 and 31 December 2029 at a price not exceeding the price offered to the Group by 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 the New Machinery Purchase Agreement are between 0.1% and 5%, the transactions contemplated under the New Machinery Purchase Agreement are subject to the reporting and disclosure requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF THE NEW MACHINERY PURCHASE AGREEMENT

Date

27 November 2026 (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 (for itself and on behalf of its subsidiaries)

Term

36 months commencing from 1 January 2027 and ending on 31 December 2029.

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 and payment terms 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:

	For the year ended 31 December 2024 *RMB million*	For the year ended 31 December 2025 *RMB million*	For the year ending 31 December 2026 *RMB million* (unaudited)
Annual caps	300	300	300
Purchase amounts	175	254	263[#]

Note:

[#] up to 31 October 2026

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 2027, 31 December 2028 and 31 December 2029, 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.

INTERNAL CONTROL MEASURES

To ensure that the transactions contemplated under the New Machinery Purchase Agreement are conducted on normal commercial terms and do not exceed the Annual Machinery Purchase Caps, the Group has adopted the following internal control measures:

(1) Prior to entering into any individual purchase order under the New Machinery Purchase Agreement, the procurement department of the Group will obtain quotations from at least two to three comparable deals with Independent Third Parties for the same period. These comparable quotations and the proposed contract terms will be submitted to the management for review and approval to ensure that the price payable to Guangdong Liansu Machinery is no less favourable to the Group than those available from Independent Third Parties;

(2) The finance department of the Group will maintain a dedicated ledger to monitor the cumulative transaction amounts on a monthly basis and issue alerts to management when utilisation reaches 85% of the relevant Annual Machinery Purchase Caps;

(3) The internal audit department of the Group will conduct periodic reviews and sample testing of the transactions under the New Machinery Purchase Agreement. The internal audit department will report its findings directly to the Audit Committee and the independent non-executive Directors; and

(4) The independent non-executive Directors and the auditors of the Company will conduct an annual review of the continuing connected transactions in accordance with the Listing Rules.

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 wholly owns New Fortune Star Limited, holder of approximately 69.06% 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.

The executive Directors, namely Mr. Zuo Manlun (chief executive officer of the Group), Ms. Zuo Xiaoping and Mr. Huang Zhanxiong, are the brother-in-law, the wife and the son of Mr. Wong respectively. All of Mr. Wong, Mr. Zuo Manlun, Ms. Zuo Xiaoping and Mr. Huang Zhanxiong 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 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 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 for a term from 1 January 2024 to 31 December 2026
"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
"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 wholly owns New Fortune Star Limited, holder of approximately 69.06% of the issued share capital of the Company as at the date of this announcement
"New Machinery Purchase Agreement"	the master agreement dated 27 November 2026 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 for a term from 1 January 2027 to 31 December 2029
"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
"%"	per cent.

* *For identification purpose only.*

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

Hong Kong, 27 November 2026

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