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LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

DISCLOSEABLE TRANSACTION NEW HOME CARE PLANT

The Board of Directors would like to announce that on 8 November 2024, LSHCPH, a wholly-owned subsidiary of the Company, entered into an investment agreement with the Conghua EDZ in respect of the construction of a new home care products manufacturing plant by LSHCPH. Pursuant to the Agreement (i) LSHCPH shall invest an estimated total investment of RMB337 million (equivalent to approximately HK\$364 million) in the Project; and (ii) the Conghua EDZ shall deliver the Land and assist LSHCPH with, amongst other things, obtaining the relevant government consents, approvals and permits for the Project.

As the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

THE AGREEMENT

The project investment and cooperation agreement (“**Agreement**”) entered into on 8 November 2024 between:

Party A : 廣東從化經濟開發區管理委員會 (Administration Committee of Guangdong Conghua Economic Development Zone*) of the People’s Government of Guangzhou Municipality (“**Conghua EDZ**”).

Party B : Lam Soon Home Care Products Holdings Limited, a wholly-owned subsidiary of the Company (“**LSHCPH**”).

To the best of the knowledge, information and belief of the directors of the Company (“**Directors**”) having made all reasonable enquiries as at the date of this announcement, Conghua EDZ and its ultimate beneficial owner(s) are independent third parties and are not connected with the Company or its connected persons.

Project

Pursuant to the Agreement (i) LSHCPH shall invest in and construct the New Plant (“**Project**”); and (ii) Conghua EDZ shall deliver the Land and assist LSHCPH with, amongst other things, obtaining the relevant government consents, approvals and permits for the Project. The New Plant is expected to achieve an annual production value (or operating income) of approximately RMB580 million (equivalent to approximately HK\$626 million). A project company will be established as a wholly-owned subsidiary of LSHCPH in the Conghua District of the Guangdong Province, PRC with limited liability to hold and operate the New Plant. The New Plant shall be constructed within 2 years.

Investment

The estimated total investment amount is RMB337 million (equivalent to approximately HK\$364 million), including estimated Land cost of approximately RMB30 million (equivalent to approximately HK\$32 million) but which is subject to final determination by the Planning and Natural Resources Bureau of Guangzhou. The investment amount will be funded by internal working capital of the Group.

The investment amount was determined by reference to the Land size, the intended scale and capabilities of the New Plant and supporting facilities and other associated costs.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company remains committed to strengthening supply chains and ensuring sustainable growth of the Home Care business in Mainland China and Hong Kong. Given the ongoing and projected business momentum of the Home Care Division, the New Plant will improve quality and supply certainty of products to our core markets, as well as facilitate our ability to scale efficiently over the long-term. New research and development infrastructure and capabilities of the New Plant will also enhance our ability to innovate and develop new products as we further expand and diversify our product portfolio. It is expected that the New Plant will commence operations in the financial year 2026/27.

The Directors are of the view that the terms of the Agreement, including the investment amount, constitute normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

GENERAL INFORMATION

LSHK is a holding company and its principal activity is investment holding. The principal activities of the Group include manufacturing, trading and processing of edible oil, home care products and flour products in Hong Kong, Mainland China and Macau, Special Administrative Region of the PRC.

LSHCPH is a wholly-owned subsidiary of the Company which is incorporated in Hong Kong. The principal business activity of LSHCPH is investment holding.

DEFINITIONS

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

“Company” or “LSHK”	Lam Soon (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited;
“Group”	LSHK and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	parcel of land located at Pearl Industrial Park, Conghua Economic Development Zone, Guangdong, PRC (中國廣東從化經濟開發區明珠工業園) with a total land area of approximately 60 mu (畝) (approximately 40,001 square meters);
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mainland China”	the part of PRC, for the sole purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“New Plant”	the new home care products manufacturing plant together with the ancillary facilities to be constructed on the Land under the Agreement, and which is estimated to contribute annual tax payments of RMB565,000 (equivalent to approximately HK\$610,000) per mu (畝);
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of Mainland China; and
“%”	per cent.

For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.08. Such translations should not be construed as a representation that any amounts have been, could have been or could be, converted at the above rate or at any other rates.

By Order of the Board of Directors
CHENG Man Ying
Company Secretary

Hong Kong, 8 November 2024

As at the date of this announcement, the Directors of the Company are:

Chairman:

Mr. KWEK Leng Hai

Executive Director:

Mr. CHIU Chao Hsiang, James –
Chief Executive Officer

Non-Executive Directors:

Mr. Christian K. NOTHHAFT
Dr. WHANG Sun Tze

Independent Non-Executive Directors:

Mr. Lester G. HUANG, SBS, JP

Ms. HO Yuk Wai, Joan

Ms. CHEUNG Man Ying

** for identification purposes only*