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## **LAM SOON (HONG KONG) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

### **CONTINUING CONNECTED TRANSACTIONS DISTRIBUTION AGREEMENT**

On 29 August 2019, LS SynaLife, a wholly-owned subsidiary of the Company, entered into the Distribution Agreement with MHNZ, pursuant to which MHNZ has agreed to appoint LS SynaLife as a distributor of their Products in the PRC for the Channels upon the terms and conditions as set out in the Distribution Agreement.

MHNZ is an indirect wholly owned subsidiary of Guoco which in turn is an indirect subsidiary of Hong Leong, the ultimate holding company and a substantial shareholder of the Company and thus MHNZ is an associate of connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Distribution Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the annual cap exceed 0.1% but are less than 5%, the transactions contemplated under the Distribution Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

#### **THE DISTRIBUTION AGREEMENT**

On 29 August 2019, LS SynaLife, a wholly-owned subsidiary of the Company, entered into the Distribution Agreement with MHNZ, pursuant to which MHNZ has agreed to appoint LS SynaLife as the distributor and LS SynaLife agrees to distribute the Products via the Channels in the PRC for a period of 12 months commencing from 1 July 2019 subject to the terms and conditions as set out in the Distribution Agreement which were determined by reference to the standard wholesale prices and payment terms offered by MHNZ to other distributors of similar channels in the PRC.

#### **Annual Cap**

The annual cap in respect of the transactions contemplated under the Distribution Agreement is expected to be HK\$36 million for the period from 1 July 2019 to 30 June 2020. This annual cap was determined with reference to the expected purchase amount of the Products by LS SynaLife during the term of the Distribution Agreement.

## **REASONS FOR AND BENEFITS OF THE DISTRIBUTION AGREEMENT**

The LSHK Group is engaged in distribution of products manufactured by its group companies. The Directors are of the view that the Distribution Agreement would enable the LSHK Group to leverage on its existing distribution network and expertise in the PRC to expand its product portfolio to cover other third party products.

The Directors (including the independent non-executive directors) are of the view that (i) the Distribution Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the LSHK Group; (ii) the Distribution Agreement has been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable in the interests of the LSHK Group and the shareholders of LSHK as a whole; and (iii) the basis of determining the annual cap is fair and reasonable.

## **LISTING RULES IMPLICATIONS**

MHNZ is an indirect wholly owned subsidiary of Guoco which in turn is an indirect subsidiary of Hong Leong, the ultimate holding company and a substantial shareholder of the Company and thus MHNZ is an associate of connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Distribution Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the annual cap exceed 0.1% but are less than 5%, the transactions contemplated under the Distribution Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Details of the Distribution Agreement will be included in the Company's annual report in compliance with the Listing Rules. The Company will also comply with the Listing Rules in relation to the annual review of the transactions entered into pursuant to the Distribution Agreement by the independent non-executive directors and the auditors of the Company.

No Director is deemed to have a material interest in the Distribution Agreement and that all Directors are entitled to vote pursuant to the Company's articles of association. Mr. Kwek Leng Hai and Mr. Tang Hong Cheong are directors and shareholders of Guoco and LSHK. Mr. Kwek is also a director and shareholder of Hong Leong. They have elected to abstain from voting voluntarily notwithstanding that they are not considered to have material interest in the Distribution Agreement.

## **GENERAL**

LSHK is a holding company and its principal activity is investment holding. The principal activities of LSHK's subsidiaries include manufacturing, trading and processing of edible oil, flour products and detergent products in Hong Kong, the PRC and Macau.

LS SynaLife is primarily engaged in trading and distribution of products and investment holding.

The Hong Leong Group is a leading conglomerate based in Malaysia with diversified businesses in banking and financial services, manufacturing and distribution, property development and investment, as well as hospitality and leisure. Its presence spans from Malaysia to the rest of Asia, Western Europe and the UK, North America and Oceania.

MHNZ is the number two player globally in the production and distribution of New Zealand Manuka honey and other Manuka honey related products. It manufactures a range of products derived from Manuka honey, including but not limited to, honey, royal jelly and propolis, dietary supplements as well as skin and oral products. Their operations are based in New Zealand.

## **DEFINITIONS**

“Channels”	certain online channels as agreed by the parties
“Directors”	the directors of the Company
“Guoco”	Guoco Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 53) and an indirect subsidiary of Hong Leong
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Leong”	Hong Leong Company (Malaysia) Berhad, the ultimate holding company and a substantial shareholder of LSHK
“Hong Leong Group”	Hong Leong and its subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“LSHK” or the “Company”	Lam Soon (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 411)
“LSHK Group”	LSHK and its subsidiaries from time to time
“LS SynaLife”	LS SynaLife Trading Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“MHNZ”	Manuka Health New Zealand Limited, a company incorporated in New Zealand and an indirect wholly owned subsidiary of Guoco
“Product(s)”	full range of products of MHNZ
“the PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 August 2019

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

*Chairman:*  
Mr. KWEK Leng Hai

*Group Managing Director:*  
Mr. Joseph LEUNG

*Non-Executive Directors:*  
Mr. TANG Hong Cheong  
Dr. WHANG Sun Tze  
Mr. TAN Lim Heng

*Independent Non-Executive Directors:*  
Mr. LO Kai Yiu, Anthony  
Mr. Au Chee Ming  
Mr. HUANG Lester Garson, J.P.