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Lam Soon (Hong Kong) Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

GRANT OF SHARE OPTIONS AND CONNECTED TRANSACTION

On 24 August 2021, Options in respect of a total of 8,700,000 Shares were granted to eligible executives, including but not limited to the Group Managing Director of the Company and including but not limited to directors of certain LSHK's subsidiaries pursuant to the Scheme, subject to acceptance by the Grantees.

Based on the exercise price, the aggregate consideration payable by Mr. WONG Cho Fai to acquire the Shares upon exercise of the Options will be HK\$37,775,000. Since the applicable percentage ratios under the Listing Rules in respect of the grant of Options to Mr. WONG Cho Fai exceed 0.1% but are less than 5% while the applicable percentage ratios under the Listing Rules in respect of the grant of Options to each of the Connected Grantees who are directors at subsidiary level only are below 1%. Pursuant to the relevant rules under Chapter 14A of the Listing Rules, the grant of Options to Mr. WONG Cho Fai is subject to the announcement requirements and the grant of Options to each the other Connected Grantees who are directors at subsidiary level only are fully exempt from the reporting, announcement and independent shareholders' approval requirements.

GRANT OF OPTIONS

The Board announces that on 24 August 2021, Options in respect a total of 8,700,000 Shares were granted, subject to acceptance by the Grantees, pursuant to the Scheme and the details are as follows:-

Date of Grant:	24 August 2021
No. of Shares under the Options granted:	8,700,000 Shares
Exercise Price of the Options granted:	The exercise price for each Share under the Options is HK\$15.11, which was determined based on the higher of (i) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant; and (ii) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Date of Grant.
Closing price of the Shares on the Date of Grant:	HK\$ 15.00 per Share

Vesting Conditions:	Vesting of the Options is subject to the achievement of the prescribed financial and performance targets and contribution criteria to be met by the Grantees for the financial periods from 1 July 2020 to 30 June 2024. At the end of the relevant performance period, the Board Remuneration Committee of the Company shall determine, at its discretion, the extent of achievement of the financial and performance targets and contribution criteria in respect of that period, and decide on the vesting of the Options and the number of Shares comprised in the vested Options. Thereafter, the Grantees shall be notified of the vesting of the Options.
Validity period of the Options:	The vested Options are exercisable within an exercise period of up to 30 months following the vesting of the Options.

<u>Grantee</u>	<u>No. of Shares under the Options</u>
(i) WONG Cho Fai, Group Managing Director	2,500,000
(ii) Directors of LSHK's subsidiaries	4,400,000
(iii) Other eligible executives	<u>1,800,000</u>
Total	<u>8,700,000</u>

Pursuant to the Scheme, exercise of the Options may be satisfied, at the discretion of the Board, through the issue of new Shares and/or the transfer of existing Shares or a combination of both.

The Board has resolved that for the Option in respect of 2,500,000 Shares granted to Mr. WONG Cho Fai, the Group Managing Director of the Company, the exercise of such Option would be satisfied by the transfer of existing Shares. Such Option is not subject to Chapter 17 of the Listing Rules.

Apart from the Group Managing Director of the Company, no other Grantees are directors, chief executives or substantial shareholders of the Company, or associates (as defined in the Listing Rules) of any of them. No Grantee was granted Option which would result in the total number of new Shares issued or to be issued upon exercise of the Option to such Grantee in any 12-month period to exceed 1% of the Shares in issue.

CONNECTED TRANSACTIONS

The Scheme provides that the exercise of the Options would be/may be satisfied by transfer of existing Shares to the Grantees. The Group Managing Director of the Company and directors of LSHK's subsidiaries are connected persons of LSHK under the Listing Rules. The grants of Options to the Connected Grantees constituted connected transactions under Chapter 14A of the Listing Rules.

Based on the exercise price, the aggregate consideration payable by Mr. WONG Cho Fai to acquire the Shares upon exercise of the Option will be HK\$37,775,000. As the applicable percentage ratios in respect of the grant of Options to Mr. WONG Cho Fai exceed 0.1% but are less than 5%, such grant of Option is subject to the announcement requirements pursuant to Chapter 14A of the Listing Rules. The applicable percentage ratios in respect of the grant of Option to each of the Connected Grantees who are directors at subsidiary level only are below 1%. Such grants of Options are fully exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A of the Listing Rules.

The granting of the Options to the Grantees, including the Connected Grantees, has been reviewed and approved by the Board Remuneration Committee comprising a majority of the independent non-executive directors of the Company. The grants of Options were further endorsed by the Board, including all independent non-executive directors of the Company. Mr. WONG Cho Fai, being a director of LSHK, has abstained from voting in respect of the Board resolution approving the relevant grant of Option.

Rationale

The purposes of granting the Options to the Grantees pursuant to the Scheme are to (i) align the Grantees' long-term interests with those of the Shareholders; (ii) encourage and motivate them to assume greater responsibility for performance of the businesses they manage; and (iii) retain high caliber executives that are valuable to the Company.

In view of the potential benefits to LSHK and the Shareholders, the Directors (including the independent non-executive directors) consider that the terms and conditions of the grant of Options are on normal commercial terms, and it is fair and reasonable and in the interests of LSHK and the Shareholders as a whole.

Information on LSHK

LSHK's principal activity is investment holding. The principal activities of LSHK's subsidiaries include manufacturing, trading and processing of edible oil, home care products, flour products in Hong Kong, the People's Republic of China and Macau.

DEFINITIONS

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

“Board”	the board of directors of the Company
“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
“Connected Grantees”	Grantees who are the Group Managing Director of the Company and/or directors of certain LSHK's subsidiaries
“Date of Grant”	24 August 2021
“Directors”	the directors of the Company
“Grantee(s)”	the Group Managing Director of the Company and eligible executives who are granted Options under the Scheme on 24 August 2021
“ Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China

“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
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Option(s)”	the options granted by LSHK on the Date of Grant pursuant to the Scheme
“Scheme”	The Executive Share Option Scheme 2013 of LSHK
“Share(s)”	ordinary share(s) of LSHK
“Shareholders”	holders of Shares of LSHK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
CHENG Man Ying
Company Secretary

Hong Kong, 24 August 2021

As at the date of this announcement, the Board comprises:

Chairman:

Mr. KWEK Leng Hai

Group Managing Director:

Mr. WONG Cho Fai

Non-Executive Directors:

Mr. CHEW Seong Aun

Dr. WHANG Sun Tze

Independent Non-Executive Directors:

Mr. LO Kai Yiu, Anthony

Mr. HUANG Lester Garson, *SBS, JP*

Ms. HO Yuk Wai Joan