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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

### **CONTINUING CONNECTED TRANSACTIONS MASTER SERVICES AGREEMENT**

As the 2023 Master Services Agreement (as defined below) entered into between LSHK and GGMC for the provision of management services by the relevant service providers of the Hong Leong Group to the LSHK Group expired on 30 June 2026, LSHK entered into the 2026 Master Services Agreement (as detailed below) on 30 June 2026 with GGMC for the provision of the Services for three financial years from 1 July 2026 to 30 June 2029.

The Service Provider, GGMC, is a wholly-owned subsidiary of GCAL, the ultimate holding company and a substantial shareholder of LSHK, and thus GGMC is an associate of a connected person of LSHK under Chapter 14A of the Listing Rules. Mr. QUEK Leng Chan, being a controlling shareholder of GCAL and HLCM, is a substantial shareholder of LSHK. Subsidiaries under GCAL and HLCM which may become Service Providers under the 2026 Master Services Agreement are regarded as associates of connected persons of LSHK under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 Master Services Agreement constitute continuing connected transactions for LSHK under the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the Annual Cap (as defined below) exceed 0.1% but less than 5%, the 2026 Master Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and other disclosure requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

### **BACKGROUND**

Reference is made to the announcement of LSHK issued on 30 June 2023 regarding the master services agreement entered into between LSHK and GGMC for the provision of management services to the LSHK Group (the "2023 Master Services Agreement"), which constituted continuing connected transactions for LSHK under the Listing Rules. The 2023 Master Services Agreement expired on 30 June 2026.

### **THE 2026 MASTER SERVICES AGREEMENT**

On 30 June 2026, the 2026 Master Services Agreement was entered into between LSHK and GGMC for the provision of Services by GGMC to the LSHK Group for a period of three financial years from 1 July 2026 to 30 June 2029.

The Services to be provided under the 2026 Master Services Agreement include, among other things:

- (a) Provide strategic management, support and guidance on the Service Recipient's businesses and operations including the formulation of strategies, planning and directions, policies and budgets to drive continuous business growth;
- (b) Oversee the investment management disciplines and financial management disciplines for investments/assets of the Service Recipient;
- (c) Oversee the planning of the Service Recipient's finances and fundings, treasury and risk management and coordinate, foster and manage banking relationships;
- (d) Oversee key managerial recruitment and retention, performance measurement and management performance incentives, and talent management activities to assure alignment with shareholders' interest and prime value creation;
- (e) Provide guidance with respect to operating practices and procedures, accounting and other services;
- (f) Provide advice and assistance on material legal matters, formulation of legal-related policies and training and development for the legal function;
- (g) Provide advice and assistance on corporate matters, including corporate proposals, transactions and exercises, corporate governance related matters and employees reward schemes;
- (h) Provide advice and assistance on improvement to secretarial practices, procedures and processes, formulation of secretarial-related policies, and training and development of the secretarial function; and
- (i) Provide tax technical and advisory support; guidance on operating policies and guidelines relating to corporate tax management, global tax developments and global tax reporting requirements.

Pursuant to the 2026 Master Services Agreement, a Service Recipient or a Service Recipient of a particular group may enter into a separate agreement with the Service Provider based on similar terms as set out in the 2026 Master Services Agreement.

## **SERVICE FEES**

The fees payable under the 2026 Master Services Agreement comprise:

1. a monthly fee (the "Monthly Fee") which is calculated based on the allocation of costs incurred by the relevant departments of such Service Provider in providing the Services, plus a mark-up of 5% or such other amount as may be agreed from time to time between such Service Recipient and the Service Provider. The Monthly Fee is currently estimated to be around HK\$100,000; and
2. an annual fee (the "Annual Fee") equivalent to 3% of the annual profit before tax of such Service Recipient as shown in its audited profit and loss account for the relevant financial year, subject to appropriate adjustment (for example, to avoid double counting of profit), if any (the "Adjusted Annual Profit Before Tax").

The Annual Fee payable in respect of the Service Recipients which form the food and home care businesses of LSHK from time to time shall be calculated on a consolidated group basis determined by aggregating the Adjusted Annual Profit Before Tax of all Service Recipients of such business segments (with deduction for losses suffered by any of them). Upon determination of the Annual Fee payable, LSHK shall, in consultation with the Service Provider and relevant Service Recipients, allocate the Annual Fee to each of the Service Recipients within the group on a fair and reasonable basis.

## **BASIS OF DETERMINING THE SERVICE FEES**

In assessing the fairness and reasonableness of the Monthly Fee, the Disinterested Directors have considered that (i) the cost allocation mechanism reflects the actual resources utilised and costs incurred by the Service Provider in delivering the Services; (ii) the mark-up is in line with normal commercial practice for service arrangements of a similar nature, representing a reasonable margin for the provision of such Services; and (iii) the integrated and ongoing nature of the Services, which are not readily available from third-party service providers on a comparable basis.

The Service Provider is actively involved in the formulation of strategies, planning and directions of the LSHK Group's businesses and operations as well as the oversight of policies, practices and procedures of the Service Recipients from time to time. Services delivered in such an integrated manner are not commonly available from third parties. To a certain extent, the Service Provider is regarded as being in a "strategic partnership" with the Service Recipients to achieve business and financial performance whereby the risks and benefits are aligned. This is reflected in the Annual Fee which based on a share of 3% of the Adjusted Annual Profit Before Tax of the Service Recipients. Based on research data on certain listed companies in Hong Kong, the service fees under similar arrangements generally range from 0.6% to 19.0% of the relevant consolidated profit before tax. Accordingly, the Annual Fee set at 3% of the Adjusted Annual Profit Before Tax falls within the range of prevailing market levels.

Given the aforesaid, the Disinterested Directors are of the view that the Monthly Fee and the basis of charging the Annual Fee is fair and reasonable, on normal or better commercial terms and no less favourable than the terms from independent third parties for similar services.

## **HISTORICAL TRANSACTION AMOUNTS**

The annual cap in respect of the 2023 Master Services Agreement was HK\$28,000,000. The total fees paid by the LSHK Group in respect of the 2023 Master Services Agreement for the financial years ended 30 June 2024 and 30 June 2025 were approximately HK\$8,625,000 and HK\$12,222,000 respectively.

## **ANNUAL CAP**

The yearly total fees (the "Total Fees"), being the sum of the Monthly Fee, the Annual Fee and the total amounts of any fees payable by the LSHK Group to any Hong Leong Group company for services of a similar nature as the Services, are subject to an annual cap of HK\$28,000,000 (the "Annual Cap") for each of the three financial years ending 30 June 2029.

The Annual Cap is determined having regard to (i) the average absolute annual rate of change of 21.9% of the total fees actually paid for the six financial years ended 30 June 2025, excluding the total fee for FY2022/23, which was exceptionally low due to impact of unusual market condition on the Adjusted Annual Profit Before Tax; and (ii) the macro adjustment factor of 1.0334 taken into account of the estimated annual food inflation rates in Hong Kong and Chinese Mainland and the estimated annual rate of appreciation of Renminbi against Hong Kong dollars. As the Annual Fee is calculated on the Adjusted Annual Profit Before Tax which will be subject to possible fluctuation due to various factors, the Annual Fee may not be in a consistent growth trend. Having regard to this, it is considered appropriate to apply the Annual Cap amount to each of the relevant three financial years from 1 July 2026 to 30 June 2029.

## **INTERNAL CONTROL MEASURES**

The Company has established the following internal control procedures to ensure that (i) the continuing connected transactions contemplated under the 2026 Master Services Agreement are in accordance with the terms and conditions contained therein; and (ii) the relevant annual cap is not exceeded:

- (a) As the exact Annual Fee, being 3% of the Service Recipients' Adjusted Annual Profit Before Tax, is only determined after the financial year end, the Company estimates this amount based on the Service Recipients' aggregated profit before tax for the relevant period to monitor the estimated Total Fees against the Annual Cap during the year so as to provide early warning and allow time for compliance actions;
- (b) Details of the transactions under the 2026 Master Services Agreement are included in the connected transactions report which are reviewed by the internal audit department of the Company and tabled for review by the Board Audit and Risk Management Committee of the Company in each of its regular meetings;
- (c) Annual review will be conducted by the independent non-executive directors of the Company pursuant to Rule 14A.55 of the Listing Rules; and
- (d) The Company will also engage its external auditors to review the continuing connected transactions conducted under the 2026 Master Services Agreement annually pursuant to Rule 14A.56 of the Listing Rules.

## **REASONS FOR AND BENEFITS**

The 2026 Master Services Agreement is in the interests of LSHK as it enables each Service Recipient to leverage the Hong Leong Group's management expertise, services infrastructure and global network to achieve enhanced strategic, financial and operational efficiencies. Comparable services provided in such an integrated manner are generally not available from independent third parties at a similar quality level, given the Service Provider's deep understanding of and involvement in the business of LSHK Group.

The Directors (including the independent non-executive directors) are of the view that (i) the transactions contemplated under the 2026 Master Services Agreement are conducted in the ordinary and usual course of business of the LSHK Group; (ii) the terms thereunder (including the charging basis) are on normal or better commercial terms and no less favourable than those from independent third parties for similar services, fair and reasonable and 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**

GGMC is a wholly-owned subsidiary of GCAL, the ultimate holding company and a substantial shareholder of LSHK, and thus GGMC is an associate of a connected person of LSHK under Chapter 14A of the Listing Rules. Mr. QUEK Leng Chan, being a controlling shareholder of GCAL and HLCCM, is a substantial shareholder of LSHK. Subsidiaries under GCAL and HLCCM which may become Service Providers under the 2026 Master Services Agreement are regarded as associates of connected persons of LSHK under Chapter 14A of the Listing Rules. The transactions contemplated under the 2026 Master Services Agreement constitute continuing connected transactions for LSHK under the Listing Rules.

As the applicable percentage ratios under the Listing Rules in respect of the Annual Cap exceed 0.1% but less than 5%, the 2026 Master Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and other disclosure requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. In the event that the Total Fees for any of the three financial years ending 30 June 2029 would exceed the Annual Cap, LSHK will comply with the relevant Listing Rules as appropriate.

Mr. KWEK Leng Hai ("Mr. Kwek") is a director and a shareholder of GCAL and HLCM. No Director is deemed to have a material interest in the 2026 Master Services Agreement and that all Directors are entitled to vote pursuant to the Company's Articles of Association. Mr. Kwek has voluntarily elected to abstain from voting on the relevant board resolutions in relation to the approval of the 2026 Master Services Agreement.

## GENERAL INFORMATION

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 home care products in Hong Kong, Chinese Mainland and Macau.

GGMC is principally engaged in the provision of management services to related or subsidiary companies.

GCAL is the ultimate holding company of the Company. The principal activity of GCAL is investment holding.

## DEFINITIONS

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|----------------------------------|---|
| "2026 Master Services Agreement" | The master services agreement dated 30 June 2026 entered into by LSHK and GGMC for the provision of Services by the Service Provider(s) to the Service Recipients in the LSHK Group |
| "Directors"                      | the director(s) of the Company  |
| "Disinterested Directors"        | Directors excluding Mr. KWEK Leng Hai who abstained voluntarily from voting in respect of the board resolutions relating to the 2026 Master Services Agreement                      |
| "GCAL"                           | GuoLine Capital Assets Limited, a company incorporated in Jersey, Channel Islands with limited liability, the ultimate holding company and a substantial shareholder of LSHK        |
| "GGMC"                           | GuoLine Group Management Company Pte. Ltd., a company incorporated in Singapore, a direct wholly-owned subsidiary of GCAL   |
| "HK\$"                           | Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People's Republic of China   |
| "HLCM"                           | Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia and a member of the Hong Leong Group   |

|                         |   |
|-------------------------|---|
| “Hong Leong Group”      | GCAL and HLCM and their 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   |
| “Services”              | the management services as listed in the 2026 Master Services Agreement to be provided by the Service Provider(s) to the Services Recipients as required and any other services or variation thereto as may from time to time be agreed between the parties |
| “Service Provider(s)”   | GGMC or other Hong Leong Group company(ies) as may be agreed by the parties from time to time   |
| “Service Recipients”    | LSHK and its subsidiaries which are to receive the Services under the 2026 Master Services Agreement  |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited   |

By Order of the Board  
**Stella Lo Sze Man**  
*Company Secretary*

Hong Kong, 30 June 2026

As at the date of this announcement, the board of Directors comprises:

*Chairman:*  
Mr. KWEK Leng Hai

*Executive Directors:*  
Mr. LIM Shueh Hann – *Chief Executive Officer*

*Non-Executive Directors:*  
Mr. Christian K. NOTHHAFT  
Mr. WHANG Yixiang Remus

*Independent Non-Executive Directors:*  
Ms. HO Yuk Wai, Joan  
Ms. CHEUNG Man Ying  
Mr. CHAU Siu Lun