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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Lam Soon (Hong Kong) Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

### **DISCLOSEABLE TRANSACTION INVESTMENT PROJECT IN THE PRC**

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21 February 2007

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## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Lam Soon (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries and members of the Group shall be construed accordingly;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	an independent third party not connected with the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules);
“Investment Project”	the development project in Shandong Province, the PRC which is planned to include the construction of manufacturing and storage facilities for wheat and flour products;
“Lam Soon (China)”	Lam Soon (China) Holdings Company Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands;
“Lam Soon (Shandong)”	Lam Soon (Shandong) Food Company Limited 南順(山東)食品有限公司, a wholly foreign-owned enterprise to be set up by Lam Soon (China) in the PRC;
“Land”	a parcel of vacant land of approximately 133,000 square metres situated at Qingzhou City Economic Development Zone, south of Yanglin Road and north of 309 Guo Road;

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## DEFINITIONS

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“Latest Practicable Date”	14 February 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China, and for the sole purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Qingzhou Government”	山東省青州市人民政府 (The District Government of Qingzhou City, Shandong Province);
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

*In this circular, RMB1.00 is taken to be equivalent to HK\$1.005 as at 25 January 2007. The conversion rate is for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforementioned or any other rates.*

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## LETTER FROM THE BOARD

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# LAM SOON (HONG KONG) LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

*Directors:*

Mr. KWEK Leng Hai, *Chairman*  
Mr. LEUNG Wai Fung, *Group Managing Director*  
Dr. WHANG Sun Tze  
Mr. TAN Lim Heng  
Mr. TSANG Cho Tai  
Mr. LO Kwong Chi, *Clement\**  
Mr. DING Wai Chuen\*  
Mr. MATSUMURA Hirokazu\*  
Mr. IKEDA Hiromi  
— *alternate director to Mr. MATSUMURA Hirokazu*

*Registered Office:*

21 Dai Fu Street  
Tai Po Industrial Estate  
Tai Po  
New Territories  
Hong Kong

\* *Independent Non-Executive Director*

21 February 2007

*To the Shareholders of Lam Soon (Hong Kong) Limited*

Dear Sir or Madam,

## **DISCLOSEABLE TRANSACTION INVESTMENT PROJECT IN THE PRC**

### **1. INTRODUCTION**

On 25 January 2007, Lam Soon (China), a wholly-owned subsidiary of the Company agreed with the Qingzhou Government that Lam Soon (China) will undertake the Investment Project in the Qingzhou City.

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## LETTER FROM THE BOARD

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It is the intention of Lam Soon (China) that the Investment Project will include the establishment of a wholly foreign-owned enterprise, tentatively to be named as Lam Soon (Shandong) in the PRC for the development of the food business, the acquisition of the land use rights of the Land and the construction of manufacturing and storage facilities. The projected investment amount of the Investment Project will be approximately RMB80 million (equivalent to approximately HK\$80.4 million).

The Investment Project constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information relating to the Investment Project.

### 2. THE INVESTMENT PROJECT

Date : 25 January 2007

Qingzhou Government : 山東省青州市人民政府 (The District Government of Qingzhou City, Shandong Province)

Lam Soon (China) : Lam Soon (China) Holdings Company Limited, a wholly-owned subsidiary of the Company whose principal business activity is investment holding

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Qingzhou Government is an Independent Third Party.

#### **Formation of a wholly foreign-owned enterprise**

Subject to approval by the relevant authorities, Lam Soon (China) intends to establish a wholly foreign-owned enterprise, tentatively to be named as Lam Soon (Shandong) in the PRC, for the purpose of engaging in the Investment Project.

It is intended that the estimated total investment amount will be approximately RMB80 million (equivalent to approximately HK\$80.4 million).

#### **Investment Project**

It is expected that the projected investment amount for the Investment Project (including the consideration payable for the land use rights of the Land for a term of 50 years for industrial use pursuant to an agreement for the sale of state-owned land use rights dated 31 December 2006 and the construction costs of manufacturing and storage facilities) will amount to approximately RMB80 million (equivalent to approximately HK\$80.4 million), out of which RMB40 million (equivalent to approximately HK\$40.2 million) will be financed by internal resources and the balance of RMB40 million (equivalent to approximately HK\$40.2 million) will be financed by loan financing.

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## LETTER FROM THE BOARD

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### 3. REASONS FOR THE INVESTMENT PROJECT

The Company is an investment holding company whose subsidiaries are principally engaged in the food business.

The Directors consider that the Investment Project would enable the Group to build a regional manufacturing base with expected additional production capacity of 500 metric tons per day to cater for the Group's expansion of food business in the northern PRC.

Taking into account the abovementioned factors, the Board is of the view that the Investment Project and all the transactions contemplated therein are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Furthermore, it is currently expected that the investment amount will be funded by the Group's internal resources and/or external bank borrowings. On this basis, the Investment Project is not expected to have any material impact on the earnings and assets and liabilities of the Group.

### 4. FURTHER INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of  
**LAM SOON (HONG KONG) LIMITED**  
**KWEK Leng Hai**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the Directors of the Company have the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) in the Listing Rules:

### (A) The Company

Name of director	Nature of interest	Number of shares/ underlying shares held	Notes	Total	Approximate percentage of total issued share capital of the Company
KWEK Leng Hai	Personal	2,300,000		2,300,000	0.95%
LEUNG Wai Fung	Personal	2,400,000	(a)	2,400,000	0.99%
WHANG Sun Tze	Personal	27,123,743			
	Corporate	19,326	(b)		
	Persons acting in concert	150,790,035	(c) & (d)	177,933,104	73.12%
LO Kwong Chi, Clement	Personal	403,754		403,754	0.17%
TAN Lim Heng	Personal	274,000		274,000	0.11%
DING Wai Chuen	Personal	10,000		10,000	0.00%

**(B) Associated corporations****(i) Interests in shares/underlying shares**

Name of associated corporations	Name of director	Nature of interest	Number of shares/ underlying shares held	Notes	Total	Approximate percentage of total issued share capital of associated corporations
Hong Leong Company (Malaysia) Berhad	KWEK Leng Hai	Personal	420,500		420,500	2.62%
Guoco Group Limited	KWEK Leng Hai	Personal	3,670,775		3,670,775	1.12%
	TAN Lim Heng	Personal	559,230		559,230	0.17%
	TSANG Cho Tai	Personal	1,000		1,000	0.00%
GuocoLand Limited	KWEK Leng Hai	Personal	19,851,140		19,851,140	2.98%
	WHANG Sun Tze	Family	66,600		66,600	0.01%
	TAN Lim Heng	Personal	1,000,000		1,000,000	0.15%
	TSANG Cho Tai	Personal	200,000		200,000	0.03%
Hong Leong Bank Berhad	KWEK Leng Hai	Personal	3,955,700		3,955,700	0.26%
	WHANG Sun Tze	Family	129,000		129,000	0.01%

## (B) Associated corporations (continued)

## (i) Interests in shares/underlying shares (continued)

Name of associated corporations	Name of director	Nature of interest	Number of shares/ underlying shares held	Notes	Total	Approximate percentage of total issued share capital of associated corporations
Hong Leong Financial Group Berhad	KWEK Leng Hai	Personal	2,316,800	(e)	2,316,800	0.22%
(“HLFGB”, formerly known as Hong Leong Credit Berhad)	WHANG Sun Tze	Family	534,092		534,092	0.05%
	TAN Lim Heng	Personal	245,700		245,700	0.02%
Hong Leong Industries Berhad	KWEK Leng Hai	Personal	189,812	(f)	189,812	0.09%
(“HLI”)	WHANG Sun Tze	Family	105,600		105,600	0.05%
GuocoLand (Malaysia) Berhad	KWEK Leng Hai	Personal	226,800		226,800	0.03%
(formerly known as Hong Leong Properties Berhad)	TAN Lim Heng	Personal	546,010		546,010	0.08%
Hume Industries (Malaysia) Berhad	WHANG Sun Tze	Family	12,667		12,667	0.01%
HLG Capital Berhad	KWEK Leng Hai	Personal	500,000		500,000	0.41%
BIL International Limited	TAN Lim Heng	Personal	100,000		100,000	0.01%

**(B) Associated corporations (continued)****(ii) Interests in debentures**

<b>Name of associated corporation</b>	<b>Name of director</b>	<b>Nature of interest</b>	<b>Amount of debentures held MYR</b>	<b>Total MYR</b>
Hong Leong Industries Berhad	KWEK Leng Hai	Personal	165,000	165,000

*Notes:*

- (a) The interests of Mr. LEUNG Wai Fung represent the interests in 200,000 ordinary shares of the Company and 2,200,000 underlying shares in respect of the share options granted by the Company exercisable within 30 months following the notification of entitlement to confirm the vesting and the number of options exercisable.
- (b) The interests disclosed represent the corporate interests of Dr. WHANG Sun Tze in 18,457 ordinary shares and 869 ordinary shares in the Company held by SGR Investment Company, Limited (“SGR”) and T.C. Whang & Company (Private) Limited (“T.C. & Co.”) respectively. Dr. WHANG Sun Tze holds 95.41% and 59.52% interests in SGR and T.C. & Co. respectively.
- (c) The total interests disclosed herein represent the interests in 177,914,647 ordinary shares of the Company which the respective parties held by virtue of Section 317 of the SFO in relation to the interests in shares pursuant to the shareholders’ agreement and the supplemental agreement both dated 27 May 1997 entered into by Guoinvest International Limited (“Guoinvest”) and, inter alia, Dr. WHANG Sun Tze (alias: WHANG Siong Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven Investment Company, Limited (“Raven”) and the Novation Agreement dated 5 September 2003 entered into by Guoinvest, GuoLine International Limited (a sister subsidiary of Guoinvest), Dr. WHANG Sun Tze (alias: WHANG Siong Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven.
- (d) The interests of person acting in concert disclosed represent the deemed interests of Dr. WHANG Sun Tze in 150,790,035 ordinary shares in the Company referred to in Note (c) above.
- (e) The interests of Mr. KWEK Leng Hai represent the interests in 2,156,000 ordinary shares of HLFGB and 160,800 underlying shares of listed physically settled options issued by HLFGB.
- (f) The interests of Mr. KWEK Leng Hai represent the interests in 163,200 ordinary shares of HLI and 26,612 underlying shares of listed physically settled options issued by HLI.

All the interests disclosed in sections (A) and (B)(i) above represent long position in the ordinary shares of the Company or any of its associated corporations save as otherwise specified in the notes above.

- (b) As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than Directors of the Company) have interests in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO:

	Number of shares held	Notes	Approximate percentage of interest
WHANG Tar Choung	177,914,647	(A) + (B)	73.11%
Raven Investment Company, Limited (“Raven”)	177,914,647	(A) + (C)	73.11%
T.C. Whang & Company (Private) Limited (“T.C. & Co.”)	177,914,647	(A) + (D)	73.11%
TEO Joo Yee	177,914,647	(A) + (E)	73.11%
Hong Leong Company (Malaysia) Berhad (“HLCM”)	179,049,647	(A) + (F) + (G)	73.58%
QUEK Leng Chan	179,049,647	(A) + (F) + (G)	73.58%
HL Holdings Sdn Bhd (“HLH”)	179,049,647	(A) + (F) + (G)	73.58%
Hong Leong Investment Holdings Pte Ltd (“HLIH”)	179,049,647	(A) + (F) + (G)	73.58%
Kwek Holdings Pte Ltd (“KH”)	179,049,647	(A) + (F) + (G)	73.58%
Davos Investment Holdings Private Limited (“Davos”)	179,049,647	(A) + (F) + (G)	73.58%
KWEK Leng Kee	179,049,647	(A) + (F) + (G)	73.58%

*Notes:*

- (A) The total interests disclosed herein represent the interests in 177,914,647 ordinary shares of the Company which the respective parties held by virtue of Section 317 of the SFO in relation to the interests in shares pursuant to the shareholders’ agreement and the supplemental agreement both dated 27 May 1997 entered into by Guoinvest International Limited (“Guoinvest”) and, inter alia, Dr. WHANG Sun Tze (alias: WHANG Siong Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven and the Novation Agreement dated 5 September 2003 entered into by Guoinvest, GuoLine International Limited (“GuoLine”, a sister subsidiary of Guoinvest), Dr. WHANG Sun Tze (alias: WHANG Siong Tiat), Mr. WHANG Tar Choung, Madam TEO Joo Yee, T.C. & Co. and Raven.
- (B) The interests disclosed comprise (i) own interest of Mr. WHANG Tar Choung in 5,337,637 ordinary shares in the Company and (ii) the deemed interest in 172,577,010 ordinary shares in the Company held by other parties referred to in Note (A) above.

- (C) The interests disclosed comprise (i) own interest of Raven in 1,221,205 ordinary shares in the Company and (ii) the deemed interest in 176,693,442 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (D) The interests disclosed comprise (i) own interest of T.C. & Co. in 869 ordinary shares in the Company and (ii) the deemed interest in 177,913,778 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (E) The interests disclosed comprise (i) own interest of Madam TEO Joo Yee in 4,222,534 ordinary shares in the Company and (ii) the deemed interest in 173,692,113 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (F) The interests disclosed comprise (i) the corporate interests in 140,008,659 ordinary shares in the Company held through GuoLine, (ii) the deemed interest in 37,905,988 ordinary shares in the Company held by other parties referred to in Note (A) above and (iii) own interest of Richly Choice Development Limited, a wholly-owned subsidiary of the Company, in 1,135,000 ordinary shares in the Company.
- (G) Both Guoinvest and GuoLine are wholly-owned subsidiaries of GuoLine Capital Assets Limited which in turn is a wholly-owned subsidiary of HLCM. By virtue of Section 316(2) of the SFO, HLCM was 49.11% owned by Mr. QUEK Leng Chen (2.43%) and HLH (46.68%) which was in turn wholly-owned by Mr. QUEK Leng Chan. HLCM is held as to 34.49% by HLIH. Mr. KWEK Leng Kee holds 41.92% interest in Davos which in turn holds 33.59% interest in HLIH and KH holds 49% interest in HLIH.

All the interests disclosed under this section represent long position in the ordinary shares of the Company.

- (c) Save as disclosed above, as at the Latest Practicable Date:
  - (i) so far as was known to the Directors, no persons (other than Directors of the Company) had an interest or short position in shares and underlying shares of the Company (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and
  - (ii) there was no person known to the Directors who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of the Company, or any options in respect of such capital.

### 3. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with the Company or any other member of the Group excluding those expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

### 4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

### 5. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### 6. MISCELLANEOUS

- (a) The share registrar and transfer office of the Company is Hongkong Managers and Secretaries Limited of Citicorp Centre, 26th Floor, 18 Whitfield Road, Causeway Bay, Hong Kong.
- (b) The Company Secretary of the Company is Ms. CHENG Man Ying. Ms. CHENG is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The qualified accountant of the Company is Mr. YU Tai Tei. Mr. YU has a Doctor degree and a Master degree in Business Administration from Hong Kong Polytechnic University and Warwick University respectively. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries, and The Institute of Chartered Secretaries and Administrators respectively; as well as a member of the Certified General Accountants Association of Canada.
- (d) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.