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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2013**

- Turnover: HK\$3,618 million (+25%)
- Net profit attributable to shareholders: HK\$131 million
- Net cash balance: HK\$221 million
- Basic earnings per share: HK\$0.55
- Proposed final dividend per share: HK\$0.12

The Board of Directors (the “Board”) of Lam Soon (Hong Kong) Limited (the “Company”) is pleased to announce its consolidated results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 30 June 2013.

#### **FINANCIAL RESULTS**

Turnover was HK\$3,618 million, representing 25% growth versus last year. Gross profit at 15.9% of turnover increased to HK\$576 million compared to HK\$390 million reported for the previous year and Group profit after-tax was HK\$131 million compared to a net loss of HK\$36 million in the previous year. This profit includes a one-off gain of HK\$28.6 million from disposal of an industrial property to an independent third party.

With improved business results and ongoing strict financial discipline in inventory management and capital expenditure, the Group recorded a net cash position of HK\$221 million at 30 June 2013 as compared to HK\$104 million last year.

#### **DIVIDENDS**

The Directors are recommending a final dividend of HK\$0.12 per share at the forthcoming Annual General Meeting. Coupled with the interim dividend of HK\$0.06 per share paid earlier this year (2012: interim dividend of HK\$Nil and final dividend of HK\$0.08 per share), gives a total dividend of HK\$0.18 per share for the year. Subject to shareholders’ approval, the final dividend will be payable on Wednesday, 4 December 2013 to the shareholders whose names appear on the register of members on Wednesday, 27 November 2013.

## **OPERATIONS REVIEW**

Throughout FY12/13, wheat, soybean, and crude oil prices remained volatile amid a slow global economic recovery. This fluctuation of material costs is expected to linger on. The Group will take a prudent approach in its procurement process just like the retailers and distributors who are also expected to take a cautious approach in their purchasing and inventory management in a volatile environment.

### **Food Segment**

Food Segment consists of our Edible Oil and Flour businesses. Versus last year, the Segment achieved 26% revenue growth to HK\$3,156 million, with the operating result changed from a loss of HK\$9 million to a profit of HK\$135 million.

Despite the fluctuating material cost trend and business partners' conservative buying patterns in FY12/13, our Edible Oil business achieved modest growth in value and volume, mainly driven by the PRC market. Our ongoing endorsement from Hong Kong College Cardiology as Recommended Healthy Oil of World Heart Day and Hong Kong Cycling Team helped to reinforce our product quality and safety among consumers, especially during a year when the gutter oil scares of China had extended to Hong Kong. We will continue to develop regions outside of our traditional strong foothold South China while growing further our existing markets by widening and deepening our distribution as well as introducing new products to gain new customers and consumers.

Flour business, on the other hand, consolidated its position as the premium flour supplier in China by focusing on its core brands in Golden Statue and American Roses in FY12/13. Simultaneously, together with the push for higher market share in the mid-range and commodity flour segments in order to increase factory utilization and hence lower conversion cost, the Flour business had a notable increase in sales and volume in FY12/13. The new non-institutional premix products were launched in the beginning of 2013 in Hong Kong where we partnered with a reputable branded bread maker with encouraging results. We will develop further this premium series of products in Hong Kong and introduce them into the PRC market using various distribution channels.

### **Detergent Segment**

Versus last year, Detergent Segment achieved 21% revenue growth from HK\$376 million to HK\$456 million and showed an increase in operating profit from HK\$31 million to HK\$70 million. These growth rates are particularly encouraging when considering the intense competitive nature of the detergent category amid rising material, marketing/promotional, and labour costs.

During the financial year, our core brand, AXE, continued to grow with new product introductions such as the colour-locked liquid laundry detergent product which has gradually gained consumer acceptance both in the Hong Kong/Macau and China markets. We will continue to introduce new products and grow our already strong South China business by intensifying the outlet penetration in the second and third tier cities. At the same time, we

## **OPERATIONS REVIEW (continued)**

will increase our effort in developing regions outside of the South China with both our AXE and Labour brands.

For both the Food and Detergent Segments, the Group plans to expand further its distribution network and channels by exploring joint-venture/strategic alliance opportunities and developing e-commerce channels in all the markets where we operate.

## **OUTLOOK**

China's projected GDP growth rate of 7.5% in 2013 though much lower than experienced in the last five years still provides reasonable growth opportunities for our products in our Food and Detergent segments. We can benefit from the continued rise of consumption power and standard of living associated with increase in household income and personal wealth. We carry with pride our over 50 years' heritage and reputation for our higher grade staple products with premium brand names and a stellar safety record. This puts us in a good position to meet the growing demand for quality and trustworthy products.

Volatile material costs will continue to put pressure on profit margin and haunt most industries in an inflationary environment. We are addressing these challenges with ongoing initiatives in cost rationalisation, organization rightsizing, improved productivity, inventory/spend management, operational efficiency, and product improvements through R&D.

We have invested in our human resources and will continue to invest more in staff development to have quality people producing quality products and offering best services. We are improving further our channel and distribution networks and our product portfolio to enhance our competitive advantage.

With these operating parameters entrenched in our policy and management we are more able to adapt to an overhang of uncertain global macroeconomic factors and slower growth in China.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

At 30 June 2013, the Group had a net cash balance of HK\$221 million (2012: HK\$104 million). This was mainly attributable to the sales growth and decrease in inventory level.

At 30 June 2013, the Group had a cash balance of HK\$490 million (2012: HK\$451 million). About 95% of these funds were denominated in Renminbi (“RMB”), 4% in Hong Kong dollars (“HK\$”), 1% in United States dollars (“USD”) and Macau Pataca (“MOP”).

At 30 June 2013, the Group had HK\$569 million committed bank facilities (2012: HK\$625 million) of which HK\$269 million (2012: HK\$347 million) was utilised. All bank borrowings carried interest at floating rates and were repayable within 1 year.

The Group centralises all the financing and treasury activities at corporate level. There are stringent controls over the application of financial and hedging instruments which can only be employed to manage and mitigate the price risk of commodities for trade purposes.

At 30 June 2013, the inventory turnover days were 72 days (2012: 86 days). Lower raw material level was kept to ensure faster turns in the volatile commodity market. The trade receivable turnover days remained at a healthy level of 25 days (2012: 28 days).

In view of the strong liquidity and financial position, management believes the Group will have sufficient resources to fund its daily operations and capital expenditure commitments.

### **Foreign Currency Exposure**

The Group has operations in Mainland China, Hong Kong and Macau. Local costs and revenue are primarily denominated in RMB, HK\$, and MOP. All the Group’s borrowings were denominated in HK\$.

The Group is exposed to currency risk primarily through sales, purchases and deposits that are denominated in currencies other than the functional currency of the entity to which they relate.

### **Capital Expenditure**

During the year, the Group invested a total sum of HK\$59 million on acquisition of plant equipment and construction of new factory building.

## **HUMAN RESOURCES AND TRAINING**

As at 30 June 2013, there were approximately 1,485 employees in the Group. Annual increment and year-end performance bonus mechanism were incorporated in the Group’s remuneration policy to retain, reward and motivate individuals for their contributions to the Group. Share options are granted to eligible employees to reward their contribution and foster loyalty towards the Group.

## CONSOLIDATED INCOME STATEMENT

		2013	2012
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	<b>3,617,563</b>	2,888,657
Cost of sales		<b>(3,041,447)</b>	(2,499,073)
Gross profit		<b>576,116</b>	389,584
Other revenue and other net income		<b>57,770</b>	17,553
Selling and distribution expenses		<b>(308,927)</b>	(297,273)
Administrative expenses		<b>(144,500)</b>	(132,415)
Other operating expenses		<b>(93)</b>	(993)
Operating profit/(loss)		<b>180,366</b>	(23,544)
Finance costs	4	<b>(5,550)</b>	(3,650)
Share of (loss)/profit of a jointly controlled entity		<b>(9,158)</b>	571
Profit/(loss) before taxation	4	<b>165,658</b>	(26,623)
Taxation	5	<b>(34,543)</b>	(9,405)
Profit/(loss) for the year		<b>131,115</b>	(36,028)
Attributable to:			
Equity shareholders of the Company		<b>131,115</b>	(36,028)
Non-controlling interests		-	-
Profit/(loss) for the year		<b>131,115</b>	(36,028)
<i>Earnings/(loss) per share (HK\$)</i>			
Basic and diluted	7	<b>0.55</b>	(0.15)

Details of dividends payable to equity shareholders of the Company attributable to the profit/(loss) for the year are set out in note 6.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>2013</u>	<u>2012</u>
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the year	<u>131,115</u>	<u>(36,028)</u>
Other comprehensive income for the year, net of nil tax:		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	-	(17)
Exchange differences on translation of financial statements of foreign operations	<u>30,691</u>	<u>10,277</u>
Other comprehensive income for the year, net of tax	<u>30,691</u>	<u>10,260</u>
Total comprehensive income for the year	<u><b>161,806</b></u>	<u><b>(25,768)</b></u>
Attributable to:		
Equity shareholders of the Company	<u>161,806</u>	<u>(25,768)</u>
Non-controlling interests	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><b>161,806</b></u>	<u><b>(25,768)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Fixed assets		691,880	658,122
Leasehold land		89,357	89,281
Intangible assets		2,995	3,345
Interest in a jointly controlled entity		43,510	52,668
Available-for-sale financial assets		193	523
Deferred tax assets		50	346
Prepayments of fixed assets		-	15,127
		<b>827,985</b>	<b>819,412</b>
<b>CURRENT ASSETS</b>			
Inventories		558,053	584,521
Debtors, deposits and prepayments	8	378,915	287,651
Derivative financial instruments		-	93
Tax recoverable		3,098	3,098
Cash and cash equivalents		490,217	451,117
		<b>1,430,283</b>	<b>1,326,480</b>
<b>CURRENT LIABILITIES</b>			
Bank loans		269,000	347,000
Creditors, deposits received and accruals	9	377,398	331,303
Amount due to a jointly controlled entity		42,771	37,659
Tax payable		23,188	11,409
Other current liabilities		154	256
		<b>712,511</b>	<b>727,627</b>
<b>NET CURRENT ASSETS</b>		<b>717,772</b>	<b>598,853</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,545,757</b>	<b>1,418,265</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current liabilities		52	197
<b>NET ASSETS</b>		<b>1,545,705</b>	<b>1,418,068</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		243,354	243,354
Reserves		1,291,500	1,163,863
Equity attributable to shareholders of the Company		<b>1,534,854</b>	<b>1,407,217</b>
Non-controlling interests		<b>10,851</b>	<b>10,851</b>
<b>TOTAL EQUITY</b>		<b>1,545,705</b>	<b>1,418,068</b>

*Notes:*

## 1. Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 30 June 2013 but are extracted from the financial statements.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Of these, the Amendments to HKAS 1, *Presentation of financial statements - Presentation of items of other comprehensive income* have been effective from 1 July 2012. The Amendments to HKAS 1 require an entity to present the items of other comprehensive income that may be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

The Group has not applied any new/revised standard or interpretation that is not yet effective for the current accounting period.

## 2. Turnover

Turnover represents the net invoiced value of goods supplied to external customers as well as service and rental income. An analysis of the Group's turnover is set out below:

	<u>2013</u>	<u>2012</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods	<b>3,611,571</b>	2,881,785
Service and rental income	<b>5,992</b>	6,872
	<b><u>3,617,563</u></b>	<b><u>2,888,657</u></b>

## 3. Segment information

The Group's businesses are presented in the following segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment:

Food: the manufacture and sale of a broad range of food products including flour and edible oil.

Detergent: the manufacture and sale of household and institutional cleaning products.

### 3. Segment information (continued)

#### (A) Segments results, assets and liabilities

	2013			2012		
	Food	Detergent	Segment Total	Food	Detergent	Segment Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<b>3,155,514</b>	<b>456,057</b>	<b>3,611,571</b>	2,506,067	375,718	2,881,785
Reportable segment profit/(loss) from operations	<b>135,113</b>	<b>70,051</b>	<b>205,164</b>	(9,394)	30,904	21,510
Interest income	3,540	2,927	6,467	3,905	1,164	5,069
Finance costs	(5,550)	-	(5,550)	(3,634)	(16)	(3,650)
Depreciation and amortisation	(54,982)	(1,967)	(56,949)	(52,793)	(1,947)	(54,740)
Other material profit or loss items:						
- Exchange gain	16,858	541	17,399	8,137	433	8,570
- Charge for doubtful debts	(3)	(20)	(23)	(233)	(3)	(236)
Income tax charge	(13,492)	(16,837)	(30,329)	(1,236)	(7,238)	(8,474)
Reportable segment assets	<b>1,894,350</b>	<b>281,707</b>	<b>2,176,057</b>	1,918,596	222,221	2,140,817
Reportable segment liabilities	<b>(601,782)</b>	<b>(71,679)</b>	<b>(673,461)</b>	(702,526)	(57,226)	(759,752)
Additions to non-current segment assets during the year	<b>57,429</b>	<b>1,144</b>	<b>58,573</b>	108,968	499	109,467

### 3. Segment information (continued)

#### (B) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	<u>2013</u>	<u>2012</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	3,611,571	2,881,785
Service and rental income	<u>5,992</u>	<u>6,872</u>
Consolidated turnover	<u><b>3,617,563</b></u>	<u><b>2,888,657</b></u>
<b>Profit</b>		
Reportable segment profit from operations	205,164	21,510
Share of (loss)/profit of a jointly controlled entity	(9,158)	571
Finance costs	(5,550)	(3,650)
Unallocated exchange loss	(76)	(37)
Gain on disposal of an industrial property	28,626	-
Unallocated head office and corporate expenses	<u>(53,348)</u>	<u>(45,017)</u>
Consolidated profit/(loss) before taxation	<u><b>165,658</b></u>	<u><b>(26,623)</b></u>
<b>Assets</b>		
Reportable segment assets	2,176,057	2,140,817
Elimination of inter-segment receivables	<u>(35,561)</u>	<u>(101,763)</u>
	<b>2,140,496</b>	<b>2,039,054</b>
Interest in a jointly controlled entity	43,510	52,668
Deferred tax assets	50	346
Unallocated head office and corporate assets	<u>74,212</u>	<u>53,824</u>
Consolidated total assets	<u><b>2,258,268</b></u>	<u><b>2,145,892</b></u>
<b>Liabilities</b>		
Reportable segment liabilities	(673,461)	(759,752)
Elimination of inter-segment payables	<u>35,561</u>	<u>101,763</u>
	<b>(637,900)</b>	<b>(657,989)</b>
Amount due to a jointly controlled entity	(42,771)	(37,659)
Unallocated head office and corporate liabilities	<u>(31,892)</u>	<u>(32,176)</u>
Consolidated total liabilities	<u><b>(712,563)</b></u>	<u><b>(727,824)</b></u>

### 3. Segment information (continued)

#### (C) Geographical information

The following table sets out information about the geographical location of (i) the reportable segment's revenue from external customers and (ii) the Group's fixed assets, leasehold land, intangible assets, interest in a jointly controlled entity and prepayments of fixed assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the fixed assets, leasehold land and prepayments of fixed assets is based on the physical location of the assets, in the case of intangible assets and goodwill, the location of the operation to which they are allocated, in the case of interest in a jointly controlled entity, the location of operations.

	2013			2012		
	Hong Kong and Macau	Mainland China	Total	Hong Kong and Macau	Mainland China	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment's revenue						
from external customers	745,489	2,866,082	3,611,571	643,216	2,238,569	2,881,785
Specified non-current assets	73,394	754,348	827,742	76,531	742,012	818,543

#### (D) Information about major customers

During the years ended 30 June 2013 and 2012, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers.

#### 4. Profit/(loss) before taxation

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
Profit/(loss) before taxation is arrived at after charging / (crediting):		
<b>Finance costs</b>		
Interest on bank loans wholly repayable within 5 years	<u>5,550</u>	<u>3,650</u>
<b>Other items</b>		
Depreciation of fixed assets	57,454	54,929
Amortisation of leasehold land	2,657	2,648
Amortisation of intangible assets	350	113
Charge for doubtful debts	23	236
Net loss on disposal of fixed assets	1,224	1,498
Gain on disposal of an industrial property (Note)	<u>(28,626)</u>	<u>-</u>

Note: The amount represents a one-off gain from disposal of an industrial property to an independent third party. The amount recognised represents an estimate made by management based on currently available information. The actual settlement amount is subject to verification and acceptance by the Group.

#### 5. Taxation

- (a) Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 16.5%) on the respective estimated assessable profits of the companies within the Group operating in Hong Kong during the year.

Taxation outside Hong Kong represents income tax charge on the estimated taxable profits of certain subsidiaries operating in Mainland China and Macau, calculated at the rates prevailing in the respective regions.

All enterprises engaged in the primary processing of agricultural products are exempted from PRC corporate income tax. As a result, the profits from flour mill operations are exempted from PRC corporate income tax for the years ended 30 June 2013 and 2012.

Other subsidiaries operating in Mainland China are subject to income tax rates of 25% (2012: ranging from 24% to 25%).

## 5. Taxation (continued)

(b) The income tax charge represents the sum of the tax currently payable and deferred taxation charges as follows:

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
Current tax:		
Hong Kong taxation	1,366	1,837
Under/(over)-provision in respect of prior years	<u>4,138</u>	<u>(33)</u>
	..... <u>5,504</u>	..... <u>1,804</u>
Taxation outside Hong Kong	28,353	7,260
Under-provision in respect of prior years	<u>390</u>	<u>568</u>
	..... <u>28,743</u>	..... <u>7,828</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>296</u>	<u>(227)</u>
	..... <u>34,543</u>	..... <u>9,405</u>

## 6. Dividends

(a) Dividends payable to equity shareholders of the company (excluding the amount paid to shares held by the Group under the ESOP reserve) attributable to the year

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.06 per ordinary share (2012: HK\$ Nil)	14,302	-
Final dividend proposed after the end of the reporting period of HK\$0.12 per ordinary share (2012: HK\$0.08 per share)	<u>28,603</u>	<u>19,069</u>
	..... <u>42,905</u>	..... <u>19,069</u>

The final dividend proposed after the end of reporting period has not been recognised as liabilities at the end of reporting period.

## 6. Dividends (continued)

- (b) Dividends payable to equity shareholders of the company (excluding the amount paid to shares held by the Group under ESOP reserve) attributable to the previous financial year, approved and paid during the year

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.08 per share (2012: HK\$0.10 per share)	<u>19,069</u>	<u>23,836</u>

## 7. Earnings/(loss) per share

- (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK\$131,115,000 (2012: loss of HK\$36,028,000) for the year and the weighted average number of 238,360,000 ordinary shares (2012: 239,260,000 ordinary shares) in issue during the year.

- (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share for the years ended 30 June 2013 and 2012 because the potential ordinary shares outstanding were anti-dilutive.

## 8. Debtors, deposits and prepayments

All of the debtors, deposits and prepayments are expected to be recovered within one year.

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
Total trade debtors	257,355	221,970
Less: Allowance for doubtful debts	<u>(16)</u>	<u>(675)</u>
	257,339	221,295
Other debtors, deposits and prepayments	118,919	63,708
Current portion of leasehold land	<u>2,657</u>	<u>2,648</u>
	<u>378,915</u>	<u>287,651</u>

## 8. Debtors, deposits and prepayments (continued)

### Aging Analysis

The aging of trade debtors (based on the invoice date and net of allowance for doubtful debts) as of the end of reporting period is as follows:

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
0 – 3 months	253,452	219,568
4 – 6 months	<u>3,887</u>	<u>1,727</u>
Total trade debtors	<u><b>257,339</b></u>	<u><b>221,295</b></u>

Credits are offered to customers following financial assessments and established payment records where applicable. Credit limits are set for all customers and these are exceeded only with the approval of senior company officers. Customers considered to be with credit risk are traded on a cash basis. General credit terms are payment by the end of the month following the month in which sales took place. Regular review and follow up actions are carried out on overdue amounts to minimise the Group's exposure to credit risk. Collaterals over properties are obtained from certain customers.

## 9. Creditors, deposits received and accruals

The aging analysis of trade creditors (based on the invoice date) is as follows:

	<u>2013</u> <i>HK\$'000</i>	<u>2012</u> <i>HK\$'000</i>
0 – 3 months	216,639	202,595
4 – 6 months	<u>1,203</u>	<u>696</u>
Total trade creditors	<u><b>217,842</b></u>	<u><b>203,291</b></u>
Deposits received	14,810	16,478
Other creditors and accruals	<u><b>144,746</b></u>	<u><b>111,534</b></u>
	<u><b>377,398</b></u>	<u><b>331,303</b></u>

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

## **CODE ON CORPORATE GOVERNANCE PRACTICES ("CGP Code")**

The Board has adopted a Code of Corporate Governance Practices (the "CGP Code"), which is based on the Corporate Governance Code (the "HKEx Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has complied with the HKEx Code for the year ended 30 June 2013, save that the non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the articles of association of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEx Code.

## **REVIEW BY BOARD AUDIT COMMITTEE ("BAC")**

The BAC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the annual results of the Company for the year ended 30 June 2013.

## **SCOPE OF WORK PERFORMED BY AUDITORS**

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2013 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this Announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 18 November 2013 to Wednesday, 20 November 2013 (both days inclusive) during which period no transfer of shares will be registered. In order for the shareholders to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars and Transfer Office – Hongkong Managers and Secretaries Limited ("HKMS") at Unit 3401-2, 34th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong, not later than 4:00 p.m. on Friday, 15 November 2013 for registration.

The Register of Members of the Company will also be closed from Tuesday, 26 November 2013 to Wednesday, 27 November 2013 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with HKMS, not later than 4:00 p.m. on Monday, 25 November 2013 for registration.

## **PUBLICATION ON THE WEBSITES OF HKEX AND THE COMPANY**

This final results announcement is published on the websites of the Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.lamsoon.com>).

### **GENERAL**

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

*Chairman:*

Mr. KWEK Leng Hai

*Group Managing Director:*

Mr. Joseph LEUNG

*Non-Executive Directors:*

Dr. WHANG Sun Tze

Mr. TAN Lim Heng

Mr. TSANG Cho Tai

*Independent Non-Executive Directors:*

Mr. LO Kwong Chi, Clement

Mr. LO Kai Yiu, Anthony

Mr. AU Chee Ming

By Order of the Board

**CHENG Man Ying**

*Company Secretary*

Hong Kong, 30 August 2013