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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 2014

- Turnover: HK\$4,117 million (+14%)
- Net profit attributable to shareholders: HK\$141 million.
Excluding the non-recurring gain from disposal of an industrial property of HK\$4.1 million (2013: HK\$28.6 million), net profit after-tax increased by 33% over last year
- Net cash position: HK\$289 million
- Basic and diluted earnings per share: HK\$0.59 and HK\$0.58 respectively
- Proposed final dividend per share: HK\$0.13

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 2014.

FINANCIAL RESULTS

Turnover increased 14% over last year to HK\$4,117 million while gross profit increased from last year’s HK\$576 million to HK\$682 million with margin improved from 15.9% to 16.6%. Group profit after-tax was up 7.4% at HK\$141 million versus HK\$131 million of the previous year. Net of the non-recurring gain of HK\$28.6 million from last year and HK\$4.1 million this year from disposal of an industrial property to an independent third party, Group profit after-tax recorded a 33% increase against last year.

Given the ongoing improved Group performance and continued strict financial discipline in inventory management and capital expenditure, the Group showed a higher net cash position of HK\$289 million at 30 June 2014 as compared to HK\$221 million last year.

DIVIDENDS

The Directors are recommending a final dividend of HK\$0.13 per share at the forthcoming Annual General Meeting. Along with the interim dividend of HK\$0.08 per share paid earlier this year (2013: interim dividend of HK\$0.06 and final dividend of HK\$0.12 per share), gives a total dividend of HK\$0.21 per share for the year. Subject to shareholders’ approval, the final dividend will be payable on Thursday, 11 December 2014 to the shareholders whose names appear on the register of members on Thursday, 4 December 2014.

OPERATIONS REVIEW

Global and PRC domestic commodity prices remained volatile amidst an uncertain economic and political environment throughout the financial year. The Group took on a prudent approach in its procurement process just as many of our customers/distributors adopted a just-in-time approach to their purchasing and inventory management. This was especially so for our Edible Oil business. This trend is expected to continue until the volatile commodity market stabilises.

Food Segment (Edible Oil and Flour businesses)

The Segment continued its growth momentum, achieving 14% revenue growth to HK\$3,598 million while the operating result increased 8% to a profit of HK\$146 million.

Despite the downward material cost trend and conservative buying patterns of our customers in FY13/14, our Edible Oil business achieved modest growth in volume with a healthy profitability as cost decreases outpaced selling price decreases. Our continued efforts in delivering product quality and safety to our customers and consumers reinforced our trustworthy brand position, as reflected in our market share in Hong Kong and South China. We will continue to build our brand presence in existing regions as well as those outside via new product and packaging introductions in the new financial year.

Our Flour business further consolidated its premium position in China with our Golden Statue and American Roses brands during the year. Through continued double-digit growth in sales and volume, the overall factory utilisation rate gradually improved. Bolstered by the growing bread maker partnership with the reputable Panasonic appliance brand in Hong Kong and a new partnership in China, the new non-institutional small-pack premix products introduced in 2013 continued to grow. In FY14/15, we will develop further this premium series of premix products in Hong Kong and China and invest more to penetrate these markets using both on-line and off-line distribution channels to expedite sales, volume, and profit growth.

Detergent Segment

This segment delivered another year of solid performance with 13% revenue growth versus last year despite two major floods in South China that affected our business. Revenue recorded HK\$517 million and operating profit reached HK\$78 million, representing an increase of 13% and 12% respectively, over last year. These results were achieved amid continued rising material, marketing/promotional, and labour costs in an intensely competitive segment.

Our core brand, AXE gained further consumer acceptance supported by a wider and deeper penetration in markets where we operated, and introduction of new products such as the colour-locked liquid detergent and kitchen cleaning products since last year in both Hong Kong and China. This further enhanced AXE brand's position in the markets. We will leverage on such momentum by continually introducing new products to expedite growth in overall market coverage especially in regions beyond our traditionally Guangdong stronghold for both our AXE and Labour brands.

OUTLOOK

With China's GDP growth rate projected at a moderate 7.5% in 2014, we see reasonable growth opportunities for our products in our Food and Detergent segments. Building on our reputation and brands we are confident that our high product/service quality and good safety record will continue to differentiate us from the competition thus enabling us to satisfy and attract more customers and consumers nationwide.

To keep on growing and doing well, we remain vigilant to counter volatile material costs through our ongoing cost rationalisation, organization rightsizing, improved productivity, inventory/spend management, operational efficiency, and product improvements through R&D.

We plan to invest more for staff development to retain and attract talents who can contribute towards producing quality products and best services.

With the strong foundation laid in the past two years giving us a good business platform with a growing channel and distribution network, we are cautiously optimistic to deliver sustainable growth in the year ahead.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2014, the Group had a net cash position (defined as cash minus bank loans and obligations under finance leases) of HK\$289 million (2013: HK\$221 million). This was mainly attributable to the increased operating profit.

At 30 June 2014, the Group had a cash balance of HK\$643 million (2013: HK\$490 million). About 94% of these funds were denominated in Renminbi ("RMB"), 5% in Hong Kong dollars ("HK\$"), and 1% in United States dollars ("USD") and Macau Pataca ("MOP").

At 30 June 2014, the Group had HK\$820 million committed bank facilities (2013: HK\$569 million) and had outstanding borrowings of HK\$353 million (2013: HK\$269 million), of which HK\$269 million were repayable within 1 year. Except for an outstanding fixed term loan amounting to HK\$100 million, all bank borrowings carried interest at floating rates.

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

At 30 June 2014, the inventory turnover days were 70 days (2013: 72 days). The trade receivable turnover days remained at a healthy level of 25 days (2013: 25 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\$38 million (2013: HK\$59 million) on acquisition of plant equipment and construction of a new factory building.

HUMAN RESOURCES AND TRAINING

As at 30 June 2014, there were 1,601 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 the Group Managing Director and other eligible employees to recognise their contribution and provide incentives to achieve better performance in coming years.

CONSOLIDATED INCOME STATEMENT

| | | 2014 | 2013 |
|------------------------------------|-------------|------------------------|-----------------|
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Turnover | 3 | 4,117,049 | 3,617,563 |
| Cost of sales | | (3,435,367) | (3,041,447) |
| Gross profit | | 681,682 | 576,116 |
| Other revenue and other net income | | 20,064 | 57,770 |
| Selling and distribution expenses | | (373,056) | (308,927) |
| Administrative expenses | | (147,740) | (144,500) |
| Other operating expenses | | - | (93) |
| Operating profit | | 180,950 | 180,366 |
| Finance costs | 5 | (4,799) | (5,550) |
| Share of loss of a joint venture | | (269) | (9,158) |
| Profit before taxation | 5 | 175,882 | 165,658 |
| Taxation | 6 | (35,119) | (34,543) |
| Profit for the year | | 140,763 | 131,115 |
| Attributable to: | | | |
| Equity shareholders of the Company | | 140,763 | 131,115 |
| Non-controlling interests | | - | - |
| Profit for the year | | 140,763 | 131,115 |
| Earnings per share (<i>HK\$</i>) | | | |
| Basic | 8 | 0.59 | 0.55 |
| Diluted | 8 | 0.58 | 0.55 |

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit for the year | 140,763 | 131,115 |
| 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 | (7) | - |
| Exchange differences on translation of financial statements of foreign operations | (18,984) | 30,691 |
| Other comprehensive income for the year, net of tax | (18,991) | 30,691 |
| Total comprehensive income for the year, net of tax | 121,772 | 161,806 |
| Attributable to: | | |
| Equity shareholders of the Company | 121,772 | 161,806 |
| Non-controlling interests | - | - |
| Total comprehensive income for the year | 121,772 | 161,806 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Note</i> | 2014 <i>HK\$'000</i> | 2013 <i>HK\$'000</i> |
|---|-------------|-------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Fixed assets | | 664,101 | 691,880 |
| Leasehold land | | 85,780 | 89,357 |
| Intangible assets | | 2,676 | 2,995 |
| Interest in a joint venture | | 43,241 | 43,510 |
| Available-for-sale financial assets | | 186 | 193 |
| Deferred tax assets | | 7 | 50 |
| Other non-current assets | | 5,152 | - |
| | | 801,143 | 827,985 |
| CURRENT ASSETS | | | |
| Inventories | | 624,194 | 558,053 |
| Debtors, deposits and prepayments | 9 | 401,607 | 378,915 |
| Tax recoverable | | 2,421 | 3,098 |
| Cash and cash equivalents | | 642,704 | 490,217 |
| | | 1,670,926 | 1,430,283 |
| CURRENT LIABILITIES | | | |
| Bank loans | | 269,000 | 269,000 |
| Creditors, deposits received and accruals | 10 | 436,599 | 377,398 |
| Amount due to a joint venture | | 42,705 | 42,771 |
| Tax payable | | 15,582 | 23,188 |
| Other current liabilities | | 212 | 154 |
| | | 764,098 | 712,511 |
| NET CURRENT ASSETS | | 906,828 | 717,772 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,707,971 | 1,545,757 |
| NON-CURRENT LIABILITIES | | | |
| Bank loans | | 84,000 | - |
| Other non-current liabilities | | 621 | 52 |
| | | 84,621 | 52 |
| NET ASSETS | | 1,623,350 | 1,545,705 |
| CAPITAL AND RESERVES | | | |
| Share capital: nominal value | | - | 243,354 |
| Share premium | | - | 429,423 |
| Share capital and share premium | | 672,777 | 672,777 |
| Other reserves | | 939,722 | 862,077 |
| Total equity attributable to equity shareholders of the Company | | 1,612,499 | 1,534,854 |
| Non-controlling interests | | 10,851 | 10,851 |
| TOTAL EQUITY | | 1,623,350 | 1,545,705 |

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 2014 but are extracted from the financial statements.

The Group's 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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These 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 "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

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. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. Changes in accounting policy

During the year ended 30 June 2014, the Group changed its accounting policy for the costing of inventories, from first-in, first-out cost formula to weighted average cost formula. This new method reflects a more long-term and consistent valuation of inventory. The adoption of the new policy had no material effect on the Group's inventory balances and cost of sales as reported in the 2013 consolidated financial statements. As such, no prior year adjustment pursuant to HKAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* has been made in the financial statements.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. The adoption of the new standards and amendments had no material impact on the results and financial position of the Group.

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

3. 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>2014</u> | <u>2013</u> |
|---------------------------|-------------------------|-------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Sales of goods | 4,114,910 | 3,611,571 |
| Service and rental income | 2,139 | 5,992 |
| | <u>4,117,049</u> | <u>3,617,563</u> |

4. Segment information

The Group's businesses are presented in the following segments 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.

4. Segment information (continued)

(a) Segments results, assets and liabilities

| | 2014 | | | 2013 | | |
|---|------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | Food | Detergent | Segment | Food | Detergent | Segment |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue from external customers | 3,597,767 | 517,143 | 4,114,910 | 3,155,514 | 456,057 | 3,611,571 |
| Reportable segment profit from operations | 145,672 | 78,401 | 224,073 | 135,113 | 70,051 | 205,164 |
| Interest income | 6,003 | 5,939 | 11,942 | 3,540 | 2,927 | 6,467 |
| Finance costs | (4,799) | - | (4,799) | (5,550) | - | (5,550) |
| Depreciation and amortisation for the year | (57,114) | (2,081) | (59,195) | (54,982) | (1,967) | (56,949) |
| Other material profit or loss items: | | | | | | |
| - Exchange (loss)/gain | (473) | (29) | (502) | 16,858 | 541 | 17,399 |
| - Charge for doubtful debts | (185) | - | (185) | (3) | (20) | (23) |
| Income tax charge | (16,804) | (16,457) | (33,261) | (13,492) | (16,837) | (30,329) |
| Reportable segment assets | 2,077,122 | 343,568 | 2,420,690 | 1,894,350 | 281,707 | 2,176,057 |
| Reportable segment liabilities | (732,072) | (89,324) | (821,396) | (601,782) | (71,679) | (673,461) |
| Additions to non-current segment assets during the year | 32,406 | 3,748 | 36,154 | 57,429 | 1,144 | 58,573 |

4. Segment information (continued)

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

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | | |
| Reportable segment revenue | 4,114,910 | 3,611,571 |
| Service and rental income | 2,139 | 5,992 |
| Consolidated turnover | <u>4,117,049</u> | <u>3,617,563</u> |
| Profit | | |
| Reportable segment profit from operations | 224,073 | 205,164 |
| Share of loss of a joint venture | (269) | (9,158) |
| Finance costs | (4,799) | (5,550) |
| Unallocated exchange loss | (78) | (76) |
| Gain on disposal of an industrial property | 4,058 | 28,626 |
| Unallocated head office and corporate expenses | (47,103) | (53,348) |
| Consolidated profit before taxation | <u>175,882</u> | <u>165,658</u> |
| Assets | | |
| Reportable segment assets | 2,420,690 | 2,176,057 |
| Elimination of inter-segment receivables | (32,312) | (35,561) |
| | 2,388,378 | 2,140,496 |
| Interest in a joint venture | 43,241 | 43,510 |
| Deferred tax assets | 7 | 50 |
| Unallocated head office and corporate assets | 40,443 | 74,212 |
| Consolidated total assets | <u>2,472,069</u> | <u>2,258,268</u> |
| Liabilities | | |
| Reportable segment liabilities | (821,396) | (673,461) |
| Elimination of inter-segment payables | 32,312 | 35,561 |
| | (789,084) | (637,900) |
| Amount due to a joint venture | (42,705) | (42,771) |
| Unallocated head office and corporate liabilities | (16,930) | (31,892) |
| Consolidated total liabilities | <u>(848,719)</u> | <u>(712,563)</u> |

4. 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 joint venture and other non-current 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 other non-current 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 joint venture, the location of operations.

| | 2014 | | | 2013 | | |
|--|------------------------|-------------------|-----------------|------------------------|-------------------|-----------------|
| | Hong Kong and Macau | Mainland China | Total | Hong Kong and Macau | Mainland China | Total |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Reportable segment's revenue from external customers | 735,964 | 3,378,946 | 4,114,910 | 745,489 | 2,866,082 | 3,611,571 |
| Specified non-current assets | 77,753 | 723,197 | 800,950 | 73,394 | 754,348 | 827,742 |

(d) Information about major customers

During the years ended 30 June 2014 and 2013, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers.

5. Profit before taxation

| | <u>2014</u> <i>HK\$'000</i> | <u>2013</u> <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Profit before taxation is arrived at after charging / (crediting): | | |
| Finance costs | | |
| Interest on bank loans wholly repayable within 5 years | <u>4,799</u> | <u>5,550</u> |
| Other items | | |
| Depreciation of fixed assets | 59,479 | 57,454 |
| Amortisation of leasehold land | 2,698 | 2,657 |
| Amortisation of intangible assets | 319 | 350 |
| Charge for doubtful debts | 185 | 23 |
| Net loss on disposal of fixed assets | 580 | 1,224 |
| Gain on disposal of an industrial property (Note) | <u>(4,058)</u> | <u>(28,626)</u> |

Note: Total gain from disposal of an industrial property to an independent third party is HK\$32,684,000 after verification by the Group, of which HK\$28,626,000 was recognised in the financial year 2012/2013.

6. Taxation

- (a) Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 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 entities engaged in the primary processing of agricultural products in Mainland China 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 2014 and 2013.

Other subsidiaries operating in Mainland China are subject to income tax rates of 25% (2013: 25%).

6. Taxation (continued)

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

| | <u>2014</u> <i>HK\$'000</i> | <u>2013</u> <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Current tax: | | |
| Hong Kong taxation | 603 | 1,366 |
| Under-provision in respect of prior years | 72 | 4,138 |
| | <u>675</u> | <u>5,504</u> |
| Taxation outside Hong Kong | 34,392 | 28,353 |
| Under-provision in respect of prior years | 9 | 390 |
| | <u>34,401</u> | <u>28,743</u> |
| Deferred taxation: | | |
| Origination and reversal of temporary differences | 43 | 296 |
| | <u>35,119</u> | <u>34,543</u> |

7. 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>2014</u> <i>HK\$'000</i> | <u>2013</u> <i>HK\$'000</i> |
|--|--------------------------------|--------------------------------|
| Interim dividend declared and paid of HK\$0.08 per ordinary share (2013: HK\$0.06 per ordinary share) | 19,068 | 14,302 |
| Final dividend proposed after the end of the reporting period of HK\$0.13 per ordinary share (2013: HK\$0.12 per ordinary share) | 30,987 | 28,603 |
| | <u>50,055</u> | <u>42,905</u> |

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

7. 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>2014</u> <i>HK\$'000</i> | <u>2013</u> <i>HK\$'000</i> |
|---|--------------------------------|--------------------------------|
| Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.12 per ordinary share (2013: HK\$0.08 per ordinary share) | 28,603 | 19,069 |

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$140,763,000 (2013: HK\$131,115,000) for the year and the weighted average number of 238,360,000 ordinary shares (2013: 238,360,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of HK\$140,763,000 and the weighted average number of ordinary shares of 241,220,000 after adjusting the effect of deemed issue of shares under the Company's share option schemes.

| | <u>2014</u> <i>'000</i> |
|---|----------------------------|
| Weighted average number of ordinary shares for the period | 238,360 |
| Effect of deemed issue of shares under the Company's share option schemes | 2,860 |
| | 241,220 |

Diluted earnings per share equals to basic earnings per share for the year ended 30 June 2013 because the potential ordinary shares outstanding were anti-dilutive.

9. Debtors, deposits and prepayments

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

| | <u>2014</u> | <u>2013</u> |
|---|-----------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Total trade debtors | 299,835 | 257,355 |
| Less: Allowance for doubtful debts | (170) | (16) |
| | <u>299,665</u> | <u>257,339</u> |
| Other debtors, deposits and prepayments | 99,244 | 118,919 |
| Current portion of leasehold land | 2,698 | 2,657 |
| | <u>401,607</u> | <u>378,915</u> |

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>2014</u> | <u>2013</u> |
|---------------|-----------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 3 months | 296,119 | 253,452 |
| 4 – 6 months | 3,229 | 3,887 |
| over 6 months | 317 | - |
| | <u>299,665</u> | <u>257,339</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.

10. Creditors, deposits received and accruals

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

| | <u>2014</u> | <u>2013</u> |
|------------------------------|-----------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 3 months | 261,756 | 216,639 |
| 4 – 6 months | 1,710 | 1,203 |
| Total trade creditors | <u>263,466</u> | <u>217,842</u> |
| Deposits received | 17,265 | 14,810 |
| Other creditors and accruals | 155,868 | 144,746 |
| | <u>436,599</u> | <u>377,398</u> |

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

During the year, the Company did not redeem any of its listed shares. Neither did the Company nor any of its subsidiaries purchase or sell 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 2014, 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.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Board proposes to adopt a new set of Articles of Association in substitution for, and the exclusion of, the existing memorandum and articles of association of the Company primarily for the purpose of bringing the Company's Articles of Association in line with the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as well as to modernize and update the Articles of Association.

The proposed adoption of a new set of Articles of Association will be subject to the approval of the shareholders of the Company by way of special resolution at the 2014 annual general meeting (the "AGM"). A circular containing, among other things, the notice of AGM and a summary of the key amendments to be incorporated in the new set of Articles of Association will be despatched to the shareholders together with 2014 Annual Report.

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 2014.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2014 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24 November 2014 to Wednesday, 26 November 2014 (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 Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, not later than 4:00 p.m. on Friday, 21 November 2014 for registration.

The Register of Members of the Company will also be closed from Wednesday, 3 December 2014 to Thursday, 4 December 2014 (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 Tuesday, 2 December 2014 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 Kai Yiu, Anthony

Mr. AU Chee Ming

Mr. HUANG Lester Garson, J.P.

By Order of the Board

CHENG Man Ying

Company Secretary

Hong Kong, 28 August 2014