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 2016

- Revenue: HK$4,708 million
- Net profit attributable to shareholders: HK$202 million
- Net cash position: HK$663 million
- Basic and diluted earnings per share: HK$0.85 and HK$0.84 respectively
- Proposed final dividend per share: HK$0.18

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 2016.

FINANCIAL RESULTS

The Group's volume grew 10%, while revenue increased 6% to HK$4,708 million this year, impacted by the depreciation of RMB, in which a majority of our revenues are denominated. Gross margin improved by 2.3 percentage points to 19.7%, driven by growth of core brand products and favourable raw material costs. Selling and distribution expenses totalled HK$513 million, 10% higher than last year, but was unchanged at 11% as a percentage of sales. The increase reflects our pursuit of geographic expansion and brand building initiatives to grow sales in Mainland China. Net profit attributable to shareholders increased by 76% to HK$202 million, led by sales growth and gross profit improvements. As at 30 June 2016, the Group has a net cash position of HK$663 million, a 43% increase versus the previous financial year end.

DIVIDENDS

The Directors are recommending a final dividend of HK$0.18 per share at the forthcoming Annual General Meeting. In addition to the interim dividend of HK$0.10 per share paid earlier this year (2015: interim dividend of HK$0.08 and final dividend of HK$0.13 per share), total dividend for the year amounts to HK$0.28 per share. Subject to shareholders' approval, the final dividend will be payable on Thursday, 1 December 2016 to the shareholders whose names appear on the register of members on Wednesday, 23 November 2016.

REVIEW OF OPERATIONS

OVERVIEW

The Group achieved stable revenue growth amid sluggish macroeconomic growth globally and in our major markets. Favourable raw material costs, the growth of core brand products and their improved geographic coverage drove a significant rebound in profitability. Consistent with previous years, we were steadfast in strengthening our fundamentals and executing strategic programmes that will reduce our sensitivity to fluctuating commodity prices and help the Group realize sustainable growth. We continued to build on the foundation laid over the past few years. Specifically, we further enhanced the value of our core retail and institutional brands in the Food and Detergent segments through marketing, channel, production, and research and development initiatives. The pursuit of our geographic ambitions via existing and new distribution channels gained momentum, as we strived to support each expansion effort with a justifiable and sustainable level of resources.

The Group attained two notable milestones which are critical towards our long-term sustainability and competitiveness. Our new retail bottling and packaging line in Shekou, operational since November 2015, will significantly reduce the risk of capacity constraints and allow us to produce safe and quality products in a more efficient and environmentally friendly manner. We implemented our new Enterprise Resource Planning system in February 2016 to facilitate just-in-time decision making and help boost the Group's long-term productivity and efficiency.

BUSINESS REVIEW

Food Segment

Food segment's marked improvement in performance, especially given the commoditized nature of our industries and the weak market environment, is particularly noteworthy. Segment revenue and operating profit grew 6% and 66% to HK$4,116 million and HK$237 million, respectively, compared to last year.

The Group's edible oil business posted robust revenue and profit growth, a corollary of continued Knife brand growth and favourable raw material costs. Knife's leadership in Hong Kong and South China remains solid. In Hong Kong, Knife's annual value market share increased 1.4 percentage points to 27.5% in June 2016 versus last year, amid a 0.6% decline in value of the edible oil market.[1] As of June 2016, Knife's annual value market share in Shenzhen's modern trade channel grew 2.6 percentage points to 15% versus last year, despite a stagnant edible oil market.[2]

[1] Lam Soon's calculation based in part on data reported by Nielsen through its MarketTrack Service for the Edible Oil Category from July 2014 to June 2016, for Total Supermarket & Convenience Stores in Hong Kong. (Copyright © 2016, The Nielsen Company.)
[2] Lam Soon's calculation based in part on data reported by Nielsen through its Retail Index Service for the Edible Oil (Consumer Pack) Category for the rolling year June 2015 (from July 2014 to June 2015) and the rolling year June 2016 (from July 2015 to June 2016), for the China Shenzhen modern trade channel market. (Copyright © 2016, The Nielsen Company.)

BUSINESS REVIEW (continued)

Food Segment (continued)

Product innovation is critical towards heightening consumer interest in our products, differentiating us from peers, and enhancing our brand value among consumers. In this spirit, our Supreme Peanut Oil Product, launched in October 2014, continues to be well received by consumers and customers in our markets today, as a result of well-coordinated and sustained marketing and distribution support. Inspired by such progress, we will step up efforts to expand our product portfolio to include more oil varieties which satisfy different consumer needs. In time, this should create new growth opportunities for us. It will further solidify our position as a long-established premium brand that is not only renowned for safety and quality, but also one that leads the industry and keeps pace with consumers' lifestyle and health needs and their increasing desire for quality.

In order to sustain our growth in the retail edible oil segment, the Group continued to expand and upgrade our manufacturing capabilities. Our new bottling and packaging line in Shekou has been operational since November 2015. In addition to the existing bulk oil packaging line, we plan to install a new packaging line in Tai Po which caters for the retail oil markets in Hong Kong and Macau. The line is expected to be commissioned in FY17/18 and will generate additional cost savings from supply chain efficiencies.

The Group's flour business rebounded strongly, posting significant margin improvements on steady revenue and volume growth. Stronger sales of specialty flour products and favourable wheat costs outweighed the negative impact of low bran prices. In line with our strategy, we stayed focus on our core competencies. We extracted more value out of our existing infrastructure in distribution, research and technical services by selling more premium and tailored flour offerings to new and existing customers. Management's persistence and targeted approach in driving core brand growth through strategic accounts and deeper penetration into third and fourth-tier cities yielded meaningful results. Ongoing product and customer rationalization efforts also helped shift our product mix in favour of more profitable products. Utilization rates improve across our major factories, in line with this year's sales volume growth.

Looking ahead, wheats costs may fluctuate and are unlikely to stay low indefinitely. Systemic risks within the flour industry still exist, in the form of limited supply of imported wheat in Mainland China due to quota restrictions and the Group's limited ability to adequately pass on higher wheat costs to customers. Our plans to mitigate these risks remain unchanged. On the procurement side, we will strive to pursue for more wheat quota allocation from governmental authorities and continue to purchase good quality local wheat via the contract farming model in Mainland China. Our research and development and production teams will maintain existing programmes to optimize our wheat formulation and operations to achieve cost efficiencies.

BUSINESS REVIEW (continued)

Food Segment (continued)

The initiatives above will continue to serve their collective purpose in strengthening our core business. However, we cannot be entirely dependent on maximizing the efficiency of our institutional business to grow the flour segment over the long term. As such, we still see value in building our business-to-consumer segment in the flour division. This process will require patience and a sustained level of investment over time, especially given the challenges of building a brand in a relatively young and unbranded space. Nonetheless, we will continue to monitor our progress and regularly weigh the risks and rewards of our investment. Our existing retail expertise and know-how should assist us in building the right team and fundamentals to steer us through this transformative project. The utility of e-Commerce and their seamless interaction with social media and traditional offline presence are also an integral part of our plans to expedite the project's development in Mainland China.

In light of prevailing market volatilities, our procurement team continues to monitor vigilantly market conditions and exercise a prudent approach in the procurement of raw materials. A stable supply of high quality raw materials at competitive prices will allow us to protect our Food segment's premium position and gross profit margin.

Detergent Segment

Detergent segment's revenue grew 2% to HK$588 million this year. Operating profit increased 8% to HK$85 million, driven by favourable raw material costs, product and channel mix, and geographic expansion in Mainland China. This year has been a challenging year for us and our peers, as we witnessed a slowdown in this highly competitive industry across our major geographic markets. While our revenue growth was modest, we were able to protect and grow our brand equity and market share in key areas.

In Hong Kong, AXE retained its status as the leading dishwashing detergent brand with an annual value market share of 25.7% (as of June 2016), relatively unchanged versus last year.[3] Value of Hong Kong's dishwashing detergent market declined 0.6% during the same period.[4] Our premium AXE Plus dishwashing detergent, launched in September 2014, gained traction in key distribution channels and contributed to our leading overall market share. AXE Plus has allowed us to capture new and existing consumers who are looking to trade up. This achievement highlights the long-term importance of new product innovation, particularly in more mature markets such as Hong Kong.

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[3] Includes market shares of AXE and AXE Plus; Lam Soon calculation based in part on data reported by Nielsen through its MarketTrack Service for the Dishwashing Detergent Category from July 2014 to June 2016, for Total Hong Kong. (Copyright © 2016, The Nielsen Company.)

[4] Lam Soon calculation based in part on data reported by Nielsen through its MarketTrack Service for the Dishwashing Detergent Category from July 2014 to June 2016, for Total Hong Kong. (Copyright © 2016, The Nielsen Company.)

BUSINESS REVIEW (continued)

Detergent Segment (continued)

In South China, the Group's strong presence in the dishwashing detergent market is reflected by AXE's annual value market share of 21.3% (as of June 2016) in the Guangdong metro (Guangzhou and Shenzhen) modern trade channel.[5] AXE's value share grew by 1.5 percentage points despite a 4.2% decline in the broader market compared to last year.[6] Despite our brand's resilience, we see room to fine-tune our marketing and distribution strategies in the upcoming financial year.

Looking ahead, we plan to maintain our two-prong strategy to create meaningful and sustainable long-term value for this segment. We will continue to reinforce support for non-dishwashing product categories and widen our geographic reach in Mainland China. Well-integrated sales and marketing initiatives in both traditional offline and e-Commerce channels, supported by the requisite level of research and development and investment, should help us achieve these objectives.

OUTLOOK

Mainland China's slower macroeconomic growth in response to structural reforms is likely to linger for a period of time. Near-term uncertainties in Chinese markets are inevitable, as government planners face a tough challenge to balance short-term growth and the need for long-term reforms. The Group remains undeterred in its quest to capitalize on opportunities offered by one of the largest and fastest growing consumer markets in the world. We are well placed to tap into Chinese consumers' increasing demand for premium, high quality, and safe products.

Barring any unforeseen circumstances, we do not expect to alter significantly our strategies in the upcoming financial year. We plan to bolster further the fundamentals that will help us better seize both short- and long-term opportunities. The Group's future is contingent upon continuous improvement in the areas of people, infrastructure, and processes, and alignment across all major functions: marketing, sales and distribution, research and development, information systems, and production. We will continue to invest in our employees and recruit new talent in these areas.

Based on historical experience, unpredictable movements in commodity prices can have a material impact on our profitability. However, we will be more resilient in mitigating these risks in the upcoming year through the continued execution and refinement of our strategies. We will strive to maintain our current momentum and deliver sustainable returns to shareholders over the long run.

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[5] Lam Soon's calculation based in part on data reported by Nielsen through its Retail Index Service for the Dish Washing Liquid Category for the rolling year June 2015 (from July 2014 to June 2015) and the rolling year June 2016 (from July 2015 to June 2016), for the China Guangdong metro (Guangzhou and Shenzhen) modern trade channel market. (Copyright © 2016, The Nielsen Company.)

[6] Lam Soon's calculation based in part on data reported by Nielsen through its Retail Index Service for the Dish Washing Liquid Category for the rolling year June 2015 (from July 2014 to June 2015) and the rolling year June 2016 (from July 2015 to June 2016), for the China Guangdong metro (Guangzhou and Shenzhen) modern trade channel market. (Copyright © 2016, The Nielsen Company.)

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2016, the Group had a net cash position (defined as cash minus bank loans and obligations under finance leases) of HK$663 million (2015: HK$462 million). This was mainly attributable to the increased net cash generated from operating activities.

At 30 June 2016, the Group had a cash balance of HK$664 million (2015: HK$800 million). About 69% of these funds were denominated in Renminbi ("RMB"), 30% in Hong Kong dollars ("HK$") and 1% of the funds are denominated in United States dollars ("USD") and Macau Pataca ("MOP").

At 30 June 2016, the Group had HK$824 million available bank facilities (2015: HK$974 million).

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 2016, the inventory turnover days were 55 days (2015: 55 days). The trade receivable turnover days remained at a healthy level of 23 days (2015: 24 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, loans and deposits that are denominated in currencies other than the functional currency of the entity to which they relate. The Group will monitor its exposure by considering factors including, but not limited to, exchange rate movement of the relevant foreign exchange currencies as well as the Group's cash flow requirements to ensure that its foreign exchange exposure is kept at an acceptable level.

Capital Expenditure

During the year, the Group invested a total sum of HK$34 million (2015: HK$72 million) on acquisition of plant equipment, construction of new production lines, and implementation of a new enterprise resource planning system.

HUMAN RESOURCES

As at 30 June 2016, there were 1,580 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 STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*3*	**4,708,012**	4,448,587
Cost of sales		**(3,781,724)**	(3,674,676)
Gross profit		**926,288**	773,911
Other income		**25,097**	20,661
Selling and distribution expenses		**(512,652)**	(466,235)
Administrative expenses		**(169,533)**	(156,295)
Operating profit		**269,200**	172,042
Finance costs	*5*	**(2,802)**	(6,086)
Share of loss of a joint venture		**(6)**	(525)
Profit before taxation	*5*	**266,392**	165,431
Taxation	*6*	**(64,379)**	(50,961)
Profit for the year		**202,013**	114,470
Attributable to:			
Equity shareholders of the Company		**202,013**	114,470
Non-controlling interests		**-**	-
Profit for the year		**202,013**	114,470
Earnings per share *(HK$)*			
Basic	*8(a)*	**0.85**	0.48
Diluted	*8(b)*	**0.84**	0.47

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**202,013**	114,470
Other comprehensive income for the year, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	**(2)**	(2)
Exchange differences on translation of financial statements of foreign operations	**(103,492)**	400
Other comprehensive income for the year, net of tax	**(103,494)**	398
Total comprehensive income for the year, net of tax	**98,519**	114,868
Attributable to:		
Equity shareholders of the Company	**98,519**	114,868
Non-controlling interests	**-**	-
Total comprehensive income for the year	**98,519**	114,868

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

	Note	2016	2015
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**583,088**	656,195
Leasehold land		**77,937**	85,595
Intangible assets		**22,896**	2,374
Interest in a joint venture		**42,710**	42,716
Available-for-sale financial assets		**182**	184
Other non-current assets		**501**	15,415
		727,314	802,479
CURRENT ASSETS			
Inventories		**542,975**	540,337
Trade and other receivables	*9*	**382,798**	414,919
Cash and cash equivalents		**663,835**	800,343
		1,589,608	1,755,599
CURRENT LIABILITIES			
Bank loans		**-**	269,000
Trade and other payables	*10*	**526,651**	462,254
Amount due to a joint venture		**42,976**	42,714
Tax payable		**15,490**	23,951
Other current liabilities		**252**	251
		585,369	798,170
NET CURRENT ASSETS		**1,004,239**	957,429
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,731,553**	1,759,908
NON-CURRENT LIABILITIES			
Bank loans		**-**	68,000
Deferred tax liabilities		**21**	58
Other non-current liabilities		**530**	759
		551	68,817
NET ASSETS		**1,731,002**	1,691,091

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2016

	2016	2015
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**672,777**	672,777
Other reserves	**1,047,374**	1,007,463
Total equity attributable to equity shareholders of the Company	**1,720,151**	1,680,240
Non-controlling interests	**10,851**	10,851
TOTAL EQUITY	**1,731,002**	1,691,091

Notes:

1. Basis of preparation

The unaudited financial information relating to the year ended 30 June 2016 and the financial information relating to the year ended 30 June 2015 included in this preliminary announcement of annual results for the year ended 30 June 2016 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 30 June 2015, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The financial statements for the year ended 30 June 2016 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 30 June 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 30 June 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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 and the requirements of the Hong Kong Companies 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”).

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

The HKICPA has issued a number of 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. Revenue

Revenue represents the amounts receivable for the good sold in the normal course of business, net of discounts, value added tax and other related taxes to external customers as well as service and rental income. An analysis of the Group's revenue is set out below:

	2016	2015
	HK$'000	*HK$'000*
Sales of goods	**4,703,743**	4,446,814
Service and rental income	**4,269**	1,773
	4,708,012	4,448,587

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. Businesses in each operating segment have similar operating and currency risks, class of customer for products, distribution channels and safety regulation.

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

	2016			2015		
	Food	**Detergent**	**Segment Total**	Food	Detergent	Segment Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**4,115,823**	**587,920**	**4,703,743**	3,868,750	578,064	4,446,814
Reportable segment profit from operations	**236,606**	**84,623**	**321,229**	142,925	78,593	221,518
Interest income	**9,366**	**4,874**	**14,240**	7,602	8,827	16,429
Finance costs	**(2,802)**	**-**	**(2,802)**	(6,086)	-	(6,086)
Depreciation and amortisation for the year	**(61,665)**	**(1,738)**	**(63,403)**	(59,716)	(1,963)	(61,679)
Other material profit or loss items:						
- Exchange (loss)/gain	**(404)**	**1,291**	**887**	2,061	(50)	2,011
- Reversal of/(charge for) doubtful debts	**24**	**(10)**	**14**	(462)	(10)	(472)
Income tax charge	**(22,297)**	**(19,810)**	**(42,107)**	(25,322)	(17,934)	(43,256)
Reportable segment assets	**1,884,438**	**173,980**	**2,058,418**	2,089,232	318,629	2,407,861
Reportable segment liabilities	**(465,278)**	**(108,365)**	**(573,643)**	(721,696)	(102,314)	(824,010)
Additions to non-current segment assets during the year	**18,600**	**625**	**19,225**	50,904	1,777	52,681

4. Segment information (continued)

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**4,703,743**	4,446,814
Service and rental income	**4,269**	1,773
Consolidated revenue	**4,708,012**	4,448,587
Profit		
Reportable segment profit from operations	**321,229**	221,518
Share of loss of a joint venture	**(6)**	(525)
Finance costs	**(2,802)**	(6,086)
Unallocated exchange loss	**(2,761)**	(204)
Unallocated head office and corporate expenses	**(49,268)**	(49,272)
Consolidated profit before taxation	**266,392**	165,431
Assets		
Reportable segment assets	**2,058,418**	2,407,861
Elimination of inter-segment receivables	**(36,764)**	(7,924)
	2,021,654	2,399,937
Interest in a joint venture	**42,710**	42,716
Unallocated head office and corporate assets	**252,558**	115,425
Consolidated total assets	**2,316,922**	2,558,078
Liabilities		
Reportable segment liabilities	**(573,643)**	(824,010)
Elimination of inter-segment payables	**36,764**	7,924
	(536,879)	(816,086)
Amount due to a joint venture	**(42,976)**	(42,714)
Deferred tax liabilities	**(21)**	(58)
Unallocated head office and corporate liabilities	**(6,044)**	(8,129)
Consolidated total liabilities	**(585,920)**	(866,987)

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 property, plant and equipment, 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 property, plant and equipment, 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.

	2016			2015		
	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	**725,524**	**3,978,219**	**4,703,743**	733,814	3,713,000	4,446,814
Specified non-current assets	**104,214**	**622,918**	**727,132**	100,736	701,559	802,295

(d) Information about major customers

During the years ended 30 June 2016 and 2015, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers.

5. Profit before taxation

Profit before taxation is arrived at after charging / (crediting):

	2016	2015
	HK$'000	*HK$'000*
Finance costs		
Interest on bank loans	**2,802**	6,086
Other items		
Depreciation of property, plant and equipment	**63,941**	61,793
Amortisation of leasehold land	**2,890**	3,003
Amortisation of intangible assets	**2,007**	146
(Reversal of)/ charge for doubtful debts	**(14)**	472
Net loss on disposal of property, plant and equipment	**834**	1,198
Net change in fair value of financial derivatives *(Note)*	**(6,288)**	(81)

Note: The Group entered into various foreign currency forward contracts to manage its foreign currency risk exposures during the year.

6. Taxation

(a) Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 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 2016 and 2015.

Other subsidiaries operating in Mainland China are subject to income tax rates of 25% (2015: 25%).

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

6. Taxation (continued)

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

	2016	2015
	HK$'000	*HK$'000*
Current tax:		
Hong Kong taxation	**2,688**	1,080
Under-provision in respect of prior years	**304**	259
	2,992	1,339
Taxation outside Hong Kong	**61,694**	47,907
(Over)/ under-provision in respect of prior years	**(270)**	1,650
	61,424	49,557
Deferred taxation:		
Origination and reversal of temporary differences	**(37)**	65
	64,379	50,961

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

	2016	2015
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$0.1 per ordinary share (2015: HK$0.08 per ordinary share)	**23,836**	19,068
Final dividend proposed after the end of the reporting period of HK$0.18 per ordinary share (2015: HK$0.13 per ordinary share)	**42,769**	30,987
	66,605	50,055

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

	2016	2015
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.13 per ordinary share (2015: HK$0.13 per ordinary share)	**30,987**	30,987

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$202,013,000 (2015: HK$114,470,000) for the year and the weighted average number of 238,304,000 ordinary shares (2015: 238,360,000 ordinary shares) in issue during the year.

	2016	2015
	'000	*'000*
Issued ordinary shares at beginning and end of year	**243,354**	243,354
Effect of shares purchased in prior years	**(4,994)**	(4,994)
Effect of shares purchased in current year	**(56)**	-
	238,304	**238,360**

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2016 is based on the profit attributable to equity shareholders of the Company of HK$202,013,000 (2015: HK$114,470,000) and the weighted average number of ordinary shares of 239,940,000 (2015: 241,436,000) after adjusting the effect of deemed issue of shares under the Company's share option schemes.

8. Earnings per share (continued)

(b) Diluted earnings per share (continued)

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the period	**238,304**	238,360
Effect of deemed issue of shares under the Company's share option schemes	**1,636**	3,076
	239,940	241,436

9. Trade and other receivables

All of the trade and other receivables are expected to be recovered within one year.

	2016	2015
	HK$'000	*HK$'000*
Total trade receivables	**319,605**	312,548
Less: Allowance for doubtful debts	**(471)**	(623)
	319,134	311,925
Derivative financial instruments		
- Foreign exchange forward contracts	**1,756**	-
Other receivables	**59,018**	99,991
Current portion of leasehold land	**2,890**	3,003
	382,798	414,919

Aging Analysis

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

	2016	2015
	HK$'000	*HK$'000*
0 – 3 months	**310,381**	306,308
4 – 6 months	**7,046**	4,445
Over 6 months	**1,707**	1,172
	319,134	311,925

9. Trade and other receivables (continued)

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. Trade and other payables

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

	2016	2015
	HK$'000	*HK$'000*
0 – 3 months	**282,187**	255,305
4 – 6 months	**1,244**	2,873
Total trade payables	**283,431**	258,178
Derivative financial instrument		
- Foreign exchange forward contract	**234**	-
Deposits received	**23,399**	26,985
Other payables and accruals	**219,587**	177,091
	526,651	462,254

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

During the year, a wholly-owned subsidiary of the Company, as the trustee for a trust set up for the purpose of acquiring shares of the Company to satisfy the exercise of options which may be granted pursuant to the Executive Share Option Scheme adopted on 23 April 2013, purchased 756,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK$5,335,000.

Save as disclosed above, 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 set out in Appendix 14 (the "HKEx Code") 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 2016, 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 AND RISK MANAGMENT COMMITTEE ("BARMC")

The BARMC has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, risk management, internal controls and financial reporting matters including a review of the annual results of the Company for the year ended 30 June 2016.

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 2016 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 Friday, 11 November 2016 to Tuesday, 15 November 2016 (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 Thursday, 10 November 2016 for registration.

The Register of Members of the Company will also be closed from Tuesday, 22 November 2016 to Wednesday, 23 November 2016 (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, 21 November 2016 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, 31 August 2016