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 2017

- Revenue: HK$4,814 million
- Profit attributable to equity shareholders: HK$273 million
- Cash balance: HK$823 million
- Basic and diluted earnings per share: HK$1.15 and HK$1.12 respectively
- Proposed final dividend per share: HK$0.23

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 2017.

FINANCIAL RESULTS

The Group's revenue in the year grew 2% to HK$4,814 million, impacted by the depreciation of Renminbi ("RMB"), in which the bulk of our revenues are denominated. Gross profit increased from 20% to 21% of revenue or HK$926 million of the past year to HK$1,023 million. Group's profit after-tax was up 35% at HK$273 million against HK$202 million recorded in the previous year. The better profit can be traced to the improvement of our core brands' performances, the favourable wheat costs, and the stability of higher bran prices. Operating expenses increased 7.2% to HK$731 million from last year as we further invested in key markets and channels to fuel higher growth.

With the benefit of ongoing improvements in the Group's performance and continued strict financial discipline in inventory management and capital expenditure, the Group's cash position increased 24% to HK$823 million at 30 June 2017 from last year's HK$664 million.

DIVIDENDS

The Directors are recommending a final dividend of HK$0.23 per share at the forthcoming Annual General Meeting. In addition to the interim dividend of HK$0.12 per share paid earlier this year (2016: interim dividend of HK$0.10 and final dividend of HK$0.18 per share), total dividend for the year amounts to HK$0.35 per share. Subject to shareholders' approval, the final dividend will be payable on Thursday, 7 December 2017 to the shareholders whose names appear on the register of members on Friday, 24 November 2017.

REVIEW OF OPERATIONS

OVERVIEW

With strengthened brand positions and wider product portfolios in the Food and Detergent segments, the Group continued to expand its coverage in mainland China and Hong Kong across all channels of e-Commerce, supermarkets / hypermarkets, industrial accounts and distributors. With our focus to provide solutions and products that meet the needs and wants of our customers, our product portfolios are increasingly differentiated and our core brands continued to gain traction across key markets. We believe the Group is poised to unlock further growth and profit opportunities.

The Group continues to invest and upgrade our production infrastructure and capability. In the later part of the new financial year, work will commence on the construction of a new factory at Yixing, Jiangsu to replace the existing aging factory in the same area. Upon completion, this new factory will be capable of producing new and higher quality products to meet the growing demand of an increasing affluent consumer base. Meanwhile, our other production facilities continued to be improved during the year. For the Group to deliver long-term sustainability and competitiveness, we will ensure that our facilities always keep pace with growth and customer demands while satisfying regulatory and environmental requirements.

BUSINESS REVIEW

In spite of the challenging market conditions, the Group sustained revenue and volume growth in both our Food and Detergent Segments. Our core brands, Flour's Golden Statue and American Roses, Edible Oil's Knife, and Detergent's AXE continued to record healthy volume growth.

The Group remained focused this year on expediting the PRC nationwide thrust and coverage of our brands via channel development including e-Commerce and traditional distribution channel expansion for Oil and Detergent businesses in our stronghold of Guangdong Province. Our Flour business further developed its existing business-to-consumer (B2C) model using various distribution channels to supplement our traditional strong business-to-business (B2B) model paving the way for future sales and profitable growth.

Food Segment

Although favourable wheat costs and bran prices were partially offset by increased peanut oil prices, manpower and logistics cost increases, this segment enjoyed a net positive gain. The Food segment continued its strong momentum from last year and continued to deliver revenue, volume, and profit growth. It is noteworthy that year-on-year operating profit growth rate of 40% significantly outpaced the 2% revenue and 3% volume increases because of significant product mix shift to our core brands.

BUSINESS REVIEW (continued)

Food Segment (continued)

In Hong Kong, Knife Peanut Oil maintained its leadership position for the year with a 45.5% market value share, Knife Peanut Oil sales value posted a 1% growth, outpacing the category's growth of 0.6%. Knife overall value market share across all oil types, however, dropped slightly from last year's 27.5% to this year's 27.1%.[1] This was the result as management balanced its priority of delivering long-term sustainable profit and gaining market position without compromising Knife's pricing integrity.

In Guangdong Province, Knife overall annual value market share of 6.7% or a 14.9% growth versus last year continued to outpace the oil category growth of 7.1%.[2] This growth reflected a good performance for Knife in the key cities of Shenzhen and Guangzhou where the category growth was relatively flat. Moving forward, we will continue to strengthen our support to grow these two strategically important markets.

Riding on the back of the success of our Supreme Peanut Oil Product since its October 2014 launch, we continued to leverage on consumer insights to develop new products to meet the consumers' increasing demand for high quality, safe, and healthy products.

Planning for a new oil bottling line in our Hong Kong Tai Po site was undertaken in the year under review and is expected to be commissioned towards the end of the new financial year. Once completed, it will enhance our efficiency and cost effectiveness in serving the Hong Kong and Macau retail markets. Along with the existing bulk oil line, we are well positioned to strengthen our overall oil business in Hong Kong and Macau.

The Group's flour business continued its strong volume growth, especially in our core brands, Golden Statue and American Roses. Other than benefiting from the favourable wheat costs and bran prices, our persistent and targeted approach over the past few years in driving our core brand growth beyond the first and second-tier cities has yielded results as we recorded in the year meaningful growth in the third and fourth-tier cities.

Our focus on product and customer rationalisation has helped us to transform our product mix towards the premium and more profitable products. Utilisation at our production facilities continued to increase, driving cost down to mitigate our risk of operating in a heavily commoditised industry.

To complement the strength of our traditional B2B model, our efforts in building a long-term B2C business gradually gained traction, especially in the e-Commerce space. We will further build our presence and performance in this area through acquisition of more expertise and brand-building investments in the various social media platforms in mainland China. While growing this business requires time, investment and patience, the Group is committed to this strategic initiative to deliver long-term success.

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[1] Lam Soon's calculation based in part on data reported by Nielsen through its Retail Index Service for the Edible Oil category from July 2015 to June 2017 for Total Supermarkets & Convenience Stores in Hong Kong. (Copyright © 2017, 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 2016 (from July 2015 to June 2016) and the rolling year June 2017 (from July 2016 to June 2017), for the China Guangdong market total. (Copyright © 2017, The Nielsen Company.)

BUSINESS REVIEW (continued)

Detergent Segment

In the Detergent segment, although our inability to fully pass on the material cost increases in this increasingly competitive environment led to lower margins and profitability, our flagship brand AXE continued to gain in distribution and volume. The severe price competition in this segment further exacerbated the problem when trade spending significantly outpaced revenue growth. Through improved efficiency and allocation of resources, we are optimistic that the counter-measures taken will help this segment to rebound.

In Hong Kong, the Group maintained its leadership position with 36.9% annual market value share in the sluggish dish wash detergent category. While market value shares of both AXE (25.5% versus last year's 25.7%) and Labour (11.4% versus last year's 11.5%) suffered slight drops for the year, the April – June 2017 quarterly market share data showed a strong rebound for AXE with a value market share of 27.0% as opposed to 25.1% the same period last year.[3] In the coming year, the Detergent segment will focus on driving our core brands with more efficacious trade spending.

In Guangdong Province, the annual market value shares of AXE and Labour (17.4% and 5.7%, respectively) by and large, remained unchanged versus a year ago (17.3% and 5.9%). The overall dish wash detergent category in Guangdong Province registered an annual value growth rate of only 2.9%.[4] Severe price competition was observed during the year in this category in Guangdong Province. While this trend showed no signs of abating, we will nevertheless adopt cost effective approaches in our marketing and selling initiatives in order to improve this segment's profitability.

In the new financial year, the Detergent segment will place more emphasis in increasing both AXE and Labour's distribution in Guangdong Province and expedite growth of its fast-growing AXE e-Commerce business to lift the brand into the national scene. Efforts to further strengthen Labour in its traditionally strong general trade market (e.g. smaller cities where modern trade is not dominated by large supermarket or hypermarket chains) will also intensify.

OUTLOOK

Our Group will continue the emphasis on our core premium brands in our new channel and product development initiatives to widen and deepen their coverage. We will allocate our resources accordingly to support and stay on course with such a strategy.

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[3] Includes market shares of AXE and Labour; Lam Soon's calculation based in part on data reported by Nielsen through its Retail Index Service for the Dishwashing Detergent category from July 2015 to June 2017 for Total Supermarkets, Convenience Stores and Drug Stores in Hong Kong. (Copyright © 2017, The Nielsen Company.)

[4] 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 2016 (from July 2015 to June 2016) and the rolling year June 2017 (from July 2016 to June 2017), for the China Guangdong modern trade channel market. (Copyright © 2017, The Nielsen Company.)

OUTLOOK (continued)

Volatile material costs in the segments will always present risk to our businesses. However, we are working on diminishing this risk as we strengthen our brands through quality upgrades and core product offerings. With better profit margins in our core products, we hope to mitigate although not eliminate, the raw material price risk from our business. Our ongoing initiatives on cost rationalisation, organisational rightsizing, improved productivity, inventory / spend management, operational efficiency, and product improvements / innovations will keep us competitive, generate sustainable profitable growth, and create capital value to our shareholders.

On the people front, we will continue to strengthen our talent pool through training and recruitment to improve our bench strength and hence ability to execute our strategic initiatives especially in the areas of e-Commerce, supply chain, and research and development.

The Chinese consumers' increasing spending power and propensity to purchase high quality, safe, and healthy products is expected to continue even though the projected 2017 GDP growth rate hovers below 7%. We are confident that our high quality product / service standards that meet the needs of the consumer and garner the support of our trade partners will be a strong differentiating factor that will distinguish the Group. We believe the Group is well- positioned to benefit from the growing affluence of our consumers.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2017, the Group had a cash balance of HK$823 million (2016: HK$664 million). This was mainly attributable to the net cash generated from operating activities. About 67% of these funds were denominated in RMB, 13% in Hong Kong dollars ("HK$") and 20% in United States dollars.

Committed banking facilities available to Group companies and not yet drawn as at 30 June 2017 amounted to HK$722 million (2016: HK$824 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 2017, the inventory turnover days were 65 days (2016: 55 days). The trade receivable turnover days remained at a stable level of 24 days (2016: 23 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.

FINANCIAL REVIEW (continued)

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 Macau Pataca.

The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group monitors 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 ended 30 June 2017, the Group invested a total sum of HK$36 million (2016: HK$34 million) on acquisition of plant equipment and construction of new production lines.

HUMAN RESOURCES

As at 30 June 2017, there were 1,639 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 2017

	Note	2017	2016
		HK$'000	*HK$'000*
Revenue	4	**4,814,412**	4,708,012
Cost of sales		**(3,791,268)**	(3,781,724)
Gross profit		**1,023,144**	926,288
Other income		**27,176**	25,097
Selling and distribution expenses		**(547,277)**	(512,652)
Administrative expenses		**(183,928)**	(169,533)
Operating profit		**319,115**	269,200
Finance costs	5	**(48)**	(2,802)
Share of loss of a joint venture		**-**	(6)
Profit before taxation	5	**319,067**	266,392
Taxation	6	**(46,016)**	(64,379)
Profit for the year		**273,051**	202,013
Attributable to:			
Equity shareholders of the Company		**273,051**	202,013
Non-controlling interests		**-**	-
Profit for the year		**273,051**	202,013
		HK$	*HK$*
Earnings per share			
Basic	*8(a)*	**1.15**	0.85
Diluted	*8(b)*	**1.12**	0.84

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 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**273,051**	202,013
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale financial assets	**3**	(2)
Exchange differences on translation of financial statements of foreign subsidiaries	**(16,604)**	(103,492)
Other comprehensive income for the year, net of tax	**(16,601)**	(103,494)
Total comprehensive income for the year	**256,450**	98,519
Attributable to:		
Equity shareholders of the Company	**256,450**	98,519
Non-controlling interests	**-**	-
Total comprehensive income for the year	**256,450**	98,519

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**561,302**	583,088
Leasehold land		**74,260**	77,937
Intangible assets		**18,795**	22,896
Interest in a joint venture		**42,710**	42,710
Deferred tax assets		**21**	-
Available-for-sale financial assets		**185**	182
Other non-current assets		**-**	501
		697,273	727,314
Current assets			
Inventories		**648,900**	542,975
Trade and other receivables	*9*	**392,066**	382,798
Cash and cash equivalents		**822,877**	663,835
		1,863,843	1,589,608
Current liabilities			
Trade and other payables	*10*	**592,704**	526,651
Amount due to a joint venture		**42,976**	42,976
Tax payables		**19,091**	15,490
Obligations under finance leases		**250**	252
		655,021	585,369
Net current assets		**1,208,822**	1,004,239
Total assets less current liabilities		**1,906,095**	1,731,553
Non-current liabilities			
Deferred tax liabilities		**338**	21
Obligations under finance leases		**255**	530
		593	551
NET ASSETS		**1,905,502**	1,731,002

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2017

	2017	2016
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**672,777**	672,777
Reserves	**1,222,012**	1,047,374
Total equity attributable to equity shareholders of the Company	**1,894,789**	1,720,151
Non-controlling interests	**10,713**	10,851
TOTAL EQUITY	**1,905,502**	1,731,002

Notes:

1. Basis of preparation

The unaudited financial information relating to the year ended 30 June 2017 and the financial information relating to the year ended 30 June 2016 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 30 June 2016, is derived from those consolidated 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 2017 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 consolidated financial statements for the year ended 30 June 2016 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 those consolidated financial statements for the year ended 30 June 2016. 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. 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 policies

The Group has adopted all new or revised HKFRSs, which term collectively includes HKASs and Interpretations, issued by the HKICPA that are mandatory for application for the current accounting period of the Group. The adoption of the new standards, amendments to standards and interpretations that are relevant to the Group 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. Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, the Group has two reportable segments, as described below. Businesses in each reporting segment have similar operating and currency risks, class of customer for products, distribution channels and safety regulation. The following summary describes the operations in each segment:

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.

(a) Segments results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management is set out below:

	2017			2016		
	Food *HK$'000*	**Detergent** *HK$'000*	**Segment Total** *HK$'000*	Food *HK$'000*	Detergent *HK$'000*	Segment Total *HK$'000*
Revenue from external customers	**4,217,895**	**594,061**	**4,811,956**	4,115,823	587,920	4,703,743
Reportable segment profit from operations	**330,589**	**51,885**	**382,474**	236,606	84,623	321,229
Interest income	**10,071**	**1,517**	**11,588**	9,366	4,874	14,240
Finance costs	**(48)**	**-**	**(48)**	(2,802)	-	(2,802)
Depreciation and amortisation	**(54,554)**	**(1,590)**	**(56,144)**	(61,665)	(1,738)	(63,403)
Other material profit or loss items:						
- Net exchange (losses)/gains	**(3,686)**	**100**	**(3,586)**	(404)	1,291	887
- Impairment losses (recognised)/ reversed for trade receivables	**(407)**	**-**	**(407)**	24	(10)	14
Taxation	**(24,151)**	**(12,446)**	**(36,597)**	(22,297)	(19,810)	(42,107)
Reportable segment assets	**1,971,273**	**197,912**	**2,169,185**	1,884,438	173,980	2,058,418
Reportable segment liabilities	**550,889**	**117,248**	**668,137**	465,278	108,365	573,643
Additions to non-current segment assets	**26,766**	**660**	**27,426**	18,600	625	19,225

3. Segment reporting (continued)

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**4,811,956**	4,703,743
Service and rental income	**2,456**	4,269
Consolidated revenue	**4,814,412**	4,708,012
Profit		
Reportable segment profit from operations	**382,474**	321,229
Share of loss of a joint venture	**-**	(6)
Finance costs	**(48)**	(2,802)
Unallocated exchange gains/(losses)	**1,234**	(2,761)
Unallocated head office and corporate expenses	**(64,593)**	(49,268)
Consolidated profit before taxation	**319,067**	266,392
Assets		
Reportable segment assets	**2,169,185**	2,058,418
Elimination of inter-segment receivables	**(64,863)**	(36,764)
	2,104,322	2,021,654
Interest in a joint venture	**42,710**	42,710
Deferred tax assets	**21**	-
Unallocated head office and corporate assets	**414,063**	252,558
Consolidated total assets	**2,561,116**	2,316,922
Liabilities		
Reportable segment liabilities	**668,137**	573,643
Elimination of inter-segment payables	**(64,863)**	(36,764)
	603,274	536,879
Amount due to a joint venture	**42,976**	42,976
Deferred tax liabilities	**338**	21
Unallocated head office and corporate liabilities	**9,026**	6,044
Consolidated total liabilities	**655,614**	585,920

3. Segment reporting (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.

	2017			2016		
	Hong Kong and Macau ***HK$'000***	**Mainland China** ***HK$'000***	**Total** ***HK$'000***	Hong Kong and Macau *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Revenue from external customers	**716,110**	**4,095,846**	**4,811,956**	725,524	3,978,219	4,703,743
Specified non-current assets	**123,840**	**573,227**	**697,067**	104,214	622,918	727,132

(d) Information about major customers

During the years ended 30 June 2017 and 2016, there was no single external customer that contributed 10% or more of the Group's total revenue from external customers.

4. Revenue

Revenue represents the amounts receivable for the goods 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. The amount of each significant category of revenue is set out below:

	2017 ***HK$'000***	2016 *HK$'000*
Sales of goods	**4,811,956**	4,703,743
Service and rental income	**2,456**	4,269
	4,814,412	4,708,012

5. Profit before taxation

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

	2017	2016
	HK$'000	*HK$'000*
Finance costs		
Interest on bank loans	**48**	2,802
Other items		
Depreciation of property, plant and equipment	**56,223**	63,941
Amortisation of leasehold land	**2,808**	2,890
Amortisation of intangible assets	**4,564**	2,007
Impairment losses recongised/(reversed) for trade receivables	**407**	(14)
Net losses on disposal of property, plant and equipment	**1,243**	834
Net realised and unrealised gains on derivative financial instruments *(note)*	**(137)**	(6,288)

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

6. Taxation

Taxation in the consolidated statement of profit or loss represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**2,324**	2,688
(Over)/under-provision in respect of prior years	**(12)**	304
	2,312	2,992
Current tax - Outside Hong Kong		
Provision for the year	**43,980**	61,694
Over-provision in respect of prior years	**(572)**	(270)
	43,408	61,424
Deferred tax		
Origination and reversal of temporary differences	**296**	(37)
	46,016	64,379

6. Taxation (continued)

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2016: 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 ("CIT"). As a result, the profits from flour mill operations are exempted from CIT for the years ended 30 June 2017 and 2016.

Other subsidiaries operating in Mainland China are subject to CIT tax rate of 25% (2016: 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.

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

	2017	2016
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$0.12 (2016: HK$0.10) per ordinary share	**28,382**	23,836
Final dividend proposed after the end of the reporting period of HK$0.23 (2016: HK$0.18) per ordinary share	**54,324**	42,769
	82,706	66,605

The final dividend proposed after the end of reporting period has not been recognised as a liability 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

	2017	2016
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.18 (2016: HK$0.13) per ordinary share	**42,607**	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$273,051,000 (2016: HK$202,013,000) and the weighted average number of 236,841,000 (2016: 238,304,000) ordinary shares in issue during the year, calculated as follows:

	2017	2016
	'000	*'000*
Issued ordinary shares at beginning of year	**243,354**	243,354
Effect of shares purchased in prior years	**(5,750)**	(4,994)
Effect of shares purchased in current year	**(763)**	(56)
Weighted average number of ordinary shares at end of year	**236,841**	238,304

8. Earnings per share (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$273,051,000 (2016: HK$202,013,000) and the weighted average number of ordinary shares of 242,798,000 (2016: 239,940,000) after adjusting the effect of deemed issue of shares under the Company's share option schemes, calculated as follows:

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares at end of year	**236,841**	238,304
Effect of deemed issue of shares under the Company's share option schemes	**5,957**	1,636
Weighted average number of ordinary shares (diluted) at end of year	**242,798**	239,940

9. Trade and other receivables

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**337,137**	319,605
Less: Allowance for doubtful debts	**(771)**	(471)
	336,366	319,134
Other receivables, deposits and prepayments	**52,892**	59,018
Current portion of leasehold land	**2,808**	2,890
Derivative financial instruments:		
- Foreign exchange forward contracts	**-**	1,756
	392,066	382,798

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

9. Trade and other receivables (continued)

Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**322,595**	310,381
3 to 6 months	**12,028**	7,046
Over 6 months	**1,743**	1,707
	336,366	319,134

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 within 30 to 60 days following the 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

As of the end of the reporting period, the aging analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**319,964**	282,187
3 to 6 months	**454**	1,244
Trade payables	**320,418**	283,431
Deposits received	**24,474**	23,399
Other payables and accruals	**247,661**	219,587
Derivative financial instruments:		
- Foreign exchange forward contracts	**151**	234
	592,704	526,651

All of the trade and other payables are expected to be settled or recognised as income within one year.

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 1,414,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK$12,962,000.

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 2017, 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 MANAGEMENT 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 2017.

SCOPE OF WORK PERFORMED BY AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2017 as set out in the preliminary announcement have been compared by the Group'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 HKICPA and consequently no assurance has been expressed by the auditor.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting:

Closure dates of Register of Members (both days inclusive)	15 November 2017 (Wednesday) to 17 November 2017 (Friday)
Latest time to lodge transfers	4:30 p.m. on 14 November 2017 (Tuesday)
Record date	17 November 2017 (Friday)
Annual General Meeting	17 November 2017 (Friday)

For ascertaining shareholders' entitlement to the proposed final dividend*:

Closure date of Register of Members (both days inclusive)	23 November 2017 (Thursday) to 24 November 2017 (Friday)
Latest time to lodge transfers	4:30 p.m. on 22 November 2017 (Wednesday)
Record date	24 November 2017 (Friday)
Proposed final dividend payment date	7 December 2017 (Thursday)

*(*subject to shareholders' approval at the annual general meeting)*

During the periods of the closure of Register of Members, no share transfers will be registered. For registration, 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 at Units 1607-8, 16th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong before the relevant latest time to lodge transfers.

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).

By Order of the Board
CHENG Man Ying
Company Secretary

Hong Kong, 30 August 2017

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:
Mr. TANG Hong Cheong
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.*