

Press Release

LAM SOON'S PROFIT UP 58%

Lam Soon Hong Kong (411) increased the annual profit by 58% from that of the last 12 months to HK\$103m. Turnover recorded at HK\$2,237m, an increase of 6% over last corresponding period. The Board proposed a final dividend of HK\$0.07 per share.

We have strengthened our management and delivered encouraging results in the following key areas:

- All business segments improved their operating results, in particular, the Food Segment with its operating profit growing by 90%.
- Sales volume of our six leading brands increased by 9%.
- Operating results of the Group's business in PRC increased by 83%.
- Net operating profit to turnover increased to 5.5%.
- Net Cash position of the Group was increased by HK\$124 million from last year's net debt position.

Lam Soon Hong Kong Final Results

Item	Twelve months ended 30 June 2006 (HK\$)	Change (12 month basis)
Turnover	2,237m	+6%
Profit attributable to shareholders	103m	+58%
Earnings per share	0.42	+58%
Final dividends per share	0.07	-
Total dividends per share for 12 month ended 30 June 2006	0.13	-

Management has executed well its mandate to transform our business with emphasis more on high quality premium brands to meet the increasing and discerning demand by Chinese consumers. Our Food and Detergent businesses in PRC have successfully leveraged on their well-known quality brands and delivered the profit growth. The Group also managed to enhance further its operating productivity in selling, distribution, and administration to improve the overall operating results of all business segments. The Packaging Segment experienced unprecedented challenges on raw material costs brought on by the rising aluminum price during the year, nevertheless managed to report a sales increase of 14%.

Recognition for its Quality Brands

Knife Brand cooking oil was awarded Hong Kong and Asia's Trusted Brand Gold Prize by Reader's Digest during the year and being the only cooking oil brand in Asia to have received the Super Brand Award for 6 consecutive years. AXE also received the Super Brand Award from the Hong Kong Superbrand Council during the year.

Future Prospects

It is anticipated that the consumer demand in PRC will remain as a major driving force for economic growth. Consumers and industry regulators are paying more attention to the quality of food and consumer products and their associated effect on health and general well-being. This is an encouraging trend for the long term development of the industry. Lam Soon had earlier on prepared ourselves for this believing that consumers will be willing to spend more for quality and higher grade food products as consumers' wealth and standard of living progressively improves.

We are watching closely the negative impacts of rising interest rates on consumer spending as well as inflationary pressures on raw materials, financing, labour and energy costs. These factors will affect our pricing and margin besides having to face a competitive market scenario. However, we believe the Group can still do well in the growth of our business by keeping to our focus on being efficient in our productivity and getting the right products to the market especially in the premium segment to meet changing consumer taste and demands.

Designation of Director

The Board announces that Mr. LEUNG Wai Fung, an executive Director of the Company since 22 July 2005, has been designated as the Group Managing Director of Lam Soon Group with effective from 1 September 2006.

BACKGROUND OF LAM SOON (HONG KONG) LIMITED

Lam Soon (Hong Kong) Limited was founded by Mr. T.C. Whang in Hong Kong in 1961 and has been listed on the Hong Kong Stock Exchange since 1972 (Stock Code:411).

In 1997, Hong Leong Group Malaysia became one of the major shareholders.Hong Leong is one of the largest conglomerates in Malaysia.Its core business includes financial services, manufacturing, distribution, property and infrastructure development, etc.

Its principal business is in manufacturing and marketing of flour, edible oil, detergent, and aluminum packaging products.

It is the only company in Hong Kong awarded with six HK Top 10 Brands, including Golden Statue and American Roses flour brands, Knife and Red Lantern cooking oil brands, AXE and Labour detergent brands.These are the leading brands in the HK market with more than 40% market share.They are also gaining growth momentum in the PRC market.Lam Soon (Hong Kong) Limited is one of the most reputable food and consumer product suppliers in Hong Kong and China.

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