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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 411)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

The Board of Directors of Lam Soon (Hong Kong) Limited is pleased to present the unaudited consolidated interim results of the Group for the six months ended 31 December 2010.

#### **OVERVIEW**

We are celebrating our 50<sup>th</sup> Anniversary this year. Starting as a private trading company in Hong Kong in 1961, we have grown into a regional premium food and household care manufacturing company listed on the Hong Kong Stock Exchange. In recent years, we expanded into Mainland China while maintaining leadership in the Hong Kong market. We now have our own manufacturing centres with advanced technical know-how to provide high quality products in flour, edible oils and detergent. Our brands are well-known and trusted by consumers and we have received various awards and recognition in the region.

Expanding in tandem with the growing domestic consumption in China, we have invested further in infrastructures for sales and distribution as well as production facilities in new regions around China. During the past 18 months, we acquired a new flourmill in Jiangsu Province to cover the Eastern China Region, built a new plant from greenfield in Shandong Province for the Northern China Region, and extended the land use rights of our first production centre in Shekou, Shenzhen to expand coverage for Southern China Region. Last December, we signed the Land Acquisition Agreement with the municipal government of Qionglai city, nearby to Chengdu, Sichuan Province to build another flourmill there to serve our customers in Western China Region where GDP per capital growth in the past five years had maintained at an average 17.5% per annum.

We have made this strategic move to have our own production centres located in four geographic regions in China to optimise cost and serve our customers better. We have 7 regional offices and 27 sales offices as at year end 2010. Our comprehensive distribution networks to cover 150 cities will enable us to distribute our quality premium products to our customers nationwide more effectively.

Our workforce has increased by 12% to support this geographic expansion. These investments are aimed at aligning us to the consumer growth phenomenon in China and strengthening our competitive position to achieve a long-term sustainable business development.

The uncertainty of the US and European economies, the shortage of food supply, and the inflation pressure in China had continued to create volatility on commodity prices. Severe price competition further added challenges to our short-term performance. During the period under review, we managed to achieve top line growth by increasing sales volume of our core brands. However our margins and net profits were lower than the corresponding period of last year due to price competition and the initial investments in production facilities, sales and marketing in the new markets.

## **SUMMARY OF FINANCIAL RESULTS**

The Group's interim net profit attributable to shareholders was HK\$63 million. Turnover was HK\$1,288 million representing 15% growth when compared with the previous corresponding period. Owing to the rapid increase in raw material costs, our near-term margins were affected. Despite the short-term challenging business environment, the Group continued to pursue its strategic growth plan. The net profit was lower than the previous corresponding period affected by current increased investment in new products listing and new market distribution network. We continued to exercise prudent financial management disciplines during this period of economic uncertainty. As at 31 December 2010, the Group maintained a strong financial position with a net cash balance of HK\$234 million.

## **DIVIDEND**

The Board of Directors has declared an interim dividend of HK\$0.06 per share totaling HK\$14.6 million (2009: interim dividend of HK\$0.06 per share, totaling HK\$14.6 million) for the six months ended 31 December 2010, which will be payable on Tuesday, 15 March 2011 to the shareholders whose names appear in the register of members of the Company on Tuesday, 8 March 2011.

## **BUSINESS REVIEW**

During the period under review, the Group had leveraged on its branded premium products and marketing strengths to expand the sales distribution coverage from our home bases in Hong Kong, Macau, and Southern China to Eastern, Northern, and Western China. Our goal is to strengthen further our market penetration to benefit from the growing and increasingly more sophisticated consumer markets in the PRC.

### **Food Segment**

Food segment consisting of our flour and edible oil businesses achieved 15% growth in turnover to HK\$1,113 million. Operating profit for the segment was HK\$77 million, a decrease of 6% as compared to the corresponding period of last year.

Our edible oil business has continued to invest in research and development to build a wider portfolio of healthy products. Our Red Lantern edible oil has the benefit of its new 4:1 formula to enhance the human absorption of DHA and EPA. Knife brand edible oil had launched a new High Oleic series which had received the endorsement from Hong Kong College of Cardiology as Recommended Healthy Oil of World Heart Day 2010 (世界心臟日 2010 健康食油).

Our flour business continued to make strategic expansion and win recognition in the market. In December 2010, our Jintan flourmill at Jiangsu Province had been awarded Export-oriented Agricultural Subsidy Project and Subsidy Fund (外向型農業補貼項目及補助資金) and Established Famous Brand Product (創建名牌產品) from the government for our continuous effort to improve our quality and brand development. In addition to our commitment in research and development and marketing of our flagship brands, namely Golden Statue bakery flour and American Roses soft flour, as well as Knife and Red Lantern edible oils, the Group has also focused on its human resource development to support our future expansion needs. We have collaborated with the State Administration of Grain to launch China's first Advanced Flour Milling Vocational Training Programme in October 2010. A total of 14 millers from the Group had passed the examinations and were certified by the Ministry as China's first batch of certified professional millers.

As a result of our additional flour milling capacity in Northern and Eastern China, sales of our flour products had achieved 35% growth during the period. However, owing to the rapid increase in commodity prices, the profit margin of the segment was squeezed. The Group will continue to work on reducing its purchasing, production, and distribution costs to improve performance.

### **Detergent Segment**

Detergent segment achieved 14% growth in turnover. Operating profit for the segment was HK\$19 million.

The segment benefited from the Group's distribution network expansion to the new markets. Its total sales in Eastern, Northern, and Western China had increased by 55%. During the period, the segment had successfully launched new products in China and Hong Kong, including the new Jasmine Tea dishwashing detergent, and the enhanced AXE fabric softener with new packaging and formula. AXE Jasmine Tea, a dishwashing detergent with a skin moisturizing feature is the first of its kind in the market. This AXE fabric softener with its new stylish bottle design and a new formula with 99.9% germs killing feature has proven popular among household users. Our industrial Procleanic line of products designed for commercial and industrial applications continued to receive positive acceptance from fast food chains and hotels in the region.

### **OUTLOOK**

The general forecast is for economic growth in China to continue to be ahead of other major developed countries in the next five years. Rising domestic consumer income and purchasing power will accelerate sales momentum. The increasing demand for high-quality, safe and healthy foods has created immense potential for our market segment. Through long-term efforts and commitment to offering quality products and to building reputable brands, the Group is well positioned to tap this potential with our branded premium products. Lam Soon will continue to enhance its long-term positioning through strategic investment and market expansion.

However, we anticipate that volatility will continue in the China domestic market, as internal and external regulatory measures would be implemented by the government to moderate the rate of growth. Factors relating to social-economic balance such as inflation control on food and property prices will be monitored closely. Competitors would also take advantage of these cycles to launch competitive programmes aiming to gain additional market share. The Group will continue to enhance its core competence and be competitive to confront these challenges with our product differentiation. We are confident to fulfill our mission to build a stronger Lam Soon and be a premier food and household care products supplier in the region.

## **LIQUIDITY AND FINANCIAL RESOURCES**

We maintained a net cash balance of HK\$234 million (30 June 2010: HK\$503 million) at 31 December 2010. The decrease was mainly attributable to the increase in current assets.

At 31 December 2010, the Group had cash balance of HK\$374 million (30 June 2010: HK\$569 million). About 83% of these funds are denominated in Renminbi (“RMB”), 11% in Hong Kong dollars (“HK\$”), 5% in United States dollars (“USD”), and 1% in Macau Pataca (“MOP”) respectively.

At 31 December 2010, the Group had HK\$435 million committed bank facilities (30 June 2010: HK\$306 million) of which HK\$140 million (30 June 2010: HK\$65 million) was utilized and was all denominated in HKD. All bank borrowings carry interest at floating rates and are repayable within 1 year.

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

At 31 December 2010, the inventory turnover days were 117 days (30 June 2010: 65 days). Higher level of raw materials was primarily owing to the Group’s prudent inventory management as in ensuring the supply of high quality protein flour. The trade receivable turnover days remained at a healthy level of 23 days (30 June 2010: 21 days).

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

## **CAPITAL EXPENDITURE**

During the period, the Group invested a total sum of HK\$19 million primarily on the acquisition of equipment and leasehold improvement.

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	<b>Six months ended 31 December</b>	
		<b>2010</b>	<b>2009</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	2	<b>1,288,160</b>	1,123,149
Cost of sales		<b>(1,048,457)</b>	(880,513)
Gross profit		<b>239,703</b>	242,636
Other income		<b>24,342</b>	14,990
Selling and distribution expenses		<b>(132,417)</b>	(118,526)
Administrative expenses		<b>(57,504)</b>	(54,768)
Other operating expenses		<b>(92)</b>	(806)
Operating profit		<b>74,032</b>	83,526
Finance costs	3	<b>(1,241)</b>	(259)
Share of profit of a jointly controlled entity		<b>806</b>	1,348
Profit before taxation	2,3	<b>73,597</b>	84,615
Taxation expenses	4	<b>(10,785)</b>	(13,190)
Profit for the period		<b><u>62,812</u></b>	<u>71,425</u>
Profit attributable to:			
Equity shareholders of the Company		<b>62,812</b>	71,425
Non-controlling interests		<b>-</b>	-
Profit for the period		<b><u>62,812</u></b>	<u>71,425</u>
Dividend – interim dividend declared after the end of the reporting period	5	<b><u>14,601</u></b>	<u>14,601</u>
Earnings per share (HK\$)	6		
Basic		<b><u>0.26</u></b>	<u>0.30</u>
Diluted		<b><u>0.26</u></b>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)**

	<b>Six months ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period	<u>62,812</u>	<u>71,425</u>
Other comprehensive income for the period:		
Change in fair value of available-for-sale financial assets	2	92
Exchange differences arising on translation of financial statements of foreign operations	<u>15,278</u>	<u>1,551</u>
	<u>15,280</u>	<u>1,643</u>
Total comprehensive income for the period	<u><b>78,092</b></u>	<u><b>73,068</b></u>
Attributable to:		
Equity shareholders of the Company	78,092	73,068
Non-controlling interests	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><b>78,092</b></u>	<u><b>73,068</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<u>(Unaudited)</u> <b>31 December</b> 2010 <i>HK\$'000</i>	<u>(Audited)</u> 30 June 2010 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Fixed assets		598,203	595,752
Leasehold land		78,460	77,876
Intangible assets		2,555	2,598
Interest in a jointly controlled entity	7	55,139	54,333
Available-for-sale financial assets		524	551
Deferred tax assets		1,125	1,398
		<b>736,006</b>	<b>732,508</b>
<b>CURRENT ASSETS</b>			
Inventories		615,662	312,302
Debtors, deposits and prepayments	8	267,242	189,591
Trading financial assets		219	-
Amount due from a jointly controlled entity		18,323	8,659
Cash and cash equivalents		374,169	568,789
		<b>1,275,615</b>	<b>1,079,341</b>
<b>CURRENT LIABILITIES</b>			
Bank loans		140,000	65,459
Creditors, deposits received and accruals	9	390,572	324,695
Tax payable		19,960	15,582
Other current liabilities		6,591	6,388
		<b>557,123</b>	<b>412,124</b>
<b>NET CURRENT ASSETS</b>		<b>718,492</b>	<b>667,217</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,454,498</b>	<b>1,399,725</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		-	11
Other non-current liabilities		566	627
		<b>566</b>	<b>638</b>
<b>NET ASSETS</b>		<b>1,453,932</b>	<b>1,399,087</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		243,354	243,354
Reserves		1,199,727	1,144,882
Equity attributable to shareholders of the Company		<b>1,443,081</b>	<b>1,388,236</b>
Non-controlling interests		<b>10,851</b>	<b>10,851</b>
<b>TOTAL EQUITY</b>		<b>1,453,932</b>	<b>1,399,087</b>

*Notes:*

**1. Basis of preparation and accounting policies**

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("HKEX"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009/10 annual financial statements.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009/10 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 30 June 2010 included in the interim financial report is extracted from the Company's statutory financial statements. Statutory financial statements for the year ended 30 June 2010 can be obtained from the website of the HKEX (<http://www.hkex.com.hk>) or from the Company's website (<http://www.lamsoon.com>). The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 August 2010.

The HKICPA has issued certain revised and new amendments to HKFRSs, which term collectively includes HKASs and Interpretations, that are first effective for the current accounting period of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for HKFRS 9, Financial Instruments, which may have an impact on the Group's results and financial position arising from changes in the Group's classification and measurement of financial instruments.

**Effective for accounting periods  
beginning on or after**

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HKAS 24 (Revised), Related Party Disclosures	1 January 2011
Amendments to HK(IFRIC) - INT 14, HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to HKFRSs 2010	1 January 2011
Amendments to HKFRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets	1 July 2011
Amendments to HKAS 12, Income Taxes	1 January 2012
HKFRS 9, Financial Instruments	1 January 2013



## 2. Segment reporting

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

- Food: the manufacture and sale of a broad range of food products including flour and edible oils.
- Detergent: the manufacture and sale of household and institutional cleaning products.

### (a) Segments results and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

The measure used for reporting segment profit is "profit from operations". To arrive at "profit from operations", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

Segment assets include all tangible assets, intangible assets and current assets with the exception of interests in associates, interest in a jointly controlled entity, deferred tax assets and other corporate assets.

## 2. Segment reporting (continued)

### (a) Segments results and assets (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 31 December 2010 is set out below.

	Six months ended 31 December					
	2010			2009		
	Food HK\$'000	Detergent HK\$'000	Segment Total HK\$'000	Food HK\$'000	Detergent HK\$'000	Segment Total HK\$'000
Revenue from external customers and reportable segment revenue	<b>1,112,952</b>	<b>171,921</b>	<b>1,284,873</b>	968,399	151,259	1,119,658
Reportable segment profit from operations	<b>77,033</b>	<b>19,161</b>	<b>96,194</b>	81,962	24,122	106,084
	At 31 December 2010			At 30 June 2010		
	Food HK\$'000	Detergent HK\$'000	Segment Total HK\$'000	Food HK\$'000	Detergent HK\$'000	Segment Total HK\$'000
Reportable segment assets	<b>1,773,743</b>	<b>140,291</b>	<b>1,914,034</b>	1,411,160	172,540	1,583,700

## 2. Segment reporting (continued)

### (b) Reconciliations of Reportable Segment Revenue, Profit and Assets

	<b>Six months ended 31 December</b>	
	<u>2010</u>	<u>2009</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>Revenue</b>		
Reportable segment revenue	1,284,873	1,119,658
Service and rental income	<u>3,287</u>	<u>3,491</u>
Consolidated turnover	<u><b>1,288,160</b></u>	<u><b>1,123,149</b></u>
<b>Profit</b>		
Reportable segment profit from operations	96,194	106,084
Share of profit of a jointly controlled entity	806	1,348
Finance costs	(1,241)	(259)
Unallocated exchange (loss) / gain	(120)	1,130
Unallocated head office and corporate expenses	<u>(22,042)</u>	<u>(23,688)</u>
Consolidated profit before taxation	<u><b>73,597</b></u>	<u><b>84,615</b></u>
	<b>At 31 December</b>	<b>At 30 June</b>
	<u>2010</u>	<u>2010</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>Assets</b>		
Reportable segment assets	1,914,034	1,583,700
Elimination of inter-segment receivables	<u>(31,342)</u>	<u>(29,445)</u>
	<b>1,882,692</b>	<b>1,554,255</b>
Interest in a jointly controlled entity	55,139	54,333
Amount due from a jointly controlled entity	18,323	8,659
Deferred tax assets	1,125	1,398
Unallocated head office and corporate assets	<u>54,342</u>	<u>193,204</u>
Consolidated total assets	<u><b>2,011,621</b></u>	<u><b>1,811,849</b></u>

### 3. Profit before taxation

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

	Six months ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
<b>Finance costs</b>		
Interest on bank loans and overdrafts wholly repayable within five years	<u>1,241</u>	<u>259</u>
<b>Other items</b>		
Depreciation and amortisation	26,724	22,508
Staff costs	90,516	87,107
Net exchange gain	(10,317)	(925)
(Write-back)/provision for doubtful debts	(1,011)	120
Gain on disposals of fixed assets	(7,603)	(8,442)
Provision for obsolete inventories	<u>388</u>	<u>398</u>

### 4. Taxation expenses

The taxation charge is made up as follows:

	Notes	Six months ended 31 December	
		2010	2009
		HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	(a)	2,493	4,691
Current tax – Outside Hong Kong	(b)	8,030	8,211
Deferred taxation	(b)	<u>262</u>	<u>288</u>
		<u>10,785</u>	<u>13,190</u>

Notes:

- (a) Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 16.5%) on the respective estimated assessable profits of companies within the Group operating in Hong Kong during the period.
- (b) Overseas taxation represents income tax charge on the estimated taxable profits of certain subsidiaries operating in Mainland China, calculated at the rates prevailing in the respective regions ranging from 22% to 25% (2009: 20% to 25%).

#### 4. Taxation expenses (continued)

The Group is liable to withholding tax on dividends to be distributed from subsidiaries in Mainland China in respect of their profits generated on or after 1 January 2008. At 31 December 2010, temporary difference relating to the undistributed profits of the Group's subsidiaries in Mainland China amounted to HK\$230,179,000 (30 June 2010: HK\$184,572,000). Deferred tax liabilities have not been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed by these subsidiaries in the foreseeable future.

#### 5. Dividend

	<b>Six months ended 31 December</b>	
	<u>2010</u>	<u>2009</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Proposed interim dividend of HK\$0.06 (2009: HK\$0.06) per share	<b><u>14,601</u></b>	<b><u>14,601</u></b>

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

#### 6. Earnings per share

##### (a) Basic

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$62,812,000 (2009: HK\$71,425,000) and the weighted average number of 241,961,000 (2009: 241,961,000) ordinary shares in issue during the period.

##### (b) Diluted

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$62,812,000 and the weighted average number of 242,509,000 ordinary shares, calculated as

	<u>2010</u>
	<b>'000</b>
Weighted average number of ordinary shares at 31 December 2010	<b>241,961</b>
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>548</u>
Weighted average number of ordinary shares (diluted) at 31 December 2010	<b><u>242,509</u></b>

Diluted earnings per share for the period ended 31 December 2009 was not presented as there was no share option outstanding at 31 December 2009.

## 7. Interest in a jointly controlled entity

This represented the share of net assets in the joint venture for the blending and distribution of edible oil, vegetable fats and shortenings for the Hong Kong and Macau markets.

## 8. Debtors, deposits and prepayments

The aging analysis of trade debtors (net of provisions for bad and doubtful debts) is as follows:

	<b>(Unaudited)</b> <b>31 December</b> <b>2010</b>	<b>(Audited)</b> <b>30 June</b> <b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 3 months	144,211	128,147
4 – 6 months	2,012	769
Over 6 months	659	-
Total trade debtors	146,882	128,916
Other debtors, deposits and prepayments	118,009	58,214
Current portion of leasehold land	2,351	2,461
	<b>267,242</b>	<b>189,591</b>

## 9. Creditors, deposits received and accruals

The aging analysis of trade creditors is as follows:

	<b>(Unaudited)</b> <b>31 December</b> <b>2010</b>	<b>(Audited)</b> <b>30 June</b> <b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 3 months	274,397	195,289
4 – 6 months	3,529	833
Over 6 months	1,235	1,375
Total trade creditors	279,161	197,497
Other creditors, deposits received and accruals	111,391	127,198
	<b>390,552</b>	<b>324,695</b>

## **10. Contingent liabilities**

The Hong Kong Inland Revenue Department (the “IRD”) has initiated a tax audit on certain group companies and the Group has paid a total of HK\$3,608,000 to the IRD under the protective assessments against certain subsidiaries for the years of assessment 2002/03 and 2003/04 pending the outcome of the tax audit. After taking professional advice from its tax adviser, the Group submitted a settlement proposal for the consideration by the IRD in February 2010. In January 2011, the IRD also issued additional protective assessments to certain group companies in respect of the year of assessment 2004/05. The Group has objected to these protective assessments.

## **REVIEW BY BOARD AUDIT COMMITTEE**

The unaudited interim results for six months ended 31 December 2010 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

The Board of Directors of the Company has adopted a Code of Corporate Governance Practices (the “CGP Code”), which is based on the principles 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 “Listing Rules”).

The Company had complied throughout the period ended 31 December 2010 with the HKEx Code, save that 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 meeting 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.

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

During the period, 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.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 3 March, 2011 to Tuesday, 8 March 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, 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 Unit 3401-2, 34th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on Wednesday, 2 March, 2011.

## GENERAL

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

*Chairman:*

Mr. KWEK Leng Hai

*Group Managing Director:*

Mr. LEUNG Wai Fung

*Non-Executive Directors:*

Dr. WHANG Sun Tze

Mr. TAN Lim Heng

Mr. TSANG Cho Tai

Mr. DING Wai Chuen

*Independent Non-Executive Directors:*

Mr. LO Kwong Chi, Clement

Mr. LO Kai Yiu, Anthony

Mr. AU Chee Ming

By Order of the Board  
**CHENG Man Ying**  
*Company Secretary*

Hong Kong, 15 February 2011

*This announcement can be retrieved from our website: <http://www.lamsoon.com>*