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LAM SOON (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 411)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a loss for the financial year ended 30 June 2012 as compared to a profit recorded for the previous corresponding financial year.

Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.

This announcement is made by Lam Soon (Hong Kong) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on the information currently available to the Board, the Group is expected to record a loss for the financial year ended 30 June 2012 as compared to a profit recorded for the previous corresponding financial year.

To the best knowledge of the Board, the expected loss is mainly attributable to (i) the increase in commodity prices not being fully passed on to customers. As disclosed in the section “Overview” and “Business Review” in the Company’s 2011/12 Interim Report, the Company faced adverse external market factors with rising raw material and production costs and aggressive market price competition. Such factors remained and continued to weigh down the overall profitability during the financial year ended 30 June 2012; and (ii) the increase in selling and marketing expenses owing to our expansion to new markets for widening our sales penetration in the People’s Republic of China.

The Company is still in the process of finalizing its annual results. The information contained in this announcement is only a preliminary assessment by the Board based on the latest management accounts of the Group and such management accounts have not been reviewed, confirmed or audited by the Company's auditors. The audited financial results of the Group for the year ended 30 June 2012 are expected to be announced by the end of August 2012.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By Order of the Board
CHENG Man Ying
Company Secretary

Hong Kong, 9 July 2012

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

Mr. DING Wai Chuen

Independent Non-Executive Directors:

Mr. LO Kwong Chi, Clement

Mr. LO Kai Yiu, Anthony

Mr. AU Chee Ming

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