

LAM SOON (HONG KONG) LIMITED
(the “Company” or “LSHK”)

PRELIMINARY INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Six months ended 31 December		Increase
	2020 HK\$'M	2019 HK\$'M	
Revenue	3,051	2,861	7%
Gross profit	732	658	11%
Profit for the period	238	187	27%
	HK\$	HK\$	
Basic earnings per share	1.01	0.79	28%
Interim dividend per share	0.15	0.14	7%
	As at 31 December 2020 HK\$'M	As at 30 June 2020 HK\$'M	
Equity attributable to shareholders	2,779	2,477	12%

(19 February 2021, Hong Kong) Lam Soon (Hong Kong) Limited (the “Group”) (Stock Code: 411) announced today its preliminary interim results for the six months ended 31 December 2020.

FINANCIAL RESULTS

In the six months ended 31 December 2020, despite the pressing challenges posed by the persistent COVID-19 pandemic and geopolitical tensions that intensified macroeconomic volatility, the Group had successfully achieved a revenue growth of 7%. As a result of the revenue growth, improved profit margin along with tightened operating costs and government subsidies, the unaudited consolidated net profit attributable to shareholders during this period increased healthily by 27% to HK\$238 million.

INTERIM DIVIDEND

The Group declared an interim dividend of HK\$0.15 per share for the six months ended 31 December 2020.

OVERVIEW

“The Group’s agility enabled us to effectively adapt to the new normal, as we continued to focus on executing our key strategies which encompassed enhancing product and channel mix, driving new products, increasing distribution while judiciously optimising advertising & promotion spending and operating costs. Sales momentum was re-gained,” said Mr. James Wong, the Group Managing Director. “Rising costs of material due to a significant increase in edible oils prices and higher material cost for Home Care products were mitigated by favourable bran and wheat prices, resulting in the overall Group profit margin improving by 1 percentage point.”

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OVERVIEW (Continued)

“We remain committed to strengthen our growth fundamentals, Mr. Wong continued. “Our specialty fats facility in Jintan, China commenced construction work in September 2020. However, due to the COVID-19 pandemic and weather disruptions, the project encountered a slight delay and is currently expected to be operational by the end of FY 2020/21.”

BUSINESS REVIEW

Food Segment

Food segment’s revenue increased by 6% to HK\$2,626 million and its operating profit increased by 27% to HK\$274 million. This growth was driven by the Group’s focused efforts in selective growing segments and to improve product mix, over and above the contribution of favourable bran prices and RMB appreciation.

The Flour business continues to execute its long-term strategic plans to transform itself from an ingredient supplier to a solution provider against the backdrop of changing consumer behaviours and channel dynamics under the “new norm” resulting from the COVID-19 pandemic. During this period, the Group launched the premium Golden Statue Japanese and Golden Statue French Flours and continued to drive sales of its signature Royal Sakura. Increased interactive online communication with customers via live streaming and WeChat in response to the implementation of movement controls and travel restrictions enabled the Group to continue with its commitment to support customer demands, and promote loyalty and partnerships.

The Edible Oil business faced challenges of escalating material cost and severe pressure on price. To mitigate the impact of cost increase, Knife traded up to a new premium offer and had a major brand uplift. Our Knife TV advertisement plus 360-degree campaign which kicked off in December 2020 differentiated its product by focusing on the “Rich in aroma yet not greasy” proposition and leveraging on TV celebrity endorsements. This had positioned the brand to capture the crucial Chinese New Year season momentum as the springboard to the next phase of growth.

The Group also began distribution of Manuka Health honey products in China. In this initial phase, focus was on the setting up of a distribution network particularly on an e-commerce platform and the development a premium brand positioning.

Home Care Segment

Home Care segment’s revenue increased by 14% to HK\$425 million with a 25% increase in operating profit to HK\$51 million.

The Home Care business experienced a healthy growth, fueled by the increased hygiene awareness to combat the spread of COVID-19 as well as the economic recovery in China. Riding on heightened demand for cleaning products, the Group drove sales growth in laundry capsules and launched new fragrances in its dishwashing products, while strengthening the distribution channels to focus on e-commerce and modern trade. At the same time, the Group embarked on the modernisation of the AXE brand image through a cross-over cooperation with B.Duck.

For immediate release

19 February 2021

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OUTLOOK

“Looking ahead, the economic outlook both globally and domestically remains clouded with uncertainty and volatility. The pressure of the lingering COVID-19 pandemic on the overall economy remains and continues to change the dynamics in consumer behaviour, business segments and channels. However, at the time of this interim report, there appears to be light at the end of this tunnel with encouraging news of vaccines and of many countries having begun rolling out vaccinations in stages,” according to Mr. Wong. “Nevertheless, the on-going upsurge of edible oil prices continues to pose uncertainty and will be closely monitored. We will continue to persevere through this unprecedented turmoil with agility, vigilance and discipline. We had adapted and continued to strengthen our fundamentals. As such while we remain cautious, we are also optimistic and well positioned to ride on any recovery momentum swiftly and decisively.”

(Please visit www.lamsoon.com or www.hkexnews.hk for LSHK Group's full interim results announcement.)

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Lam Soon (Hong Kong) Limited (Stock Code: 411), listed on The Stock Exchange of Hong Kong Limited, is a Hong Kong-based investment holding company principally engaged in food and home care businesses. The Company operates through two segments. Food segment is engaged in the manufacture and sales of food products, including flour and edible oil. The food brands under the Company include Knife, Red Lantern, Golden Statue, American Roses and Crown Brand. Home Care segment is engaged in the manufacture and sales of household and institutional cleaning products. The home care brands under the Company include AXE, Labour and Procleanic.

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