

## CHAIRMAN'S STATEMENT 董事會主席報告書



### BUSINESS REVIEW AND OUTLOOK

### 業務回顧 及展望

#### Results for the 18-Month Period ended 30 June 2005 (the "Period")

截至二零零五年六月三十日止共十八個月(「本期間」)業績

The Directors of the Company are pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the Period. Owing to a change in the date of the financial year end, the results for the Period are not directly comparable to those of previous years, but nonetheless, they show a consistent improvement in our performance. The summary results for the 18-month period are as follows:

本公司董事欣然宣佈本公司及其附屬公司(「本集團」)於本期間經審核之業績。由於更改財政年度結算日，本期間業績不能與上年度或之前作出直接比較，但此業績能反映本集團的表現持續改善。十八個月期間的業績摘要如下：

- Turnover of HK\$3,054 million.
- Profit attributable to shareholders of HK\$85 million.
- Earnings per share of HK\$0.35.

- 營業額為港幣3,054,000,000元
- 股東應佔溢利港幣85,000,000元
- 每股盈利港幣0.35元

The Board of Directors has recommended a final dividend of HK\$0.07 per share, resulting in a total dividend for the period of HK\$0.13 per share.

董事會建議派發末期股息每股港幣0.07元，本期間總股息為每股港幣0.13元。

#### Business Environment

#### 營商環境

The economy of Mainland China achieved steady growth, and this contributed to the Hong Kong market's recovery. However, since 2003, commodity and petroleum costs have continued to fluctuate, putting pressure on gross profit margin. Furthermore, intense competition and market forces made it difficult to pass on the increased costs to our customers. In dealing with these challenges, the Group has put in place measures in managing raw material costs, and reducing overheads wherever possible.

中國內地經濟取得平穩增長並帶動香港市場復甦。然而，自二零零三年開始，原材料及原油價格持續波動，令毛利率受壓。此外，由於競爭激烈及市場壓力，本集團難以將成本增幅轉嫁予消費者。為應付此等挑戰，本集團已實施措施，於可能情況下管理原料成本及減少經常費用。

#### Brand Building and Recognition

#### 建立品牌及殊榮

Our branded products have achieved widespread recognition of good quality in the market facilitating further sales growth in the region.

本集團之品牌產品品質優良，在區內之銷售增長進一步提高，備受各方肯定。

# Edible Oil

## 食用油脂

Marketing Campaign of "Knife Brand" and  
"Red Lantern" Edible Oils

「刀嘜」及「紅燈」食油推廣活動



### 国家体育总局训练局

### 运动员专用食用油



南顺优质保证  
A Lam Soon Quality Product



### 刀嘜



## CHAIRMAN'S STATEMENT (continued) 董事會主席報告書(續)

Lam Soon Group is the only group in Hong Kong which has been awarded five Hong Kong Top Brand Awards (formerly known as the Hong Kong Top Ten Brandnames Awards) from The Chinese Manufacturers' Association of Hong Kong during the six years from 1999 to 2004. The five brands are "Knife" brand cooking oil in 1999, "AXE" brand detergent products in 2000, "Red Lantern" brand cooking oil in 2002, "Golden Statue" brand bread flour in 2003 and "American Roses" brand soft flour in 2004.

In addition to the Hong Kong Top Brand Awards that it received in 2003, the "Golden Statue" was also awarded the title of "China Top Brand" (wheat flour category) in 2004 and "Shenzhen Top Brand" in 2005. "Golden Statue" was the only flour brand in Southern China as well as the only Hong Kong brand among the 48 categories of 271 products to win the national "China Top Brand Award".

In recognition of the importance and potential impact of the internet as a powerful information channel and branding media, the Group has created a barrier-free web access to our customers to enjoy diversified services and knowledge sharing. The Group won the Web Care Award from the Internet Professionals Association of Hong Kong in 2004 for our four websites, [lamsoon.com](http://lamsoon.com), [haomama.com.cn](http://haomama.com.cn), [hkflourmills.com](http://hkflourmills.com) and [haomama.com](http://haomama.com).

### Operational Efficiency

The Group's Board and management believe that continuous enhancement of operational effectiveness is the key to success. During the Period under review, the Group maintained its three key management programs, i.e. FME (Financial Management Excellence Program), QPP (Quality & Productivity Program) and HRRD (Human Resources Recruitment and Development Program) adopted from Hong Leong Group, Malaysia, which continues to provide us with useful guidelines and management tools for us to maintain GMS (Global Manufacturing Standards) and GSS (Global Service Standards) in our products and customer services. We have also made continuous improvements in our marketing & distribution, products & services, technology as well as the quality of our people. The successful implementation of these programs has been reflected in significant reduction of our sales & distribution, administrative and other operating expenses during the Period under review.

南順集團是一九九九年至二零零四年六年間香港唯一榮獲香港中華廠商聯合會頒發五個香港名牌(前稱香港十大名牌)之集團。該五個品牌包括一九九九年的「刀嘜」食用油、二零零零年的「斧頭牌」清潔用品、二零零二年的「紅燈牌」食用油、二零零三年的「金像牌」麵粉及二零零四年的「美玫牌」麵粉。

「金像牌」麵粉除在二零零三年榮獲「香港名牌」殊榮外，更於二零零四年在小麥粉類別中榮獲「中國名牌」殊榮及於二零零五年榮獲「深圳名牌」殊榮。「金像牌」亦是於48個類別271件產品中，在華南地區及香港唯一能獲國家級「中國名牌」殊榮的麵粉品牌。

為體現互聯網作為強大資訊渠道及宣傳品牌之媒體，本集團創造了一個無障礙的網絡，讓客戶享用各種不同之服務及資料。本集團四個網站 [lamsoon.com](http://lamsoon.com)、[haomama.com.cn](http://haomama.com.cn)、[hkflourmills.com](http://hkflourmills.com) 及 [haomama.com](http://haomama.com) 於二零零四年贏得由互聯網專業人員協會所頒發的網絡無障礙獎項。

### 營運效率

本集團董事會及管理層相信不斷加強營運效率乃致勝關鍵。於本期間，本集團實踐馬來西亞豐隆集團所採納之三項主要管理計劃，包括卓越財務管理計劃、質量與生產力計劃及人力資源發展計劃。豐隆集團繼續向本集團提供有用之指引及管理工具，以維持本集團產品及客戶服務符合環球生產標準及環球服務標準。本集團亦不斷改進員工質素、市場推廣與分銷、產品與服務及科技運用。成功實施此等計劃已大大降低本集團於本期間銷售與分銷、行政及其他營運開支。



# Detergent

## 清潔用品



AXE "Natural Clear" and  
"Ocean Clear" Detergent  
Advertisement at Admiralty  
MTR station

位於金鐘地鐵站AXE斧頭牌  
「天然透亮」及「海洋透亮」廣告



**CHAIRMAN'S STATEMENT** (continued) **董事會主席報告書** (續)**Financial Review**

The Group's different geographical operating units generally finance their business operations with their own internally generated cashflows as far as practicable. Financing and cash management activities of the Group are determined and approved at the corporate level.

The Group's management continues to exercise tight control on credit policies. As at 30 June 2005, 99% of the Group's receivables were less than 3 months old.

The debt maturity profile of the Group as at 30 June 2005 is as follows:

**財務回顧**

本集團不同地域的經營單位，一般均盡量以其內部產生之流動現金提供營運所需資金。而本集團之融資及現金管理事宜均由集團管理層決定及審批。

本集團之管理層繼續執行嚴謹控制信貸政策。於二零零五年六月三十日，99%之應收賬款少於三個月賬齡。

本集團於二零零五年六月三十日的債務還款期分析如下：

		<b>30.6.2005</b>	31.12.2003
		<b>HK\$'000</b>	HK\$'000
		<b>港幣千元</b>	港幣千元
Repayable within one year	一年內償還	<b>225,486</b>	242,548
Repayable after 1 year, but within 2 years	於一年後至兩年內償還	<b>36,100</b>	59,500
Repayable after 2 years, but within 5 years	於兩年後至五年內償還	<b>2,600</b>	11,000
<b>Total</b>	<b>總額</b>	<b>264,186</b>	313,048

The Group continued to maintain a healthy balance sheet with total assets of HK\$1,756 million as at 30 June 2005 (31 December 2003: HK\$1,820 million). The Group's gearing ratio improved from 10% as at 31 December 2003 to 3% as at 30 June 2005, calculated on the basis of net borrowings (net of cash and cash equivalents) of HK\$28 million (31 December 2003: HK\$91 million) and the shareholders' equity of HK\$940 million (31 December 2003: HK\$867 million).

本集團繼續保持健全之資產負債情況，截至二零零五年六月三十日，本集團的總資產達港幣1,756,000,000元(二零零三年十二月三十一日：港幣1,820,000,000元)。而本集團之負債比率則由二零零三年十二月三十一日的10%改善至二零零五年六月三十日的3%，此乃根據借貸淨額(已扣除現金及現金等值物)之港幣28,000,000元(二零零三年十二月三十一日：港幣91,000,000元)及股東權益港幣940,000,000元(二零零三年十二月三十一日：港幣867,000,000元)計算。



# Packaging

## 包裝產品



Environmental Protection Activity

環境保護活動



**CHAIRMAN'S STATEMENT** (continued) **董事會主席報告書** (續)

As at 30 June 2005, the Group had sufficient financial resources to discharge its debts and finance its daily operations and capital expenditure. The majority of the Group's cash deposits and bank balances are denominated in Renminbi, Taiwan Dollars or US Dollars. Following the announcement of pegging of Renminbi against a basket of currencies under a managed floating regime on 21 July 2005, we consider there is no significant impact to our business. Nevertheless, we will continue to monitor closely.

The Group disposed of its non-core investment in Computech Holdings Limited, a GEM Board listed company and realized a capital gain of HK\$1.5 million from this during the Period under review.

**Employees, Training and Remuneration Policy**

As at 30 June 2005, the Group has approximately 1,800 (31 December 2003: 2,000) employees. Employees are remunerated according to the nature of their job and market trend, with a built-in merit component incorporated in the annual increment and year end performance bonus to reward and motivate individual performance. Total staff costs for the Period were approximately HK\$265 million (2003: HK\$202 million).

The share option scheme (the "Old Share Option Scheme") adopted on 26 May 2000 was cancelled and terminated on 23 May 2003 but without prejudice to the share options previously granted prior to such termination.

In respect of the share option scheme (the "New Share Option Scheme") approved by the shareholders on 23 May 2003 for granting options over newly issued shares of the Company to eligible employees and directors pursuant to the provisions of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), no option was granted during the period ended 30 June 2005.

於二零零五年六月三十日，本集團有充足之財政資源用作償還債務和支付日常營運及資本開支。本集團的現金及銀行結餘大部份為人民幣、新台幣或美元。隨著中國在二零零五年七月二十一日宣布改將人民幣與一籃子貨幣掛鈎，我們認為對本集團業務沒有重大影響。我們會繼續密切注視情況。

本集團在本期間出售一項在創業板上市的非核心投資「駿科網絡訊息有限公司」，並錄得港幣1,500,000元的資本增值溢利。

**僱員、培訓及薪酬政策**

於二零零五年六月三十日，本集團旗下員工約1,800人(二零零三年十二月三十一日：2,000人)。員工薪酬乃按其工作性質和市況而釐定，並於本期間增薪評估內設有表現評估部份及年終獎金，以推動及獎勵個人工作表現。本期間內的職工成本總額約港幣265,000,000元(二零零三年：港幣202,000,000元)。

於二零零零年五月二十六日採納之購股權計劃(「舊購股權計劃」)已於二零零三年五月二十三日取消及終止，但不會影響於此日期前已獲授之購股權。

於二零零三年五月二十三日股東批准之購股權計劃(「新購股權計劃」)乃依照香港聯合交易所有限公司證券上市規則(「上市規則」)第17章的規定可向合資格僱員及董事售出認購本公司新發行股份之購股權。於本期間內，本公司並無授出任何購股權。



# Frozen Food and Bakery

## 冷凍及烘焙食品



Frozen Food and Bakery Production Plant

冷凍及烘焙食品生產基地





**CHAIRMAN'S STATEMENT** (continued) 董事會主席報告書 (續)**Charges on Group Assets**

As at 30 June 2005, the amount of the Group's assets pledged as security for liabilities was HK\$71 million (31 December 2003: HK\$64 million).

**Contingent Liabilities**

- (a) As at 30 June 2005, the Company had contingent liabilities in respect of guarantees given by the Company to banks to secure banking facilities granted to certain subsidiaries of which amount utilized by the subsidiaries amounted to HK\$70,410,000 (31 December 2003: HK\$182,286,000).
- (b) As at 30 June 2005, the Group had contingent liabilities in respect of several guarantees given to banks to secure banking facilities of a jointly controlled entity to the extent of HK\$18,853,000 (31 December 2003: HK\$45,544,000).
- (c) As at 30 June 2005, the Group sold to financial companies its notes receivable with recourse, which amounted to HK\$34,061,000 (31 December 2003: HK\$14,004,000).

**Review of Operations***Food Segment*

The segment achieved improvement in operating profit in the Period despite of intensive price competition. Business growth resulted from the improvement in distribution channels, introduction of new products and implementation of effective marketing strategies. The general improvement in consumer sentiment towards our quality and services had also helped our growth.

**本集團資產之抵押**

於二零零五年六月三十日，本集團為負債作出抵押之資產金額為港幣71,000,000元（二零零三年十二月三十一日：港幣64,000,000元）。

**或然負債**

- (a) 於二零零五年六月三十日，本公司的或然負債為本公司向銀行提出的擔保，以便若干附屬公司取得銀行信貸額。而有關附屬公司已動用之信貸金額共港幣70,410,000元（二零零三年十二月三十一日：港幣182,286,000元）。
- (b) 於二零零五年六月三十日，本集團的或然負債為多項由本集團向銀行提出的擔保，以便有關共同控制個體取得銀行信貸額共港幣18,853,000元（二零零三年十二月三十一日：港幣45,544,000元）。
- (c) 於二零零五年六月三十日，本集團向財務機構出售有追索權之應收票據，總值港幣34,061,000元（二零零三年十二月三十一日：港幣14,004,000元）。

**業務回顧***食品分部*

儘管價格競爭激烈，食品分部於本期間仍取得經營溢利增長。由於改良分銷渠道、引進新產品及實施有效市場策略，業務得以持續增長。消費者對品質及所提供服務的滿意程度全面提升亦有助業務發展。

## CHAIRMAN'S STATEMENT (continued) 董事會主席報告書(續)

The flour business continued to grow at double digit for the past 12 months as compared with the same period of the previous year. Both "Golden Statue" and "American Roses" brands continue to win increasing acceptance among premium bakeries and food manufacturers.

The profitability of our edible oil business in Mainland China further improved despite of raw materials cost fluctuation and keen competition in the retail market. "Knife" brand maintains its leadership in the Hong Kong market. The oil business focused our market development efforts in Hong Kong and the growing Southern China region.

### Detergent Segment

The segment achieved a double digit volume growth during the period under review. The Group successfully launched AXE "Ocean Clear" dishwashing detergent and relaunched AXE "Natural Clear" in the premium segment. According to a survey conducted by AC Nielson, "AXE" and "Labour" brands maintain their leadership in this segment. "AXE" fabric softener is one of the top five brands in Mainland China's four key cities in 2004. Both "AXE" and "Labour" dishwashing detergent are also among the top five brands in Guangzhou.

### Packaging Segment

The segment's "Easy-Open-Ends" business maintains its leading position in Taiwan and is also one of the largest local independent Easy-Open-Ends suppliers in Mainland China.

### Distribution Segment

Despite keen competition, this segment has maintained its competitiveness, with a slight growth in turnover. Its profitability was adversely affected by higher raw material costs.

麵粉業務於過去十二個月較上一年度同期繼續雙位數字增長。「金像牌」及「美玫牌」繼續贏得更多優質麵包店及食品製造商之認同。

雖然原材料價格波動，且零售市場競爭激烈，但本集團於中國內地食油業務之盈利能力仍得到進一步改善。「刀嘜」仍然保持於香港市場之領導地位。食油業務集中於香港及處於增長之華南地區發展市場。

### 清潔用品分部

清潔用品分部於本期間內銷售量達雙位數字增長。本集團成功推出「斧頭牌透亮海洋洗潔精」，並重新推出「斧頭牌天然透亮」。根據AC尼爾森市場研究公司進行之一項研究，「斧頭牌」及「勞工牌」於本分部繼續保持其領導地位。「斧頭牌衣物柔順劑」於二零零四年在中國內地四大主要城市名列五大名牌之一。「斧頭牌」及「勞工牌」洗潔精亦入選廣州五大名牌。

### 包裝產品分部

本分部之「易拉蓋」業務於台灣繼續佔據領導地位，於中國內地亦為最大之當地獨立易拉蓋供應商之一。

### 產品分銷分部

儘管競爭激烈，產品分銷分部仍然保持競爭力，營業額錄得輕微增長。本分部之盈利水平因較高原料價格而受到不利影響。

**CHAIRMAN'S STATEMENT** (continued) **董事會主席報告書** (續)**Outlook**

Benefiting from the economic recovery in Hong Kong and the sustained growth in the economy of Mainland China, the Group has continued to improve its operating results.

It is expected in 2005 China's economy as a whole will continue its overall trend of steady development, with an estimated grow rate of more than 8%. Moreover, the economy in Hong Kong will improve further following the relaxation of travel restrictions on Mainland China residents, the Closer Economic Partnership Arrangement and the opening of Disneyland Park.

With our Group's diversified business segments of frozen food, edible oil, flour, detergent and packaging, we are well positioned to capture these business opportunities from the general growth in demand for good quality and healthy food products in the region.

Supported by good economic growth factors and the development strategies in our various lines of business, we are confident of making further steady progress in the year ahead.

**APPRECIATION**

The Board of Directors would like to express its sincere appreciation to its bankers, suppliers, customers and shareholders for their continued support to the Group. The Board also wishes to thank the Group's management and staff for achieving major progress in our businesses and their dedication and commitment for improving our product quality for the market.

By Order of the Board  
**Whang Tar Choung**  
Chairman

Hong Kong, 28 July 2005

**展望**

受惠香港經濟復甦及中國內地經濟持續增長，本集團之經營業績持續改善。

預期於二零零五年，中國經濟整體而言將維持其穩步發展之趨勢，預計增長率逾8%。此外，隨著中國放寬內地居民之旅遊限制、更緊密經貿關係安排及迪士尼樂園開幕，香港經濟將進一步改善。

由於本集團業務分部多元化，涵蓋冷凍食物、食油、麵粉、清潔用品及包裝產品，本集團已準備就緒，把握區內對高品質及健康食品之需求整體增加所帶來之商機。

良好經濟增長因素及發展多元化策略之支持，本公司有信心在來年將作出更平穩進展。

**鳴謝**

董事會同寅對一直給予本集團支持的銀行、供應商、顧客及股東，致以最由衷的感謝。同時董事會同寅亦感謝本集團的管理層及員工，對業務之進展所付出之努力及對改善提供予市場之產品品質所作出之貢獻及承諾。

承董事會命  
主席  
黃大椿

香港，二零零五年七月二十八日