

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之討論及分析

Turnover

The Group's sales continued to increase in the year under review. To further strengthen our brands and market leadership, we have been adding new value to our existing products and launching healthy, great-tasting and trend-setting products that were generally welcomed by customers. We also kept on expanding our business by making our products available in new channels and building our brands in fast-growing global markets. In general, sales growth was more pronounced in the first half of the year, slowing down in the second half.

The Group's total turnover for the year ended 31st March, 2003 was HK\$2,228 million, up 1.6% from the HK\$2,192 million registered in the previous year. In fact we were able to sustain a stable year-on-year growth of 4.8% if we exclude North America, which was affected to a certain extent by the weakened demand for Aseptic Soymilk and Tofu as well as other unforeseen circumstances.

Gross Profit

The Group's gross profit for the year totalled HK\$1,245 million (2002: HK\$1,207 million), an increase of 3.1% over the previous year. The gross profit margin was 55.9%, as compared to 55.1% a year before.

In addition to sales growth, the growth in profit could also be attributed to our ongoing effort in cost management as well as an improvement in overall production efficiency through supply chain management and enterprise resource planning. The resulting higher productivity has enabled us to offer better value to customers and grow our earnings faster than sales.

Distribution, Administration and Other Operating Expenses

Cost management remains high on our agenda and our expenses in key areas are kept under tight control. In the year under review, marketing, selling and distribution expenses increased slightly to HK\$821 million (2002: HK\$807 million). Administration expenses

營業額

於回顧年度本集團之銷售額持續上升。為進一步提高本集團之品牌知名度及鞏固市場領導地位，本集團不斷為其現有產品注入增值元素及推出健康味美而又帶領潮流之產品，普遍受顧客歡迎。本集團亦於新闢之銷售渠道推銷產品及在全球各地迅速增長之市場建立品牌知名度，藉以不斷擴展業務。總括而言，銷量增長以上半年較為明顯，下半年則轉趨放緩。

本集團於截至二零零三年三月三十一日止年度之營業總額為港幣2,228,000,000元，較上年度之港幣2,192,000,000元上升1.6%。倘撇除北美洲市場，其在若干程度上受無菌紙包裝豆奶及豆腐之需求疲弱及其他不可逆料因素影響，實際上本集團對比去年同期仍穩步增長4.8%。

毛利

本集團於本年度之毛利共港幣1,245,000,000元（二零零二年：港幣1,207,000,000元），較上年度上升3.1%。邊際毛利率為55.9%，而上年度則為55.1%。

除銷售額取得增長外，在本集團致力控制成本及透過供應鏈管理與企業資源調配而提高整體生產效率下，溢利亦見有所增長。提高生產力令本集團得以為客戶提供更物超所值之產品，盈利增長更勝銷售額增長。

分銷、行政及其他經營費用

控制成本仍為本集團之首要任務，各主要部門之開支均受到嚴格控制。於回顧年度，市場推廣、銷售及分銷費用輕微增至港幣821,000,000元（二零零二年：港幣807,000,000元）。行政

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amounted to HK\$161 million, compared to HK\$164 million last year. Other operating expenses amounted to HK\$105 million, a decrease of 6.3%. Total operating expenses amounted to 48.8% of sales (2002: 49.4%).

We have always been looking for and implementing new ways to manage our marketing and promotional spending more efficiently in order to achieve volume growth and higher profit. We are glad that the result has been up to our expectations so far.

To improve operational efficiency, the Group's North American Operation has already been consolidated to achieve cost synergy.

Profit for Disposal of Associate

The equity interest in Sodexho (Hong Kong) Limited, our associate, was sold in August 2002 for a consideration of HK\$14 million, giving rise to a gain on disposal of HK\$2.5 million.

Operating Profit and Earnings Before Interest, Taxation, Depreciation and Amortisation Expenses (EBITDA)

EBITDA for the year amounted to HK\$278 million, up from HK\$221 million a year earlier. We were able to sustain high productivity throughout our supply chain, hence lifting our gross margin to 55.9% of sales. On the other hand, trade productivity helped us keep marketing spending flat as a percentage of sales. As a result, our EBITDA margin grew to 12.5% of sales (2002: 10.1%). All these numbers speak for our resilience in a highly challenging business environment and the success of our focused expansion and diversification strategy.

Profit Attributable to Shareholders

For the year ended 31st March, 2003, profit attributable to shareholders was HK\$139 million, representing an increase of 59.8% when compared with the profit of HK\$87 million for 2001/2002. This growth in profit, as also mentioned above, was attributable mainly to improvements in sales performance, operational efficiency, cost management as well as the cost-effectiveness of advertising and promotion.

費用達港幣161,000,000元，而上年度則為港幣164,000,000元。其他經營費用達港幣105,000,000元，減少6.3%。經營費用總額佔銷售額之48.8%（二零零二年：49.4%）。

本集團經常尋求新法更有效地控制市場推廣支出，以求增加銷量及提高溢利，迄今為止效果均能符合預期要求，成績令人欣慰。

為改善營運效益，本集團之北美洲業務已經合併，藉以在成本調配上發揮相輔相成作用。

出售聯營公司所得溢利

本集團於聯營公司索迪斯（香港）有限公司所持之股本權益已於二零零二年八月以港幣14,000,000元之代價出售，從中獲得收益港幣2,500,000元。

經營溢利及未計利息、稅項、折舊及攤銷費用前盈利 (EBITDA)

本年度之EBITDA由一年前之港幣221,000,000元上升至港幣278,000,000元。本集團透過完善之供應鏈而得以維持高生產力，從而令邊際毛利率提昇至佔銷售額之55.9%。另一方面，有效之營商模式有助本集團將市場推廣開支之佔銷售額維持某一百分比。因此，本集團之EBITDA增長至佔銷售額之12.5%（二零零二年：10.1%）。上述各項數據足證本集團在充滿挑戰之營商環境下展現無比韌力，而集中擴展及多元化策略亦見奏效。

股東應佔溢利

截至二零零三年三月三十一日止年度之股東應佔溢利為港幣139,000,000元，與二零零一／二零零二年度之溢利港幣87,000,000元比較，增幅達59.8%。誠如上文所述，溢利增長之主要原因為銷售表現、營運效益、成本控制以及廣告及促銷之成本效益各方面均見有所改善。



健康至尚

well-being

promoting customers' well-being
is our priority

以促進顧客健康為己任



優良傳統 heritage

a global company that was born in Hong Kong
with strong Chinese heritage

秉承中華文化之優良傳統，植根香港之跨國公司



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Liquidity & Financial Resources

As at 31st March, 2003, the Group was in a healthy net cash position of HK\$244 million (31st March, 2002: HK\$132 million). Undrawn facilities available to the Group amounted to HK\$351 million.

As at 31st March, 2003, the Group's borrowings amounted to HK\$181 million, a decrease of HK\$124 million from the amount outstanding at the end of the last fiscal year. The maturity profile is spread over a period of five years, with HK\$157 million repayable in the first year, HK\$5 million in the second year and HK\$19 million within the remaining three years. The amount of borrowings denominated in the US Dollar, Renminbi and Australian Dollar were the equivalents of HK\$28 million, HK\$65 million and HK\$88 million respectively. The gearing ratio (total borrowings / shareholders' equity) was 14.5% (31st March, 2002: 25.8%).

With our strong cash position at the year-end date as well as available banking facilities, the Group's liquidity position remains healthy. The Group has sufficient liquidity to satisfy its commitments and working capital requirements. The Group incurred capital expenditure totalling HK\$47 million in 2002/2003 (2001/2002: HK\$111 million), which was primarily funded by cash generated from its operations.

Charges on Group Assets

As at 31st March, 2003, certain assets of the Group with an aggregate carrying value of HK\$51 million (31st March, 2002: HK\$331 million) were pledged to secure loan facilities utilised by the Group's subsidiaries.

Financial Risk Management

The Group's overall treasury and funding policy focuses on the controlled management of risk, with transactions being directly related to the underlying businesses of the Group. For synergy, efficiency and control, the Group operates a central cash and treasury management system for all its subsidiaries. Bank arrangements and long-term borrowing requirements for subsidiaries are monitored and approved at the corporate management level. The Group endeavours to hedge its non-HK Dollar and non-US Dollar denominated assets and investments located overseas with an appropriate level of borrowings in the currencies of those countries.

流動資金及財務資源

於二零零三年三月三十一日，本集團之現金淨額維持在港幣244,000,000元（二零零二年三月三十一日：港幣132,000,000元）之穩健水平。可供本集團動用而仍未提用之信貸額達港幣351,000,000元。

於二零零三年三月三十一日，本集團之借貸達港幣181,000,000元，較上財政年度結算時之未償還款項減少港幣124,000,000元。有關借款可分五年攤還，其中港幣157,000,000元須於首年償還，港幣5,000,000元須於次年償還，另港幣19,000,000元則於餘下三年內償還。該等借貸分別以美元、人民幣及澳元為單位，分別相當於港幣28,000,000元、港幣65,000,000元及港幣88,000,000元。借貸比率（即借貸總額與股東權益之比率）為14.5%（二零零二年三月三十一日：25.8%）。

憑藉本集團於年度結算日之充裕現金及可動用之銀行信貸，本集團之流動資金狀況維持穩健。本集團具備充足流動資金，以應付其承擔及營運資金需求。本集團於二零零二／二零零三年之資本開支共達港幣47,000,000元（二零零一／二零零二年：港幣111,000,000元），主要以經營業務所得之現金撥款支付。

本集團資產之抵押

於二零零三年三月三十一日，本集團賬面值合共港幣51,000,000元（二零零二年三月三十一日：港幣331,000,000元）之若干資產已用作本集團附屬公司所用貸款融資之抵押。

財務風險管理

本集團之整體財政及融資政策集中於有系統地管理與本集團旗下業務直接有關之交易之風險。為達致協調效益、提升效率及方便管理，本集團為其所有附屬公司實行中央現金及財政管理制度。附屬公司

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Forward foreign exchange contracts are utilised where appropriate to hedge against major non-HK Dollar and non-US Dollar exposures. At the year-end, the Group had no significant exposure under foreign exchange contracts or financial derivatives.

Investor Relations

Since a large proportion of the Group's shares in the public domain are held by institutional investors and some retail investors are also showing an increasing interest in the Group's shares, the Group considers good investor relations a high priority. We have an on-going policy of maintaining a regular dialogue with fund managers and analysts for the purpose of explaining the Group's latest developments and initiatives so that they can form an updated and clear picture of our strengths and prospects. This kind of communication is carried out through letters, press statements, presentations and meetings to announce the Group's results. In view of renewed interest among investors in the Group's shares, more briefings and meetings were held with fund managers, analysts and potential investors in Hong Kong, the US and Europe during the year under review.

Employment, Training & Development

The Group has always taken a prudent approach to manpower planning. The size of our full-time workforce increased marginally by 1.9% in the year under review. As at 31st March, 2003, the number of full-time employees was 2,288. We are maintaining a manpower policy that aims to maximise the output of existing staff resources in order to achieve productivity gains.

Regardless of the economic environment, the Group remains committed to staff training. We believe that through improving our staff's job-related competencies, we can increase overall output and operational efficiency without the need to increase the headcount. We have therefore continued to support a wide range of skills training and staff development programmes in Hong Kong, the Mainland, North America and Australia. In Hong Kong, 154 training programmes were provided in the year under review to 1,767 staff participants at all levels, covering topics relating to management, quality control

之銀行安排及長期借款需求須受本集團管理層監管及獲其批准。本集團致力以海外國家之貨幣借入適量之款項，藉以對沖於海外國家並非以港元或美元計算之資產及投資。當本集團認為應對沖主要非港元及非美元之風險時，本集團即會使用遠期外匯合約。於年終時，本集團並無有關外匯合約或衍生金融工具之重大風險。

投資者關係

由於本集團之公眾上市股份大部份由機構投資者持有，且部份散戶投資者對本集團股份之興趣亦日漸濃厚，本集團認為與投資者建立良好關係乃首要任務。本集團之一貫政策為定期與基金經理及分析員對話，旨在介紹本集團之最新發展及計劃，令彼等對本集團之實力及前景有更新更清晰瞭解。溝通渠道包括致函、發表新聞稿、舉行簡介會及業績發佈會等。鑑於投資者對本集團之股份產生興趣，本集團於回顧年度舉行更多簡佈會及與來自香港、美國及歐洲之基金經理、分析員及有潛質的投資者會面。

僱員、培訓及發展

本集團在人力調配上往往採取審慎策略。於回顧年度，全職僱員人數僅微升1.9%。於二零零三年三月三十一日，全職僱員人數為2,288人。本集團之人力政策為發揮現有人力資源之最大潛質，從而提昇生產力。

不論經濟環境順逆，本集團對於員工培訓仍不遺餘力。本集團相信，透過改善員工之工作能力，可以提昇整體生產力及營運效率而毋須增添人手。因此，本集團繼續支持在香港、中國大陸、北美洲及澳洲等地舉辦之各項技能培訓及員工發展課程。香港方面，本集團於回顧年度為1,767名各級員工提供154項培訓課程，範圍包括

優質生活 quality life

we promote the superior quality of life through our
nutritious, healthy and great-tasting products

以營養豐富、健康味美的產品提倡優質生活



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and technical skills. In the Mainland, 177 training programmes were held on various topics. Our North American and Australian Operations provided approximately 300 and 140 man-hours of training respectively, focusing on management and quality control. Besides in-house training, the Group has also continued to implement its policy of sponsoring employees' participation in external training and education programmes, including Outward Bound training, MBA and degree courses in job-related disciplines.

The Group is also fully committed to the safety and health of its employees. The safety and health committees established in the Group's various operations are responsible for constantly improving safety and health in the workplace by carrying out risk assessment of work sites regularly and by establishing policies and guidelines for improvement and taking corrective action where necessary. Regular and intensive training on safety and health is also provided for staff.

The Group's remuneration policies and packages have remained unchanged. Discretionary bonuses, share options and other merit payments are granted, having regard to both the Group's and individual employees' performance, and are meant to reflect the value generated by staff members during the year.

Community Support

With a view to promoting a healthy diet and lifestyle, the Group supported a number of activities and programmes organised by various professional bodies and charitable organisations during the year.

In the area of health promotion, we supported the Biggest Healthy Breakfast organised by the Centre for Health Promotion, Faculty of Medicine, Chinese University of Hong Kong by supplying our CALCI-PLUS Soya Bean Drink that formed part of the healthy breakfast pack for teachers and students throughout Hong Kong. We also sponsored the Skip Lunch Day by providing CALCI-PLUS to 50,000 participants to help the Community Chest of Hong Kong raise funds for its beneficiary organisations. We supported the Tai Po Health Promoting

管理、品質控制及專門技能等。中國大陸方面，所舉辦之培訓課程數目為177項，培訓項目眾多。本集團在北美洲及澳洲之分公司分別為員工提供約300及140小時之培訓，集中管理及品質控制方面。除內部培訓外，本集團亦資助僱員參加外界主辦之培訓及教育課程，包括外展訓練、切合工作需要之工商管理碩士及學位課程。

本集團關注僱員之工作安全及健康。本集團各分部均設有工作安全及健康委員會，專責不斷改善工作地點之安全及健康事宜，包括定期對工作地點進行風險評估，製訂改善政策及指引及作出相應改善工作。本集團亦就工作安全及健康等環節定期為員工提供更深入之訓練。

本集團之薪酬政策及福利組合仍維持不變。酌情花紅、購股權及其他優異表現之獎金乃根據本集團之業績及個別僱員之表現而發放，旨在表揚員工於年內作出之貢獻。

社會服務

為推廣健康之飲食習慣及生活方式，本集團於年內支持多項由不同專業團體及慈善機構主辦之活動及計劃。

在宣傳推廣健康方面，本集團支持香港中文大學醫學院健康推廣中心主辦之「新世紀有營早餐大行動」，為全港師生供應鈣思寶大荳飲品，作為健康早餐的一部份。本集團亦贊助香港公益金為其受助機構籌款而舉辦之「公益行益「折」食日」，為50,000名參加者供應鈣思寶。本集團亦支持基督教聯合那打素社康服務主辦之「大埔倡健

School Project organised by the United Christian Nethersole Community Health Service to promote healthy breakfasts in schools in Tai Po. We also continued to support charity walks organised by the Children' Heart Foundation, the World Heart Day of the Hong Kong College of Cardiology and the Tung Wah Group of Hospitals. The walks were meant for raising funds for promoting public awareness of heart diseases.

The Group also took part in a number of community activities. We sponsored fund-raising activities organised respectively by the Hong Kong Adventure Corps, Hong Kong Outward Bound, Neighbourhood Advice-Action Council and ORBIS. In March 2003, we joined the Hong Kong Council of Social Service to pay tribute to Hong Kong's medical community in the fight against SARS. We also continued to support the 30-Hour Famine Camp of World Vision Hong Kong to raise funds for the needy in developing countries. The Group's employees also participated voluntarily in the Corporate and Employee Contribution Programme of the Community Chest of Hong Kong. Overseas, Vitasoy USA Inc. supported a number of community and health events organised respectively by the America Cancer Society (San Francisco), Chinese Community Health Resource Center (SF), Easter Seals, The Greater Boston Food Bank, University of California and San Francisco Food Bank.

學校計劃」營養早餐會，計劃目的為向大埔區內學校宣傳健康早餐之概念。

本集團繼續響應分別由兒童心臟基金會、香港心臟專科學院世界心臟日及東華三院發起之慈善步行籌款活動。該等步行活動旨在為向大眾灌輸對心臟病之認識籌募所需經費。

本集團亦參與多項社區活動。本集團贊助分別由香港少年領袖團、香港外展訓練學校、鄰舍輔導會及奧比斯眼科飛機醫院舉辦之籌款活動。於二零零三年三月，本集團加入支持香港社會服務聯會發起，向與非典型肺炎搏鬥之香港醫護人員致敬的活動。本集團亦支持香港宣明會為發展中國家極需援助人士籌款而舉辦之「饑饉三十」，本集團之僱員自發參與香港公益金之企業及僱員捐助計劃。海外方面，Vitasoy USA Inc. 支持分別由美國癌病協會（三藩市）、華人健康資源中心（SF）、Easter Seals、The Greater Boston Food Bank、加州大學及 San Francisco Food Bank 等機構主辦之社區及健康教育活動。

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HONG KONG

Production Efficiency

香港

生產效率

By Location of Assets (Production Plants) 按資產(生產廠房)所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue 收入	\$1,199 million 1,199,000,000元	\$1,168 million 1,168,000,000元	2.7%
Segment Result 分部業績	\$189 million 189,000,000元	\$183 million 183,000,000元	3.3%
Segment Net Operating Assets 分部淨營運資產	\$478 million 478,000,000元	\$472 million 472,000,000元	1.3%

The Group's production plant in Hong Kong supports both domestic sales and exports to markets in Europe, Macau, Southeast Asia and the Americas.

For the year ended 31st March, 2003, the revenue generated by the plant and the tuck shop business reached HK\$1,199 million, an increase of 2.7% over the previous year. The healthy growth in domestic sales in Hong Kong was able to offset the decline in exports to Australia after the commissioning of the Group's plant in Wodonga, Victoria in July 2001. The segment result for the same period was HK\$189 million, up by 3.3%. Through continuous improvement in sales and tighter cost control, we have also managed to improve our gross margin and profitability in the Hong Kong market.

本集團之香港生產廠房供應本地市場，以及本集團分佈歐洲、澳門、東南亞及美洲之出口市場。

截至二零零三年三月三十一日止年度，廠房及食物部業務之收入為港幣1,199,000,000元，較去年上升2.7%。香港之本銷額穩步增長，足以抵銷本集團位於維多利亞省烏東加市之廠房於二零零一年七月投產後導致出口澳洲銷售額下跌之跌幅。同期之分部業績為港幣189,000,000元，增長3.3%。由於銷售額持續回升及加緊控制成本，本集團在香港市場之邊際毛利率及盈利能力皆有所改善。

HONG KONG (continued)

Market Performance

香港(續)

市場表現

By Location of Customers 按客戶所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue – Hong Kong Domestic Market 收入 – 香港本銷市場	\$1,417 million 1,417,000,000元	\$1,350 million 1,350,000,000元	5.0%
Revenue – Export Markets 收入 – 出口市場	\$66 million 66,000,000元	\$64 million 64,000,000元	3.1%

Turnover generated from the Hong Kong domestic market was HK\$1,417 million, increasing by 5.0% over the previous fiscal year, whereas turnover derived from the export markets was HK\$66 million, up by 3.1%.

(1) Domestic Market

Hong Kong remained a highly challenging market that continued to be afflicted by an inactive economy, high unemployment and deflation. In face of these challenges, the Group found it important to leverage its brand names on the one hand and create higher brand value on the other. We continued to launch new products under the VITASOY and VITA brands that appeal to the increasingly value-conscious consumer. At the same time, we continued to rely on innovative and effective marketing and promotion initiatives to support those new products. As a result, we were able to achieve good performance during the year. Indeed we outperformed the local industry's overall average.

The successful launch of the new VITA Fresh Green Tea and VITA CHAT DIN Iced Tea and re-launch of VITA Water were attributable to our strong marketing campaigns, including some highly popular TV commercials. Other new products launched during the period, including Premium Organic Soya Drink in different flavours, new Juice Drinks, Jelly Drinks with Juice, and Distilled Water with Minerals, also met with a good degree of success.

香港本銷市場之營業額為港幣1,417,000,000元，較上財政年度上升5.0%，而出口市場之營業額則為港幣66,000,000元，上升3.1%。

(1) 本銷市場

香港仍然是一個充滿挑戰之市場，繼續受經濟呆滯、失業率高企及通縮等問題困擾。面對種種挑戰，本集團認識到借助品牌效應之餘亦同時提高品牌知名度乃重要對策。本集團繼續推出以「維他奶」及「維他」為品牌之產品，迎合愈來愈注重產品價值之消費者。與此同時，本集團繼續倚賴創新而有效之市場推廣及宣傳策略促銷該等新產品。因此，本集團得以於年內取得佳績。事實上，本集團較本港業界之整體平均表現優勝。

新近推出之維他鮮綠茶及茶字典冰茶以及重新推出之維他水類產品深受市場歡迎，全賴本集團強大之市場推廣攻勢，包括若干受歡迎之電視廣告。同期推出之新產品計有不同口味之高級有機荳奶、新款果汁飲品、果汁啫喱飲品及蒸餾礦泉水，市場反應相當理想。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之討論及分析

HONG KONG (continued)

Market Performance (continued)

Vitaland Services Limited (“Vitaland”) continued to grow its market share in the tuck shop business. Given the general recognition of the quality of the products and services provided by our tuck shops, Vitaland was able to expand significantly during the year, with the number of tuck shops growing to 217, an increase of 28.4% from 169 a year ago. To cope with the increasing demand for meal box services in the school sector, Hong Kong Gourmet Limited, our modern kitchen facility for supplying lunch boxes, also continued to expand its operations. Supported by nutrition professionals, we are now a leading provider of healthy and hygienic food and drinks for schools in Hong Kong.

(2) Export Markets

The Group continued to build its export business by introducing new products to existing distributors and expanding into new countries. The VITASOY Organic range of products introduced in Europe in August 2002 has been well received. Export growth continued in the year under review, notably in Singapore and Macau.

香港(續)

市場表現(續)

維他天地服務有限公司(「維他天地」)繼續擴大其在食物部業務之市場佔有率。由於本集團旗下食物部提供之產品及服務質素有口皆碑，維他天地得以於年內大肆擴張，食物部數目由一年前之169間增至217間，增長28.4%。為滿足學界對餐盒服務與日俱增之需求，本集團屬下專門供應午膳餐盒之現代中央廚房香港美食有限公司亦不斷擴展業務。在營養專家的協助下，本集團現已成為向香港學校提供健康衛生之食物及飲料之主要膳食供應商。

(2) 出口市場

本集團透過向現有分銷商推介新產品及拓展業務至新國家，持續發展其出口業務。於二零零二年八月在歐洲推出之維他奶有機荳奶系列產品已普遍獲市場受落。於回顧年度出口持續增長，以新加坡及澳門尤其顯著。

NORTH AMERICA
Production Efficiency

北美洲
生產效率

By Location of Assets (Production Plants) 按資產(生產廠房)所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue 收入	\$466 million 466,000,000元	\$493 million 493,000,000元	(5.5%)
Segment Result 分部業績	(\$35 million) (35,000,000元)	(\$52 million) (52,000,000元)	33.0%
Segment Net Operating Assets 分部淨營運資產	\$242 million 242,000,000元	\$265 million 265,000,000元	(8.7%)

In 2002/2003, the Group's production plants in Massachusetts and California generated HK\$466 million of revenue, a decrease of 5.5% from the previous year. The segment result for the year was an operating loss of HK\$35 million, down from HK\$52 million a year ago. This improvement could be attributed to the reduction in expenses relating to the office consolidation carried out last year, the transfer of our West Coast direct store delivery business to a distributor and the commencement of the Okara (bean residue) drying operation.

於二零零二/二零零三年，本集團設於麻省及加州之生產廠房共提供收入港幣466,000,000元，較上年度下跌5.5%。本年度之分部業績錄得經營虧損港幣35,000,000元，而一年前則為港幣52,000,000元。虧損情況有所改善之原因為去年合併辦事處所減省之開支、將西岸之直接分銷產品業務轉讓予另一分銷商及Okara(荳渣)之焙乾開始運作。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之討論及分析

NORTH AMERICA (continued)

Market Performance

By Location of Customers 按客戶所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue – North American Market 收入 – 北美洲市場	\$518 million 518,000,000元	\$560 million 560,000,000元	(7.5%)

北美洲(續)

市場表現

The North American soyfood market continued to evolve and consolidate throughout 2002. The Aseptic Soymilk and Tofu categories were contracting as mainstream US consumers turned to the familiar dairy case for beverage purchases and were choosing meat alternatives, soy-enhanced energy bars and other ready-to-consume products as a more convenient way to obtain soy protein in their diets. However, the growth in the demand for Refrigerated Soymilk remained very strong in the US market.

Vitasoy USA Inc.'s total turnover declined by 7.5% for the year ended 31st March, 2003. This was due mainly to the decline in the Aseptic Soymilk category of 5.0% and in the Tofu category of 7.6%. In addition, the ethnic markets registered a reduction in sales due to increased competition and the one-off sale of inventory to a local distributor in December 2001 at lower prices. It should, however, be noted that the sales of VITASOY Refrigerated Soymilk registered a healthy growth of 6.9% year-on-year.

After the closedown of the South San Francisco office and the consolidation of all administrative functions into the Ayer facility, in Massachusetts, all our businesses in the US now operate under the umbrella of Vitasoy USA Inc.. This has resulted in a higher degree of coherence and coordination which is conducive to a "team-based results-driven corporate culture" throughout the organisation. The new integrated information system implemented in December 2001 has been helping to improve operational efficiency. Higher operational efficiency resulting from these significant initiatives implies that we are now in a stronger position to develop and launch new products as well as explore new market channels in the coming years.

於二零零二年，北美洲之大豆食品市場不斷蛻變整固。由於美國主流消費者轉向於鮮凍食品架購買飲品，及選擇以素肉、高大豆含量之能量棒及其他即食產品作為更方便攝取大豆蛋白質之佐膳，令無菌紙包裝豆奶及豆腐之銷量下跌。然而，美國市場對鮮凍豆奶之需求仍然強勁增長。

於截至二零零三年三月三十一日止年度，Vitasoy USA Inc.之營業總額下跌7.5%，主要原因為無菌紙包裝豆奶之銷量下跌5.0%，而豆腐銷量則下跌7.6%。此外，由於競爭激烈及於二零零一年十二月以低價將存貨一次過售予當地一名分銷商，傳統產品市場之銷售額呈現下跌。然而，維他奶鮮凍豆奶之銷售額與去年同期比較，則錄得6.9%穩健增長。

於結東南三藩市辦事處及將所有行政職能併入麻省艾爾市之辦事處後，本集團在美國之一切業務現皆由Vitasoy USA Inc.經營。此安排有助提高凝聚力及方便協調，促進「團隊精神共創佳績」之公司文化。於二零零一年十二月推行之嶄新綜合資訊系統對於提高營運效率大有幫助。此等重要改革帶來更高之營運效率，意味本集團正處於更有利位置，可於未來數年不斷開發及推出新產品及另闢市場渠道。

THE MAINLAND

Production Efficiency

中國大陸

生產效率

By Location of Assets (Production Plants) 按資產(生產廠房)所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue 收入	\$487 million 487,000,000元	\$489 million 489,000,000元	(0.4%)
Segment Result 分部業績	\$56 million 56,000,000元	\$54 million 54,000,000元	3.7%
Segment Net Operating Assets 分部淨營運資產	\$269 million 269,000,000元	\$279 million 279,000,000元	(3.6%)

The Group's production plants in Shanghai and Shenzhen support the Mainland market. Some of their products are also sold in Hong Kong. In the year under review, notwithstanding an insignificant drop in revenue to HK\$487 million, the Mainland plants contributed HK\$56 million to the Group's segment result, representing a healthy improvement of 3.7% over the previous year.

Our Mainland Operation's higher profitability should be attributed to improved utilisation of our plants, the refining of product mix and our strategy of subcontracting some of our production to third parties strictly in accordance with our own formulae. The three fundamental conditions to be met in subcontracting have been quality, price and lead time. The better segment result for the year under review speaks for the success of this strategy. Apart from raising our profitability in the Mainland, subcontracting also allows us to devote more time and resources to product development, marketing and brand building, which can ensure our market position in the Mainland market in the long term.

本集團設於上海及深圳之生產廠房負責供應中國大陸市場，該等廠房所製造之部份產品亦在香港銷售。於回顧年度，雖然收入輕微下跌至港幣487,000,000元，惟中國大陸之廠房仍為本集團之分部業績貢獻港幣56,000,000元，較上年度穩定回升3.7%。

本集團提高屬下廠房之使用率、重新整合銷售產品及採取將部份生產工序外判予第三者按照本集團之專有配方生產之策略，令本集團在中國大陸之業務之盈利能力得以提昇。外判加工工序必須符合品質、價格及完工時間三大基本條件。回顧年度之分部業績好轉證明此策略奏效。除可提昇本集團在中國大陸之盈利能力外，生產外判加工安排亦令本集團得以在產品開發、市場推廣及建立品牌上投入更多時間及資源，長遠而言有助本集團鞏固本身在中國大陸之市場地位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之討論及分析

THE MAINLAND (continued)

Market Performance

By Location of Customers 按客戶所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二／二零零三年	2001/2002 二零零一／二零零二年	Movement 變動
Revenue – The Mainland Market 收入－中國大陸市場	\$144 million 144,000,000元	\$140 million 140,000,000元	\$2.9%

中國大陸 (續)

市場表現

The Mainland's non-alcoholic beverage market continued to show positive growth, particularly in the dairy and ready-to-drink Tea and Juice segments. The demand for water and carbonated drinks continued to grow, but that for Soymilk remained soft.

The Group's turnover generated from the Mainland market was HK\$144 million in 2002/2003, an increase of 2.9% over the previous year. In southern China, there was a healthy growth of 6.6% despite a very competitive and price-sensitive market. This was attributable mainly to the successful launch of new ready-to-drink Tea and Sports Drinks in PET plastic bottles. The re-launch of 125ml VITASOY Aseptic Soymilk with new flavours and package designs resulted in an exceptional growth in sales of 30%. The marketing of these products was supported by aggressive trade and consumer promotion campaigns, competitive pricing and effective sales and distribution efforts. Taking advantage of the continued growth in southern China and following the Group's strategy of market diversification, we have also expanded into Fujian and Hunan during the year. In terms of distribution coverage and volume gains, the results in these two provinces have been positive.

中國大陸之非酒精飲品市場持續錄得可觀增長，尤以奶類及即飲茶類及果汁飲品為然。市場對水類產品及含碳酸飲品之需求持續增長，但對荳奶之需求則仍然偏軟。

本集團於二零零二／二零零三年來自中國大陸市場之營業額為港幣144,000,000元，較去年增加2.9%。華南方面，雖然市場競爭非常激烈，且產品定價波動，惟仍錄得6.6%穩定增長，主要原因為成功推出嶄新之PET塑膠瓶裝即飲茶類及運動飲品。再度推出之125毫升新口味維他奶無菌紙包裝荳奶在包裝設計上煥然一新，銷量取得30%強勁增長。本集團在推銷此等產品上所採用之策略為推出積極之客戶及消費者推廣活動、產品定價具競爭性及進行有效之銷售及分銷工作。把握華南地區持續增長之利及奉行本集團之市場多元化策略，本集團亦於年內將業務範圍拓展至福建及湖南。以分銷範圍及銷量增幅而言，本集團已在上述兩省取得不俗成績。

THE MAINLAND (continued)

Market Performance (continued)

However, the positive result in southern China was partly offset by the decline in sales of 8.7% in eastern and northern China. The decline was due mainly to the consolidation of sales and distribution channels in Greater Shanghai as well as our focus on second-tier cities in the neighbouring region. Our expansion effort in these cities had mixed results due to different market conditions and competitive pressures, especially in the dairy segment. Yet, there has been continuous improvement in terms of operational efficiency and supply chain management in our Shanghai plant, giving rise to further savings. Furthermore, we have secured a subcontracting agreement with one of the largest dairy groups in the Mainland for producing their products, which helped further improve the utilisation of our production capacity in Shanghai in the last quarter of the fiscal year.

中國大陸(續)

市場表現(續)

然而，華東及華北地區之銷售額下跌8.7%，局部抵銷了本集團在華南地區取得之佳績。銷售額下跌之原因為本集團致力結合大上海地區之銷售與分銷渠道及專注拓展鄰近地區之二線城市。由於各地之市場情況及競爭形勢截然不同(尤以奶類產品為然)，本集團在上述城市擴展業務之成效亦頗為參差。然而，本集團之上海廠房在營運效率及供應鏈管理方面不斷改善下，得以進一步節約成本。此外，本集團已取得中國大陸其中一間最具規模之乳品集團批出之委托加工合約，負責生產該集團之產品，有助進一步提升上海廠房於本財政年度最後一季之使用率。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之討論及分析

AUSTRALIA AND NEW ZEALAND

Production Efficiency

澳洲及新西蘭

生產效率

By Location of Assets (Production Plants) 按資產(生產廠房)所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue 收入	\$77 million 77,000,000元	\$43 million 43,000,000元	79.1%
Segment Result 分部業績	\$1 million 1,000,000元	(\$10 million) (10,000,000元)	110.0%
Segment Net Operating Assets 分部淨營運資產	\$137 million 137,000,000元	\$114 million 114,000,000元	20.2%

Commissioned in July 2001, the Group's joint-venture plant in Wodonga, Victoria supports the Australian and New Zealand markets. The year under review was the first full year of operation of the Wodonga plant and all the initial commissioning challenges have been overcome. For the twelve months to 31st March, 2003, the Wodonga plant generated HK\$77 million in revenue, increasing by a strong 79.1% from last year. The segment result of the Australian Operation was HK\$1 million.

本集團設於維多利亞省烏東加市之合營廠房於二零零一年七月投產，產品供應澳洲及新西蘭市場。回顧年度乃烏東加廠房之首個完整營運年度，運作初期之一切困難經已克服。於截至二零零三年三月三十一日止十二個月，烏東加廠房帶來收入港幣77,000,000元，較上年度強勁增長79.1%。澳洲業務分部業績為港幣1,000,000元。

AUSTRALIA AND NEW ZEALAND (continued)

Market Performance

澳洲及新西蘭(續)

市場表現

By Location of Customers 按客戶所在地 (Expressed in Hong Kong dollars 以港幣計算)	2002/2003 二零零二/二零零三年	2001/2002 二零零一/二零零二年	Movement 變動
Revenue – Australian and New Zealand Market 收入 – 澳洲及新西蘭	\$84 million 84,000,000元	\$78 million 78,000,000元	7.7%

The Soymilk market recognition in Australia reversed itself in the past year, with its value increasing by 5.5%. While the Aseptic Soymilk segment remained stable, the Refrigerated Soymilk segment grew by a phenomenal 20% in dollar terms. Indeed VITASOY was the main driver of the market growth by virtue of its LUSH Fruit-flavoured Soymilk launch in October 2002. The size of Australian Soymilk market is now valued at HK\$553 million, of which VITASOY accounts for nearly 13%.

In New Zealand, the market grew at a rate of 8.7% in value and 14.2% in volume. This grocery market was solely aseptic with its growth driven mainly by discounting. The market size is now at HK\$55 million, of which VITASOY accounts for nearly 37%.

The development of the Group's Australian Operation has been up to expectation and very satisfactory so far. For the year under review, Australia and New Zealand contributed a total of HK\$84 million to the Group's revenue, increasing by 7.7% from a year ago, with growth coming primarily from the Refrigerated Soymilk category in Australia and the Aseptic Soymilk category in New Zealand.

過去一年澳洲之荳奶市場重現增長，增幅達5.5%。雖然無菌紙包裝荳奶之增長維持穩定，但鮮凍荳奶則大幅增長20%。自LUSH果味荳奶於二零零二年十月推出之後，該產品成為刺激市場增長之主要動力。現時澳洲荳奶市場之總銷售值約為港幣553,000,000元，其中維他奶佔近13%。

新西蘭方面，如以價值計算，市場增長8.7%，而以銷量計算則增長14.2%。此食品市場純粹以無菌紙包裝產品為主，增長動力主要來自折扣優惠。現時當地市場之總銷售值為港幣55,000,000元，其中維他奶佔近37%。

迄今本集團之澳洲業務發展均符合預期要求，進展令人非常滿意。於回顧年度，澳洲及新西蘭業務為本集團帶來之收入共達港幣84,000,000元，較一年之前增加7.7%。澳洲方面，增長動力主要來自鮮凍荳奶；新西蘭方面則主要來自無菌紙包裝荳奶。