



anywhere

Always maintain
a healthy lifestyle
no matter where you are

無論身在何方，也要活得健康



Chairman's Statement

主席報告書

It gives me much pleasure to report that for the year ended 31st March, 2006, the Group recorded a profit attributable to equity shareholders of the Company of HK\$172 million, up 42.1% from fiscal 2004/2005. Total turnover increased by 5.9% year-on-year to HK\$2,520 million. The Group's gross profit for the year was HK\$1,481 million, up 8.3%. Earnings per share were HK\$0.172, compared to HK\$0.122 recorded for the previous year.

The Board of Directors is recommending a final dividend of HK6.7 cents per share at the upcoming Annual General Meeting on 11th September, 2006. This, together with the interim dividend of HK2.8 cents per share, will mean that the Group's total dividend for fiscal 2005/2006 will be HK9.5 cents per share (2004/2005 total dividend: HK8.5 cents per share). On top of that, given the Group's business performance and strong cash position, the Board is recommending a special dividend of HK10.0 cents per share (2004/2005 special dividend: HK10.0 cents per share). This marks the fourth consecutive year that a special dividend is

本人欣然匯報，本集團截至二零零六年三月三十一日止年度之本公司股權持有人應佔溢利為港幣172,000,000元，較二零零四／二零零五財政年度增加42.1%。總營業額按年計增加5.9%至港幣2,520,000,000元。本集團本年度之毛利為港幣1,481,000,000元，增加8.3%。每股盈利為港幣0.172元，去年則為港幣0.122元。

董事會將於二零零六年九月十一日舉行之股東週年大會上建議派發末期股息每股港幣6.7仙。連同已派發之中期股息每股港幣2.8仙，將使本集團於二零零五／二零零六財政年度之全年股息總額達每股港幣9.5仙(二零零四／二零零五年度股息總額：每股港幣8.5仙)。此外，基於本集團之良好業績表現及現金狀況，董事會建議派發特別股息每股港幣10.0仙(二零零四／二零零五年度特別股息：每股港幣10.0仙)。這已是本集團連續



*We care about
your health*

Winston Yau-lai LO
Executive Chairman

羅友禮
執行主席

being paid, which speaks strongly for the Group's commitment and capabilities to deliver higher value to shareholders.

I am also glad to report that, with effect from 30th November, 2005, the Company has become a constituent stock of MSCI HK Small Cap Index.

GENERAL REVIEW

The operating environment as a whole continued to improve in 2005, which was conducive to business growth and development. Taking advantage of the improved conditions in its major markets, the Group was able to implement its focused business strategies worldwide and achieve better financial results than the year before. In line with the economic performance and hence demand growth of our major markets, particularly Hong Kong, sales growth was stronger in the second half than the first half of the year. The Group's profitability also improved with the increase in sales and disciplined cost control. It should be noted that the Group's performance in Mainland China and Australia and New Zealand was particularly impressive during the year.

第四年派發特別股息，足以證明本集團能夠實踐為股東帶來更高回報之承諾。

本人亦欣然匯報，本公司已由二零零五年十一月三十日起成為摩根士丹利資本國際香港小型企業指數成份股。

概覽

整體營商環境於二零零五年持續好轉，有助於業務增長和發展。本集團把握各主要市場營商環境改善的機會，在全球各地採用重心業務策略，財務業績更勝往年。隨著各主要市場(尤其是香港)經濟表現向好以致需求上升，本年度下半年之銷售額增長更勝上半年。其盈利能力亦因銷售額上升以及嚴控成本而有所提升。年內，本集團於中國大陸以及澳洲及新西蘭等市場之表現尤其出色。

The Group was able to implement its focused business strategies worldwide and achieve better financial results than the year before.

本集團在全球各地採用重心業務策略，財務業績更勝往年。





We will achieve steady growth in both sales and profit by capitalising on our brand portfolio and investing in our brands.

本集團將會善用本身的品牌組合並投入資源強化本集團的品牌，達致銷售與盈利兩方面皆穩定增長。

In Hong Kong, the economy maintained its upward trend and registered a strong GDP growth of 7% in 2005. More importantly this growth was broad-based, resulting directly in the improvement of the job market and a general rise in household income. These positive trends have fuelled domestic consumption and therefore created a more buoyant retail sector. The non-alcoholic beverage sector also benefited to a certain extent. Profiting from the relatively positive market environment and continuing with our proactive and innovative approach in product development, marketing and brand building as well as process improvement, we were rewarded with higher sales. Sales in the Hong Kong market rose by 3.9%. Our export business conducted through Hong Kong also expanded steadily as a result of our market and product development efforts. Export sales were up by an encouraging 14.5% year-on-year. Our tuck shop and catering businesses run by Vitaland Services Limited and Hong Kong Gourmet Limited respectively also witnessed stable growth in turnover and have maintained high market shares.

The North American soyfood market experienced a mixed performance last year. While the water-packed tofu category continued to grow and gain popularity among consumers, the aseptic soymilk category kept declining in volume terms. Vitasoy USA's rationalisation exercise was completed last year and we could move ahead full steam with business development. We have been actively repositioning our products towards "healthy eating made delicious and convenient". At the same time, we succeeded in growing and reinforcing our market leadership in the water-packed tofu category. Total revenue dropped after the exit of some unprofitable products, but should these be excluded, our US revenue actually had a slight growth of nearly 2.0%. More importantly, in line with our expectation, operating loss narrowed further whereas gross profit margin improved.

香港的經濟增長趨勢持續，本地生產總值於二零零五年錄得7%之強勁增長。更為重要的是此全面的經濟增長是由就業市況獲改善和家庭入息普遍增加所直接帶動。上述的利好趨勢刺激本地消費增長，故能帶旺零售業，對非酒精類飲品行業亦帶來一定的幫助。受惠於近期市況向好，加上本集團繼續以積極創新的手法進行產品研究、市場推廣及品牌建立，以及改善工作流程，致令本集團錄得更高之銷售額。香港市場銷售額之升幅達3.9%。香港的出口業務亦因市場推廣及產品發展工作上的努力而穩步拓展。出口銷售額錄得14.5%之按年增長，成績令人鼓舞。本集團旗下的維他天地服務有限公司所經營之食物部業務，與香港美食有限公司所經營之膳食業務亦錄得穩定的營業額增長，並保持高市場佔有率。

北美洲大豆食品市場去年的表現則個別發展。雖然水裝豆腐產品市場繼續增長並受消費者歡迎，但無菌紙包裝豆奶產品之銷量持續下跌。本集團美國公司已於去年完成重組計劃，今後將能全力發展業務。本集團亦積極地將產品重新定位為「美味方便的健康食品」。與此同時，本集團成功提升並鞏固本身於水裝豆腐產品的市場領導地位。停售某些無利可圖之產品雖然使總收入下跌，但若撇除此類產品，本集團之美國收入實際上錄得近2.0%之輕微增長。更重要的是，一如本集團預期，經營虧損進一步收窄，而毛利率亦得到提升。



The performance of our Mainland China operation was strong on the back of the healthy growth of the domestic economy. By continuing to implement the focused strategy of “core business, core brand and core competency”, we succeeded in achieving more efficient product distribution with better outlet management, particularly in southern China. A very encouraging growth of 28.6% in revenue was recorded from domestic sales in the Mainland China market. Our brand building initiatives in this market were also bearing fruit with higher brand awareness and higher consumer off-take.

In terms of growth, the Group's operation in Australia and New Zealand was the star performer of fiscal 2005/2006. Riding on its growth momentum since the previous year and driven by intense marketing efforts, our revenue and profit derived from these two markets soared by 37.2% and 160.0% respectively. In addition to boosting sales through innovative marketing and successful product launches, we also attained the goal of gaining market share. The sales performance and prospects of these markets have been so encouraging that we have already commenced an expansion programme for the Wodonga plant in order to meet the demand for both existing and new products.

OUTLOOK AND STRATEGY

Going forward, while we believe the operating environment as a whole should remain basically stable, we will not underestimate the impact of various uncertainties, including the rise in the prices of oil and raw materials, inflation, volatile interest rates and the general increase in staff remuneration. All these will exert an upward pressure on operating costs.

內地經濟健康增長，本集團之中國大陸業務亦表現強勁。本集團繼續採用「核心業務、核心品牌及核心強項」這重心發展策略，成功達致更佳的销售點管理，使產品分銷更具效率，其中以華南地區的成績最為顯著。中國大陸市場之內銷收入錄得28.6%之驕人增長。本集團於此市場的品牌建立工作亦步入收成期，產品知名度與消費者購買量皆見提高。

本集團於澳洲及新西蘭之業務於二零零五／二零零六財政年度的增長率佔本集團首位。本集團承接當地市場去年之增長勢頭，再配合積極之市場推廣活動，兩地市場之收入與盈利分別攀升37.2%及160.0%。除透過創新的市場推廣活動及成功推出產品以刺激銷量外，本集團亦達到提高市場佔有率之目標。基於對澳洲及新西蘭市場之銷售表現及前景極為樂觀，本集團已開始進行擴充烏東加市廠房之計劃，以應付現有產品與新產品之需求。

展望與策略

展望將來，本集團相信整體營商環境將基本上保持穩定，但並不會因此而低估石油及原材料價格上升、通脹、息口波動及僱員薪酬普遍上升等不明朗因素之影響。此等因素將對經營成本構成上調之壓力。

We remain committed to maximising shareholder value and being customers' preferred choice. To ensure higher value for our shareholders and consumers, we will continue to pursue a market-driven and customer-oriented strategy by focusing on brand building, product innovation, aggressive marketing and promotion as well as the exploration of new business opportunities as a means for generating higher revenue and profit. We will also maintain disciplined cost control by achieving higher cost-efficiency across the board, not least in production and distribution.

Hong Kong

The prospects of the Hong Kong economy are expected to remain upbeat and unemployment should stay at a low level, though a certain degree of consolidation is likely after the boom in the recent past. There is some consensus in the market that the pace of GDP growth would slow down. At the same time, we should be mindful that inflation will be a challenge for cost management while there is still no sign that price competition in the non-alcoholic beverage market may subside.

In the coming year, our focus in Hong Kong is on achieving steady growth in both sales and profit by capitalising on our brand portfolio and investing in further strengthening of our brands in order to capture a bigger market share. Our attention will be devoted to product and packaging innovation as well as marketing and promotion. We will continue to invest in innovative and effective advertising campaigns to drive sales and support the launching of new products. At the same time, in view of looming inflationary pressure, we will exercise prudent cost management on a continuous basis.

本集團繼續承諾致力提高股東回報並成為顧客喜愛之品牌。為了給予股東與消費者更高的回報及價值，本集團將繼續採用以市場及顧客為主導之業務策略，專注品牌建立、產品創新、進取的市場推廣及宣傳活動以及發掘新商機，達到更高之收入和盈利。本集團更會全面嚴控成本以提高成本效益，尤其是生產及分銷等方面。

香港

預期香港經濟前景將保持興旺，失業率可望處於低水平；但經過最近好景之市況後，經濟應會出現一定程度之整固。市場普遍認為，本地生產總值之增長步伐將會放緩。與此同時，本集團會密切留意通脹將對成本管理構成威脅，另一方面，非酒精類飲品市場之價格競爭暫時仍未有歇息跡象。

展望來年，本集團於香港之重點將會是善用本身的牌組合以達致銷售額與盈利兩方面皆穩定增長，並進一步投入資源強化本集團的品牌以求取得更大之市場佔有率。本集團將致力於產品及包裝創新以及市場推廣及宣傳活動上，並將繼續投資創新有效的廣告宣傳，以增加銷量並推動新產品上市。與此同時，面對通脹壓力，本集團將奉行一貫之審慎成本管理原則。



On the question of brand building, while we will continue to leverage the advantages inherent in our core brands, VITASOY and VITA, we will also take advantage of the potential already demonstrated by our new brands like CALCI-PLUS and VITA TSING SUM ZHAN. These new members of our brand portfolio are expected to grow and gain in popularity, especially among the younger generation of consumers.

The Group's tuck shops and meal box business still demonstrate good prospects for further growth. Our focus in the foreseeable future is to increase our share in these markets through quality assurance and service enhancement.

North America

In North America, although the market for soy products is unlikely to show significant improvement in the near future, the demand for health products is on the rise as consumers are becoming increasingly attuned to the concept of healthy eating. The repositioning of Vitasoy USA is therefore most timely as it allows us to go up-market by offering value-added products that justify higher prices.

In the coming year, we will leverage our product innovation capabilities to drive the sales of Tofu and consolidate our market leadership in this category through new product launches. At the same time, we will adopt the product innovation approach as well as a flexible pricing strategy in respect of Aseptic Soymilk to stimulate growth. All these initiatives are to be supported by aggressive marketing and promotion campaigns which, though having an initial impact on net profit, are crucial for reinforcing our brands and ensuring long-term gains.

於建立品牌方面，本集團將繼續借助維他奶及維他這兩個核心品牌的固有知名度，並會發揮鈣思寶和維他清心棧等新品牌之潛力。本集團預期品牌組合中的新品牌銷量將會持續增長並且更受歡迎，特別是年青一代的消費者。

本集團之食物部及餐盒業務的增長前景良好。可見將來之重點策略將是透過品質保證及提升服務質素來提高該等市場之佔有率。

北美洲

北美洲方面，雖然大豆產品市場在可見將來難有重大增長，惟隨著更多消費者養成健康飲食習慣，健康產品之需求正逐步上升。因此，本集團美國公司之重新定位策略正切合時宜，以價格合理之增值產品來進軍高檔產品市場。

於來年，本集團將善用本身的產品發展能力來增加豆腐產品之銷量，並透過推出新產品鞏固本集團於此產品類別之市場領導地位。與此同時，本集團將採取產品創新的方向方法及靈活的定價策略來刺激無菌紙包裝豆奶產品之銷量。本集團將以進取的市場推廣及宣傳活動以配合上述各項發展策略。雖然淨盈利初時難免會受到影響，惟此策略卻是鞏固品牌及確保長遠利益之關鍵。



To ensure higher value for our shareholders and consumers, we will continue to pursue a market-driven and customer-oriented strategy.

為了給予股東與消費者更高的回報及價值，本集團將繼續採用以市場及顧客為主導之業務策略。



Mainland China

The Chinese economy is expected to continue with its upward trend in the foreseeable future. The general affluence of the urban population will still be the chief stimulant for the growth of domestic consumption.

The soymilk market in Mainland China is likely to remain soft due to the fierce challenge from the dairy milk segment that has been engaging in a nationwide price war in recent years. The Chinese Government's policy of supporting rural development would, however, imply more opportunities for penetrating into the smaller cities and big towns. Our focus will be on capturing these new business opportunities by capitalising on our existing sales and marketing capabilities. On the other hand, we will continue to profit from our success in the co-packing business to ensure better utilisation of our two production plants in Mainland China. We have already taken the first step forward to make use of the opportunities arising from CEPA (Closer Economic Partnership Arrangements) by starting to import some products from Hong Kong in the past few months. We will keep exploring such opportunities in the coming years.

Australia and New Zealand

Given our successful marketing and pricing strategy as well as the encouraging results achieved last year, we are confident that Vitasoy Australia will sustain healthy growth in sales, profitability and market share in the coming year. In order to sustain the advantageous position we have built up in Australia and New Zealand, we will devote ourselves to reinforce the VITASOY's position as "the soy expert" by developing and launching new products in the "value soy beverage" area and also by introducing new flavours. As mentioned earlier, we have already started implementing an expansion plan in the Wodonga plant so as to equip ourselves properly for future growth.

中國大陸

相信中國經濟於可見將來將保持增長勢頭。城市人口日趨富裕，仍為刺激國內消費增長之主要動力。

近數年奶類業的全國性減價戰對中國大陸之荳奶行業構成嚴峻挑戰，故預期內地之荳奶市場仍會持續疲弱。惟中央政府支持農區發展之政策亦創造不少機會，本集團可藉此進軍較小的城市與大城鎮。本集團之重點策略將會是利用現有的銷售及市場推廣能力把握上述之新商機。另一方面，本集團將會持續從成功拓展的包裝加工業務中獲利，並藉此增加本集團中國大陸兩間生產廠房之使用率。本集團已把握更緊密經貿關係安排所提供的機會而邁出第一步，在過去數月開始從香港輸入部份產品。本集團將於未來數年繼續發展此方面之商機。

澳洲及新西蘭

憑藉本集團成功的市場推廣和定價策略，加上去年之理想成績，本集團充份相信本集團澳洲公司之銷售、盈利能力及市場佔有率於來年可維持健康增長。為保持本集團於澳洲及新西蘭建立之優勢，本集團將在「高價值荳類飲品」方面發展，推出新產品及口味，從而鞏固VITASOY品牌作為「荳奶專家」的地位。誠如前文所述，本集團已開始進行烏東加市廠房之擴充計劃，為未來增長打穩根基。

We will devote ourselves to reinforce the VITASOY's position as "the soy expert" by developing and launching new products in the "value soy beverage" area.

本集團將在「高價值荳類飲品」方面發展，推出新產品及口味，從而鞏固VITASOY品牌作為「荳奶專家」的地位。



In May, 2005, San Miguel Corporation, through its subsidiary in Australia, acquired the controlling interest in National Foods Limited, our joint-venture partner in Australia. The robust growth experienced by the Group in this market in fiscal 2005/2006 has demonstrated clearly that the said acquisition has had no negative impact at all on our Australian and New Zealand operation. We are optimistic that going forward, this situation is unlikely to change.

THE BOARD OF DIRECTORS

Taking this opportunity, I would like to extend my thanks to Mr. Chi-kian SHIU, Independent Non-executive Director, who will retire as a Director at the forthcoming Annual General Meeting in September.

On behalf of the Board, I would like to welcome Mr. Jan P. S. ERLUND, who joined as an Independent Non-executive Director with effect from 6th July, 2006. I am confident that the Board will benefit from Mr. Erlund's wealth of experience and knowledge.

VOTE OF THANKS

I must thank the Board of Directors for their continued guidance and support. I also wish to thank our shareholders and customers for their trust and loyalty. Last but not least, I wish to convey my heartfelt appreciation to our staff worldwide for their commitment and industry that are crucial for us as we move forward to excel ourselves and achieve higher goals.

Winston Yau-lai LO

Executive Chairman

6th July, 2006

於二零零五年五月，San Miguel Corporation (生力集團) 透過其澳洲附屬公司收購本集團在澳洲的合營夥伴National Foods Limited之控制股權。本集團於二零零五／二零零六財政年度在該市場錄得之強勁增長，可清楚說明上述收購活動對本集團之澳洲及新西蘭業務全無負面影響。展望將來，本集團相信此形勢將保持不變。

董事會

獨立非執行董事邵志堅先生將於九月之應屆股東週年大會上退任，本人謹借此機會向邵先生致謝。

本人謹代表董事會歡迎Jan P. S. ERLUND先生。ERLUND先生由二零零六年七月六日起出任獨立非執行董事。本人相信，董事會將受惠於Erlund先生之豐富經驗與知識。

鳴謝

本人謹此衷心感謝董事會於過去一年不斷之指導與支持。本人亦感謝股東與客戶之信賴和忠實支持。最後，本人衷心感謝本集團遍佈全球業務之全體員工，全賴他們盡忠職守及勤奮工作，本集團才得以繼續進步，再創新高。

羅友禮

執行主席

二零零六年七月六日