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# Management Report

## 管理層報告書

### TURNOVER

The Group's total turnover for the fiscal year ended 31st March, 2006 was HK\$2,520 million, up 5.9% from HK\$2,380 million registered in the preceding fiscal year. This growth was made possible by the Group's active implementation of growth initiatives, including product innovation, brand reinforcement, strengthening of distribution, and global expansion.

Following a relatively modest growth of 2.3% in the first half of the year, sales soared in the second half by 9.8%, which was in line with the market growth trend and was also the result of our strong marketing and promotion effort. The performances of the Group's Australian and New Zealand operation and Mainland China operation were particularly impressive. Positioned as "the soy expert", Vitasoy Australia continued to deliver remarkable sales performance, which rose 37.2% to HK\$214 million. The Mainland also saw double-digit sales growth under our focused strategy of "core business, core brand and core competency". After a relatively slow first half, Hong Kong regained its growth momentum and achieved a sales growth of 10.0% in the second half. Sales in North America declined by 6.0% due mainly to a major restructuring project involving the exit of Refrigerated Soymilk as well as the weaker demand for Aseptic Soymilk in the US market. Should the exited products be excluded, sales in this market would have registered a positive growth of nearly 2.0%.

### 營業額

本集團截至二零零六年三月三十一日止財政年度之總營業額為港幣2,520,000,000元，較上一個財政年度錄得之港幣2,380,000,000元上升5.9%。業績增長有賴本集團採用積極之增長策略，包括創新產品、鞏固品牌、加強分銷以及拓展全球業務。

本集團於本年度上半年錄得較平穩之2.3%增長後，銷售額於下半年急升9.8%，與市場增長趨勢同步，亦有賴於本集團凌厲的市場推廣及宣傳活動。本集團的澳洲及新西蘭業務以及中國大陸業務之表現尤其出眾。本集團澳洲公司以「荳奶專家」定位繼續取得卓越之銷售表現，銷售額上升37.2%至港幣214,000,000元。內地業務方面，本集團繼續採用「核心業務、核心品牌及核心強項」的重心策略，其銷售額亦錄得雙位數增長。香港業務在經歷銷情稍為放緩之上半年後重拾增長動力，於下半年錄得10.0%之銷售額增長。北美洲之銷售額下跌6.0%，乃由於在大型重組計劃下結束鮮凍荳奶業務，以及美國市場對無菌紙包裝荳奶之需求下降所致。若撇除已停產之產品，此市場之銷售額可錄得近2.0%之正增長。



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.

本集團將善用本身的產品發展能力來增加荳腐產品之銷量，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。

## GROSS PROFIT

Notwithstanding the rise in production costs, especially sugar and energy costs, we managed to improve our gross margin to 58.8% of sales, as compared to 57.5% a year before. The Group's gross profit for the year totalled HK\$1,481 million (2004/2005: HK\$1,368 million), an increase of 8.3%.

The higher gross margin reflected the effectiveness of the Group's strategy to improve margins by continually introducing value-added products, capitalising on our brand portfolio and leveraging business volume growth. At the same time, we have persisted in implementing our productivity enhancement programmes and improving our supply chain management.

## OPERATING EXPENSES

The Group is committed to prudent cost management as a means for sustaining profit growth. Owing primarily to the need to drive sales growth, brand reinforcement and market expansion, total operating expenses increased 8.0% to HK\$1,298 million. Marketing, selling and distribution expenses were HK\$985 million, up 7.5% due mainly to increased marketing activities for strengthening our brands and expanding our market share at the same time. Administrative expenses amounted to HK\$164 million, an increase of 3.1%. Other operating expenses amounted to HK\$149 million, compared to HK\$127 million last year. We consider such increases well justified as we have continued to deliver profit growth and higher dividend payouts. For 2005/2006, the Group's total operating expenses amounted to 51.5% of sales (2004/2005: 50.5%).

## 毛利

雖然生產成本上升，尤以糖及能源成本為甚，但本集團仍能將毛利率（與銷售額比較）改善至58.8%，而去年則為57.5%。本集團於本年度之毛利共為港幣1,481,000,000元（二零零四／二零零五年：港幣1,368,000,000元），增長8.3%。

毛利率上升，證明本集團透過不斷推出增值產品、善用品牌組合和把握業務增長來提高毛利率之策略奏效。本集團亦同時繼續實行生產力提升計劃及改善供應鏈管理。

## 經營費用

本集團致力執行審慎的成本管理工作，以保持盈利持續增長。總經營費用增加8.0%至港幣1,298,000,000元，主要是由於需要增加銷量、鞏固品牌及拓展市場。推廣、銷售及分銷費用為港幣985,000,000元，上升7.5%，主要是因為本集團同時進行強化品牌和提高市場佔有率的工作，致使市場推廣活動有所增加。行政費用為港幣164,000,000元，增加3.1%。其他經營費用為港幣149,000,000元，去年則為港幣127,000,000元。本集團認為，由於本集團能持續保持利潤增長以及較高的股息率，開支有所增加亦為合理。於二零零五／二零零六年，本集團之經營費用總額佔銷售額的51.5%（二零零四／二零零五年：50.5%）。



#### OPERATING PROFIT AND EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION EXPENSES (EBITDA)

EBITDA for the year amounted to HK\$333 million, up 18.5% from HK\$281 million a year earlier. With stringent cost management measures and a programme for continuous productivity improvement, we were able to sustain high productivity by lifting our gross margin to 58.8% of sales. Despite higher marketing and promotional expenses for expanding market share and reinforcing market leadership, we managed to grow our EBITDA margin to 13.2% of sales (2004/2005: 11.8%). All these numbers speak for the success of our focused business development strategy.

#### PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

For the year ended 31st March, 2006, profit attributable to equity shareholders of the Company was HK\$172 million, an increase of 42.1% from HK\$121 million a year ago.

#### LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position has remained very strong. As at 31st March, 2006, the Group was in a healthy net cash position of HK\$398 million (31st March, 2005: HK\$364 million). Banking facilities available to but not used by the Group amounted to HK\$367 million.

As at 31st March, 2006, the Group's borrowings amounted to HK\$119 million (31st March, 2005: HK\$169 million). The

#### 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為港幣333,000,000元，較去年之港幣281,000,000元增長18.5%。憑藉嚴謹之成本管理措施及持續改善生產力之計劃，本集團將毛利率提升至佔銷售額的58.8%，亦保持高水平之生產力。雖然本集團為擴大市場佔有率及鞏固市場領導地位而提高了市場推廣開支，但本集團仍能成功將EBITDA利潤率提升至佔銷售額的13.2%（二零零四／二零零五年：11.8%）。諸此種種皆證明本集團的重心業務發展策略奏效。

#### 本公司股權持有人應佔溢利

於截至二零零六年三月三十一日止年度，本公司股權持有人應佔溢利為港幣172,000,000元，較去年之港幣121,000,000元增加42.1%。

#### 流動資金及財務資源

本集團之財務狀況仍然保持穩健。於二零零六年三月三十一日，本集團之現金淨額維持在港幣398,000,000元（二零零五年三月三十一日：港幣364,000,000元）之穩健水平。本集團可動用而未提取之銀行信貸額達港幣367,000,000元。

於二零零六年三月三十一日，本集團之借貸為港幣119,000,000元（二零零五年三月三十一日：港



borrowings denominated in US dollars, Renminbi and Australian dollars were the equivalents of HK\$14 million, HK\$10 million and HK\$95 million respectively. The maturity profile of the borrowings is spread over a period of three years, with HK\$41 million repayable in the first year and HK\$78 million in the third year. The gearing ratio (total borrowings/total equity attributable to equity shareholders of the Company) was 9.5% (31st March, 2005: 13.5%).

The Group incurred capital expenditure totalling HK\$64 million in 2005/2006 (2004/2005: HK\$53 million), which was primarily funded by cash generated from various operations.

#### CHARGES ON GROUP ASSETS

As at 31st March, 2006, certain assets of the Group with an aggregate carrying value of HK\$34 million (31st March, 2005: HK\$37 million) were pledged to secure loan facilities utilised by subsidiaries.

#### FINANCIAL RISK MANAGEMENT

The Group's financial management focuses on controlled management of risks, with transactions being directly related to the underlying businesses of the Group. We operate a central cash and treasury management system for all our subsidiaries. Borrowings are normally taken out in local currencies by the Group's operating subsidiaries to fund and partially hedge their investments.

幣169,000,000元)。該等借貸分別以美元、人民幣及澳元為單位，分別相等於港幣14,000,000元、港幣10,000,000元及港幣95,000,000元。有關借貸可分三年攤還，其中港幣41,000,000元須於首年償還，另港幣78,000,000元須於第三年償還。借貸比率(借貸總額與本公司股權持有人應佔權益總額之比率)為9.5%(二零零五年三月三十一日：13.5%)。

本集團於二零零五／二零零六年錄得之資本開支共達港幣64,000,000元(二零零四／二零零五年：港幣53,000,000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

於二零零六年三月三十一日，本集團賬面值合共港幣34,000,000元(二零零五年三月三十一日：港幣37,000,000元)之若干資產已用作附屬公司所用貸款融資之抵押。

#### 財務風險管理

本集團之財務工作重點在於管控風險，所有交易必須與本集團之相關業務有直接關係。本集團為其所有附屬公司實行中央現金及財政管理制度。本集團之各營運附屬公司一般以當地貨幣舉債，以資助及部份對沖其投資。



Our focus will be on capturing the new business opportunities by capitalising on our existing sales and marketing capabilities.

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新商機。

The financial risks faced by the Group are mainly connected with interest rates and exchange rates. The Group makes use of financial instruments, where appropriate, to manage those risks. At the close of fiscal 2005/2006, the Group had no significant exposure under foreign exchange contracts or financial derivatives.

#### EMPLOYMENT, TRAINING AND DEVELOPMENT

The Group is fully aware of the need to make the best use of its manpower resources to maximise productivity and, therefore, adopts a prudent approach with regard to manpower. As at 31st March, 2006, the Group's workforce increased by 2.5% during the year with the number of full-time staff increasing slightly to 2,361.

In terms of staff development, the Group continued to support a wide range of skills training and staff development programmes in Hong Kong, Mainland China, North America and Australia, with a view to improving job-related competencies and overall efficiency. The Group also encouraged employees to attend external training and education programmes, including MBA and other degree courses, by offering financial sponsorship in accordance with certain criteria.

The Group is also fully committed to ensuring 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

本集團所面對之財務風險主要與利率及匯率有關。本集團於需要時利用金融工具管理該等風險。於二零零五／二零零六財政年度年結日，本集團並無有關外匯合約或衍生金融工具之重大風險。

#### 僱員、培訓及發展

本集團充份認識到善用人力資源能增加生產力之重要性，故於人力資源運用方面取態審慎。於二零零六年三月三十一日，本集團之員工人數於年內增加2.5%，當中全職僱員人數微升至2,361名。

在員工發展方面，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，藉以提升員工與工作有關之技能及整體效率。本集團亦依據若干準則提供資助，從而鼓勵僱員參加外間主辦之培訓及教育課程，包括工商管理碩士及其他學位課程。

本集團亦非常關注僱員之工業安全及健康。本集團各業務分部均設有工業安全及健康委員會，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，制定改善政策及指



New members of our brand portfolio are expected to grow and gain in popularity, especially among the younger generation of consumers.

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。

by carrying out risk assessment of work sites regularly and by establishing policies and guidelines for improvement and taking corrective actions where necessary. Regular and intensive training on safety and health is also provided for staff.

The Group's remuneration policies remained unchanged during the year. The remuneration packages for the staff (including the executive directors) that covered basic salaries, discretionary bonuses, share options and other long-term benefits were pegged to the performance of both the Group and the individual employees, and were meant to reflect the value generated by everyone during the year.

### COMMUNITY SERVICE

In the year under review, the Group continued to fulfil its responsibilities as a corporate citizen by participating in and supporting various relevant organisations and activities, some of which are highlighted below.

The Group continued to support university education through various education bursaries. Vitasoy Hong Kong donated to local charitable organisations, including the Corporate and Employee Contribution Programme of the Community Chest of Hong Kong. We also took part in the Oxfam Trailwalker 2005 for fundraising.

We sponsored a number of programmes related to health and teenagers, including fun fairs of secondary schools, orientation camps of universities, award schemes for

引，並在需要情況下，作出糾正行動。本集團亦就工業安全及健康等環節定期為員工提供深入之培訓。

本集團之薪酬政策於年內保持不變。員工(包括執行董事)之薪酬福利包括基本薪金、酌情花紅、購股權及其他長期福利乃與本集團之業績及個別僱員之表現掛鈎，亦藉此反映各員工於年內作出之貢獻。

### 服務社會

於回顧年度，本集團透過參與和支持不同組織及活動來繼續履行企業公民之責任，以下為一些重要活動。

本集團透過不同的助學金持續支持大學教育。本集團香港公司向本地慈善團體捐款，受助團體包括香港公益金之商業及僱員募捐計劃。本集團亦參加2005樂施會毅行者籌款活動。

本集團亦贊助多項與健康及青少年有關的活動，包括中學賣物會或嘉年華會、大學迎新營、宣揚校內健康飲食習慣的獎勵計劃，以及學校的慈善





promoting healthy eating at school and school charitable walkathons. We also supported major fundraising events staged by organisations such as Hong Kong World Vision, Arts with the Disabled Association of Hong Kong, Salvation Army Hong Kong, etc.. Vitasoy USA donated soymilk to Hurricane Katrina Relief and Food Banks.

The Group was a participant in the School-Business Partnership Programme of the Education and Manpower Bureau of HKSAR Government to enhance students' understanding of the business sector by giving school talks and arranging student tours and work attachments.

#### RECOGNITIONS AND AWARDS

The Group received the Caring Company Award from the Hong Kong Council of Social Service for providing a caring environment for employees and demonstrating corporate citizenship.

Vitaland Services Limited was given the Certificate of Outstanding Performance by the Employees Retraining Board for its active participation in employee retraining programmes. Vitaland Services Limited and Hong Kong Gourmet Limited were honoured with the Caring Employer Award and Caring Employer Honorable Award respectively by the New Territories Association Retraining Centre for providing job opportunities for job seekers.

VITASOY won the "Yahoo! Emotive Brand Award" organised by Yahoo! Hong Kong in the beverage category for the fourth consecutive year. VITA received the Gold Award in the Juice Category of Reader's Digest Hong Kong Trusted Brands 2006.

Vitasoy Hong Kong was recognised by PARKnSHOP as Best Supplier of the Year 2005 for sales performance, promotion efforts and overall customer service.

步行籌款。本集團亦贊助香港宣明會、香港展能藝術會、香港救世軍等機構舉辦之大型籌款活動。本集團美國公司亦捐贈荳奶予颶風卡特里娜賑災活動及Food Banks。

本集團亦參加香港特別行政區政府教育統籌局舉辦之「商校合作計劃」，通過主持學校講座、安排學生參觀和提供在職實習機會，加深學生對商界的認識。

#### 表揚及嘉許

本集團榮獲香港社會服務聯會商界展關懷的嘉許，表揚本集團為僱員提供親切之工作環境及示範企業公民責任。

維他天地服務有限公司因積極參與僱員再培訓計劃，獲僱員再培訓局頒發僱主優異獎。維他天地服務有限公司及香港美食有限公司為求職者提供就業機會，獲新界社團聯會再培訓中心分別頒發愛心僱主大獎及愛心僱主榮譽大獎。

**維他奶**品牌連續第四年在「Yahoo!感情品牌大獎」飲品類別中奪得殊榮。**維他**品牌則榮獲2006年「讀者文摘香港區信譽品牌(果汁類別)」之金獎。

本集團香港公司憑其銷售表現、產品推動活動及整體客戶服務而獲百佳超級市場頒發「2005年度最傑出供應商大獎」。

## HONG KONG

## 香港

## Production Efficiency

## 生產效率

By Location of Assets (Production Plants) 按資產(生產廠房)所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue	收入	1,419	1,331	6.6%
Segment Result	分部業績	213	210	1.4%
Segment Net Operating Assets	分部淨營運資產	463	458	1.1%

The Group's production plant in Tuen Mun supports both domestic sales and exports to markets in Europe, Macau, Southeast Asia and the Americas. For the year ended 31st March, 2006, the revenue generated by the plant and the Group's tuck shop business reached HK\$1,419 million, an increase of 6.6% over the previous year. The segment result for the year was HK\$213 million (2004/2005: HK\$210 million).

本集團之屯門生產廠房供應本地市場，以及分佈歐洲、澳門、東南亞及美洲之出口市場。截至二零零六年三月三十一日止年度，廠房及本集團食品部業務之收入為港幣1,419,000,000元，較去年上升6.6%。本年度之分部業績為港幣213,000,000元(二零零四/二零零五年：港幣210,000,000元)。

## Market Performance

## 市場表現

By Location of Customers 按客戶所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue – Hong Kong	收入 – 香港	1,608	1,547	3.9%
Domestic Market	本銷市場			
Revenue – Export Markets	收入 – 出口市場	87	76	14.5%

HONG KONG (continued)

Market Performance (continued)

(1) Hong Kong Domestic Market

The Hong Kong economy continued to flourish during the year under review. Despite the adverse impact of high oil prices and rising interest rates, a real GDP growth of 7% was recorded in 2005 as solid export growth and domestic demand continued to give impetus to economic recovery. Under this basically positive environment, the non-alcoholic beverage industry also saw a growth of 4% in value amidst intense competition.

Sales fell slightly in the first half of the year due to severe price competition in the market, but we had a strong rebound in the second half after readjusting our pricing strategy to enhance our competitiveness and create higher demand from our target customers. Sales in the second half of the year rose by a substantial 10.0%. As a result, total revenue from the Hong Kong market was up 3.9% for the full year.

Product innovation was also a crucial factor for the Group's incremental growth. Targeting the kids and teens segment, VITA SUPERICY Lemon Tea appeals to them with its long-lasting icy sensation. The launch of the new 125ml single pack has been welcomed by the pre-teen sector. Developed and marketed as healthy beverages, CALCI-PLUS Soya Bean Oat Drink and VITA Hi-Calcium Low Fat Milk Beverage have proved to be popular amongst the health-conscious. New variants of VITA TSING SUM ZHAN and VITA CHA T DIN have boosted sales by meeting the taste preference of mass consumers. This, together with our efforts in marketing and distribution, has enabled us to reinforce our market leadership in various beverage categories.

香港(續)

市場表現(續)

(1) 香港本銷市場

香港經濟於回顧年度繼續興旺。儘管受到高油價及息口上升之不利影響，但強勁的出口增長與內部需求繼續帶動經濟復蘇，故香港本地生產總值於二零零五年錄得7%之實質增長。在此利好之經濟環境配合下，儘管非酒精類飲品行業競爭激烈，但整個行業仍錄得4%之增長。

由於市場內價格競爭激烈，本年度上半年之銷量微跌；但本集團在重新調整定價策略以提升競爭力及刺激目標客戶之需求後，本集團於下半年之銷售額成功錄得強勁反彈，大幅增長10.0%。因此，香港市場之全年總收入上升3.9%。

創新產品亦是增長之重要因素。維他 SUPERICY檸檬茶以兒童和青少年為目標顧客，其持久的清涼口感正迎合他們的口味。新推出的125毫升輕巧紙包裝備受小孩歡迎。以健康飲品為概念研製和推廣的鈣思寶大荳燕麥飲品和維他高鈣低脂奶類飲品，亦為關心健康一族所愛戴。維他清心棧與維他茶字典產品系列的新款口味亦受廣大消費者喜愛，銷售額隨之增加；再加上市場推廣及分銷工作上的努力，成功鞏固本集團在不同飲品類別之市場領導地位。

## HONG KONG (continued)

### Market Performance (continued)

#### (1) Hong Kong Domestic Market (continued)

During the year, our tuck shop business and catering business faced keen competition in the industry. Although it was tougher than before to win tenders, Vitaland Services Limited and Hong Kong Gourmet Limited have still maintained high market shares. Supported by marketing activities and new products, Vitaland achieved 9% sales growth. With the expansion of new central kitchen facilities, Hong Kong Gourmet achieved 25% in volume growth.

#### (2) Export Markets

Our export sales sustained a healthy year-on-year growth of 14.5%. The appointment of distributors for Central and South American markets and the launching of new products like VITA SUPERICY Lemon Tea Drink, CALCI-PLUS Soya Bean Oat Drink and new variants of both VITA CHA T DIN Tea Drink and VITA TSING SUM ZHAN Tea Drink supported the growth. Sales growth in Macau was outstanding, up 20%, driven mainly by the booming economy, construction and gambling industries as well as tourism.

## 香港(續)

### 市場表現(續)

#### (1) 香港本銷市場(續)

年內，本集團之食物部業務及膳食業務面對業內的激烈競爭。雖然成功投標比以往困難，但維他天地服務有限公司及香港美食有限公司仍維持高市場佔有率。維他天地藉推廣活動及新產品錄得9%之銷售額增長。隨著中央廚房擴充新設施，香港美食取得25%之營業額增長。

#### (2) 出口市場

本集團出口市場之銷售額錄得穩健之按年增長14.5%。於中南美洲市場委任分銷商，推出如維他SUPERICY檸檬茶及鈣思寶大荳燕麥飲品等新產品，以及推出多款新口味之維他茶字典與維他清心棧茶類飲品，均有助出口市場之增長。澳門之銷售額增長顯著，達20%，乃由於當地經濟、基建及博彩業以及旅遊業發展蓬勃所帶動。

NORTH AMERICA

北美洲

Production Efficiency

生產效率

By Location of Assets (Production Plant) 按資產(生產廠房)所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue	收入	386	415	(7.0)%
Segment Result	分部業績	(20)	(37)	45.9%
Segment Net Operating Assets	分部淨營運資產	205	196	4.6%

The Group's production plant in Massachusetts supports the North American market. During the year, the plant generated HK\$386 million in revenue, a decrease of 7.0%. The segment result was an operating loss of HK\$20 million, compared to HK\$37 million a year ago.

本集團位於麻省之生產廠房供應北美洲市場。年內，該廠房之收入為港幣386,000,000元，下跌7.0%。分部業績錄得經營虧損港幣20,000,000元，去年為港幣37,000,000元。

Market Performance

市場表現

By Location of Customers 按客戶所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue – North American Market	收入 – 北美洲市場	440	468	(6.0)%

During the year under review, the North American soyfood market experienced a mixed performance. The US market for water-packed tofu grew slightly by 1%. The whole market for aseptic soymilk continued to contract as consumers shifted their preference to refrigerated soymilk. The overall aseptic soymilk category dropped 7% year-on-year.

於回顧年度，北美洲大荳食品市場的表現則個別發展。美國之水裝荳腐產品市場輕微增長1%。隨著消費者轉向選擇鮮凍荳奶產品，令無菌紙包裝荳奶產品之整體市場繼續萎縮。無菌紙包裝荳奶產品之整體按年跌幅達7%。

## NORTH AMERICA (continued)

### Market Performance (continued)

Fiscal 2005/2006 was the first full year of operation after the Group's rationalisation initiatives taken last year to exit from the non-profitable Refrigerated Soymilk business and to consolidate all production facilities at Ayer, Massachusetts. We have been actively repositioning our products toward "healthy eating made delicious and convenient". We also reorganised our sales team for greater focus on natural food stores, supermarkets and national accounts. We have forged new relationships with retailers and grown our core businesses. 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.

A notable achievement for us was that we succeeded in growing and reinforcing our market leadership in the water-packed tofu category. Our business grew substantially through the development and launching of new products and packages that helped stimulate sales. Vitasoy USA was in fact the key driver of the national water-packed tofu market growth. The sales of our NASOYA brand grew 4% and that of our AZUMAYA brand 5%. On the other hand, despite the contraction of the aseptic soymilk market, we maintained our market share.

## 北美洲(續)

### 市場表現(續)

本集團於去年進行重組，結束無利可圖之鮮凍豆奶業務及整合位於麻省艾爾市廠房內的所有生產設施，而二零零五／二零零六財政年度正是本集團完成重組後的首個營運年度。本集團積極地將產品重新定位為「美味方便的健康食品」，亦重整銷售隊伍，主力開拓天然食品店、超級市場及全國性客戶。本集團與零售商重新建立關係，核心業務亦隨之增長。停售一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。

另一突出成就是成功提升並鞏固本身於水裝豆腐產品的市場領導地位。隨著本集團發展並推出新產品及新包裝以刺激銷量後，業務錄得大幅增長。事實上，美國水裝豆腐市場之增長主要由本集團美國公司所帶動。本集團之NASOYA品牌的銷售額增長4%，而AZUMAYA品牌之銷售額亦增長5%。另一方面，雖然無菌紙包裝豆奶市場萎縮，本集團仍能保持市場佔有率。

MAINLAND CHINA

中國大陸

Production Efficiency

生產效率

By Location of Assets (Production Plants) 按資產(生產廠房)所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue	收入	509	485	4.9%
Segment Result	分部業績	56	56	-
Segment Net Operating Assets	分部淨營運資產	228	217	5.1%

The Group's production plants in Shanghai and Shenzhen support the Mainland China and Hong Kong markets. During the year under review, the two HACCP-accredited plants together generated HK\$509 million in revenue, representing an increase of 4.9%. Owing to an additional spending investment of HK\$9 million in marketing and brand-building programmes, the segment result for the year was basically the same as the previous year.

本集團設於上海及深圳之生產廠房負責供應中國大陸及香港市場。於回顧年度，此兩間獲頒發 HACCP「危害分析與關鍵控制點」認證之廠房為本集團帶來總收入港幣509,000,000元，上升4.9%。由於投資市場推廣及品牌建立的費用增加港幣9,000,000元，年內之分部業績與去年相約。

Market Performance

市場表現

By Location of Customers 按客戶所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue – Mainland China Market	收入 – 中國大陸 市場	171	133	28.6%

The flourishing Chinese economy continued to favour the growth of the dairy milk industry, which expanded in total market size. The soy beverage industry witnessed active launches of new products and new brands in the low-cost powder segment, which reflected rising demand in the low-price segment, while competition in the ready-to-drink category remained fierce.

受惠於中國經濟蓬勃發展，內地奶類產品行業之整體市場亦持續增長。至於荳類飲品行業方面，廉價粉劑沖調飲品不斷有新產品和新品牌湧現，由此可見廉價飲品市場的需求持續上升，而即飲飲品市場之競爭仍然激烈。

## MAINLAND CHINA (continued)

### Market Performance (continued)

The fiscal year under review was the second year for implementing the focused strategy of “core business, core brand and core competency” in Mainland China. Revenue generated from this market was HK\$171 million, an increase of 28.6% over last year. We have rigorously pursued the core city strategy and are glad to report that we have made good progress in strengthening product distribution with better outlet management in southern China. The investment in the VITASOY brand also yielded higher brand awareness and higher consumer off-take. Under the CEPA (Closer Economic Partnership Arrangements), our product portfolio also expanded into the family consumption segment through the launching of products of one-litre pack imported from Hong Kong.

During the year, we continued to pursue co-packing opportunities for improving capacity utilisation and for better return on assets. Through cooperative packaging agreements, our plants in both Shenzhen and Shanghai improved substantially in asset utilisation and operating efficiency.

## 中國大陸 (續)

### 市場表現 (續)

回顧之財政年度已是中國大陸業務第二年採用「核心業務、核心品牌及核心強項」這重心發展策略。此市場之收入為港幣171,000,000元，較去年增加28.6%。本集團積極採用核心城市策略，喜見憑藉華南地區之更佳銷售點管理，在加強產品分銷工作上進展良好。維他奶品牌的投資亦提高了品牌知名度和消費者購買量。通過更緊密經貿關係安排，本集團之產品組合亦透過銷售從香港進口之1公升包裝產品而拓展至家庭消費市場。

年內，本集團繼續開拓包裝加工業務的商機，以改善廠房使用率及提升資產回報。透過包裝加工業務協議，本集團設於深圳及上海的廠房資產使用率及經營效率均獲大幅改善。



AUSTRALIA AND NEW ZEALAND

澳洲及新西蘭

Production Efficiency

生產效率

By Location of Assets (Production Plant) 按資產(生產廠房)所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue	收入	207	149	38.9%
Segment Result	分部業績	26	10	160.0%
Segment Net Operating Assets	分部淨營運資產	161	164	(1.8)%

The Group's joint-venture plant in Wodonga, Victoria supports the Australian and New Zealand markets. For the twelve months to 31st March, 2006, the plant generated HK\$207 million in revenue, representing a strong increase of 38.9%. The segment result was HK\$26 million, an increase of HK\$16 million or 160.0% over the previous year.

本集團設於維多利亞省烏東加市之合營廠房供應澳洲及新西蘭市場。於截至二零零六年三月三十一日止十二個月，該廠房錄得收入港幣207,000,000元，較上年度大幅增長38.9%。分部業績為港幣26,000,000元，較去年增加港幣16,000,000元，上升160.0%。

Market Performance

市場表現

By Location of Customers 按客戶所在地		2005/2006 HK\$million 港幣百萬元	2004/2005 HK\$million 港幣百萬元	Movement 變動
Revenue – Australian and New Zealand Markets	收入－澳洲及 新西蘭市場	214	156	37.2%

The market for soymilk (including flavoured soymilk and rice milk) continued to grow steadily in both Australia and New Zealand, expanding by 5% and 17% respectively. The major driver of category growth has been product innovation. The introduction of house brand product ranges and new product launches by almost all industry players resulted in keener competition and put increased pressure on shelf space in all sales outlets. However, with the support of successful marketing initiatives, revenue generated from the Australian and New Zealand markets was HK\$214 million, up 37.2% from last year.

澳洲及新西蘭兩地之荳奶(包括不同口味之荳奶及米奶)市場均保持穩定增長，分別擴大5%及17%，其增長之主要原動力來自創新產品。由於絕大部份同業也推出自家品牌產品系列及新產品，令競爭更加激烈，使到各銷售點之上架位置供應更形緊張。惟憑著成功的市場推廣攻勢，澳洲及新西蘭市場的收入為港幣214,000,000元，較去年上升37.2%。

## AUSTRALIA AND NEW ZEALAND (continued)

### Market Performance (continued)

During the year, Vitasoy Australia maintained its focus on product innovation with five new products successfully launched – VITASOY LUSH Aseptic Soymilk Caramel, VITASOY LUSH Aseptic Soymilk Vanilla, VITASOY LUSH Refrigerated Soymilk Berry Bliss, VITASOY LUSH Refrigerated Soymilk Vanilla and VITASOY Aseptic Ricemilk Protein Enriched. Apart from successful product innovation, our sales growth was also driven by our strong marketing programme, effective retail pricing strategy and our reputation as a supplier of high quality products. We have also continued to work closely with naturopaths, dieticians and physicians to educate consumers about the benefits of soymilk.

Owing to Vitasoy Australia's remarkable growth, the Wodonga production facility has almost reached its maximum capacity. For this reason, we have commenced a capacity expansion programme to double the factory's volume capability. This capacity expansion, due to be completed in the second half of 2006/2007, will enable us to meet the rising demand of the burgeoning Australian and New Zealand soyfood market and capture new business opportunities.

## 澳洲及新西蘭 (續)

### 市場表現 (續)

年內，本集團澳洲公司繼續專注研製新產品，並成功推出五款新產品－VITASOY LUSH無菌紙包裝焦糖味豆奶、VITASOY LUSH無菌紙包裝雲呢拿味豆奶、VITASOY LUSH鮮凍草莓味豆奶、VITASOY LUSH鮮凍雲呢拿味豆奶及VITASOY高蛋白質無菌紙包裝米奶。除成功創新產品外，本集團凌厲的市場攻勢、有效的零售定價策略及本集團作為優質產品供應商之聲譽，皆有助推動銷售額增長。本集團亦繼續與自然醫療師、營養師和醫生緊密合作，教授消費者有關豆奶的益處。

由於本集團澳洲公司的增長強勁，烏東加市之廠房已接近生產能力上限。因此，本集團已開始推行擴充計劃，以倍增廠房的生產能力。於二零零六／二零零七年度下半年完成擴充廠房生產量後，本集團將可應付需求日增的澳洲及新西蘭大豆食品市場及把握新商機。