



Innovation



innovation
+ branding

marketing leadership



Branding

Chairman's Statement

主席報告書

I am pleased to report that for the year ended 31st March, 2007, the Group's profit attributable to equity shareholders of the Company was HK\$174 million, representing a moderate increase of 1.2% year-on-year. Total turnover was HK\$2,693 million, up 6.9%. The Group's gross profit for the year increased to HK\$1,563 million, up 5.5% from the previous year. Earnings per share were HK\$0.173. The Group's earnings before interest, taxation, depreciation and amortisation expenses (EBITDA) stood at HK\$344 million, up 3.3%, while EBITDA margin was 12.8% of sales.

本人欣然匯報，本集團截至二零零七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174,000,000元，按年計溫和增長1.2%。總營業額為港幣2,693,000,000元，上升6.9%。本集團本年度之毛利增至港幣1,563,000,000元，較去年上升5.5%。每股盈利為港幣0.173元。本集團之未計利息、稅項、折舊及攤銷費用前盈利 (EBITDA) 為港幣344,000,000元，上升3.3%，而EBITDA利潤則佔銷售額之12.8%。



Winston Yau-lai LO

Executive Chairman

羅友禮

執行主席

Chairman's Statement 主席報告書



The Board of Directors is recommending a final dividend of HK6.7 cents per share at the Annual General Meeting on 6th September, 2007. This, together with the interim dividend of HK2.8 cents per share, will mean that the Group's total dividend for Fiscal 2006/2007 will be HK9.5 cents per share (2005/2006: HK9.5 cents per share). In addition, the Board is recommending a special dividend of HK10.0 cents per share (2005/2006: HK10.0 cents per share). It is the fifth consecutive year that we are paying a special dividend. This decision of the Board is in line with our commitment to create higher value for shareholders. It also reflects our consistently healthy financial status.

General Review

In the year under review, the operating environment in most of the Group's key markets remained basically positive. Despite the various challenges that still existed, we forged ahead with the implementation of our growth and development strategies in these markets and achieved a better financial performance as a whole. Our core strategy focused primarily on the development and introduction of value added new products that would appeal to a wider spectrum of consumers. To ensure its success, we matched it with aggressive marketing and brand building in markets worldwide. As a result, we saw remarkably strong growth in the burgeoning markets of Mainland China, Australia and New Zealand. In Hong Kong, we were able to benefit from the prevailing economic upturn to maintain our market leadership in core businesses while achieving steady sales growth. In North America, however, because of adverse market conditions which naturally hindered business growth and product diversification, a slight drop in overall sales was recorded together with the widening of the operating loss.

Hong Kong

In Hong Kong, the business environment was largely upbeat in the past year. Domestic consumption was strong, driven by improved employment and tourism. Investment sentiment was bullish as evidenced by active stock trading while external trade was boosted by growing demand from Mainland China and the Asia Pacific region. The local non-carbonated beverage market recorded a growth of over 5% in terms of sales and the upward adjustment of beverage prices became possible in certain areas.

董事會將於二零零七年九月六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，本集團於二零零六／二零零七財政年度之全年股息總額達每股港幣9.5仙（二零零五／二零零六年：每股港幣9.5仙）。此外，董事會建議派發特別股息每股港幣10.0仙（二零零五／二零零六年：每股港幣10.0仙）。這是本集團連續第五年派發特別股息。董事會這項決定切合本集團為股東帶來更高回報之承諾，亦反映本集團穩健之財務狀況。

概覽

於回顧年度，本集團大部分主要市場之營商環境基本上維持增長。儘管本集團仍然面對重重挑戰，惟憑著本集團在該等市場所推行之增長及發展策略，業務仍能穩步增長，整體業績表現亦有所進步。本集團之核心策略主要集中在開發及推出增值新產品，務求吸引更廣泛之消費群。為確保此策略能成功推行，本集團在各地市場相應地進行積極進取之市場推廣及品牌建立之工作。因此，本集團在中國大陸、澳洲及新西蘭等擴展迅速之市場中錄得明顯之強勁增長。香港方面，受惠於當前經濟利好因素，本集團於核心業務上維持市場領導地位之餘，銷售額亦能穩步增長。然而，在北美洲方面，由於不利之市場環境影響本集團之業務增長及產品多元化發展，整體銷售額輕微下跌，經營虧損亦見擴大。

香港

香港方面，過去一年營商環境極為興旺。本地消費在就業情況及旅遊業得到改善之帶動下表現暢旺。股市交投活躍，而來自中國大陸及亞太區之需求增長亦刺激對外貿易，由此可見投資氣氛非常樂觀。本地非碳酸飲料市場銷售額錄得超過5%增長，在個別飲品類別中，價格亦可望有上調空間。

Chairman's Statement 主席報告書

“ We will maintain our advantages in areas we excel in and further enhance our market positions in various markets. ”



Last year we saw steady sales growth in Hong Kong and, more importantly, we managed to maintain our operating margin, despite an increase in costs. Total sales in the local market increased by a healthy 3.8% in the full year, which was primarily driven by the introduction of new products that drew keen response from the market.

The Group's tuck shop business in Hong Kong under Vitaland Services Limited continued to perform well. By the end of Fiscal 2006/2007, the number of Vitaland tuck shops reached 303, versus 292 a year ago, and we commanded a significant market share in the school tuck shop business. The catering business of our subsidiary, Hong Kong Gourmet Limited, also sustained its growth trend as we continued to drive penetration in the local market.

The Group's exports from Hong Kong improved further. Export sales grew by 5.7% year-on-year. Exports to Macau rose considerably while sales in Singapore also increased after the change of distributors.

North America

As already mentioned, the performance of the Group's operation in North America was hindered by an unfavourable market environment. In 2006, total soy food sales in the US shrank by 2% due mainly to declining tofu sales.

Sales revenue generated by the Group's North American operation decreased slightly by 0.2% in Fiscal 2006/2007. While there was an increase in revenue coming from new products as well as imported goods and pasta, the sales of aseptic soymilk and tofu decreased. All in all, the operating loss widened due mainly to the launching of two new product lines, namely, refrigerated sauces and salad dressings, that did not perform as satisfactorily as expected. In view of that, these product lines were subsequently discontinued.

去年，本集團在香港之銷售額錄得穩定增長，更重要的是，本集團在成本上升下仍能維持其經營利潤率。本地市場全年銷售額穩健增長3.8%，主要由於市場對新推出之產品反應踴躍所致。

本集團旗下維他天地服務有限公司於香港所經營之食物部業務繼續表現良好。於二零零六／二零零七財政年度末，維他天地食物部已達303間，去年則為292間，本集團已在學校食物部業務取得重大市場佔有率。由於本集團繼續在本地市場擴大佔有率，旗下附屬公司香港美食有限公司之餐飲業務仍保持增長趨勢。

香港之出口業務獲進一步改善。出口銷售額按年計增長5.7%。出口澳門之銷量大幅攀升，而新加坡之銷售額在更換分銷商後亦告上升。

北美洲

正如上文所述，本集團在北美洲之業務表現受不利市場環境影響。由於豆腐銷量下跌，美國大豆食品之銷售總額於二零零六年萎縮2%。

北美洲業務之銷售額於二零零六／二零零七財政年度輕微下跌0.2%。雖然來自新產品、進口貨品以及意大利麵食之收入增加，惟無菌紙包裝豆奶及豆腐之銷售額卻下跌。整體而言，經營虧損擴大之原因是由於本年度推出之兩款新產品系列，冷凍醬料及沙律調味醬表現未及預期。故本集團亦已停止銷售該系列產品。

Chairman's Statement 主席報告書



Mainland China

In Mainland China, the operating environment was conducive as the nationwide economy continued to flourish. There has been a growing tendency for consumers in the major cities to be more health-and-quality conscious, which implies the existence of an expanding market for pre-packed high-quality beverages like those offered by the Vitasoy Group. Capitalising on the Group's unique market position and brand superiority successfully built up in recent years, we forged ahead full steam to implement the focused strategy of "core business, core brand and core city" in the Mainland China market. We also introduced a wider variety of products from Hong Kong under Closer Economic Partnership Arrangement (CEPA) to meet the demand in Mainland China. The enthusiastic response we received was one of the key factors that accounted for sales growth in the Mainland China market.

The results we achieved in the Mainland China market in Fiscal 2006/2007 were outstanding. In the year under review, sales revenue generated from the Mainland China's domestic market registered a hefty growth of 38.6% year-on-year.

Australia and New Zealand

The Australian and New Zealand markets continued to increase in importance to the Group in terms of revenue and profit contribution.

Leveraging our track record in product innovation, marketing, pricing and branding, we succeeded in increasing our sales revenue in Australia and New Zealand by over 20%. Operating profit surged by a hefty 53.8%. These increases would have been even more substantial were it not for the capacity constraint we encountered in the first half of the year due to higher-than-forecast demand. We responded to that by immediately embarking on an expansion project in our Wodonga plant, which was completed on schedule in September 2006.

中國大陸

中國大陸方面，全國經濟持續暢旺，有利營商環境。各大城市之消費者對健康及品質之要求越見提高，意味著維他奶集團現今提供之預先包裝優質飲品之產品市場仍有發展空間。憑著本集團近年來成功建立之獨特市場地位及品牌之優越性，本集團在中國大陸得以全力執行「核心業務、核心品牌及核心城市」此重心策略。此外，本集團根據更緊密經貿關係安排(CEPA)，在中國大陸推出更多類來自香港之產品以滿足市場需求。該等產品在市場內獲得熱烈反應，並為中國大陸市場銷售額增長之其中一個主要因素。

本集團於二零零六／二零零七財政年度在中國大陸市場取得驕人之成績。於回顧年度，來自中國大陸本銷市場之銷售收入按年計錄得38.6%之大幅增長。

澳洲及新西蘭

澳洲及新西蘭市場在本集團之收入及溢利貢獻方面之重要性持續增加。

憑著過去在產品創新、市場推廣、價格釐定及品牌定位之往績，本集團成功將澳洲及新西蘭之銷售收入提升超過20%。經營溢利激增53.8%。但若非本集團上半年因需求高於預期而面臨生產力不足問題，以上增幅將會更大。為滿足需求，本集團隨即擴充烏東加市廠房，並於二零零六年九月如期竣工。

Chairman's Statement

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“Our focus is product innovation and development of high-growth products through introduction of new flavours and added value.”



Outlook and Strategy

Looking ahead, we believe the operating environment will vary from market to market. Our challenge will be to maintain our advantages in areas we excel in and further enhance our market positions in various markets. At the same time, we will refine our business focus where necessary to ensure viability and long-term development.

Hong Kong

The Hong Kong economy is expected to prosper and fuel domestic consumption in general which should in turn benefit the beverage sector. We are pleased to see that the market demand for non-carbonated and healthier beverages has been growing. Concurrently, consumers' needs are becoming increasingly sophisticated while competition in terms of product innovation and pricing to meet such needs is also intensifying. While inflation is not considered a major issue for Hong Kong as a whole, we realise that we must manage our operating costs proactively in view of fluctuating raw material prices, higher staff-related expenses and, to some extent, imported inflation from Mainland China.

To maintain and enhance profitability, our focus in Hong Kong is product innovation and the development of high-growth products such as tea and wellness drinks through the introduction of new flavours and added value. Tofu, a new category, has been added to our product portfolio in Hong Kong in May this year under the VITASOY SAN SUI brand. Uniquely positioned as an organic food item that is made from organically grown beans, it has particular appeal for young to middle-aged consumers who are more health-and-quality conscious. This new product line comes with a variant with scallop flavour which is also exclusive in the local market. In addition, we will continue to grow our tuck shop and catering business progressively by targeting more schools and expanding into more outlets.

展望與策略

展望未來，本集團相信不同市場之經營環境均會有所不同。維持本集團在各方面已取得之優勢，以及進一步鞏固本集團在不同市場之市場地位，將會是本集團要面對之挑戰。同時，本集團將按個別市場需要，調整業務方針確保其切實可行以利長遠發展。

香港

預期香港經濟將繼續繁榮發展，有助帶旺本地整體消費，亦有利飲品行業。本集團欣然見到市場對非碳酸飲料及健康飲料之需求日增。與此同時，為滿足消費者日趨複雜多變之需求，產品創新及價格之競爭越呈激烈。儘管通脹並非整體香港之主要問題，惟就原材料價格波動、員工相關費用之提高以及部分因入口價格上升之中國大陸貨品所帶來之通脹壓力等問題，本集團體會到必須積極控制經營成本。

本集團在香港會專注產品創新，及透過加入新口味及增值元素，發展如茶類及健康飲品等高增長產品，以維持及增強盈利能力。新增之豆腐產品已於本年五月以維他奶山水品牌加入香港之產品系列。由於此食品以有機種植大豆製成，故突出其定位為有機食品，以吸引一群追求更健康及優質生活之年青至中年消費者。新產品配有有別於市場獨一無二之帶子口味以供選擇。此外，本集團將繼續開發更多學校客戶及銷售點，續步拓展食物部及餐飲業務。

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“We will increase our investment in brand building to further enhance our market position and corporate image as “the soy expert”.”



North America

For North America, the operating environment is expected to remain challenging in view of the market condition. The soy food market, however, might expect to see only slight growth this year.

Our goal in the coming months is to narrow the operating loss substantially. We will achieve that through a three-pronged strategy. Firstly, we will re-focus on core products and core competencies to increase sales revenue. We will reinforce the market position of NASOYA as a dominant tofu/pasta brand. To drive tofu sales, we will put more resources on the emerging growth channels such as food service and club stores. Leveraging our heritage and product innovation, we shall introduce more variants of seasonal soymilk and develop private label programmes for tofu. We will also enhance the image of VITASOY as a healthy beverage innovator to grow the sales of aseptic soymilk. Secondly, we will focus on the reduction of overheads with a view to improving the cost base. Thirdly, given the strong market positions established by our NASOYA and AZUMAYA product lines in North America, we find that there is room for price revision. This move, to be taken in July 2007, should allow us to improve our operating results.

Mainland China

The fast-expanding Mainland China market is likely to maintain its pace of growth. Greater affluence and health awareness should create higher demand for quality products, including functional beverages that carry the health and natural concept. At the same time, the immense growth potential of this market will inevitably attract more competitors. This could also stimulate the demand growth and we are confident to benefit from this healthy competition.

In the year ahead and beyond, we will continue with the strategy of “core business, core brand and core city” in Mainland China. Given our strong sales and profit-making momentum, we will increase our investment in brand building to further enhance our market position and corporate image as “the soy expert”. We are in the process of rolling out more

北美洲

北美洲方面，基於市場情況，本集團預期經營環境仍具挑戰性。然而，大豆食品市場於本年仍可望有輕微增長。

本集團在未來數月之目標為大幅減少經營虧損，並將透過三種傾向性之策略達到目標。首先，本集團將重新集中發展核心產品及核心強項，增加銷售收入，並將鞏固NASOYA品牌之市場地位，作為豆腐／意大利麵食之主要品牌。為提高豆腐銷售額，本集團將投入更多資源於新興增長之銷售渠道，例如食品服務及會員折扣商店。本集團利用其優良之傳統和產品創新之優勢，將推出更多不同種類之節日性豆奶，並為豆腐產品開發零售業自創品牌食品業務。本集團亦將提升維他奶品牌作為創新健康飲品之形象，以增加無菌紙包裝豆奶之銷量。其二是本集團會集中削減經常性開支，減省生產成本。其三是NASOYA品牌及AZUMAYA品牌系列之產品在北美洲已確立穩健市場地位，本集團認為價格方面仍有調整空間。價格調整將於二零零七年七月開始，預期可改善本集團之經營業績。

中國大陸

現正高速發展之中國大陸市場預期仍能維持其增長步伐。隨著消費者日漸富裕之生活以及日漸提高之健康意識，對優質產品包括含有健康及天然概念之功能飲品之需求亦將相繼提高。與此同時，此市場之龐大增長潛力將無法避免吸引更多競爭對手，這現象將會刺激需求，而本集團深信會從這良性競爭中獲益。

今後本集團將繼續在中國大陸實行「核心業務、核心品牌及核心城市」之策略。趁此強勁之銷售及盈利動力，本集團將增加投資品牌建立，進一步鞏固市場地位及提升作為「豆奶專家」之公司形象。本集團現正推出更多CEPA產品，提高中國大陸之銷售額。透過

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CEPA products to drive sales in Mainland China. We have enjoyed a remarkable track record in capturing the market of Southern China through successful brand building and product launches. We are aiming to capitalise on and replicate this model of success in Eastern and Northern China, particularly in Shanghai and the provinces of Jiangsu and Zhejiang. At the same time, the Group's co-packing business will continue to play an important role in maximising the Mainland China plants' capacity utilisation.

Australia and New Zealand

Similarly, we will continue to envisage high growth in our Australian and New Zealand markets. We are also aware that competition, especially where pricing is concerned, is likely to intensify. In the coming year, we aim to achieve healthy growth in both sales and profit in these markets. Now that our production capacity in Australia has been substantially expanded, we are in a good position to re-focus on the development and launching of new products. We will also drive sales through more aggressive marketing and an effective pricing strategy.

Vote of Thanks

In concluding, I wish to extend my gratitude to the Board of Directors for their wise counsel and guidance as well as to shareholders and customers for their trust and loyalty. I must also express my deep appreciation to our employees worldwide, whose contribution has been indispensable to the Group's continued success.

Winston Yau-lai LO
Executive Chairman
9th July, 2007

成功之品牌建立及產品推廣，在華南市場取得卓越成績。本集團正計劃將此成功模式套用於華東及華北地區，尤其是上海以及江蘇及浙江兩省。與此同時，本集團之委托加工業務在提高中國大陸廠房之使用率方面，將繼續擔當重要角色。

澳洲及新西蘭

同樣地，本集團繼續預期澳洲及新西蘭市場將持續高增長。本集團亦意識到競爭有可能會加劇，尤其是在定價方面。展望來年，本集團期望這兩個市場之銷售額及溢利皆有健康增長。目前，澳洲之生產力已經大幅提高，本集團現正處於有利位置，重新致力於發展及推售新產品，亦將透過更積極之市場推廣及有效定價策略提高銷售額。

鳴謝

總括而言，本人謹此衷心感謝董事會之睿智建議及指導，以及股東與客戶之信賴及忠實支持。本人亦對本集團在世界各地之員工深表感激，本集團之持久成功實有賴他們之重大貢獻。

羅友禮
執行主席
二零零七年七月九日