

## Business Review and Prospects

The Group's turnover for the year was HK\$278,144,000, representing an increase of 11.1% as compared to HK\$250,295,000 of last year.

The Group recorded a net profit attributable to shareholders of HK\$30,632,000 for the year, representing an increase of 51.8% as compared to HK\$20,183,000 of last year.

Among the Group's normal operating activities, its cement business and property investment business were the major contributors to the consolidated profit of the Group, whereas Traditional Chinese Medicine (TCM) products business recorded a loss for the year.

The Group's other revenue and gain included a gain on early redemption of a promissory note of HK\$20,000,000. At the Special General Meeting held on 15 June 2004, independent shareholders of the Company approved to redeem the 5-year HK\$200,000,000 promissory note of the Company at a discounted price. The total consideration included the payment in cash of HK\$45,000,000 and the issuance of 111,478,117 new shares of the Company at a subscription price of HK\$1.211 per share. The gain on early redemption of the promissory note came from the principal amount discounted. Besides, the early redemption also resulted in an amount of HK\$3,014,000 interest portion waived on the promissory note.

## 業務回顧及展望

本集團本年度之營業額為港幣278,144,000元，與去年同期之港幣250,295,000元對比增加11.1%。

本集團錄得本年度股東應佔綜合淨溢利為港幣30,632,000元，與去年同期錄得之港幣20,183,000元比較上升51.8%。

本集團之一般營運業務中，以水泥業務及物業投資業務為本集團帶來主要之盈利貢獻；至於中成藥業務則於年內錄得虧損。

本集團之其他收入項下包括一項提早贖回承兌票據之溢利共港幣20,000,000元。於二零零四年六月十五日舉行之股東特別大會上，本公司之獨立股東議決通過以折讓價提早贖回一份五年期價值港幣200,000,000元之承兌票據。總代價包括港幣45,000,000元之現金及以每股港幣1.211元作價發行共111,478,117股本公司股份支付。提早贖回承兌票據之溢利來自票據本金之折讓。另外，提早贖回票據亦帶來共港幣3,014,000元之票據利息支出豁免。

## Cement business

For the year, the Group's total quantity sales of clinkers and cement recorded a growth of 13.7% to 757,000 tonnes, as compared to 666,000 tonnes of 2003. As production of the modified cement production lines became stable, the quantity of clinkers produced increased significantly when compared to 2003. The total sales amount recorded a growth of 9.0% as compared to that of 2003. However, due to an increase in production cost, contribution from the cement business to the Group's profit could only be leveled to that of last year. The increase in production cost was mainly attributed to surging materials costs during the year.

On the sales side, the Group's sales of cement to construction projects, as a result of the completion of certain major construction projects, such as the Hai Van Pass Tunnel and Lang Co Bridge, recorded a decrease for the year. Yet, an increase in sales of clinkers and sales of cement to farther provinces such as Quan Tri and Quan Binh compensated the decrease in sales of cement to construction projects.

Foreseeing 2005, the demand of cement in Vietnamese market remains strong and following the commencement of construction of some hydro-electricity plants in central Vietnam, the Group's sales of cement shall be expected to achieve a stable growth. Besides, the price of cement and clinkers are also expected to have a slight increase.

## 水泥業務

於二零零四年，本集團水泥及熟料之總銷售量為757,000噸，與二零零三年之666,000噸比較增長13.7%。由於經改良後水泥生產線之生產情況開始穩定，本年度熟料之生產量與二零零三年比較錄得較大增幅。總銷售金額與二零零三年比較則上升9.0%。惟年內生產成本上升，則致使水泥業務對本集團之盈利貢獻只能與去年相若。生產成本上升主要原因為原料費用上升所致。

在銷售方面，本集團於年內對建築工程之水泥銷售因若干重大建築工程，如海雲嶺隧道及峴港陵哥大橋等完成而出現下跌；惟增加熟料銷售及對其他較遠省份如廣至省及廣平省等之水泥銷售，則足以抵銷建築工程水泥銷售下跌之影響。

展望2005年，越南水泥需求仍然強勁，並隨著部份位於中部地區之水力發電工程展開，本集團之水泥銷售估計可保持良好增長；另外，預期水泥及熟料之售價亦可輕微調升。

As anticipating that demand of cement and clinkers will be able to maintain its growth in Vietnam for coming years and also seeing that the Group's existing production lines have almost reached the maximum capacity, the management has decided to invest into a new production line in the cement plant and thus on 23 March 2005, the Group entered into an agreement to purchase a new clinkers' production line with a capacity of approximately 500,000 tonnes per annum. The new production line is expected to start operating in mid-2006.

Furthermore, the Group had entered into an agreement with the Vietnamese partner of the cement joint venture in Vietnam on 12 October 2004 to acquire all its 22.17% shareholding in the cement joint venture with a total consideration of US\$4,000,000. After the completion of the acquisition, the Group's shareholding in the cement operation will increase from 68.10% to 90.27%.

The Management believes that the investment in a new clinkers' production line in the cement plant and the acquisition of the Vietnamese partner's shareholding in the cement joint venture, will consolidate the Group's earnings and contributions from the cement business in future.

由於預期越南市場對水泥及熟料之需求於未來數年將仍保持增長，以及有見目前本集團之現有生產線已接近最高生產能力，管理層因此決定於水泥廠增加投資一條新生產線，並於二零零五年三月二十三日簽訂一份協議，購買一條年產量約500,000噸之熟料生產線。估計該生產線可於二零零六年年中開始運作。

另外，本集團亦於二零零四年十月十二日與越南水泥合營企業之越方股東簽訂一份協議，以總代價美金4,000,000元收購其持有水泥合營企業之全部22.17%股權。在收購完成後，本集團持有越南水泥廠之股權將由68.10%增加至90.27%。

管理層相信於水泥廠增加投資一條新生產線，及收購越方股東於水泥合管企業之權益，將可鞏固本集團未來於水泥業務之收益及貢獻。

### Saigon Trade Centre and other investment properties

The leasing situation of the Group's Saigon Trade Center in Ho Chi Minh City, Vietnam had shown a significant improvement along with the booming of the Vietnamese economy for the year.

The lease-out rate of the Saigon Trade Centre as at 31 December 2004 was 71% as compared to 58% as at the year-end of 2003. The average rental rate was also recorded a growth of 9% as compared to that of last year. The leasing situation of the Saigon Trade Center is expected to improve further in 2005.

The Group's other investment properties, mainly situated in Hong Kong and the People's Republic of China (the "PRC") were almost fully leased out as at 31 December 2004 and have been providing a stable revenue and cashflow to the Group.

### Traditional Chinese Medicine products business

The objective of Vigconic is to develop Traditional Chinese Medicine (TCM) products with therapeutic and adjuvant functions based on stringent scientific researches proven by clinical studies. Significant resources had been inputted for researches and clinical studies in the past few years. Though the Group understands the risk to develop TCM with therapeutic and adjuvant functions, it is known and

### 西貢貿易中心及其他投資物業

隨著越南經濟於年內蓬勃發展，本年度本集團位於越南胡志明市之西貢貿易中心之出租情況亦錄得較明顯改善。

於二零零四年十二月三十一日，西貢貿易中心之出租率為71%，而去年底之出租率則為58%。平均租值與去年比較亦錄得9%之增長。西貢貿易中心之出租情況預期於二零零五年將可獲持續改善。

本集團位於中國及香港之其他投資物業，於二零零四年十二月三十一日已大部份獲租出，並為本集團提供每年穩定之現金流入。

### 中成藥業務

維康力以科研為本，臨床為據，用科學的態度發展具有治療及輔助治療的中成藥為目的。多年來投入大量資源進行科研及臨床試驗。集團明白要發展具有治療及輔助治療的中成藥風險極高，但中成藥具

proven the TCM's effectiveness and efficacy for the past few thousand years. According to survey, not many companies in the PRC, Hong Kong and Taiwan have developed TCM products based on scientific approach. The Group believes that the products will offer promising and considerable market value if the development is successful.

Vigconic will continue to emphasize its resources on scientific researches and clinical trials for last year and the coming two years, products will be launched accordingly only after clinical trials results are released. As a result, the business has recorded deficit last year while no significant profit is expected this year.

Today the management is excited to announce to the shareholders, a clinical trial was conducted in Queen Mary Hospital in charge by Professor JST Sham (Head of Department, Department of Clinical Oncology, Faculty of Medicine, The University of Hong Kong), which was prepared by the Clinical Trials Centre, Faculty of Medicine of The University of Hong Kong. The study was to evaluate the efficacy of *Vigchemo* in reducing the impact of chemotherapy induced side effects and in improving the quality of life of the chemotherapy-treated cancer patients. The efficacy response rate was 83.3% which denoted an encouraging result. A series of clinical trials and researches are being planned at multi-centers of different hospitals in Hong Kong currently.

有幾千年的歷史，具有良好的療效。經調查研究，在國內、香港及台灣能以科學態度去發展中成藥的開發者甚少。本集團相信如能開發成功，其中成藥產品會有龐大的市場價值。

過去的一年及今、明兩年，維康力仍會集中資源以科研及臨床試驗為主，待有臨床結果才將產品分別推出市場。所以去年業務依然出現虧損，並預計本年仍難獲利。

今天管理層十分興奮地向股東宣佈，由香港大學醫學院臨床試驗中心策劃，岑信棠教授(香港大學醫學院臨床腫瘤學系系主任)主持的研究正在瑪麗醫院進行。此項研究評估癌症病人在接受化療期間，“維化靈”對改善患者副作用的影響及提高患者的生活質素，有效反應率達83.3%，成績令人鼓舞。現正計劃進一步在本港多間醫院進行多中心臨床研究。

Prior to the clinical trials of *Vigchemo* for the chemotherapy-treated cancer patients, a research has been done for the adjuvant functions to mice with lung cancer. The research report, led by XR Mei and MY Huang (Institute of Modern Chinese Medicine, The Hong Kong Polytechnic University), has stated that *Vigchemo* could adjuvant the chemotherapeutic treatment – cyclophosphamide in inhibiting the growth of lung tumors while the survival time has been lengthened. The effect in reducing tumor sizes and weight as well as prolonged the survival time by using *Vigchemo* together with cyclophosphamide are proved to be more apparent than administered cyclophosphamide alone. The overall findings suggested that *Vigchemo* is a highly effective anti-cancer agent and adjuvant therapeutic agent for the treatment of lung cancer. The abstract was released in the 9th World Congress on Advances in Oncology on October 14-16th 2004 held in Greece. This is a clear statement to demonstrate the responsible and serious scientific attitude uphold by *Vigconic* in developing its TCM products.

*Vitalliver* is the prepared proprietary TCM formula developed by *Vigconic* to treat the liver cirrhosis. A clinical trial is undergoing currently in Queen Mary Hospital in charge by Professor George Lau (Assistant Dean, Specialist in Gastroenterology & Hepatology, Faculty of Medicine, The University of Hong Kong) which was prepared by the Clinical Trials Centre, Faculty of Medicine of the University of Hong Kong. The theme of the trial is to evaluate the therapeutic efficacy and safety of *Vitalliver* in treating patients with liver cirrhosis. The trial subjects are close to 100 and the trial is expected to complete in the first quarter of next year.

“維化靈”在對癌症病人進行臨床試驗前已進行了對老鼠肺癌輔助治療的研究。由梅學仁及黃夢雨(香港理工大學現代中藥研究所)研究結果表明,“維化靈”可以輔助化療藥—環磷酰胺以抑製荷瘤老鼠腫瘤的增長,延長生存時間,提高外周血細胞和脾淋巴細胞的轉化率,具有輔助化療作用。在抑制腫瘤大小及延長生存時間方面,“維化靈”與環磷酰胺聯合用藥比單用化療藥效果更明顯。研究文章已在2004年10月14至16日在希臘舉行的第九屆腫瘤科世界會議上發表。這充份說明維康力在發展中成藥時,抱着認真的、負責任的科學的態度進行。

“維肝力”是維康力發展治療肝硬化的中成藥。由香港大學醫學院臨床試驗中心策劃,廖家傑副教授主持(香港大學腸胃及肝臟科)對肝硬化病人使用“維肝力”的治療效果及其安全性的研究正在瑪麗醫院進行。此項臨床試驗的參加者近百人,並預計在明年第一季完成。

*Vineuro* is the prepared proprietary TCM formula developed by Vigconic to adjuvant the treatment of patients with Parkinson's or Alzheimer's Diseases. The preliminary clinical report was released in the 7th International Conference of Alzheimer's and Parkinson's Diseases 2005 held in Italy this March. The second phase of multi-center clinical trial is prepared by the Clinical Trials Centre, Faculty of Medicine of the University of Hong Kong. The theme of the trial is to study the effect on subjects' activity abilities, reducing the symptoms as well as improving the quality of life by using *Vineuro* as the adjuvant to the medicine-treated Parkinson's Diseases patients. The trial will be conducted in the second half of this year at several hospitals in Hong Kong with about 160 subjects.

The ageing problem in the community has started to draw attention in recent years that accelerates the urgency to develop effective anti-ageing products. The Group believes that TCM is more effective in anti-ageing than Western medicine. The Hong Kong Jockey Club had donated HK\$175 million to The Hong Kong University of Science & Technology to cooperate with a foreign pharmaceutical company to develop anti-aging TCM this March. The Group has already put its resources to study the anti-ageing prepared proprietary TCM formula, VI-28, five years ago.

6 researches and clinical trial reports have been released in international medical conferences and medical journals accordingly to state VI-28 anti-ageing efficacy and effectiveness. In January, Dr. KM Ko (Associate Professor, Department of Biochemistry,

“腦訊通”係維康力公司發展輔助治療帕金森及老人痴呆症的中成藥，初步臨床報告已在本年3月在意大利舉行的「第七屆老人痴呆及帕金森症國際會議2005」上發表。第二期多中心的臨床試驗由香港大學醫學院臨床試驗中心策劃，使用“腦訊通”就帕金森患者配合西藥使用，對增加患者活動能力、減輕症狀及改善其生活質素的研究。此項試驗將在下半年本港多間醫院進行並預計約有160人參加。

人口老化越趨嚴重，開發抗衰老的藥物就顯得更迫切。集團相信對抗衰老藥物，中藥比西藥強。本年三月初香港賽馬會也捐出港幣175,000,000元給香港科技大學與一間外國西藥廠合作開發抗衰老中成藥。而集團在五年前已投入資源研究抗衰老的中成藥——“維康28”。

“維康28”對抗衰老的功效研究已先後在國際抗衰老醫學會議及醫學雜誌發表了6篇研究及臨床結果。今年1月，高錦明副教授(香港科技大學生物化學系)完成了老鼠服用“維康28”對細胞腺粒體的影響的

The Hong Kong University of Science & Technology) has completed the research on the effect on mitochondrial anti-oxidant and functional status in various tissues as well as red cell superoxide dismutase activity (SOD) of rats by using VI-28. The result has shown that VI-28 treatment could enhance the mitochondrial anti-oxidant and ATP functional status in various tissues (brain, heart, liver, skeleton and muscle) in rats. The red cell CuZn SOD activity in driving out the free radicals has also increased. Not only could VI-28 encourage the cell growth, it could also clear out the free radicals in various tissues. The antioxidant effect on various tissues of VI-28 treated rats is 70% more than those of normal feed rats. Many medical journals on anti-ageing had pointed out that oxidation is the main contributor of ageing. Oxidation will accelerate the shortening of the telomere of a cell that ultimately lead to the ageing of humans. To delay the shortening of the telomere by getting rid of the free radicals from the cell tissues of our bodies is the key to be long-lived. The above various articles and journals have explained that VI-28 is indeed effective in anti-ageing. Accordingly, Dr. Ko described the research about the mitochondrial in cells is a breakthrough that initiates us to further study the relationship between the shortening of telomere and the mitochondrial anti-oxidant status. This prompts us to speed up our research on the effect of VI-28 in reducing the telomere shortening, maintaining the cell replicative capacity, and achieving the anti-ageing result.

研究。結果顯示服用“維康28”的老鼠在多個組織中(腦、心臟、肝臟、骨骼及肌肉)的細胞腺粒體ATP能量產生功能及超氧歧化酶消除自由基活動，均有良好效果，既可促進老鼠的細胞生長，又能加強清除細胞組織的自由基。服食加“維康28”食物的老鼠比食用常規食物的老鼠，抗氧化功能超出70%以上。不少研究衰老的文獻指出：氧化損傷是衰老的一個主要原因。氧化應激會加速人類纖維細胞端粒縮短，細胞端粒縮短，是人類走向衰老的結果。要延遲細胞端粒縮短，達到長壽就必須將對細胞組織有害的自由基從身體內清除。由以上文獻所述可充份說明“維康28”對抗衰老的功用。因此高教授形容這次對細胞腺粒體研究結果是一項突破。這加速了我們研究“維康28”對減慢端粒耗損，延長細胞壽命，以達到延緩衰老的效果。



The sale of VI-28 has started since at the end of year 2003. The sales, nevertheless, was below expectation since the concept of anti-ageing was not yet well-received among the consumers. The Group on one hand will continue to strengthen the sale in Hong Kong, while on the other hand will market the product overseas as well as in mainland China. VI-28 has obtained sale licenses in several Southeast Asian countries. All the registration procedures in the PRC are completed and the sales permit is expected to be issued at the second half of this year.

*Vigchemo* will be launched locally in the second half of the year. With the data that there are 20,000 new cancer patients each year that expects extensive demand on the adjuvant therapy to supplement the chemotherapy, the Group is fairly optimistic to the sale of *Vigchemo*.

### Dividend

Since the Group has achieved a stable income and cash inflow in its major businesses, the board of directors proposed to distribute a final dividend of HK\$0.05 per share to the shareholders, and together with the interim dividend of HK\$0.03 per share already distributed, the total dividend for the year 2004 will be HK\$0.08 per share.

At last, on behalf of the board of directors, I would like to thank for the effort and support of the management and the staff of the Group.

在2003年尾“維康28”已開始銷售，但由於市民對抗衰老的意識不強，銷售未如理想。目前集團一方面加強在本港的銷售，另一方面努力拓展國內及海外市場。在多個東南亞國家“維康28”已經取得了銷售許可證。在國內已完成了所有登記手續，相信在下半年初會獲得銷售許可證。

“維化靈”在下半年將會在本港市場推出售賣，由於本港每年有20,000多個癌症新病人，對化療及電療的輔助治療有強烈的需求，集團對“維化靈”的銷售表示審慎樂觀。

### 股息

因應集團於主要業務上擁有較平穩之收入及現金流入，董事會建議派發末期股息每股港幣5仙予各股東，連同本年度之中期股息每股港幣3仙，令本年度全年之股息共每股港幣8仙。

最後，本人僅代表董事會對本集團之管理層及各員工對本集團之貢獻及支持表示謝意。