

Business Review and Prospects

The Group's turnover for the year was HK\$313,074,000, representing an increase of approximately 12.6% when compared to HK\$278,144,000 of last year.

The consolidated net profit attributable to shareholders was HK\$22,413,000 for the year, representing a decrease of approximately 26.8% when compared to HK\$30,632,000 of last year.

The Group's consolidated profit mainly comprised of profits from operating activities of the Group's cement subsidiary in Vietnam, the Saigon Trade Centre in Vietnam and other investment properties situated in the PRC and HK. On the other hand, the Groups' Traditional Chinese Medicine ("TCM") products business recorded a loss for the year.

Cement business

The Group's sales of cement and clinker achieved 782,000 tonnes in 2005, representing a slight increase of approximately 3% as compared to that of last year. The demand for cement in Vietnam has remained strong during the year. Total demand for cement in Vietnam reached about 28 million tonnes in 2005, representing an increase of approximately 14% on a year-on-year basis. However, as the Group's cement plant has already reached its maximum capacity, the total output and sales of cement and clinkers of the Group showed only a slight increase for the year.

業務回顧及展望

本集團本年度之營業額為港幣313,074,000元，與去年同期之港幣278,144,000元對比增加約12.6%。

本年度股東應佔綜合淨溢利為港幣22,413,000元，與去年同期錄得之港幣30,632,000元比較下降約26.8%。

本集團之綜合盈利主要來自本集團位於越南水泥附屬公司之業務及包括越南西貢貿易中心及於中國及香港之其他投資物業之業務貢獻；至於中成藥業務則於年內錄得虧損。

水泥業務

於二零零五年，本集團共銷售782,000噸水泥及熟料，與去年同期比較只上升3%。於年內，越南水泥需求仍然強勁。越南全國於二零零五年之水泥需求達2,800萬噸，比較去年上升約14%。但由於本集團水泥廠已達致最高之生產能力，以致本集團之水泥及熟料總生產及銷售量比對上年度只錄得輕微升幅。

The Group's investment in an additional clinkers' production line shall be ready to commence operation in mid-2006. When the new line shall be in full operation, the total maximum capacity of the Group's cement plant in producing cement shall reach 1.5 million tonnes per annum. If the new production line is running smooth, the management believes that the output and sales of clinkers and cement in year 2006 shall increase when compared to 2005.

The sales price of clinkers and cement only recorded a slight increase in 2005. On the other hand, the production cost also increased due to the increase in costs of cement sack, coal and fuel oil. As a result of a more stable operation of the production lines for this year, the consumption of coal and fuel oil slightly decreased and thus assisted in setting off part of the increase in production cost.

Currently, the Group's cement plant is the only cement plant having been awarded the certificates of ISO 9001, ISO 14001 and ISO 18001 in Vietnam, which shows that the cement plant has established an effective management system.

Foreseeing a persistent strong market demand for cement in Vietnam and the commencement of the Group's new production line in mid-2006, the management is optimistic to the performance of the Group's cement operation in Vietnam for year 2006.

Saigon Trade Center and other investment properties

According to statistics of the Asian Development Bank, Vietnam recorded a GDP growth rate of over 8% for year 2005. The economic activities and foreign investments were seen to be more active than last year.

本集團新增之一條熟料生產線投資預計於二零零六年中開始運作。當該條新生產線全面運作時，本集團水泥廠生產水泥之每年最高生產量將可達150萬噸。假若新生產線運作順利，管理層相信二零零六年全年之水泥及熟料總生產及銷售量將比本年度有所上升。

於二零零五年熟料及水泥之售價只錄得輕微上升。另一方面，因水泥包裝袋、煤及燃油等成本之上升而導致整體生產成本有所上升。因本年度生產線運作較為穩定，煤及燃油之消耗量與去年比較輕微減少，因而可對沖部份生產成本之上升。

目前，本集團水泥廠乃全越南唯一一間獲發ISO9001、ISO14001及ISO18001證書之水泥廠，其足以證明本集團水泥廠已建立一套良好之管理系統。

由於預期越南本地市場對水泥及熟料的需求仍然殷切，與及本集團新生產線即將投入運作，管理層對二零零六年本集團水泥業務之前景表示樂觀。

西貢貿易中心及其他投資物業

根據亞洲發展銀行之統計，越南於二零零五年之本地國民生產總值達8%之增長。於年內，經濟活動及外來投資均比去年活躍。

Benefited from the economic growth in Vietnam, the Group's Saigon Trade Centre in Ho Chi Minh City recorded an increase in occupancy rate to 86% as at the year-end of 2005 from that of 71% in 2004. The net average rental rate for new leasing contracts also recorded an increase of over 10% during the year.

Seeing increasing interests from foreign investments in Vietnam's market, it is expected that the leasing situation of the Group's Saigon trade Centre will continue to perform well during 2006.

For the Group's other investment properties in the PRC and HK, all of them, except for a few apartments in the PRC, have been fully leased out which thus providing the Group with consistent cash inflow per annum.

TCM products business

Our Group focuses on developing TCM products with therapeutic functions and with adjuvant functions. We have had good progresses in both basic scientific studies and clinical studies. Dr. KM Ko, Associate Professor in Biochemistry, HK University of Science & Technology has carried out extensive studies of VI-28 on mice, and reported positive results in elevating the antioxidant level and ATP generation capacity in mitochondria in various organs (brain, liver, heart and skeletal muscles). The study paper has been published in the medical journal Rejuvenation Research. It is generally believed in the medical field that oxygen free radical is the main factor causing human ageing. To further verify the anti-ageing effects of VI-28, we have contracted Beijing University to carry out a study involving 400 aged mice (those that have given birth three times), dividing into groups fed with mouse food mixed with various doses of VI-28, and a control group fed with normal mouse food.

受惠於越南之經濟增長，本集團位於胡志明市之西貢貿易中心，出租率亦有所上升，由去年底之71%增至二零零五年底之86%。新簽約租之平均淨租金率亦於年內錄得超過10%之增長。

由於留意到外國投資對越南市場之興趣漸濃，估計本集團西貢貿易中心於二零零六年之租務表現將持續良好。

至於集團位於中國及香港之其他投資物業，除少量位於中國之住宅單位外，全部已獲租出，並為本集團提供每年穩定之現金流入。

中成藥業務

本集團致力發展具有治療及輔助治療的中成藥，在科研及臨床方面都取得良好的進展，香港科技大學生物化學系高錦明副教授使用「維康28」對老鼠多個體內器官中(腦、肝、心、骨骼肌肉)的細胞線粒體(ATP)能量產生功能及超氧歧化酶，消除自由基活動的研究取得了良好效果。研究報告已於美國 REJUVENATION RESEARCH 醫學雜誌上發表。因為醫學界普遍認為自由基是造成人類衰老的元凶。

The study, to last for over a year, is to investigate the longevity effect to the mice as well as the effects on the internal organs. We have further contracted The HK University of Science & Technology to carry out another study on 1000 mid-aged mice on the effects of VI-28 on life extension and on various organs; the study is expected to last for two and a half years.

A study on more than 90 subjects in Queen Mary Hospital, Hong Kong, coordinated by Clinical Trial Centre of University of Hong Kong, with Professor George Lau as Principal Investigator, is studying the effects of Vitalliver on cirrhosis patients. The study is near completion, and study results will be available by end August 2006. Another multi-centre clinical study also coordinated by Clinical Trial Centre of University of Hong Kong on Vineuro is currently conducted in six Hospital Authority hospitals in Hong Kong, involving 160 subjects suffering from Parkinson's Disease. The study will look at the adjuvant effects of Vineuro on the patients taking conventional medication, in terms of mobility improvement, symptoms reduction, and improvement in quality of life.

Vigconic adopts a different approach to develop TCM products in contrast to other developers of health products. Our motto is 'Developed from stringent scientific research, Proven by clinical studies'. In the coming two to three years, we shall continue to focus on clinical studies, and thus expect to incur further research expenditures. VI-28, Vigchemo, and Vineuro have recorded increased sales in 2005, yet the operation still recorded deficit. VI-28 has obtained approval for sale in mainland China as health product. We are currently looking for local distribution representation, and we expect to start sales in the second half of 2006.

為了進一步研究「維康28」對提高人們生活質素，對抗衰老的成效。集團已委托北京大學，對400隻年老(已生產過三胎小鼠)的老鼠，分別服食添加「維康28」飼料及服用普通飼料。對年老老鼠的器官的影響及延長壽命的研究，為期一年。而本港科技大學則對1,000隻中年老鼠(九個月大)進行以上研究，為期兩年半。

由香港大學臨床試驗中心策劃，廖家傑教授負責，使用本集團生產的「維肝力」中成藥栓劑對肝硬化患者治療的臨床研究，在瑪麗醫院進行，參加人數超過90名，臨床快將完成，本年8月底將有結果。同樣由香港大學臨床試驗中心策劃使用本集團研製的「腦訊通」於本港六間醫院進行的第二期多中心臨床研究，有160名帕金森患者參加。目的是研究使用「腦訊通」栓劑對帕金森患者配合西藥使用，對增加患者的活動能力，減輕其症狀及改善其生活質素。

維康力發展中成藥與一般保健產品有別，我們的宗旨是以科研為本，臨床為據，發展具有實效的中成藥。在今後的兩三年內仍以臨床研究為主，所以研究費用開支較多，雖然2005年「維康28」、「維化靈」及「腦訊通」銷售有所增長，但仍然出現虧損。「維康28」已獲國內批准以健康產品銷售，現正尋找國內代理，希望能在2006年下半年進入國內市場。

Dividend

In view of achieving stable income and cashflow, the board of directors recommended to distribute a final dividend of HK 5 cents per share to the shareholders and together with the interim dividend of HK 3 cents per share already distributed, the total dividend for the full year of 2005 will be HK 8 cents, which is the same as that of 2004.

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與二零零四年相同，合共每股港幣8仙。