

## REPORT OF THE DIRECTORS 董事會報告書

The directors present their report and the audited financial statements of Vitop Bioenergy Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 30 June 2006.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacturing and trading of multi-functional water generators, BIOenergy® products, healthcare food products and other healthcare products in the People’s Republic of China, excluding Hong Kong and Macau.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2006 and the state of affairs of the Group and the Company as at that date are set out in the financial statements on pages 33 to 95.

The directors do not recommend the payment of a final dividend to shareholders of the Company for the year ended 30 June 2006 (2005: HK0.72 cent per share).

### SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets, liabilities and minority interests of the Group for the last five financial years is set out on page 96. This summary does not form part of the audited financial statements.

### DONATIONS

During the year, the Group made charitable donations of HK\$0.48 million.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group’s property, plant and equipment during the year are set out in note 15 to the financial statements.

### PREPAID LAND LEASE PAYMENTS AND INTANGIBLE ASSETS

Details of the movements in the Group’s prepaid land lease payments and intangible assets during the year are set out in notes 16 and 17 to the financial statements, respectively.

### SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company’s share capital and share options during the year, together with the reasons therefor, are set out in notes 28 and 29 to the financial statements, respectively.

董事會謹提呈天年生物控股有限公司（「本公司」）及其附屬公司（以下統稱「本集團」）截至二零零六年六月三十日止年度之董事會報告書及經審核財務報表。

### 主要業務

本公司之主要業務為投資控股，其附屬公司之主要業務為於中華人民共和國（不包括香港及澳門）生產及銷售多功能製水機、天年素®系列產品、保健食品及其他健康產品。

### 業績及利潤分配

本集團截至二零零六年六月三十日止年度之業績及本集團與本公司於當日的財務狀況載於財務報表第33至95頁。

董事會不建議就截至二零零六年六月三十日止年度向本公司股東派付末期股息（二零零五年：每股0.72港仙）。

### 財務資料概要

本集團過去五個財政年度的已公佈業績及資產與負債概要載於第96頁。此概要並不構成經審核財務報表的組成部分。

### 慈善捐款

本集團於年內作出之慈善捐款約為48萬港元。

### 固定資產

年內，本集團固定資產變動詳情載於財務報表附註15。

### 預付土地租賃付款及無形資產

年內，本集團之預付土地租賃付款及無形資產變動詳情分別載於財務報表附註16及17。

### 股本及購股權

年內，本公司股本及購股權變動詳情連同有關原因分別載於財務報表附註28及29。



## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

## RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 30 to the financial statements, respectively.

## DISTRIBUTABLE RESERVES

As at 30 June 2006, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$35.55 million. This includes the Company's share premium account, in the capital amount of approximately HK\$52.08 million as at 30 June 2006, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the percentage of sales to the Group's five largest customers accounted for approximately 35% of the Group's total sales for the year and sales to the largest customer included therein amounted to approximately 11%. Purchases from the Group's five largest suppliers accounted for approximately 54% of the total purchases for the year and purchases from the largest supplier included therein amounted to 26%.

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders who owned more than 5.0% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

## 優先購股權

本公司組織章程細則或開曼群島(本公司註冊成立所在的司法權區)法例概無關於優先購股權之規定，致使本公司須按比例向現有股東發行新股。

## 購回、出售或贖回本公司上市證券

年內，本公司或其任何附屬公司概無購回、出售或贖回任何本公司上市證券。

## 儲備

年內，本集團及本公司之儲備變動詳情分別載於綜合權益變動表及財務報表附註30。

## 可供分派儲備

於二零零六年六月三十日，本公司按照開曼群島公司法第22章(一九六一年第三法例，經綜合及修訂)的規定計算所得的可供分派儲備約達3,555萬港元。此乃包括本公司於二零零六年六月三十日可供分派的股份溢價賬內的資本金額約達5,208萬港元，惟緊隨建議派發股息日期後，本公司須於可償還其日常業務過程中到期的債務的狀況。股份溢價賬亦可以繳足紅股方式分派。

## 主要客戶及供應商

於回顧年內，本集團首五大客戶的銷售額佔本年度總銷售額約計35%，而向最大客戶銷售貨品之數額則佔約11%。對本集團首五大供應商的購貨額佔本年度總購貨額約54%，其中對最大供應商的購貨額則佔26%。

就董事所深知，董事或彼等的聯繫人士，或擁有本公司已發行股本5.0%以上的任何股東，於年內概無於本集團首五大客戶及(或)首五大供應商擁有任何實益權益。



# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

#### Executive directors

Mr. Hung Kai So (*Chairman*)  
Mr. Kam loi (*Managing director*)  
Mr. Chan Yuk Tong (*appointed on 30 September 2005*)  
Mr. Ma Yufeng  
Mr. Liu Jun

#### Non-executive director

Mr. Lee Kwok Ming (*resigned on 5 January 2006*)

#### Independent non-executive directors

Mr. Yuan Tsu I  
Professor Li Li Te  
Mr. Chan Chiu Hung Alex (*appointed on 5 January 2006*)  
Mr. Yick Wing Fat Simon (*resigned on 1 February 2006*)

In accordance with article 86(3) of the articles of association of the Company, Mr. Chan Chiu Hung Alex shall hold office only until the forthcoming annual general meeting of the Company and shall be eligible for re-election. Mr. Chan, being eligible, will offer himself for re-election at the meeting.

In accordance with article 87(1) of the articles of association of the Company, Mr. Hung Kai So, Mr. Kam loi and Mr. Ma Yufeng will retire by rotation at the forthcoming annual general meeting of the Company. These retiring directors, being eligible, will offer themselves for re-election at the meeting.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 12 to 15 of the annual report.

### DIRECTORS' SERVICE CONTRACTS

Each of Messrs. Hung Kai So, Kam loi, Ma Yufeng and Liu Jun, the executive directors, has entered into a director's service agreement with the Company for a term of three years commencing from 10 February 2005, unless and until terminated in accordance with the terms of the relevant service agreement, or by either party to the service agreement giving to the other not less than six months' prior notice in writing at any time during the term.

### 董事

年內及截至本報告書日期止，本公司董事如下：

#### 執行董事

洪繼蘇先生 (*主席*)  
金銳先生 (*董事總經理*)  
陳育棠先生 (*於二零零五年九月三十日獲委任*)  
馬余鋒先生  
劉俊先生

#### 非執行董事

李國明先生 (*於二零零六年一月五日辭任*)

#### 獨立非執行董事

袁祖怡先生  
李里特教授  
陳釗洪先生 (*於二零零六年一月五日獲委任*)  
易永發先生 (*於二零零六年二月一日辭任*)

按照本公司組織章程細則第86(3)條，陳釗洪先生將任職僅至本公司應屆股東週年大會止，惟符合資格膺選連任。陳先生符合資格並願意於會上膺選連任。

按照本公司組織章程細則第87(1)條，洪繼蘇先生、金銳先生及馬余鋒先生將於本公司應屆股東週年大會上輪流退任。此等退任董事符合資格並願意於會上膺選連任。

### 董事及高層管理人員個人資料

本公司董事及本集團高層管理人員個人資料載於本年報第12至15頁。

### 董事的服務合約

執行董事洪繼蘇先生、金銳先生、馬余鋒先生及劉俊先生各自己與本公司訂立董事服務協議，自二零零五年二月十日起計為期三年；除非按照相關服務協議的條款終止協議，或服務協議任何一方於任期內任何時間向另一方事發發出不少於六個月書面通知以終止協議為止。

Mr. Chan Yuk Tong, the executive director, has entered into a director's service agreement with the Company for a term of three years commencing from 30 September 2005, unless and until terminated in accordance with the terms of the service agreement, or by either party to the service agreement giving to the other not less than six months' prior notice in writing at any time during the term.

Mr. Yuan Tsu I, the independent non-executive director, has entered into a non-executive director's contract with the Company for an initial fixed period of one year commencing from 10 February 2003. The contract will continue thereafter for further successive periods of one year, provided that the Company may terminate the appointment at the end of each one-year period by giving to the director at least one month's written notice thereof.

Each of Mr. Chan Chiu Hung Alex and Professor Li Li Te, the independent non-executive directors, has not entered into non-executive director's contract with the Company. They are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. Either the Company or they may terminate the appointment by giving at least one month's notice in writing.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## **DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed in note 38 to the financial statements under the heading "Related Party Transactions", there were no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interests, whether or any directly or indirectly subsisting at the end of the year or at any time during the year.

執行董事陳育棠先生已與本公司訂立董事服務協議，自二零零五年九月三十日起計為期三年，除非按照服務協議的條款終止協議，或服務協議任何一方於任期內任何時間向另一方事先發出不少於六個月書面通知以終止協議為止。

獨立非執行董事袁祖怡先生已與本公司訂立非執行董事合約，自二零零三年二月十日起計初步固定為期一年；其後除非本公司於各為期一年的年期結束時向董事發出最少一個月書面通知以終止委任，否則合約可連續續約一年。

獨立非執行董事陳釗洪先生及李里特教授各自並無與本公司訂立非執行董事合約。彼等亦無以指定任期委任，惟須按照本公司組織章程細則的規定於本公司股東週年大會上輪流退任及接受重新選舉。本公司或彼等可發出最少一個月書面通知以終止委任。

除上文所披露者外，擬在應屆股東週年大會上重選連任的董事，概無與本公司訂立任何本公司在一年內不可在不予賠償(法定賠償除外)之情況下終止的服務合約。

## **董事的合約權益**

除財務報告附註38「關連人士交易」一節所披露者外，本公司董事概無於本公司或其任何附屬公司所訂立在本年度年底或年內任何時間仍然存續，並對本公司屬重要之任何其他合約中直接或間接擁有重大權益。



## REPORT OF THE DIRECTORS 董事會報告書

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

### 董事於股份、相關股份及債權證的權益及淡倉

As at 30 June 2006, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

於二零零六年六月三十日，本公司董事於本公司或其任何相聯法團（定義見證券及期貨條例（香港法例第571章）（「證券及期貨條例」）第XV部）的股份、相關股份及債權證中擁有根據證券及期貨條例第352條須予備存的登記冊所記錄的權益及淡倉；或根據上市公司董事進行證券交易的標準守則（「標準守則」）須通知本公司及香港聯合交易所有限公司（「聯交所」）的權益及淡倉如下：

#### Long positions in the shares and underlying shares of the Company

#### 於本公司股份及相關股份的好倉

| Name of director   | Capacity   | Number of shares held | Number of underlying shares held pursuant to share options<br>根據購股權持有的相關股份數目 | Aggregate interest | Approximate percentage of interest |
|--|--|-----------------------|--|--------------------|------------------------------------|
| 董事姓名   | 身份   | 所持股份數目                | 相關股份數目   | 總權益                | 權益概約百分比                            |
| Hung Kai So<br>洪繼蘇   | Beneficial owner<br>實益擁有人  | 138,707,105           | –  | 138,707,105        | 19.86%                             |
| Kam loi<br>金銳  | Beneficial owner<br>實益擁有人  | 119,805,112           | –  | 119,805,112        | 17.15%                             |
| Ma Yufeng<br>馬余鋒   | Interest of controlled corporation (Note 1)<br>於受控法團的權益<br>(附註一) | 46,211,493            | –  | 50,363,193         | 7.21%                              |
|  | Beneficial owner<br>實益擁有人  | –                     | 4,151,700  |                    |                                    |
| Liu Jun<br>劉俊  | Beneficial owner<br>實益擁有人  | 16,816,607            | 4,151,700  | 20,968,307         | 3.00%                              |
| Lee Kwok Ming<br>(resigned as a director of the Company on 5 January 2006)<br>李國明<br>(於二零零六年一月五日辭任本公司董事) | Joint interest (Note 2)<br>共同權益<br>(附註二)                         | 7,005,348             | –  | 12,005,348         | 1.72%                              |
|  | Beneficial owner<br>實益擁有人  | –                     | 5,000,000<br>(Note 3)<br>(附註三)   |                    |                                    |





Notes:

- (1) By virtue of the SFO, Mr. Ma Yufeng is deemed to be interested in the 46,211,493 shares of the Company held by Longway Group Ltd., a company incorporated in the British Virgin Islands and wholly owned by Mr. Ma.
- (2) Mr. Lee Kwok Ming and his spouse jointly and beneficially hold 7,005,348 shares in the Company.
- (3) Mr. Lee Kwok Ming is still entitled to have options to subscribe for 5,000,000 shares of the Company out of a total of 20,000,000 shares of the Company for a period of five years commencing from 5 January 2004 at an exercise price of HK\$0.495 each pursuant to a letter agreement dated 4 January 2006 and entered into between the Company and Mr. Lee Kwok Ming in respect of his re-designation as consultant of the Company following his resignation as a director of the Company on 5 January 2006. His options to subscribe for the remaining 15,000,000 shares of the Company were lapsed upon his resignation as a director of the Company on 5 January 2006.

Save as disclosed above, as at 30 June 2006, none of the directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors or its remuneration committee with reference to directors' duties, responsibilities and performance and the results of the Group.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 29 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate and none of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the year.

## SHARE OPTION SCHEME

Details of the share option scheme are set out in note 29 to the financial statements.

附註：

- (一) 根據證券及期貨條例，馬余鋒先生被視為擁有由Longway Group Ltd.所持有之46,211,493股本公司股份的權益。Longway Group Ltd.是一家於英屬處女群島註冊成立之公司，並由馬先生全資擁有。
- (二) 李國明先生及其配偶聯名實益持有本公司股份7,005,348股。
- (三) 根據本公司與李國明先生於二零零六年一月四日就其於二零零六年一月五日辭任本公司董事後轉任為本公司顧問所訂立的書信協議，李國明先生仍可從所獲授認購本公司股份合共20,000,000股的購股權當中，於二零零六年一月五日起計固定為期一年以行使價每股0.495港元認購本公司股份5,000,000股，餘下可認購本公司股份15,000,000股之購股權已於二零零六年一月五日因其辭任本公司董事而失效。

除上文所披露者外，於二零零六年六月三十日，本公司董事概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第352條須予備存之登記冊所記錄的權益或淡倉；或根據標準守則須通知本公司及聯交所之權益或淡倉。

## 董事酬金

董事袍金須待股東於股東大會上通過。其他酬金則由本公司董事會經參考董事之職務、責任及表現與本集團之業績而釐定。

## 董事購入股份或債權證的權利

除財務報表附註29所披露的購股權計劃外，本公司或其任何附屬公司並無參與訂立任何安排，以促使本公司董事可藉購入本公司或任何其他法人團體的股份或債務證券包括債權證而獲益；亦無任何董事或彼等各自的配偶或18歲以下子女擁有任何可認購本公司證券之權利，或於年內行使任何該等權利。

## 購股權計劃

有關本公司購股權計劃的詳盡披露載於財務報表附註29。



## REPORT OF THE DIRECTORS 董事會報告書

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

### 根據證券及期貨條例第336條須予備存的登記冊所記錄的主要股東／其他人士的權益及淡倉

As at 30 June 2006, so far as the directors of the Company are aware of and having made due enquiries, the interests and short positions of the substantial shareholders/persons (other than the directors of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

於二零零六年六月三十日，就本公司董事所知及作出查詢後，根據證券及期貨條例第336條須予備存的登記冊所記錄，本公司董事以外之主要股東／人士在本公司股份及相關股份中擁有的權益及淡倉如下：

#### Long positions in the shares and underlying shares of the Company

#### 於本公司股份及相關股份的好倉

| Name  | Capacity                   | Number of shares held | Underlying shares pursuant to share options<br>根據購股權持有的相關股份 | Total      | Percentage of the Company's issued share capital<br>佔本公司已發行股本之百分比 |
|---|----------------------------|-----------------------|---|------------|---|
| 姓名  | 身份                         | 所持股份數目                |   | 總額         |   |
| Sae-lao Rakchanok<br>葉鈴                     | Beneficial owner<br>實益擁有人  | 48,902,949            | 4,151,700   | 53,054,649 | 7.60%   |
| Longway Group Ltd.                          | Beneficial owner<br>實益擁有人  | 46,211,493            | –   | 46,211,493 | 6.62%   |
| Martin Currie Investment Management Limited | Investment adviser<br>投資經理 | 44,830,000            | –   | 44,830,000 | 6.42%   |

Save as disclosed above, as at 30 June 2006, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

除上文所披露者外，於二零零六年六月三十日，概無任何人士（擁有上文「董事於股份、相關股份及債權證的權益及淡倉」一節所載權益的本公司董事除外）於本公司股份或相關股份中擁有根據證券及期貨條例第336條須予備存的登記冊所記錄的權益或淡倉。

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

### 董事於競爭業務中的權益

During the year and up to the date of this report, none of the directors of the Company is interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

年內及截至本報告書日期止，除在本集團業務擁有權益外，本公司董事於與本集團業務直接或間接構成競爭或可能構成競爭之任何業務中，概無擁有任何權益。



## **PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of its independent non-executive directors the annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers Mr. Yuan Tsu I, Professor Li Li Te and Mr. Chan Chiu Hung Alex to be independent as at the date of this annual report.

## **AUDITORS**

The Company's auditors, Grant Thornton retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

**Kam Ioi**  
*Managing Director*

Hong Kong, 20 October 2006

## **公眾持股量**

根據本公司所得的公開資料並就本公司董事所知悉，於本報告日期，本公司已發行股份之公眾持股為上市規則所規定的不少於25%。

## **獨立非執行董事**

本公司已接獲各獨立非執行董事就根據上市規則第3.13條所發出的年度確認函，以確認彼等的獨立性。於本年報日期，基於該確認，本公司認為袁祖怡先生、李里特教授及陳釗洪先生均屬獨立。

## **核數師**

本公司核數師均富會計師行任滿告退，並符合資格膺選連任為本公司的核數師。

承董事會命

**金銳**  
*董事總經理*

香港，二零零六年十月二十日

