維他奶國際集團有限公司
VITASOY INTERNATIONAL HOLDINGS LTD.
(Incorporated in Hong Kong with limited liability)
(Stock code: 345)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2009

HIGHLIGHTS

- The Group's net sales revenue in Fiscal 2008/2009 was HK$2,783 million, up 15% from HK$2,416 million in Fiscal 2007/2008.
- All operations contributed to the significant growth rate in net sales revenue as well as modest sales growth from North America.
- Gross profit for the year was HK$1,279 million, up HK$148 million or 13%. At 46% gross profit margin was slightly below last year reflecting the impact of higher input costs during the year.
- A one-off provision of HK$25 million in relation to prior years' leave pay entitlements of Hong Kong employees had been provided.
- Profit before taxation (excluding the one-off provision) was HK$326 million, increased by 12%. (Note)
- Profit before taxation (including the one-off provision) was HK$301 million, increased by 3%. (Note)
- Profit attributable to equity shareholders of the Company was HK$217 million, increased by 3%.
- EBITDA for the year was HK$406 million, up HK$15 million or 4%. EBITDA margin to net sales was 15%.

Note:

	2009	2008	Change
	HK$ million	HK$ million	%
Profit before taxation (excluding one-off provision)	**326**	292	12
Less: one-off provision	**(25)**	-	-
Profit before taxation (including one-off provision)	**301**	292	3

RESULTS

The Board of Directors (the "Board") of Vitasoy International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2009, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2009

	Note	**2009 HK$'000**	2008 HK$'000
Turnover	3 & 4	**2,783,195**	2,416,384
Cost of sales		**(1,504,001)**	(1,285,562)
Gross profit		**1,279,194**	1,130,822
Other revenue	5	**61,874**	61,820
Marketing, selling and distribution expenses		**(638,245)**	(541,301)
Administrative expenses		**(215,212)**	(192,019)
Other operating expenses		**(180,122)**	(158,645)
Profit from operations		**307,489**	300,677
Finance costs	6(a)	**(6,602)**	(8,865)
Profit before taxation	6	**300,887**	291,812
Income tax	7	**(56,510)**	(55,831)
Profit for the year		**244,377**	235,981
Attributable to:			
Equity shareholders of the Company		**217,419**	211,208
Minority interests		**26,958**	24,773
Profit for the year		**244,377**	235,981
Dividends	8(a)	**221,355**	217,929
Earnings per share	9		
Basic		**HK21.4 cents**	HK20.9 cents
Diluted		**HK21.3 cents**	HK20.8 cents

CONSOLIDATED BALANCE SHEET
At 31st March, 2009

	Note	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Non-current assets					
Fixed assets					
- Property, plant and equipment			**781,952**		757,086
- Investment property			**8,825**		9,352
- Interests in leasehold land held for own use under operating leases			**7,367**		7,505
			798,144		773,943
Intangible assets			**14,879**		-
Goodwill			**32,446**		-
Employee retirement benefit assets			**2,478**		3,327
Deferred tax assets			**6,895**		4,249
			854,842		781,519
Current assets					
Inventories		**298,983**		268,417	
Trade and other receivables	10	**468,559**		421,295	
Current tax recoverable		**6,011**		675	
Bank deposits		**103,855**		18,962	
Cash and cash equivalents		**379,298**		529,799	
		1,256,706		1,239,148	
Current liabilities					
Trade and other payables	11	**595,439**		458,677	
Bank loans		**51,915**		47,190	
Obligations under finance leases		**5,878**		6,873	
Current tax payable		**11,882**		19,443	
		665,114		532,183	
Net current assets			**591,592**		706,965
Total assets less current liabilities			**1,446,434**		1,488,484
Non-current liabilities					
Bank loans		**-**		21,419	
Obligations under finance leases		**19,120**		29,146	
Employee retirement benefit liabilities		**1,635**		2,034	
Deferred tax liabilities		**28,682**		12,036	
			49,437		64,635
NET ASSETS			**1,396,997**		1,423,849
CAPITAL AND RESERVES					
Share capital			**253,805**		252,894
Reserves			**1,033,213**		1,052,490
Total equity attributable to equity shareholders of the Company			**1,287,018**		1,305,384
Minority interests			**109,979**		118,465
TOTAL EQUITY			**1,396,997**		1,423,849

Notes:

1. **Basis of preparation**

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 31st March, 2009 but are extracted from those financial statements.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. **Changes in accounting policies**

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group.

– HK(IFRIC) 12 – Service concession arrangements

– HK(IFRIC) 14, HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

– Amendment to HKAS 39 Financial instruments: Recognition and measurement, and HKFRS 7 Financial instruments: Disclosures – Reclassification of financial assets

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations.

During the current accounting period, the Group has early adopted HKFRS 8, Operating segments ("HKFRS 8"), which is effective for accounting periods beginning on or after 1st January, 2009. Other than this, the Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 8 superseded HKAS 14, Segment Reporting, and requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This differs from the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into geographical segments based on the locations of assets. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management.

2. Changes in accounting policies (continued)

The new accounting policy on adoption of HKFRS 8 has been applied retrospectively with comparatives restated. As this new accounting policy was adopted after interim period ended 30th September, 2008, the restated segment information of the interim period ended 30th September, 2008 and its comparative figures are also set out in notes 4(c) and 4(d).

The early adoption of HKFRS 8 results in new disclosures in the financial statements and does not have impact on the Group's results of operations and financial position.

3. Turnover

The principal activities of the Group are the manufacture and sale of food and beverages. Turnover represents the invoiced value of products sold, net of returns, rebates and discounts.

4. Segment reporting

(a) Segment results, assets and liabilities

The Group manages its businesses by entities, which are organised by geography. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31st March, 2009 and 2008 is set as below:

	Hong Kong and Macau		**Mainland China**		**Australia and New Zealand**		**North America**		**Singapore**		**Total**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**1,457,123**	1,365,400	**564,411**	362,202	**285,061**	279,752	**415,610**	409,030	**60,990**	-	**2,783,195**	2,416,384
Inter-segment revenue	**61,476**	61,475	**120,205**	46,599	**144**	-	**280**	-	**157**	-	**182,262**	108,074
Reportable segment revenue	**1,518,599**	1,426,875	**684,616**	408,801	**285,205**	279,752	**415,890**	409,030	**61,147**	-	**2,965,457**	2,524,458
Reportable segment profit/(loss) from operations	**242,883**	265,582	**77,663**	51,053	**52,086**	58,696	**(6,235)**	(10,709)	**8,235**	-	**374,632**	364,622
Interest income from bank deposits	**4,721**	13,749	**805**	1,224	**750**	1,030	**128**	1,086	**5**	-	**6,409**	17,089
Finance costs	**445**	679	**1,444**	714	**4,589**	7,388	**124**	84	**-**	-	**6,602**	8,865
Depreciation and amortisation for the year	**49,705**	49,925	**20,028**	24,197	**17,820**	19,651	**13,097**	13,883	**4,138**	-	**104,788**	107,656
Other material non-cash items:												
- Impairment losses on trade and other receivables	**80**	16	**179**	180	**92**	3,079	**-**	125	**-**	-	**351**	3,400
- Equity settled share-based payment expenses	**265**	346	**45**	28	**-**	-	**-**	-	**-**	-	**310**	374
Reportable segment assets	**1,509,946**	1,459,447	**455,968**	391,220	**217,296**	288,231	**215,647**	226,671	**89,654**	-	**2,488,511**	2,365,569
Reportable segment liabilities	**328,531**	258,767	**247,195**	200,952	**91,818**	129,986	**246,529**	249,836	**4,980**	-	**919,053**	839,541
Additions to non-current segment assets during the year	**112,522**	44,136	**18,063**	38,020	**2,019**	1,863	**11,375**	3,959	**56,570**	-	**200,549**	87,978

4. Segment reporting (continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2009 HK$'000	2008 HK$'000
Revenue		
Reportable segment revenue	**2,965,457**	2,524,458
Elimination of inter-segment revenue	**(182,262)**	(108,074)
Consolidated turnover	**2,783,195**	2,416,384

	2009 HK$'000	2008 HK$'000
Profit		
Reportable segment profit from operations	**374,632**	364,622
Finance costs	**(6,602)**	(8,865)
Unallocated head office and corporate expenses	**(67,143)**	(63,945)
Consolidated profit before taxation	**300,887**	291,812

	2009 HK$'000	2008 HK$'000
Interest income		
Reportable segment interest income	**6,409**	17,089
Unallocated head office and corporate interest income	**36**	115
Consolidated interest income	**6,445**	17,204

4. Segment reporting (continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (continued)

	2009	2008
	HK$'000	HK$'000
Assets		
Reportable segment assets	**2,488,511**	2,365,569
Elimination of inter-segment receivables	**(410,090)**	(356,945)
	2,078,421	2,008,624
Employee retirement benefit assets	**2,478**	3,327
Deferred tax assets	**6,895**	4,249
Current tax recoverable	**6,011**	675
Unallocated head office and corporate assets	**17,743**	3,792
Consolidated total assets	**2,111,548**	2,020,667

	2009	2008
	HK$'000	HK$'000
Liabilities		
Reportable segment liabilities	**919,053**	839,541
Elimination of inter-segment payables	**(260,657)**	(277,028)
	658,396	562,513
Employee retirement benefit liabilities	**1,635**	2,034
Deferred tax liabilities	**28,682**	12,036
Current tax payable	**11,882**	19,443
Unallocated head office and corporate liabilities	**13,956**	792
Consolidated total liabilities	**714,551**	596,818

(c) Restatement of segment information of previously reported interim period ended 30th September, 2008

	Hong Kong and Macau Six months ended 30th September,		**Mainland China Six months ended 30th September,**		**Australia and New Zealand Six months ended 30th September,**		**North America Six months ended 30th September,**		**Singapore Six months ended 30th September,**		**Total Six months ended 30th September,**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**723,596**	676,820	**312,995**	191,268	**159,256**	130,939	**198,066**	189,735	**30,752**	-	**1,424,665**	1,188,762
Inter-segment revenue	**27,329**	45,485	**64,209**	77,126	**-**	-	**-**	-	**165**	-	**91,703**	122,611
Reportable segment revenue	**750,925**	722,305	**377,204**	268,394	**159,256**	130,939	**198,066**	189,735	**30,917**	-	**1,516,368**	1,311,373
Reportable segment profit/(loss) from operations	**108,264**	133,562	**45,626**	30,469	**28,519**	24,014	**(5,927)**	(6,094)	**4,313**	-	**180,795**	181,951

4. Segment reporting (continued)

(d) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30th September,	
	2008	2007
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**1,516,368**	1,311,373
Elimination of inter-segment revenue	**(91,703)**	(122,611)
Consolidated turnover	**1,424,665**	1,188,762

	Six months ended 30th September,	
	2008	2007
	HK$'000	HK$'000
Profit		
Reportable segment profit from operations	**180,795**	181,951
Finance costs	**(4,017)**	(4,103)
Unallocated head office and corporate expenses	**(32,530)**	(30,817)
Consolidated profit before taxation	**144,248**	147,031

5. Other revenue

	2009	2008
	HK$'000	HK$'000
Interest income	**6,445**	17,204
Service fee	**47,209**	37,453
Rental income	**2,219**	2,091
Change in fair value of financial asset at fair value through profit or loss	**-**	1,294
Sundry income	**6,001**	3,778
	61,874	61,820

6. Profit before taxation

Profit before taxation is arrived at after charging:

	2009 HK$'000	2008 HK$'000
(a) Finance costs:		
Interest on bank loans	**4,152**	5,671
Finance charges on obligations under finance leases	**2,450**	3,194
	6,602	8,865
(b) Other items:		
Amortisation of interests in leasehold land held for own use under operating leases	**300**	279
Amortisation of intangible assets	**1,944**	-
Depreciation		
- Investment property	**527**	526
- Assets acquired under finance leases	**3,464**	7,343
- Other assets	**98,553**	99,508
Impairment losses on trade and other receivables	**351**	3,400
Cost of inventories	**1,585,470**	1,369,545
One-off provision for prior years' leave pay entitlements of Hong Kong employees (Note)	**25,344**	-

Note:

During the year, the Group reviewed the basis of calculating leave pay entitlements for Hong Kong employees for the previous five-and-a-half years up to March 2008 as a result of the rulings of recent court cases in Hong Kong in which the Group is not a party. Based on the review, a one-off provision of HK$25,344,000 in relation to the above has been recognised during the year. The provision is recognised in the following line items in the consolidated income statement:

	2009 HK$'000	2008 HK$'000
Cost of sales	**8,935**	-
Marketing, selling and distribution expenses	**12,462**	-
Administrative expenses	**798**	-
Other operating expenses	**3,149**	-
	25,344	-

7. Income tax

Income tax in the consolidated income statement represents:

	2009	2008
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**22,965**	38,016
(Over)/under-provision in respect of prior years	**(530)**	294
	22,435	38,310
Current tax – Outside Hong Kong		
Provision for the year	**27,287**	14,062
(Over)/under-provision in respect of prior years	**(2,051)**	98
	25,236	14,160
Deferred tax		
Origination and reversal of temporary differences	**8,839**	4,590
Effect of change in tax rate on deferred tax balance (Notes (i) and (ii))	**-**	(1,229)
	8,839	3,361
	56,510	55,831

Notes:

(i) On 27th February, 2008, the Financial Secretary of the Hong Kong Special Administrative Region Government announced his Annual Budget which proposed a cut in the Hong Kong Profits Tax rate from 17.5% to 16.5% which took effect from the fiscal year of 2008/2009. The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

As a result of the above change, the deferred tax liabilities relating to the Group's operations in Hong Kong had been re-estimated and decreased by HK$697,000 at 31st March, 2008.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(ii) On 16th March, 2007, the National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "new tax law"). Under the new tax law, the statutory income tax rate applicable to the Company's subsidiary in Shenzhen changed from 15% to 25% progressively within five years from 1st January, 2008 (2008: 18%; 2009: 20%; 2010: 22%; 2011: 25%). For the subsidiary located in Shanghai, the statutory income tax rate changed from 27% to 25% from 1st January, 2008 and that subsidiary starts its two years' tax holiday from 1st January, 2008 and thereafter enjoys a tax relief of 50% reduction in the income tax rate for a period of 3 years commencing 1st January, 2010.

The deferred tax assets relating to the Group's operations in the People's Republic of China ("the PRC") increased by HK$532,000 at 31st March, 2008 as a result of the change of tax rate.

7. Income tax (continued)

Notes: (continued)

Under the new tax law, dividends received by foreign investors from their investments in foreign-invested enterprise are subject to withholding tax at a rate of 10% unless reduced by treaty. Under the tax treaty between Hong Kong and the PRC, the withholding tax rate for dividends received by a Hong Kong resident from investments in PRC enterprises is reduced from 10% to 5%, providing that the Hong Kong business holds at least 25% of the capital of the PRC enterprise. Pursuant to the grandfathering treatments of the new tax law, dividends receivable by the Group from the PRC subsidiaries in respect of its undistributed profits prior to 31st December, 2007 are exempted from withholding tax. Dividends receivable by the Group from the PRC subsidiaries in respect of its profits earned since 1st January, 2008 will be subject to the withholding tax.

8. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2009	2008
	HK$'000	HK$'000
Interim dividend declared and paid of HK2.8 cents per ordinary share (2008: HK2.8 cents per ordinary share)	**28,424**	28,315
Final dividend proposed after the balance sheet date of HK9.0 cents per ordinary share (2008: HK8.7 cents per ordinary share)	**91,388**	88,216
Special dividend proposed after the balance sheet date of HK10.0 cents per ordinary share (2008: HK10.0 cents per ordinary share)	**101,543**	101,398
	221,355	217,929

The final and special dividends proposed after the balance sheet date have not been recognised as liabilities at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2009	2008
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK8.7 cents per ordinary share (2008: HK6.7 cents per ordinary share)	**88,278**	67,706
Special dividend in respect of the previous financial year, approved and paid during the year, of HK10.0 cents per ordinary share (2008: HK10.0 cents per ordinary share)	**101,469**	101,054
	189,747	168,760

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$217,419,000 (2008: HK$211,208,000) and the weighted average number of 1,014,411,000 ordinary shares (2008: 1,010,332,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2009 Number of shares ’000	2008 Number of shares ’000
Issued ordinary shares at 1st April	**1,011,576**	1,007,036
Effect of share options exercised	**2,835**	3,296
Weighted average number of ordinary shares for the year	**1,014,411**	1,010,332

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$217,419,000 (2008: HK$211,208,000) and the weighted average number of 1,018,957,000 ordinary shares (2008: 1,016,659,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2009 Number of shares ’000	2008 Number of shares ’000
Weighted average number of ordinary shares for the year	**1,014,411**	1,010,332
Effect of deemed issue of ordinary shares under the Company’s share option scheme for nil consideration	**4,546**	6,327
Weighted average number of ordinary shares (diluted) for the year	**1,018,957**	1,016,659

10. Trade and other receivables

	2009	2008
	HK$'000	HK$'000
Trade debtors and bills receivable	**438,583**	383,309
Less: Allowance for doubtful debts	**(1,685)**	(4,637)
	436,898	378,672
Other debtors, deposits and prepayments	**31,661**	42,623
	468,559	421,295

The aging of trade debtors and bills receivable (net of allowance for doubtful debts) as of the balance sheet date is as follows:

	2009	2008
	HK$'000	HK$'000
Current	**344,064**	284,660
Less than 1 month past due	**82,020**	83,341
1 to 3 months past due	**8,802**	9,714
More than 3 months but less than 12 months past due	**1,891**	865
More than 12 months past due	**121**	92
Amounts past due	**92,834**	94,012
	436,898	378,672

Management had a credit policy in place and the exposures to their credit risks are monitored on an ongoing basis. The credit terms given to the customers vary and are generally based on the financial strength of the individual customer. In order to effectively manage the credit risks associated with customers, credit evaluations of customers are performed periodically. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

11. Trade and other payables

	2009	2008
	HK$'000	HK$'000
Trade creditors and bills payable	**242,562**	221,094
Accrued expenses and other payables	**352,877**	237,583
	595,439	458,677

The ageing of trade creditors and bills payable as of the balance sheet date is as follows:

	2009	2008
	HK$'000	HK$'000
Due within 1 month or on demand	**196,160**	193,596
Due after 1 month but within 3 months	**35,522**	21,955
Due after 3 months but within 6 months	**7,285**	2,527
Due over 6 months	**3,595**	3,016
	242,562	221,094

DIVIDENDS

The Board of the Company is recommending a final dividend of HK9.0 cents per ordinary share at the Annual General Meeting on 3rd September, 2009. This, together with the interim dividend of HK2.8 cents per ordinary share, will mean that the Group's total dividend for the fiscal year of 2008/2009 will be HK11.8 cents per ordinary share (2007/2008 total dividend: HK11.5 cents per ordinary share). In addition, the Board is recommending a special dividend of HK10.0 cents per ordinary share (2007/2008 special dividend: HK10.0 cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 31st August, 2009 to Thursday, 3rd September, 2009, both days inclusive, during which period no transfer of shares will be effected. To determine entitlement of shareholders to the recommended final and special dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 28th August, 2009.

MANAGEMENT REPORT

Sales performance

The Group's net sales revenue in Fiscal 2008/2009 was HK$2,783 million, up 15% from HK$2,416 million in Fiscal 2007/2008. All operations contributed to this significant growth rate as well as modest sales growth from North America.

In Hong Kong and Macau, despite deteriorating economic conditions, net sales increased by 7% through a successful product innovation programme including a major initiative to revamp the VITASOY logo and rejuvenate the VITASOY brand. In Mainland China, net sales grew strongly by 56% on the back of effective brand building, distribution network expansion and market penetration. The development and introduction of new products exclusive to the domestic market also boosted sales growth in Mainland China. Given its strong brand equity and product innovation capabilities, the sales performance of the Australia/New Zealand operation was impressive, surging by 13% year-on-year in original Australian currency. North American operation was able to maintain its growth momentum generated in the previous year by re-focusing on fast-growing products and penetrating into new alternate business channels and, as a result, recorded a positive growth of 2% in net sales.

Gross Profit

The Group's gross profit for the year was HK$1,279 million, up HK$148 million or 13%. At 46% gross profit margin is slightly below last year reflecting the impact of higher input costs during the year.

Operating Expenses

Total operating expenses were up by 16% to HK$1,034 million, representing 37% of net sales. Advertising and promotion significantly increased reflecting our strategy of increased brand support and new market drives particularly in Mainland China.

Earnings before Interest, Taxation, Depreciation and Amortisation Expenses ("EBITDA")

EBITDA for the year was HK$406 million, up HK$15 million or 4%. EBITDA margin to net sales was 15%.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31st March, 2009, profit attributable to equity shareholders of the Company was HK$217 million, representing an increase of 3% from Fiscal 2007/2008. However, if the one-off provision of HK$25 million for prior years' leave pay entitlements of Hong Kong employees is to be excluded, the year-on-year growth was 13%.

	Consolidated income statement for the year ended 31st March, (excluding one-off provision)		One-off provision		Consolidated income statement for the year ended 31st March, (including one-off provision)	
	2009 HK$ million	2008 HK$ million	**2009 HK$ million**	2008 HK$ million	**2009 HK$ million**	2008 HK$ million
Turnover	**2,783**	2,416	**-**	-	**2,783**	2,416
Cost of sales	**(1,495)**	(1,285)	**(9)**	-	**(1,504)**	(1,285)
Gross profit	**1,288**	1,131	**(9)**	-	**1,279**	1,131
Other revenue	**62**	62	**-**	-	**62**	62
Marketing, selling and distribution expenses	**(626)**	(541)	**(12)**	-	**(638)**	(541)
Administrative expenses	**(214)**	(192)	**(1)**	-	**(215)**	(192)
Other operating expenses	**(177)**	(159)	**(3)**	-	**(180)**	(159)
Profit from operations	**333**	301	**(25)**	-	**308**	301
Finance costs	**(7)**	(9)	**-**	-	**(7)**	(9)
Profit before taxation	**326**	292	**(25)**	-	**301**	292
Income tax	**(61)**	(56)	**4**	-	**(57)**	(56)
Profit for the year	**265**	236	**(21)**	-	**244**	236
Attributable to:						
Equity shareholders of the company	**238**	211	**(21)**	-	**217**	211
Minority interests	**27**	25	**-**	-	**27**	25
Profit for the year	**265**	236	**(21)**	-	**244**	236

General Review

The operating environment for the business sector was extremely challenging in the past year. After a relatively strong first half despite extraordinarily high commodity prices, conditions deteriorated abruptly in the second half after the eruption of the global financial crisis, the devastating effects of which extended to nearly all quarters of the world's economy. Because of the ensuing economic slump, consumers' confidence plummeted, which in turn had a particularly adverse impact on the retail sector. The acute problems of inflation and rising raw material costs that harassed nearly all businesses in the first half of the year subsided to some extent in the latter half alongside the economic downturn. Competition in all markets, however, remained intense.

Despite these challenges, the Group recorded positive sales growth in all its major markets by pursuing pragmatic business strategies. We succeeded in leveraging our product development capabilities to roll out a host of new products with healthy features. Through effective channel development, we reinforced our presence in all major markets. By focusing on core competencies and core products, we were able to drive sales growth and improve profitability. Meanwhile, we continued to invest in building and rejuvenating our core brands in order to solidify our market position, expand our market presence and ensure customers' loyalty to our brands. It goes without saying that, as always, all these pursuits were aptly supported by our strong and innovative marketing and sales efforts.

Hong Kong and Macau

After a vigorous first half, Hong Kong's economic growth lost much of its steam in the second half following the outbreak of the global financial crisis. Investment in business, stocks and property declined while unemployment began to rise and GDP growth turned to negative, though inflationary pressure abated somewhat. As a result, consumers became less confident in spending. For the non-alcoholic beverage sector, sales were subdued by the unusually rainy and stormy weather conditions last summer as well as the market confusions caused by the melamine issue that came to light in September 2008.

However, in spite of all these formidable challenges, our Hong Kong and Macau operations continued to record a steady growth of 7% in net sales revenue to HK$1,457 million. This was made possible by our strenuous effort in product innovation, package revamping and also the expansion of distribution channels.

The Group's tuck shop business and catering business recorded a healthy contribution growth.

The Hong Kong operation's export business improved further during the year, growing by 9% in value terms over the previous year.

In response to the industrial action of delivery workers in July 2008, we took immediate steps to communicate with workers concerned and a mutually agreeable solution was quickly arrived at with minimal disruption to operation. Meanwhile, with a view to promoting constructive dialogue with employees on a regular basis, our internal communication mechanism has been stepped up.

Mainland China

The Chinese economy grew at a slower pace in the second half of the year amid the global economic downturn but the consumption of soymilk continued to increase as the concept of healthy dieting commanded a larger following in Mainland China. The outbreak of the melamine related issue in September 2008 also prompted more consumers to go for soymilk as an alternative to dairy milk.

The operating environment in Mainland China remained conducive to the execution of our "Core Business, Core Brand and Core City" strategy. We maintained our leading position particularly in

Southern China. Net sales surged strongly by 56% to HK$564 million, which was attributable to our aggressive marketing campaign, appropriate pricing strategy and expansion of distribution channels. We also continued with proactive consumer education to promote soy benefits to drive sales. On the product development front, we pursued a strategy catering to local needs by launching locally developed and produced products during the year. These innovative efforts were proven to be very rewarding in the past year.

Australia and New Zealand

The Australian soymilk and rice milk markets returned to growth during the year under review. The growing consumer preference for healthy products drove the volume growth of the market whereas price increases from all manufacturers drove the value growth ahead of volume. The New Zealand grocery soymilk and rice milk markets also experienced steady growth.

In the year under review we pursued an aggressive business expansion programme to increase sales growth and market share. In original currency of Australian Dollar (hence removing currency impact), a robust growth of 13% was recorded in net sales revenue, which could be attributed to the strength of the VITASOY brand, the premium quality of our products and our diverse product offerings.

The same currency translation impact caused by the depreciation of Australian Dollar and the increase in certain expenses payable to the respective joint venture shareholder during the year attributed to decrease in operating profit.

North America

Capitalising on its momentum generated in the preceding year and focusing on profitable and fast-growing products, Vitasoy USA grew its net sales revenue by 2% to HK$416 million. From a product perspective, we grew our tofu sales and pasta/wrap sales by 11% and 29% respectively, though the sale of aseptic soymilk continued to drop due to lower demand. Apart from sustaining positive sales growth, Vitasoy USA also achieved the goal of further narrowing its operating loss through effective cost control. In the last quarter of 2008, it was decided that Vitasoy USA should exit the business of aseptic soymilk due to its continuing losses. All write-offs had been provided for and included in the operating loss already.

Singapore

Similar to other markets, Singapore was experiencing an economic downturn. However, the consumption of tofu posted a strong yearly growth of nearly 28% in the supermarket channel. By conducting aggressive promotional activities among its key accounts, Unicurd Food Co. (Private) Limited ("Unicurd"), a subsidiary acquired on 2 April 2008, became the major growth driver in this channel.

Unicurd's product strategy was to have a sharper focus on core products that were popular and profitable. Through better product portfolio management and improved services, we grew our net sales revenue by 26% in the year under review (sales revenue for Fiscal 2007/2008 was not shown in this announcement as Unicurd was not operated by the Group in Fiscal 2007/2008).

Unicurd's export business also performed well. Exports to Europe, New Zealand, South Africa, Dubai and other parts of Asia increased by a total of 17% year-on-year.

Outlook and Strategy

We expect the overall operating environment in the coming year to remain equally if not more challenging than the past year. The ramifications of the global financial crisis are expected to be more lasting and far-reaching than already witnessed. The effectiveness of the interventionist measures taken by major governments across the world to salvage their economies is still to be seen, but an early revival seems unlikely. The non-alcoholic beverage sector in general is still subject to weak retail spending and severe competition. At the same time there is a swing away from out of home consumption to in home. On the positive side, the prices of raw materials are showing some relief from their record highs in last year and the consumption of soy-based products has been on the rise with consumers' receptivity. At the same time, mass alertness to the safety of dairy milk awakened by the melamine incident last year means that soymilk has become a popular alternative for consumers. For the Group, given our position as the soy expert and our premium quality status, we believe there will still be opportunities to grow and expand despite the challenges. We will therefore continue to pursue a growth strategy in all our major markets. To better equip ourselves, we will continue to enhance our manufacturing capacity, especially in Hong Kong, Mainland China, Australia and Singapore, in the coming years.

In Hong Kong we will capitalise on our product innovation capabilities to drive sales growth and market expansion. Special emphasis will be given to expanding the core range of products, including VITASOY Soymilk, VITA Lemon Tea range, and VITA Distilled Water. In the coming year, we will embark on a major capital investment project to strengthen our manufacturing capacity by installing new high-speed packaging and filling machines to replace existing ones. This will ensure that our efficiency is to be enhanced substantially. As regards our tuck shop business, our main focus is on enhancing the utilisation of assets and improving our services and competitiveness during the new school tendering process. We will take a pragmatic approach in growing the number of tuck shops and lunch boxes supplied by us. We will also initiate technological improvement at the tuck shops and lunch box and catering operations to enhance operational efficiency.

In Mainland China, given its solid foundations and the Government's proactive support, the economy is expected to keep growing though at a relatively slower pace after years of speedy growth. We are hopeful that the retail market will remain quite vibrant. In the coming year, we will go on with our "Core Business, Core Brand and Core City" business strategy to drive the growth of sales and market share. We will further strengthen our presence in the existing cities by deepening our penetration into existing distribution channels and exploring new ones. The greater concern among consumers over food safety means that the Group's premium brand and quality will have an edge in this competitive market. We will therefore actively promote the soy benefits and the VITASOY brand and re-position it as an alternative to dairy milk.

The Australian economy, like the rest of the world, faces many uncertainties. While the soymilk and rice milk markets are returning to growth, the slower spending arising from diminishing household income cannot be underestimated. Given our well-established position in these markets, our growth strategy in the coming months will focus on maintaining our premium quality and premium pricing supported at the same time by package innovation and new products. More aggressive and targeted promotion and marketing will be undertaken to drive category growth.

In North America, given Vitasoy USA's trend in profit improvement in the last two years, it will continue its focus on core competencies. In terms of product offerings, through continued product and package innovation, the NASOYA and AZUMAYA tofu and pasta businesses as well as Asian beverage will have new additions to their portfolios. Product development will centre on the growing tofu as well as wrap and pasta categories. Growth will also be driven by the expansion of distribution channels, including club stores and food service. In view of the shrinkage of the aseptic soymilk market in the US, we had exited our soymilk business such that we can focus more attention on more profitable areas.

The Singaporean economy is going through a recession. After a particularly strong year in 2008, the growth of tofu consumption is expected to slow down in certain channels in 2009. Our business focus in the coming year is to drive growth in customer base through product innovation and brand building. We will also enhance our customer service and expand our customer base in the restaurant, wholesale and wet market channels.

Liquidity and Financial Resources

The Group's financial position has remained strong. As at 31st March, 2009, the Group was in a healthy net cash position of HK$406 million (2008: HK$444 million). Banking facilities available to but not used by the Group amounted to HK$260 million (2008: HK$351 million).

As at 31st March, 2009, the Group's borrowings (including obligations under finance leases) amounted to HK$77 million (2008: HK$105 million). The gearing ratio (total borrowings/total equity attributable to equity shareholders of the Company) was 6% (2008: 8%).

The Group incurred capital expenditures totalling HK$146 million in Fiscal 2008/2009 (Fiscal 2007/2008: HK$88 million), which was primarily funded by cash generated from various operations.

Charges on Group Assets

As at 31st March, 2009, certain assets of the Group with an aggregate carrying value of HK$44 million (2008: HK$38 million) were pledged under certain loans and lease agreement.

Financial Risk Management

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

The financial risks faced by the Group arise mainly from the fluctuation of interest rates and exchange rates. The Group makes use of financial instruments, where appropriate, to manage those risks. At the end of Fiscal 2008/2009, the Group had no exposures under foreign exchange contracts or financial derivatives.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31st March, 2009, complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules except for the Code Provision A.2.1. Code Provision A.2.1 sets out that the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Winston Yau-lai LO is the Executive Chairman of the Company. At the present stage, the roles of the Chairman of the Board and some roles of the Chief Executive Officer of the Company are performed by Mr. Winston Yau-lai LO. However, the Board and the Executive Chairman of the Company fully recognise that the respective roles of the Chairman of the Board and the Chief Executive Officer should be separated in the course of time to ensure better checks and balances and hence better corporate governance.

As mentioned in the 2007/2008 Annual Report, Mr. Laurence P. EISENTRAGER was promoted as the Group Chief Executive Officer in August 2007 with a view for him to take over the executive responsibilities from the Executive Chairman. The Board is pleased to report that transition is progressing. Mr. Laurence P. EISENTRAGER has fully assumed the direct supervisory roles in Hong Kong, Australia, North America and Singapore and is currently in the course of assuming the supervisory role in Mainland China from the Executive Chairman. It is anticipated that the completion of full transition will take longer than originally planned and will cross over into fiscal year of 2010/2011.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee was established in 1999. Its current members include three Independent Non-executive Directors, namely, Mr. Iain F. BRUCE (Chairman), Dr. The Hon. Sir David Kwok-po LI and Mr. Jan P. S. ERLUND.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the Group's interim and annual financial statements.

The Group's annual results for the year ended 31st March, 2009 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Company's annual report for Fiscal 2008/2009 will be published on the website of The Stock Exchange of Hong Kong Limited at *www.hkex.com.hk* and the Company's website at *www.vitasoy.com* in due course.

By Order of the Board
Winston Yau-lai LO
Executive Chairman

Hong Kong, 29th June, 2009

As at the date of this announcement, Mr. Winston Yau-lai LO, Mr. Laurence P. EISENTRAGER and Mr. Eric Fat YU are executive directors. Ms. Myrna Mo-ching LO and Ms. Yvonne Mo-ling LO are non-executive directors. Dr. The Hon. Sir David Kwok-po LI, Mr. Iain F. BRUCE and Mr. Jan P. S. ERLUND are independent non-executive directors.