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, 2011

HIGHLIGHTS

- Solid business results, continued investing for future growth.
- Key business performances
  - Hong Kong and Macau – Steady performance under challenging environment, outperformed the local industry.
  - Mainland China – Strong sales growth with enhanced brand awareness, but limited by capacity constraint.
  - Australia and New Zealand – Strong sales and category growth with better operational efficiency and favourable foreign exchange impact.
  - North America – Continued profitability momentum with focused business strategy.
  - Singapore – Solid performance but impacted by tough operating environment.
- The Group's net sales revenue in Fiscal 2010/2011 was HK$3,329 million, up 11% from HK$3,012 million in Fiscal 2009/2010.
- Gross profit for the year was HK$1,651 million, up HK$153 million or 10%. Gross margin stood at 50%, remained at same level as last year.
- Profit before taxation was HK$419 million, increased by HK$44 million or 12%.
- EBITDA (Earnings before interest income, finance costs, income tax, depreciation and amortisation and impairment losses on property, plant and equipment) for the year was HK$537 million, up HK$54 million or 11%.
- EBITDA margin to net sales was 16%.
- Profit attributable to equity shareholders was HK$284 million, increased by 9%.

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, 2011, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Turnover	3 & 4	**3,329,336**	3,012,312
Cost of sales		**(1,678,012)**	(1,514,173)
Gross profit		**1,651,324**	1,498,139
Other revenue	5	**33,875**	45,015
Marketing, selling and distribution expenses		**(822,439)**	(763,715)
Administrative expenses		**(245,182)**	(227,617)
Other operating expenses		**(191,038)**	(171,641)
Profit from operations		**426,540**	380,181
Finance costs	6(a)	**(7,279)**	(5,222)
Profit before taxation	6	**419,261**	374,959
Income tax	7	**(87,882)**	(74,375)
Profit for the year		**331,379**	300,584
Attributable to:			
Equity shareholders of the Company		**284,314**	260,459
Non-controlling interests		**47,065**	40,125
Profit for the year		**331,379**	300,584
Earnings per share	9		
Basic		**HK27.9 cents**	HK25.6 cents
Diluted		**HK27.6 cents**	HK25.4 cents

Details of dividends payable to equity shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011

	2011 **HK$'000**	2010 HK$'000
Profit for the year	**331,379**	300,584
Other comprehensive income for the year (after tax):		
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong	**47,186**	47,587
Cash flow hedge: net movement in the hedging reserve	**1,758**	-
Total comprehensive income for the year	**380,323**	348,171
Attributable to:		
Equity shareholders of the Company	**318,677**	288,441
Non-controlling interests	**61,646**	59,730
Total comprehensive income for the year	**380,323**	348,171

CONSOLIDATED BALANCE SHEET

At 31st March, 2011

	Note	2011 HK$'000	2011 HK$'000	2010 HK$'000	2010 HK$'000
Non-current assets					
Fixed assets					
- Property, plant and equipment			**1,214,979**		805,720
- Investment properties			**7,772**		8,299
- Interests in leasehold land held for own use under operating leases			**32,992**		7,056
			1,255,743		821,075
Deposits for the acquisition of fixed assets			**14,011**		15,808
Intangible assets			**13,737**		14,238
Goodwill			**39,194**		35,197
Deferred tax assets			**11,805**		7,996
			1,334,490		894,314
Current assets					
Inventories		**372,467**		303,584	
Trade and other receivables	10	**579,101**		544,601	
Current tax recoverable		**5,438**		1,160	
Bank deposits		**10,412**		15,500	
Cash and cash equivalents		**352,311**		463,245	
		1,319,729		1,328,090	
Current liabilities					
Trade and other payables	11	**720,064**		577,745	
Bank loans		**141,037**		64,456	
Obligations under finance leases		**5,225**		6,307	
Current tax payable		**18,675**		22,985	
		885,001		671,493	
Net current assets			**434,728**		656,597
Total assets less current liabilities			**1,769,218**		1,550,911
Non-current liabilities					
Bank loans		**114,000**		-	
Obligations under finance leases		**13,239**		16,468	
Employee retirement benefit liabilities		**2,177**		1,851	
Deferred tax liabilities		**50,081**		33,714	
			179,497		52,033
NET ASSETS			**1,589,721**		1,498,878
CAPITAL AND RESERVES					
Share capital			**254,963**		254,422
Reserves			**1,160,881**		1,104,075
Total equity attributable to equity shareholders of the Company			**1,415,844**		1,358,497
Non-controlling interests			**173,877**		140,381
TOTAL EQUITY			**1,589,721**		1,498,878

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, 2011 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 collective term includes all applicable individual HKFRSs, 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 two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Amendment to HKAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*
- Improvements to HKFRSs (2009)
- HK (IFRIC) 17, *Distribution of non-cash assets to owners*
- HK (Int) 5, *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendment to HKAS 39 and the issuance of HK (Int) 5 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policies but none of these changes in policies has had a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK (IFRIC) 17 has not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

2. Changes in accounting policies (continued)

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as "minority interests") in excess of their equity interest) has had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.
- The Improvements to HKFRSs (2009) consist of further amendments to existing standards, including amendments to HKAS 17, *Leases*. The amendment to HKAS 17 requires the land element of long-term leases to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. These amendments do not have a significant effect on the Group's results or net assets.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1st April, 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:
  - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.
  - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.
  - Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.
  - If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.
  - In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

  In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.
- As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1st April, 2010:

2. Changes in accounting policies (continued)

- If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.
- If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28, *Investments in associates*, and HKAS 31, *Interests in joint ventures*, the following policies will be applied as from 1st April, 2010:
  - If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.
  - If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

As a result of the amendments to HKAS 27, as from 1st April, 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively.

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, 2011 and 2010 is set as below:

	Hong Kong and Macau		Mainland China		Australia and New Zealand		North America		Singapore		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**1,530,131**	1,469,933	**854,183**	728,554	**445,480**	347,230	**433,875**	403,866	**65,667**	62,729	**3,329,336**	3,012,312
Inter-segment revenue	**63,874**	66,191	**129,108**	127,413	**485**	-	**257**	264	**-**	-	**193,724**	193,868
Reportable segment revenue	**1,594,005**	1,536,124	**983,291**	855,967	**445,965**	347,230	**434,132**	404,130	**65,667**	62,729	**3,523,060**	3,206,180
Reportable segment profit from operations	**284,857**	277,753	**109,756**	103,545	**89,703**	56,212	**12,451**	8,167	**6,421**	9,047	**503,188**	454,724
Interest income from bank deposits	**497**	721	**848**	718	**582**	468	**-**	5	**2**	5	**1,929**	1,917
Finance costs	**(254)**	(349)	**(2,909)**	(1,167)	**(4,048)**	(3,640)	**(68)**	(66)	**-**	-	**(7,279)**	(5,222)
Depreciation and amortisation for the year	**(54,621)**	(47,260)	**(19,852)**	(18,110)	**(21,461)**	(19,479)	**(13,881)**	(14,132)	**(4,213)**	(3,984)	**(114,028)**	(102,965)
Other material non-cash items:												
- Reversal of impairment losses/ (impairment losses) on trade and other receivables	**(8)**	(124)	**(57)**	(99)	**420**	(453)	**-**	(248)	**(18)**	-	**337**	(924)
- Reversal of impairment losses/ (impairment losses) on property, plant and equipment	**-**	-	**-**	-	**1,475**	(1,744)	**-**	-	**-**	-	**1,475**	(1,744)
- Equity settled share-based payment expenses	**(523)**	(269)	**(155)**	(78)	**-**	-	**-**	-	**-**	-	**(678)**	(347)
Reportable segment assets	**1,642,529**	1,521,773	**868,655**	495,324	**380,158**	283,192	**193,343**	206,896	**103,602**	99,441	**3,188,287**	2,606,626
Reportable segment liabilities	**435,475**	305,143	**639,673**	267,975	**154,207**	127,551	**205,873**	230,332	**6,758**	5,618	**1,441,986**	936,619
Additions to non-current segment assets during the year	**169,735**	63,885	**261,219**	31,629	**73,286**	2,668	**2,906**	7,423	**1,104**	1,183	**508,250**	106,788

4. Segment reporting (continued)

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

	2011	2010
	HK$'000	HK$'000
Revenue		
Reportable segment revenue	**3,523,060**	3,206,180
Elimination of inter-segment revenue	**(193,724)**	(193,868)
Consolidated turnover	**3,329,336**	3,012,312

	2011	2010
	HK$'000	HK$'000
Profit		
Reportable segment profit from operations	**503,188**	454,724
Finance costs	**(7,279)**	(5,222)
Unallocated head office and corporate expenses	**(76,648)**	(74,543)
Consolidated profit before taxation	**419,261**	374,959

	2011	2010
	HK$'000	HK$'000
Interest income		
Reportable segment interest income	**1,929**	1,917
Unallocated head office and corporate interest income	**20**	31
Consolidated interest income	**1,949**	1,948

	2011	2010
	HK$'000	HK$'000
Equity settled share-based payment expenses		
Reportable segment expenses	**678**	347
Unallocated head office and corporate expenses	**2,522**	1,446
Consolidated equity settled share-based payment expenses	**3,200**	1,793

4. Segment reporting (continued)

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

	2011	2010
	HK$'000	HK$'000
Assets		
Reportable segment assets	**3,188,287**	2,606,626
Elimination of inter-segment receivables	**(570,717)**	(416,039)
	2,617,570	2,190,587
Deferred tax assets	**11,805**	7,996
Current tax recoverable	**5,438**	1,160
Unallocated head office and corporate assets	**19,406**	22,661
Consolidated total assets	**2,654,219**	2,222,404

	2011	2010
	HK$'000	HK$'000
Liabilities		
Reportable segment liabilities	**1,441,986**	936,619
Elimination of inter-segment payables	**(465,678)**	(297,161)
	976,308	639,458
Employee retirement benefit liabilities	**2,177**	1,851
Deferred tax liabilities	**50,081**	33,714
Current tax payable	**18,675**	22,985
Unallocated head office and corporate liabilities	**17,257**	25,518
Consolidated total liabilities	**1,064,498**	723,526

5. Other revenue

	2011	2010
	HK$'000	HK$'000
Interest income	**1,949**	1,948
Service fee income	**23,852**	33,561
Rental income	**2,530**	2,847
Sundry income	**5,544**	6,659
	33,875	45,015

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2011 HK$'000	2010 HK$'000
(a) Finance costs:		
Interest on bank loans	**6,815**	3,208
Finance charges on obligations under finance leases	**1,628**	2,014
	8,443	5,222
Less: interest expense capitalised into property, plant and equipment*	**(1,164)**	-
	7,279	5,222

* The borrowing costs have been capitalised at a rate of 1.4% - 6.4% per annum (2010: Nil).

	2011 HK$'000	2010 HK$'000
(b) Other items:		
Amortisation of interests in leasehold land held for own use under operating leases	**869**	299
Amortisation of intangible assets	**2,014**	1,873
Depreciation		
- Investment properties	**527**	526
- Assets acquired under finance leases	**4,845**	5,342
- Other assets	**105,773**	94,925
(Reversal of impairment losses)/impairment losses on trade and other receivables	**(337)**	924
(Reversal of impairment losses)/impairment losses on property, plant and equipment	**(1,475)**	1,744
Cost of inventories	**1,784,290**	1,613,031

7. Income tax

Income tax in the consolidated income statement represents:

	2011 HK$'000	2010 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**19,224**	30,736
Under/(over)-provision in respect of prior years	**1,071**	(222)
	20,295	30,514
Current tax – Outside Hong Kong		
Provision for the year	**54,240**	41,403
Under/(over)-provision in respect of prior years	**1,190**	(1,260)
	55,430	40,143
Deferred tax		
Origination and reversal of temporary differences	**12,157**	3,718
	87,882	74,375

Notes: The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8. Dividends

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

	2011	2010
	HK$'000	HK$'000
Interim dividend declared and paid of HK3.2 cents per ordinary share (2010: HK3.2 cents per ordinary share)	**32,603**	32,537
Final dividend proposed after the balance sheet date of HK15.1 cents per ordinary share (2010: HK13.4 cents per ordinary share)	**153,998**	136,407
Special dividend proposed after the balance sheet date of HK Nil cents per ordinary share (2010: HK10.0 cents per ordinary share)	**-**	101,797
	186,601	270,741

The final and special dividends proposed after the balance sheet date are based on 1,019,851,500 ordinary shares (2010: 1,017,966,000 ordinary shares), being the total number of issued shares at the date of approval of the financial statements.

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

	2011	2010
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK13.4 cents per ordinary share (2010: HK9.0 cents per ordinary share)	**136,506**	91,489
Special dividend in respect of the previous financial year, approved and paid during the year, of HK10.0 cents per ordinary share (2010: HK10.0 cents per ordinary share)	**101,870**	101,656
	238,376	193,145

The final and special dividends approved and paid during the year are based on the total number of issued shares at the date of Annual General Meeting.

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$284,314,000 (2010: HK$260,459,000) and the weighted average number of 1,018,573,000 ordinary shares (2010: 1,016,343,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011 Number of shares ’000	2010 Number of shares ’000
Issued ordinary shares at 1st April	**1,017,688**	1,015,222
Effect of share options exercised	**885**	1,121
Weighted average number of ordinary shares for the year	**1,018,573**	1,016,343

(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$284,314,000 (2010: HK$260,459,000) and the weighted average number of 1,028,758,000 ordinary shares (2010: 1,024,063,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011 Number of shares ’000	2010 Number of shares ’000
Weighted average number of ordinary shares for the year	**1,018,573**	1,016,343
Effect of deemed issue of ordinary shares under the Company’s share option scheme for nil consideration	**10,185**	7,720
Weighted average number of ordinary shares (diluted) for the year	**1,028,758**	1,024,063

10. Trade and other receivables

	2011 HK$'000	2010 HK$'000
Trade debtors and bills receivable	**492,812**	482,539
Less: Allowance for doubtful debts	**(1,765)**	(2,187)
	491,047	480,352
Other debtors, deposits and prepayments	**88,054**	64,249
	579,101	544,601

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

	2011 HK$'000	2010 HK$'000
Current	**402,894**	392,900
Less than one month past due	**81,000**	77,503
One to three months past due	**4,692**	7,490
More than three months but less than twelve months past due	**2,449**	2,445
More than twelve months past due	**12**	14
Amounts past due	**88,153**	87,452
	491,047	480,352

Management had a credit policy in place and the exposure to the credit risk is 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

	2011	2010
	HK$'000	HK$'000
Trade creditors and bills payable	**319,437**	275,499
Accrued expenses and other payables	**400,627**	302,246
	720,064	577,745

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

	2011	2010
	HK$'000	HK$'000
By due date		
Due within one month or on demand	**277,106**	231,808
Due after one month but within three months	**35,123**	29,236
Due after three months but within six months	**5,867**	2,917
Due over six months	**1,341**	11,538
	319,437	275,499

DIVIDEND

In view of the Group's business growth and solid financial position, the Board of Directors is recommending a final dividend of HK15.1 cents per ordinary share at the Annual General Meeting on 1st September, 2011. This, coupled with the interim dividend of HK3.2 cents per ordinary share, means that the Company's total dividend for the 2010/2011 fiscal year will be HK18.3 cents per ordinary share, up 10% (2009/2010 total dividend: HK16.6 cents per ordinary share). The increment is in line with the growth in our Group's turnover and profit. In view of our investment in production capacity for future growth, the Board is recommending maintaining the cash position and no special dividend will be paid for the Fiscal 2010/2011 (2009/2010 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, 29th August, 2011 to Thursday, 1st September, 2011, both days inclusive, during which period no transfer of shares will be effected. To determine entitlement of shareholders to the recommended final dividend, 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, 26th August, 2011.

MANAGEMENT REPORT

Sales Performance

Our performance for the year was very positive. Despite commodity pricing headwinds in all markets, and capacity limitations in many markets, the growth in top and bottom line was better than expectation. For the most part, we were aided by better operational efficiencies at high capacity utilisation, delays in capital expenditure, as well as judicious price and promotion management. We are in the process of addressing capacity issues in three major markets, which will equip the business for future growth.

Our net sales were HK$3,329 million (2009/2010: HK$3,012 million), up 11% year-on-year. This growth can be attributed to the positive performance of our operations in Hong Kong and Macau, Mainland China, Australia and New Zealand and North America.

- Our Hong Kong and Macau operations out-performed the sector as a whole by growing its net sales by over 4%, of which domestic sales and exports increased by just under 4% and 11% respectively. Macau delivered an impressive sales growth of 23% during the year.

- In Mainland China, by enhancing our market position, maintaining our steady growth strategy and revamping our package designs, we recorded a solid sales growth of 17%.

- In Australia and New Zealand, we achieved a remarkable growth of 28% in net sales which was attributable to our premium brand equity and success in expanding our product portfolio and distribution channels. 12% of this growth is attributable to foreign exchange gains.

- In North America, we kept up our growth momentum and recorded a broad-based year-on-year growth of 7% in net sales.

- In Singapore, the performance of Unicurd Food Co. (Private) Limited ("Unicurd") was relatively lacklustre due mainly to a weak domestic market. Despite the drop in local sales of 3%, with the appreciation of the Singaporean Dollar during the year, Unicurd's net sales were up 5% in Hong Kong Dollar terms.

Gross Profit

The gross profit for the year was HK$1,651 million (2009/2010: HK$1,498 million), up HK$153 million or 10%. Our gross profit margin was maintained at 50% (2009/2010: 50%) through improved manufacturing efficiency driven by volume growth, effective pricing strategy and prudent cost management.

Operating Expenses

Total operating expenses amounted to HK$1,259 million (2009/2010: HK$1,163 million), up 8%, reflecting our focused efforts in building brand equity, engaging in product and packaging innovation, refurbishing production capacity and developing human resources. Marketing, selling and distribution expenses were HK$823 million, up 8%. Administrative expenses amounted to HK$245 million, up 8%. Other operating expenses were HK$191 million, up 11%.

EBITDA (Earnings before interest income, finance costs, income tax, depreciation and amortisation and impairment losses on property, plant and equipment)

EBITDA for the year was HK$537 million (2009/2010: HK$483 million), up HK$54 million or 11%. EBITDA margin to net sales was maintained at 16% which was on par with last year.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31st March, 2011, profit attributable to equity shareholders of the Company was HK$284 million (2009/2010: HK$260 million), representing an increase of 9% from last year.

General Review

We recorded sales growth in almost every operating market in the year under review despite various challenges. The demand in some markets, including Hong Kong, was sluggish. Sales in major distribution channels like supermarkets failed to keep pace with the overall growth of retail sales. Meanwhile, the costs of raw materials, labour and fuel as well as other overheads had been trending upward throughout the year, thus putting severe pressure on the industry's profit margin.

During the year, our strategic focus was to grow sales and market share in all major markets while implementing capacity expansion plans in places where we foresee continuous growth in demand. We recorded impressive sales volume growth in both Mainland China and Australia and New Zealand. By strengthening our brand equity through promotional initiatives, our Hong Kong business outperformed the local industry as a whole. In Mainland China, the "Core Business, Core Brand and Core City" strategy continued to help us improve our top-line growth and expand our market share. We are the leading brand in packaged soymilk in both southern and eastern China. In Australia and New Zealand, the VITASOY brand is now the market leader in the milk alternative category. Our North American operation maintained its growth momentum and profitable position under a focused business strategy. In Singapore, the business performance of Unicurd, our wholly-owned tofu manufacturing subsidiary, was affected by the tough operating environment.

While driving business growth and development, we kept on investing and expanding our production capacity to cater for the increase in demand for our products worldwide. We are in the process of building a new plant in Nanhai, Mainland China and expanding our existing production facilities in Hong Kong and Australia.

As regards human capital, we continued to focus on people development through various training activities, including the Talent Management Scheme. These programmes are an integral part of our management development and succession plans for us to operate in the ever-changing and challenging business environment in order to achieve long-term business growth.

Hong Kong and Macau

The Hong Kong economy remained buoyant last year, driven by property and high end retail goods, but the operating environment for the non-alcoholic beverage sector became tougher. Demand was sluggish as sales volume was impacted by the increase in dining-out activities. Competition on price intensified and the costs of raw materials and labour continued to climb.

In the twelve months to 31st March, 2011, net sales generated in Hong Kong and Macau (including exports business) were HK$1,530 million, up 4% from the preceding year, which surpassed the growth of the local non-alcoholic beverage sector as a whole. Operating profit went up by 3% to HK$285 million.

The steady performance in Hong Kong can be attributed primarily to our ability to capitalise on our strong brand equity and competitive edge in product innovation and marketing to maintain our market lead and capture larger market shares. The successful launch of new products contributed to both the top-line and bottom-line growth of our business. These included VITAPOP, a new range of light-tasting fruit drinks in PET (plastic) bottles for young consumers; VITA Lime Lemon Tea in Tetra Pak cartons; Low-Sugar VITASOY Soymilk in one-litre format and VITASOY Organic Black Soya Drink, which became an instant winner in the market. During the year, we continued to invest in marketing with a strong focus on our flagship brands of products such as VITASOY Soymilk and VITA Lemon Tea to further reinforce our core brand equity franchise. These brand building initiatives as well as advertising and marketing efforts were well-received, as evidenced by the large number of accolades bestowed on the Hong Kong operation in that regard during the year.

Apart from domestic sales, our export business also posted impressive results. Exports sales grew by 11% year-on-year. Exceptionally robust sales growth was registered in Macau, which went up by a hefty 23%. This could be attributed to Macau's economic upturn on the one hand and our proactive sales strategy on the other.

Regarding the school tuck shop business operated through Vitaland Services Limited ("Vitaland"), we continued to safeguard our market position by focusing on quality, innovation and service excellence. Despite fierce competition, Vitaland further enlarged its market share by growing the number of tuck shops by 16% year-on-year to 299, winning new commercial outlets and increasing the sales of lunch boxes. Meanwhile, Vitaland continued to take proactive action to protect its profitability. In the year under review, Vitaland's net sales increased by 20% to HK$270 million.

Mainland China

The Chinese economy maintained a strong growth momentum last year. For nutritious drink suppliers, while consumption continued to grow, the intensification of competition remained unabated, especially from the dairy milk sector. At the same time, the surge in prices of raw materials, particularly sugar and milk powder, was exerting enormous pressure on profit margin.

Notwithstanding the above challenges, the effective execution of our well-tested focused growth strategy enabled us to achieve substantial growth in both sales and market share in southern China while further strengthening our foothold in eastern China. Our major focus last year was to enhance our brand image by positioning it as "healthy and green". Effective consumer education campaigns, such as the launch of "Thousand People Light-yoga Party" during the year further enhanced customers' awareness of our brand. We also obtained the trademark licence to use the popular "Pleasant Goat and Big Big Wolf" cartoon characters on our product packages, which appeal to children. On the product development front, we brought new concepts to our soymilk product range by enhancing its nutrition contents, for example, through increase of the protein content and introducing new Calcium-Rich VITASOY Soymilk. With all these initiatives, together with an effective pricing strategy, we succeeded in growing sales, reinforcing our brand image, and expanding our market presence. It should be noted that in terms of market share, VITASOY brand is now the No.1 packaged soymilk leader in both southern and eastern China. Our brand is also one of the top market players in the dairy category in the south.

Total net sales for the year reached HK$854 million, representing a solid growth of 17%, led primarily by the growth in southern China, despite manufacturing capacity constraints. Total operating profit also saw an encouraging increase of 6% to HK$110 million versus the preceding fiscal year.

The construction of our new production plant in Nanhai, Foshan has been in good progress and is on schedule. The target date for its commissioning is the latter half of Fiscal 2011/2012.

Australia and New Zealand

The Australian soymilk and rice milk markets returned to positive growth in the last quarter of the year. Vitasoy Australia Products Pty. Limited ("VAP") led this strong recovery as the market leader and we were the only manufacturer in the market to have maintained growth. On the other hand, the New Zealand market shrank slightly.

In the year under review, VAP recorded a strong increase of 28% in net sales which reached HK$445 million. Operating profit registered an even stronger growth of 60% to HK$90 million. The appreciation of the Australian Dollar during the year also acted in the Group's favour in terms of both revenue and profit. In local currency terms, net sales increased by 16% while operating profit grew by 45%.

With our premium brand equity and innovation capability, we spearheaded the category growth and attained solid business results. Amid the downward pressure on price from both the competitors and the retailers, we succeeded in further reinforcing our market lead across Australia and New Zealand. We also made significant progress in expanding our distribution channels by establishing a firm foothold in the out-of-home coffee market, led by VITASOY Café for Baristas Soymilk. We would like to recognise the tremendous contribution to sales expansion from our joint venture partner Lion Nathan National Foods. Our successful partnership continues to develop the Australian market for the VITASOY brand. We completed the renovation of our product range, in particular the packaging design, to drive renewed energy in the category and further differentiate our products from those of competitors for the upcoming year.

Our management and operation teams were very successful in improving operational efficiency during a time of limited available capacity. We also embarked on an expansion project to double the production capacity of the Wodonga plant to prepare for future growth. The capacity expansion project has been proceeding smoothly and is on schedule.

North America

The performance of the US economy remained lacklustre. However, our North American operation continued to show positive top-line and bottom-line results for the year ended 31st March, 2011.

Following last year's turn to profit, our North American operation strengthened its market share leadership position in the US tofu and Asian pasta categories while realising strong double-digit growth in the Asian Imported Beverage sector. Significant additions to our sales management team in both the US Mainstream and Asian Channels contributed to Vitasoy USA's improved business performance and enhanced position for sustainable profit growth. For the year to 31st March, 2011, net sales revenue was HK$434 million, up 7% while operating profit was HK$12 million, up 52%.

Sales growth was seen in all core products and a favourable product mix had been the performance driver. We also took initiatives in product development and packaging to stimulate demand. Launches of NASOYA TofuPlus and NASOYA Super Hummus successfully drove both category and brand sales. On the other hand, the improvement in our profit position owed much to our effective cost management despite higher trade spending and fuel costs.

Singapore

The Singaporean economy grew strongly in 2010 but supermarket sales remained flat. The consumption of tofu was obviously affected by the increase in dining-out activities.

Unicurd recorded a net sales revenue of SGD11 million, down 3% year-on-year. Owing to the appreciation of the Singapore Dollar, net sales value increased by 5% in Hong Kong Dollar terms. Sales in the restaurant and wet market channels as well as exports increased whereas sales in the supermarket and wholesale channels declined. The focus of the year was on marketing and product development. Unicurd launched a marinated tofu "Vegetarian Chicken" for export and a highly pressed tofu sheet "Baiye" Tofu, which was well-received in all channels. Operating profit dropped by 29% to HK$6 million, mainly due to the removal of government subsidy and the increase in costs, including salary, marketing spending, energy costs and various operation costs increase caused by new government measures.

Outlook and Strategy

Although economic conditions seem to be improving, the risk of further volatility in the global economy still remains. We would expect higher inflation down the road. Escalating commodity prices would add more uncertainty to the already difficult operating environment across the business but in Hong Kong in particular. Our business strategy in the coming year will focus on driving our premium brand equity and innovation capabilities to enlarge our market share. Our export business is expected to maintain its growth momentum and demand in the Macau market is likely to remain strong. The new production line that will come on stream later in the year will enhance our competitive edge for growth. We will also continue to optimise manufacturing efficiency and strive to sustain our profitability through cost management. As for Vitaland, we will focus on better utilisation of assets and manpower resources.

The Mainland Chinese economy is forecasted to experience strong growth again in Fiscal 2011/2012. While the soymilk market is expected to expand, we are alert to the rising raw materials and labour costs as well as the increasing competition in the market. To drive the growth of sales and market share, we will continue to implement our focused business strategy and develop further in Guangdong and neighbouring provinces.

The commissioning of the Nanhai production plant scheduled for the latter half of Fiscal 2011/2012 will help alleviate the existing capacity constraints and enable us to double our production capacity in southern China to cope with the rapid growth in demand. In addition, we will play a more active role in consumer education as regards the importance of a healthy diet. Prudent approach will be adopted for cost management to ensure cost effectiveness in the operation to maximise profitability.

It is expected that the markets in Australia and New Zealand will continue to be difficult with retailers fighting for market share. We will continue to focus on maintaining our premium position while driving quality growth. We are confident that with the expansion of the Wodonga plant capacity, continuous product innovation and effective marketing initiatives, we will be in an even stronger position to enhance our product range, and drive the category growth.

Strategically Vitasoy USA will continue to focus on its core business while further enhancing its product offerings to expand category usage and attract health-conscious consumers. We will also explore new packaging formats to stimulate demand and enhance communication with consumers through our social media activities. Meanwhile, our marketing and sales teams in North America have been upgraded to better enable us to innovate and execute.

In Singapore, although the economy is forecast to grow, the operating environment for us will remain difficult. Unicurd's strategy will focus on brand building and promotion at different channels. We will also drive sales growth through product innovation and boosting our presence in the food catering channel.

Liquidity and Financial Resources

Our financial position, as at 31st March, 2011, continued to be strong. Given the planned investment to expand our production capacity in Mainland China, Australia and Hong Kong, our net cash position at the end of the year was HK$89 million (2009/2010: HK$392 million) with available banking facilities amounting to HK$986 million (2009/2010: HK$497 million).

The borrowings (including obligations under finance lease) as at 31st March, 2011 amounted to HK$274 million (2009/2010: HK$87 million). The gearing ratio (total borrowings/total equity attributable to equity shareholders of the Company) increased to 19% (2009/2010: 6%) due to the new bank loans drawn to finance the construction of the new production plant in Mainland China, production capacity expansion in Australia as well as manufacturing line improvement in Hong Kong.

The capital expenditures incurred in fiscal year of 2010/2011 totalled at HK$511 million (2009/2010:

HK$91 million), which was funded by both internally generated cash and bank loans.

Charges on Group Assets

As at 31st March, 2011, assets with a carrying value of HK$34 million (2009/10: HK$49 million) were pledged under certain loans and lease agreements.

Financial Risk Management

Our financial management focuses on controlled management of risks, with transactions being directly related to our underlying businesses. We operate a central cash and treasury management system for all our subsidiaries. Borrowings are normally taken out in local currencies by operating subsidiaries to fund and partially hedge their investments.

The financial risks we faced arise mainly from the fluctuation of interest rates and exchange rates. We use financial instruments, where appropriate, to manage those risks. At the end of fiscal year of 2010/2011, we had no exposures under foreign exchange contracts or financial derivatives.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 31st March, 2011, complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

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

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, 2011 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 2010/2011 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, 14th June, 2011

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, Mr. Jan P. S. ERLUND and Mr. Valiant Kin-piu CHEUNG are independent non-executive directors.