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, 2012

HIGHLIGHTS

- Solid business results, continued focusing on future growth.
- Key business performances
  - Hong Kong and Macau – Growth in both sales and profit; out-performed local industry
  - Mainland China – Solid sales growth under a challenging environment, with enhanced brand awareness and new plant launched
  - Australia and New Zealand – Sales growth under capacity constraint, aided by positive foreign exchange
  - North America – Steady sales growth; operational efficiency affecting profitability
  - Singapore – Stable performance; impacted by a tough operating environment
- The Group's net sales revenue in FY2011/2012 was HK$3,717 million, up 12% from HK$3,329 million in FY2010/2011.
- Gross profit for the year was HK$1,760 million, up HK$159 million or 10%. At 47% gross profit margin, it was slightly below last year level reflecting the impact of higher input costs during the year.
- 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$554 million, up HK$17 million or 3%.
- EBITDA margin to net sales was 15%.
- Profit before taxation was HK$408 million, decreased by HK$11 million or 3%.
- Profit attributable to equity shareholders of the Company was HK$281 million, decreased by 1%.

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, 2012, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Turnover	3 & 4	**3,716,539**	3,329,336
Cost of sales		**(1,956,695)**	(1,728,581)
Gross profit		**1,759,844**	1,600,755
Other revenue	5	**40,838**	33,875
Marketing, selling and distribution expenses		**(878,301)**	(779,234)
Administrative expenses		**(276,717)**	(245,182)
Other operating expenses		**(220,328)**	(183,674)
Profit from operations		**425,336**	426,540
Finance costs	6(a)	**(17,243)**	(7,279)
Profit before taxation	6	**408,093**	419,261
Income tax	7	**(85,691)**	(87,882)
Profit for the year		**322,402**	331,379
Attributable to:			
Equity shareholders of the Company		**281,003**	284,314
Non-controlling interests		**41,399**	47,065
Profit for the year		**322,402**	331,379
Earnings per share	9		
Basic		**HK27.5 cents**	HK27.9 cents
Diluted		**HK27.3 cents**	HK27.6 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, 2012

	2012	2011
	HK$'000	HK$'000
Profit for the year	**322,402**	331,379
Other comprehensive income for the year (after tax)		
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong	**18,884**	47,186
Cash flow hedge: net movement in the hedging reserve	**(1,739)**	1,758
Total comprehensive income for the year	**339,547**	380,323
Attributable to:		
Equity shareholders of the Company	**295,405**	318,677
Non-controlling interests	**44,142**	61,646
Total comprehensive income for the year	**339,547**	380,323

CONSOLIDATED BALANCE SHEET
At 31st March, 2012

	Note	**2012** HK$'000	**2012** HK$'000	2011 HK$'000	2011 HK$'000
Non-current assets					
Fixed assets					
- Property, plant and equipment			**1,524,520**		1,214,979
- Investment properties			**7,246**		7,772
- Interests in leasehold land held for own use under operating leases			**35,244**		32,992
			1,567,010		1,255,743
Deposits for the acquisition of fixed assets			**1,156**		14,011
Intangible assets			**11,622**		13,737
Goodwill			**39,206**		39,194
Deferred tax assets			**17,957**		11,805
			1,636,951		1,334,490
Current assets					
Inventories		**423,339**		372,467	
Trade and other receivables	10	**668,528**		579,101	
Current tax recoverable		**430**		5,438	
Bank deposits		**438**		10,412	
Cash and cash equivalents		**205,856**		352,311	
		1,298,591		1,319,729	
Current liabilities					
Trade and other payables	11	**771,918**		720,064	
Bank loans		**305,358**		141,037	
Obligations under finance leases		**3,784**		5,225	
Current tax payable		**26,256**		18,675	
		1,107,316		885,001	
Net current assets			**191,275**		434,728
Total assets less current liabilities			**1,828,226**		1,769,218
Non-current liabilities					
Bank loans		**79,824**		114,000	
Obligations under finance leases		**8,750**		13,239	
Employee retirement benefit liabilities		**2,228**		2,177	
Deferred tax liabilities		**59,084**		50,081	
			149,886		179,497
NET ASSETS			**1,678,340**		1,589,721
CAPITAL AND RESERVES					
Share capital			**255,437**		254,963
Reserves			**1,238,918**		1,160,881
Total equity attributable to equity shareholders of the Company			**1,494,355**		1,415,844
Non-controlling interests			**183,985**		173,877
TOTAL EQUITY			**1,678,340**		1,589,721

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, 2012 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 a number of amendments to HKFRSs and one new Interpretation 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK (IFRIC) 19, *Extinguishing financial liabilities with equity instruments*
- Amendments to HK (IFRIC) 14, *HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement*

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

The amendments to HK (IFRIC) 14 have no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HK (IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments in the Group's financial statements are consistent with the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

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, 2012 and 2011 is set as below:

	Hong Kong and Macau		**Mainland China**		**Australia and New Zealand**		**North America**		**Singapore**		**Total**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Revenue from external customers	**1,671,834**	1,530,131	**1,014,070**	854,183	**499,343**	445,480	**455,185**	433,875	**76,107**	65,667	**3,716,539**	3,329,336
Inter-segment revenue	**75,860**	63,874	**64,115**	129,108	**443**	485	**225**	257	**-**	-	**140,643**	193,724
Reportable segment revenue	**1,747,694**	1,594,005	**1,078,185**	983,291	**499,786**	445,965	**455,410**	434,132	**76,107**	65,667	**3,857,182**	3,523,060
Reportable segment profit from operations	**321,095**	284,857	**89,564**	109,756	**87,509**	89,703	**1,262**	12,451	**5,115**	6,421	**504,545**	503,188
Interest income from bank deposits	**79**	497	**1,026**	848	**675**	582	**-**	-	**2**	2	**1,782**	1,929
Finance costs	**(1,431)**	(254)	**(6,108)**	(2,909)	**(9,702)**	(4,048)	**(2)**	(68)	**-**	-	**(17,243)**	(7,279)
Depreciation and amortisation for the year	**(61,070)**	(54,621)	**(32,254)**	(19,852)	**(19,722)**	(21,461)	**(12,595)**	(13,881)	**(4,594)**	(4,213)	**(130,235)**	(114,028)
Other material non-cash items:												
- (Recognition) /reversal of impairment losses on trade and other receivables	**(96)**	(8)	**(45)**	(57)	**90**	420	**-**	-	**-**	(18)	**(51)**	337
- Reversal of impairment losses on property, plant and equipment	**-**	-	**-**	-	**132**	1,475	**-**	-	**-**	-	**132**	1,475
- Equity settled share-based payment expenses	**(657)**	(523)	**(225)**	(155)	**-**	-	**-**	-	**-**	-	**(882)**	(678)
Reportable segment assets	**1,729,230**	1,642,529	**1,024,575**	868,655	**471,875**	380,158	**188,980**	193,343	**101,864**	103,602	**3,516,524**	3,188,287
Reportable segment liabilities	**437,401**	435,475	**590,631**	639,673	**240,170**	154,207	**202,391**	205,873	**7,914**	6,758	**1,478,507**	1,441,986
Additions to non-current segment assets during the year	**125,029**	169,735	**167,818**	261,219	**104,769**	73,286	**9,486**	2,906	**6,033**	1,104	**413,135**	508,250

4. Segment reporting (continued)

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

	2012 **HK$'000**	2011 HK$'000
Revenue		
Reportable segment revenue	**3,857,182**	3,523,060
Elimination of inter-segment revenue	**(140,643)**	(193,724)
Consolidated turnover	**3,716,539**	3,329,336

	2012 **HK$'000**	2011 HK$'000
Profit		
Reportable segment profit from operations	**504,545**	503,188
Finance costs	**(17,243)**	(7,279)
Unallocated head office and corporate expenses	**(79,209)**	(76,648)
Consolidated profit before taxation	**408,093**	419,261

	2012 **HK$'000**	2011 HK$'000
Interest income		
Reportable segment interest income	**1,782**	1,929
Unallocated head office and corporate interest income	**24**	20
Consolidated interest income	**1,806**	1,949

	2012 **HK$'000**	2011 HK$'000
Equity settled share-based payment expenses		
Reportable segment expenses	**882**	678
Unallocated head office and corporate expenses	**3,539**	2,522
Consolidated equity settled share-based payment expenses	**4,421**	3,200

4. Segment reporting (continued)

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

	2012	2011
	HK$'000	HK$'000
Assets		
Reportable segment assets	**3,516,524**	3,188,287
Elimination of inter-segment receivables	**(601,501)**	(570,717)
	2,915,023	2,617,570
Deferred tax assets	**17,957**	11,805
Current tax recoverable	**430**	5,438
Unallocated head office and corporate assets	**2,132**	19,406
Consolidated total assets	**2,935,542**	2,654,219

	2012	2011
	HK$'000	HK$'000
Liabilities		
Reportable segment liabilities	**1,478,507**	1,441,986
Elimination of inter-segment payables	**(310,145)**	(465,678)
	1,168,362	976,308
Employee retirement benefit liabilities	**2,228**	2,177
Deferred tax liabilities	**59,084**	50,081
Current tax payable	**26,256**	18,675
Unallocated head office and corporate liabilities	**1,272**	17,257
Consolidated total liabilities	**1,257,202**	1,064,498

5. Other revenue

	2012	2011
	HK$'000	HK$'000
Interest income	**1,806**	1,949
Service fee income	**32,240**	23,852
Rental income	**2,310**	2,530
Sundry income	**4,482**	5,544
	40,838	33,875

6. Profit before taxation

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

	2012 HK$'000	2011 HK$'000
(a) Finance costs:		
Interest on bank loans	**22,584**	6,815
Finance charges on obligations under finance leases	**1,270**	1,628
	23,854	8,443
Less: interest expense capitalised into property, plant and equipment*	**(6,611)**	(1,164)
	17,243	7,279

* The borrowing costs have been capitalised at a rate of 1.43 % - 7.32% per annum (2011: 1.39% - 6.44% per annum).

	2012 HK$'000	2011 HK$'000
(b) Other items:		
Amortisation of interests in leasehold land held for own use under operating leases	**891**	869
Amortisation of intangible assets	**2,136**	2,014
Depreciation		
- Investment properties	**526**	527
- Assets acquired under finance leases	**4,439**	4,845
- Other assets	**122,243**	105,773
Recognition/ (reversal) of impairment losses on trade and other receivables	**51**	(337)
Reversal of impairment losses on property, plant and equipment	**(132)**	(1,475)
Cost of inventories	**1,995,203**	1,784,290

7. Income tax

Income tax in the consolidated income statement represents:

	2012 HK$'000	2011 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**32,190**	19,224
Under-provision in respect of prior years	**525**	1,071
	32,715	20,295
Current tax – Outside Hong Kong		
Provision for the year	**50,525**	54,240
(Over)/under-provision in respect of prior years	**(1,210)**	1,190
	49,315	55,430
Deferred tax		
Origination and reversal of temporary differences	**3,661**	12,157
	85,691	87,882

Notes: The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 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

	2012	2011
	HK$'000	HK$'000
Interim dividend declared and paid of HK3.2 cents per ordinary share (2011: HK3.2 cents per ordinary share)	**32,695**	32,603
Final dividend proposed after the balance sheet date of HK15.1 cents per ordinary share (2011: HK15.1 cents per ordinary share)	**154,389**	153,998
	187,084	186,601

The final dividend proposed after the balance sheet date is based on 1,022,441,500 ordinary shares (2011: 1,019,851,500 ordinary shares), being the total number of issued shares at the date of approval of the financial statements.

The final dividend proposed after the balance sheet date has 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

	2012	2011
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK15.1 cents per ordinary share (2011: HK13.4 cents per ordinary share)	**154,267**	136,506
Special dividend in respect of the previous financial year, approved and paid during the year, of HK Nil cents per ordinary share (2011: HK10.0 cents per ordinary share)	**-**	101,870
	154,267	238,376

The final dividend approved and paid during the year is 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$281,003,000 (2011: HK$284,314,000) and the weighted average number of 1,021,192,000 ordinary shares (2011: 1,018,573,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2012 **Number of shares** **'000**	2011 Number of shares '000
Issued ordinary shares at 1st April	**1,019,852**	1,017,688
Effect of share options exercised	**1,340**	885
Weighted average number of ordinary shares for the year	**1,021,192**	1,018,573

(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$281,003,000 (2011: HK$284,314,000) and the weighted average number of 1,028,691,000 ordinary shares (2011: 1,028,758,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012 **Number of shares** **'000**	2011 Number of shares '000
Weighted average number of ordinary shares for the year	**1,021,192**	1,018,573
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration	**7,499**	10,185
Weighted average number of ordinary shares (diluted) for the year	**1,028,691**	1,028,758

10. Trade and other receivables

	2012	2011
	HK$'000	HK$'000
Trade debtors and bills receivable	**556,154**	492,812
Less: Allowance for doubtful debts	**(1,533)**	(1,765)
	554,621	491,047
Other debtors, deposits and prepayments	**113,907**	88,054
	668,528	579,101

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

	2012	2011
	HK$'000	HK$'000
Current	**437,836**	402,894
Less than one month past due	**110,233**	81,000
One to three months past due	**4,968**	4,692
More than three months but less than twelve months past due	**1,372**	2,449
More than twelve months past due	**212**	12
Amounts past due	**116,785**	88,153
	554,621	491,047

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

	2012	2011
	HK$'000	HK$'000
Trade creditors and bills payable	**395,230**	319,437
Accrued expenses and other payables	**376,688**	400,627
	771,918	720,064

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

	2012	2011
	HK$'000	HK$'000
By due date		
Due within one month or on demand	**325,786**	277,106
Due after one month but within three months	**66,969**	35,123
Due after three months but within six months	**2,472**	5,867
Due over six months	**3**	1,341
	395,230	319,437

12. Comparative figures

Certain expenses in the 2010/2011 financial statements have been reclassified to conform with the current year's presentation to reflect more appropriately the nature of the expenses. As a result, "cost of sales" for the year ended 31st March, 2011 increased by HK$50,569,000 and "marketing, selling and distribution expenses" and "other operating expenses" for the year ended 31st March, 2011 decreased by HK$43,205,000 and HK$7,364,000 respectively.

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 28th August, 2012. This, coupled with the interim dividend of HK3.2 cents per ordinary share, means that the Company's total dividend for FY2011/2012 will be HK18.3 cents per ordinary share (2010/2011 total dividend: HK18.3 cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 24th August, 2012 to Tuesday, 28th August, 2012, both days inclusive. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23rd August, 2012.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 4th September, 2012 to Friday, 7th September, 2012, both days inclusive. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 3rd September, 2012.

MANAGEMENT REPORT

Sales Performance

We finished the year achieving a solid business result, with net sales growth across all major operations, against a backdrop of increased commodity prices, wages, fuel and other operational costs. Despite having manufacturing capacity constraints in almost all markets, our goal of growing the top line and bottom line was realised by focused marketing campaigns, proactive channel promotions and new product and packaging development.

The year marked a new phase for Vitasoy's sustainable growth. Our investment plans for significantly expanding production capacity have progressed smoothly with a new plant in Foshan, South China, and a new packaging line in Hong Kong, both of which began operation in the third quarter of the year. The expansion program for our Australian production capacity will be completed in the first half of FY2012/2013. These three projects represent more than 2 years of planning and resourcing to bring to reality.

Net Sales Revenue

- The Group's net sales revenue was HK$3,717 million (2010/2011: HK$3,329 million), up 12% year-on-year.

Gross Profit and Gross Profit Margin

- Gross profit for the year was HK$1,760 million (2010/2011: HK$1,601 million), up HK$159 million or 10%. Through effective pricing strategy to counteract the increasing cost pressure, we managed to sustain a healthy gross profit margin at 47% (2010/2011: 48%).

Operating Expenses

- Total operating expenses increased 14% to HK$1,375 million (2010/2011: HK$1,208 million) as we continued to invest in brand building, improve management structure in Mainland China, expand production capacity and upgrade production lines.
- Marketing, selling and distribution expenses were HK$878 million, up 13%.
- Administrative expenses increased 13% to HK$277 million.
- Other operating expenses were HK$220 million, an increase of 20% primarily due to one-off pre-operating expenses related to the new plant in Mainland China and production line enhancement in Hong Kong.

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$554 million (2010/2011: HK$537 million), up 3%. EBITDA margin to net sales was 15%, versus 16% for the same period last year.

Profit Attributable to Equity Shareholders of the Company

- For the year ended 31st March, 2012, profit attributable to equity shareholders of the Company dropped 1% to HK$281 million (2010/2011: HK$284 million). The decrease was mainly due to the impact of higher financing costs associated with the Group's major capital investments.

General Review

Despite a relatively difficult and volatile macroeconomic environment, we were able to strengthen our foothold and delivered solid results for FY2011/2012. Economic slowdown in major markets had a negative impact on consumer spending while competition among brands and across categories remained intense. Inflationary pressure and rising wages posed strong challenges to operating overheads. In spite of these challenges, all of our business operations recorded growth in top line sales, complemented by effective sales and marketing campaigns. We strived to protect margins through cautious and effective pricing strategy and conscientious cost management. Our major capacity enhancement projects in Hong Kong, Mainland China and Australia have been conducted smoothly. We expect our substantial investment in enhancing capacity will help generate higher return yield for our shareholders in the long run.

For the year under review, the Group registered a steady growth of 12% in total turnover with profit from operations relatively maintaining at last year level. Profit attributable to shareholders was HK$281 million, a drop of 1% versus prior year mainly due to the increased finance costs associated with the investment in enhancing production capacity.

The Board of Directors is recommending a final dividend of HK15.1 cents per ordinary share at the Annual General Meeting on 28th August, 2012. This, coupled with the interim dividend of HK3.2 cents per ordinary share, brings the Company's total dividend for FY2011/2012 to HK18.3 cents per ordinary share (2010/2011 total dividend: HK18.3 cents per ordinary share).

Hong Kong and Macau

- The non-alcoholic beverage sector in Hong Kong showed moderate growth in value and in volume because of the favourable weather with less rain and typhoons.
- The operation recorded 9% growth in sales, outperformed the industry average.
- Strong brand equity and effective marketing programs for flagship brands such as VITASOY and VLT (VITA Lemon Tea) have reinforced customer loyalty.
- A number of new products in "low sugar" category such as VITASOY Low-sugar Pure Soya Bean Extract and VITA Low-sugar Lemon Tea were launched to meet consumer demand for healthy lifestyle products.
- Facility upgrade at Tuen Mun plant, including the operation of high speed machines and installation of a new PET (Polyethylene terephthalate) filling line, to enhance manufacturing efficiency was finished and commissioned.
- Export sales grew 11% year-on-year and Macau recorded an impressive sales growth of 15%.
- School tuck shop business operated by Vitaland Services Limited achieved a net sales growth of 9% to HK$294 million and expanded its market share by growing the portfolio of tuck shops to over 300.
- Hong Kong Gourmet Limited, the Group's central kitchen for providing student lunch meals and catering services, continued to gain recognition with increasing retention rate.

Mainland China

- Operating environment in Mainland China became more challenging in FY2011/2012, and the country's GDP recorded a slower growth. For nutritious drinks, consumption growth slowed significantly.
- Gross margin was protected through a measured pricing strategy to counteract the enormous pressure from escalating raw material prices, higher labour, social welfare and fuel cost.
- The drop in operating profit was mainly due to one-off pre-operating expenses for the new Foshan plant as well as increased marketing investment for a Brand Repositioning Campaign in East China.
- Strong brand building and innovative marketing efforts helped to sustain the leadership position in the soymilk market and to compete strongly against nutritional beverages such as milk.
- Sales expansion in South China has been cautious because of production capacity constraint at Shenzhen plant. The new Foshan plant that started operation in late 2011 would enable us to have a better customer reach at lower cost.
- A large scale advertising campaign with the theme of *"I am who I am"* focusing on the unique taste of Vitasoy was launched in March 2012 in East China to drive sales towards achieving critical mass.
- A new VITASOY soy drink in Pleasant Goat and Big Big Wolf packaging received good response, while VITA Lime Lemon Tea targeting young people has achieved strong growth for the Lemon Tea brand.

Australia and New Zealand

- The Australian and New Zealand retail sectors showed sluggish growth versus the previous year with food prices in a deflationary trend.
- The market and financial performances were impacted by an industrial action and operational complexity amidst the plant capacity expansion project. This had disrupted production capability and impacted manufacturing efficiency which negatively affected sales and manufacturing costs during the third quarter.
- The fourth quarter productivity had improved a lot with concerted efforts towards employee engagement and project finalisation.
- Recent entry into the Liquid Breakfast segment with VITAGO brand will tap into the on-the-go market and provide a new impetus for growth.
- VITASOY CAFÉ FOR BARISTAS Soymilk continued its growth in the Specialty Coffee Channel.
- Media and sampling campaign focusing on heart health was launched to educate the consumers on the health benefits of soy and to grow the category.
- Net sales increased 12% to HK$499 million mainly due to the favourable foreign exchange rates.
- Operating profit dropped by 2% to HK$88 million due to increase in labour costs during the factory

upgrade phase.

- Capacity expansion project to double the existing production capacity of our Wodonga plant will be completed in the first half of FY2012/2013.

North America

- Despite the continued soft economy in the US, the North American operation recorded sales growth in core products including Tofu, Asian Pasta and Asian Imported Beverages, attributable to a favourable product mix.
- Vitasoy's NASOYA Tofu, which is positioned as an organic brand, largely outperformed industry growth in terms of dollar sales and market share in the mainstream market.
- New products including NASOYA TOFUPLUS brand of nutritionally-enriched Tofu and Vacuum-packed Tofu were well received.
- Profitability was severely hindered by operational inefficiencies caused by machine breakdown, unexpected downtime due to two instances of severe weather conditions, higher labour costs because of weekend work to catch up production, and escalating transportation costs. Various corrective steps were taken to address these issues and operational efficiencies are expected to be significantly better in the coming year.

Singapore

- Despite the slowdown in the Singaporean economy in FY2011/2012, Unicurd Food Co. (Private) Limited ("Unicurd") recorded strong sales growth in most of its domestic channels, attributed to channel expansion into restaurants and wet markets, sampling promotion and product innovation.
- Sales growth in supermarkets and restaurants were the key growth driver.
- TOFUPLUS, which is a new line of tofu product with added nutrients, was well received.
- Operating profit dropped mainly due to the market constraint on price adjustments, which was not able to recoup the cost increase.

Outlook and Strategy

In view of the economic uncertainty and market volatility, FY2012/2013 will continue to be challenging. With the completion of capacity expansion and upgrade projects in Hong Kong, Mainland China and Australia, the Group is well positioned for further growing its business. We will capitalise on our new production facilities in these markets and enhance our sales and marketing efforts to capture new business opportunities. It is also our goal to protect profit margin through driving productivity and cautious price strategy.

Hong Kong

- We will maximise the return on the new production capacity as well as expand our market presence with a deeper penetration into PET segments.
- We will continue to leverage our brand equity and creative promotion around consumption occasions to improve market share and consolidate market position.

Mainland China

- Our new Foshan plant has provided impetus for growth. We will further penetrate the market by expanding our distribution channels and widening our territorial foothold.
- Our primary focus in South China is to expand the soymilk category while in East China we will strive to reach a critical mass by strong brand building efforts.

Australia and New Zealand

- The focus will be to lead the category growth with enhanced product range.
- We are well positioned for further our market leadership following the completion of the Wodonga plant capacity expansion program.
- We expect growth from VITAGO in the Liquid Breakfast market.

North America

- We will focus on addressing the business challenges while intensifying the drive on core products.
- Leveraging our market leadership, we will develop new offerings and adopt innovative marketing communication initiatives to reach a broader array of consumers.

Singapore

- The operating environment remains difficult with a slowing economy and rising labour costs.
- We successfully adjusted our sales price in March 2012. It is expected that Unicurd will continue its growth momentum shown toward the fourth quarter of last year and focus on product innovation, sampling and sales execution.

Financial Position

- As at 31st March, 2012, the Group had available banking facilities of HK$1,099 million (31st March, 2011: HK$986 million) and a net borrowings of HK$191 million (31st March, 2011: a net cash balance of HK$89 million) primarily for the planned investment in the Group's production capacities.
- Total borrowings for the Group (including obligations under finance lease) amounted to HK$398 million (31st March, 2011: HK$274 million).
- The gearing ratio (total borrowings/total equity attributable to equity shareholders of the Company) dropped from the peak of 41% in the interim period to 27% at year end (31st March, 2011: 19%) as the Group continued to repay the bank loans through cash inflow from operations.
- Capital expenditure incurred in the year totalled HK$426 million (2010/2011: HK$511 million), which was funded by both cash inflow from operations and bank loans. The various major capacity expansion projects are almost completed.
- Assets with a carrying value of HK$15 million (2010/2011: HK$21 million) were held under finance leases.

Financial Risk Management

- Our financial management focuses on controlling and managing 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 faced by the Group 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 FY2011/2012, 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, 2012, 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 AND CORPORATE GOVERNANCE COMMITTEE

The Audit Committee was established in 1999 and was renamed as "Audit and Corporate Governance Committee" on 9th February, 2012 with increased scope of corporate governance duties set out in D.3.1 of the New Corporate Governance Code which took effect from 1st April, 2012. 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 and Corporate Governance 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, 2012 have been reviewed by the Audit and Corporate Governance 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 FY2011/2012 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, 21st June, 2012

As at the date of this announcement, Mr. Winston Yau-lai LO and Mr. Laurence P. EISENTRAGER 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.